



ANNUAL REPORT 2025



Staying fit in finance





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Form of Proxy



Vision

To be the most innovative, customer centric, and responsible bank in Pakistan.

Mission

Our mission is to be a world class bank providing innovative financial services to our customers through a motivated team of professionals, supported by the latest technology, whilst maintaining high ethical standards, creating value for all our stakeholders, and contributing to the society through responsible and sustainable development.





Code of Conduct

JS Bank is committed to upholding the highest standards of ethical behaviour and maintaining its reputation as a trusted financial institution. Our Code of Conduct provides clear guidelines for employees to ensure that their personal business ethics align with the Bank's values and interests.

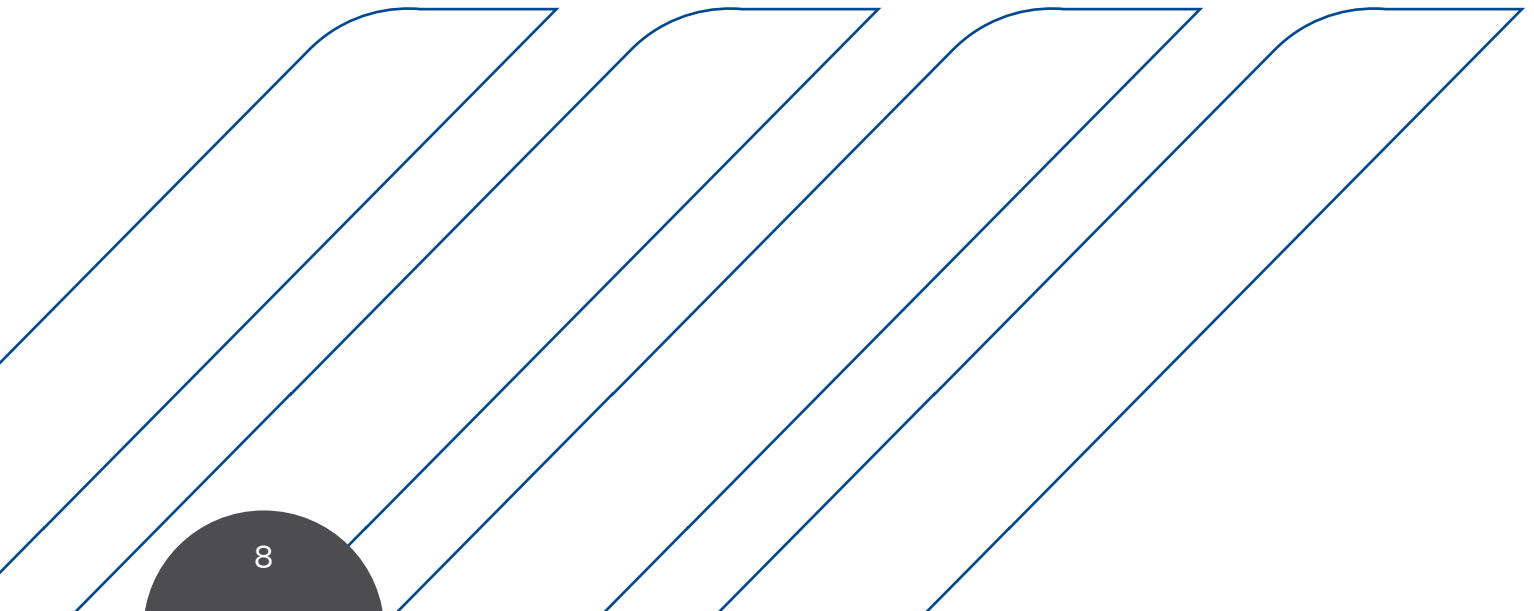
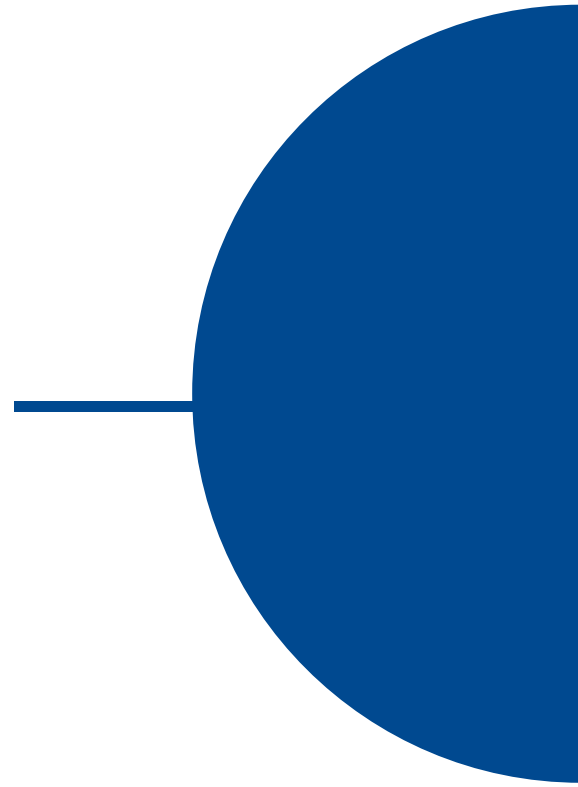
Honesty and integrity are paramount in our approach to building lasting business relationships. We strive to provide our customers with products and services that are delivered in a fair, transparent, and ethical manner. Our Code of Conduct emphasizes the importance of upholding ethical standards in all our business dealings and relationships, both internally and with external stakeholders.

We remain committed to fostering a culture of ethical behaviour and conducting our business with the utmost integrity. Our Code of Conduct provides a clear framework for employees to operate within and helps to ensure that our business practices are in line with the highest ethical standards.

At JS Bank, we aim to be transparent in all our operations and transactions. The complete Code of Conduct is provided to all employees and is also available on our website for easy access.



Core Values





Integrity

Integrity is at the core of everything we do. We believe in achieving success by building a culture of trust and accountability by adhering to high moral values. We empower our people to say NO.



Teamwork

Teamwork enables individuals to achieve bigger goals which fosters a culture of trust and support. We believe in supporting each other and putting team before individual performance. We respect diversity and promote inclusion.



Customer Centricity

Customer satisfaction is our prime objective. We aim to fully understand the needs of our customers and stakeholders so as to adapt our products and services to exceed their expectations.



Professional Excellence

As the industry we operate in is evolving rapidly and providing an abundance of choice to the customers, we believe only persistent commitment towards excellence will make us the very best among the industry.



Innovation

We believe innovation is vital at the workplace as it gives the organization an edge in implementing new ideas, refining services, and creating dynamic products, leading to business growth by effectively adapting to the evolving marketplace.



COMPANY INFORMATION

Board of Directors

Mr. Adil Matcheswala	Chairman
Mr. Khalilullah Shaikh	Independent Director
Ms. Nargis Ali Akber Ghaloo	Non-Executive Director
Mr. Qaiser Noor	Independent Director
Lt. Gen. (Retd). Sadiq Ali	Independent Director
Mr. Saad Ali Bhimjee	Non-Executive Director
Mr. Usman Yousaf Mobin	Independent Director
Mr. Basir Shamsie	President and CEO

Board Audit Committee

Mr. Khalilullah Shaikh	Chairman
Ms. Nargis Ali Akber Ghaloo	Member
Lt. Gen. (Retd). Sadiq Ali	Member

Board Human Resource, Remuneration and Nomination Committee

Mr. Usman Yousaf Mobin	Chairman
Mr. Adil Matcheswala	Member
Ms. Nargis Ali Akber Ghaloo	Member
Mr. Qaiser Noor	Member

Board Risk Management Committee

Mr. Khalilullah Shaikh	Chairman
Mr. Saad Ali Bhimjee	Member
Lt. Gen. (Retd). Sadiq Ali	Member
Mr. Basir Shamsie	Member

Board IT Committee

Mr. Usman Yousaf Mobin	Chairman
Mr. Qaiser Noor	Member
Mr. Saad Ali Bhimjee	Member
Mr. Basir Shamsie	Member

Chief Financial Officer

Syed Adeel Ehtesham

Company Secretary and Head of Legal

Syed Muhammad Talib Raza

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi.

Legal Advisors

Bawaney & Partners
Haidermota & Co.
Liaquat Merchant Associates

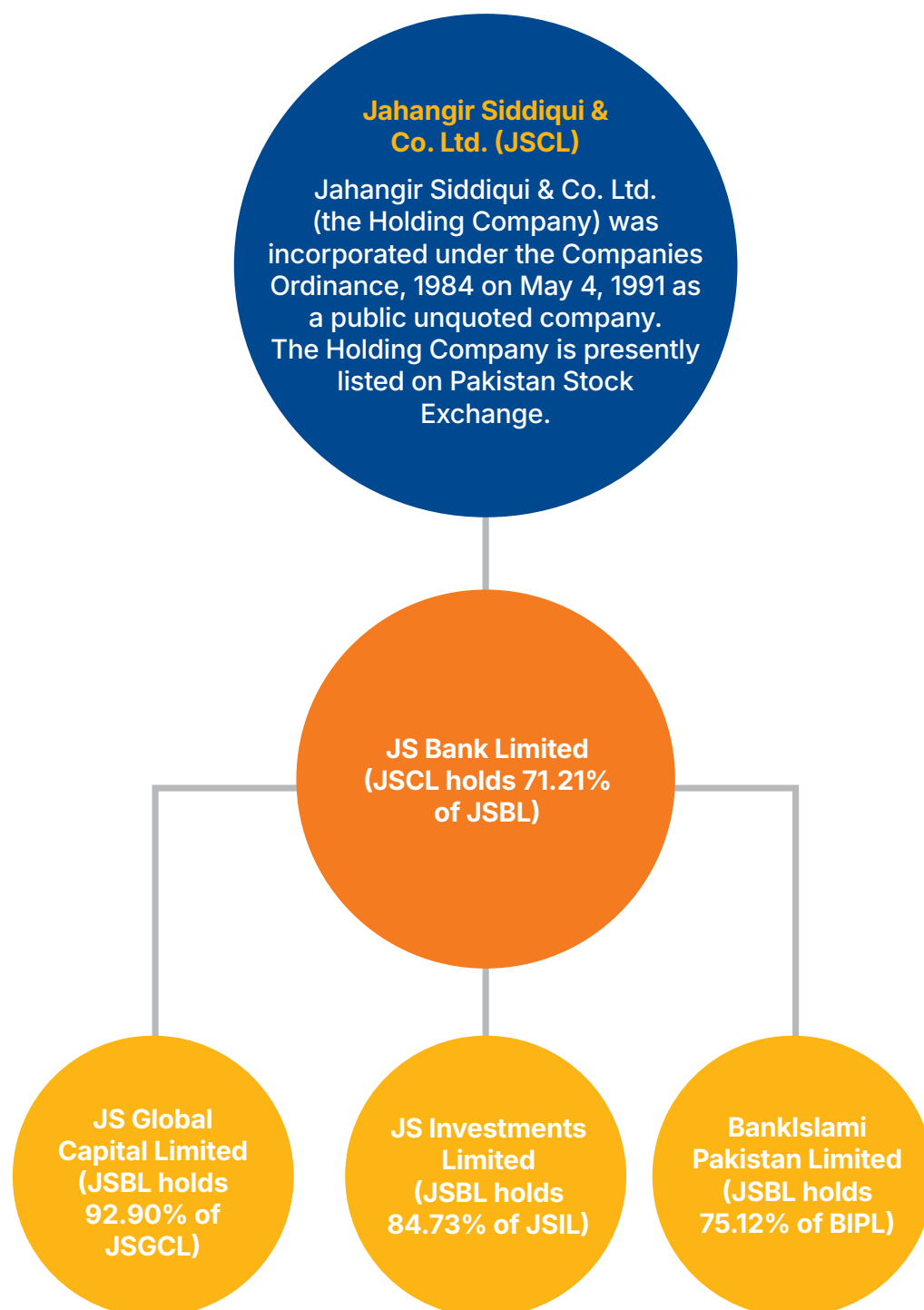
Share Registrar

CDC Share Registrar Services Limited
CDC House, 99 – B, Block 'B',
S.M.C.H.S., Main Shahrah-e-Faisal,
Karachi.

Registered Office

JS Bank Limited,
Shaheen Commercial Complex
Dr. Ziauddin Ahmed Road
P.O. Box 4847, Karachi-74200, Pakistan
UAN: +92 (21/51) 111-654-321
Head Office: +92 21 111 JS Bank (572 265)
www.jsbl.com

OPERATING STRUCTURE





ORGANIZATIONAL OVERVIEW

CARDIO FOR CASHFLOW

Strengthen your financial heartbeat by tracking spending patterns. Stronger flow, stronger future!

Fitness Challenge: Take 10,000 steps every day.





PRODUCTS AND SERVICES

JS Bank offers a variety of deposit products to meet the diverse needs of its customers, providing benefits such as digital banking solutions, fund safekeeping, and flexible access to funds. Key deposit options at JS Bank include:

Current Accounts: Designed for everyday transactions, these accounts have no initial deposit requirement, provide instant access to funds, and impose no withdrawal restrictions. They often come with a debit card or cheque book and offer a waiver on general banking charges when maintaining the average balance.

Savings Accounts: Ideal for customers looking to save while earning interest, these accounts offer easy access to funds with some withdrawal limits and ensure the safety and security of personal savings.

Term Deposits: Offering fixed interest rates for a specified term, term deposits provide higher interest rates compared to savings accounts, guaranteed returns, and flexibility in deposit duration. Customers can choose from monthly, quarterly, or annual interest payouts.

JS Bank Current Accounts	JS Bank Saving Accounts	JS Bank Term Deposit Accounts
JS Platinum Business Current Account	Rupee Plus Account	Long Term - Term Deposits (minimum 1 month to 5 years)
JS Premium Current Account	PLS Savings Account	Short Term - Term Deposits (minimum 1 month to 5 years)
JS Her Current Account	Foreign Currency Plus Savings Account	
JS Asaan Current Account	JS Her Saving Account	
JS Freelancer Current Account	Payroll Saver Account	
JS Premier Raabta Current Account	JS Asaan Saving Account	
BBA Account		
JS Inclusive Current Account-PWD		
LCY Current Account		

JS Wealth Management

Our wealth management offerings provide clients with a robust array of financial solutions integrating bancassurance products from various insurance providers and mutual funds. For Bancassurance products, we have partnered with some of the largest private sector life insurance companies in Pakistan like EFU Life, EFU Health and TPL Life. Our offerings include a spectrum of options such as life insurance policies ensuring financial security for loved ones and health insurance plans for your own self as well as for your parents and house help too. Complementing these offerings are the diverse mutual funds managed by JS Investments Limited, which is one of the oldest Asset management companies in Pakistan. From equity funds for capital appreciation to debt funds for stable returns and balanced funds for a blend of growth and stability, our mutual fund offerings are professionally managed to optimize returns while managing risks effectively. For all wealth management offerings, we link our customers to the product providers and ensure that the customer is fully satisfied.

JS Private Banking

JS Private Banking is a personal conviction-driven investment boutique. Our state-of-the-art client centers, coupled with our digital platforms, facilitate our clients in executing wealth strategies quickly and conveniently. No matter where you are in the world and how complex your personal wealth situation is, we can provide you with need-based advisory services and a holistic product match.

Forward-Looking Relationship

Whether your goal is the long-term preservation of capital, enhancing investment performance, or seizing specific opportunities available in the market, our private banking experts develop the strategies most suitable to sustain and grow your wealth.

Global-View of Your Assets

Taking a global approach is paramount to managing your wealth efficiently. We work to provide you with unique tailor-made financial solutions to match your needs and aspirations. With us, you will build a trusted, personal relationship backed by a dedicated team of professionals who anticipate the financial challenges and manage your wealth by staying at the forefront of environmental and technical change.

JS Priority Banking

Launched in 2024, JS Priority Banking offers exclusive benefits, including access to dedicated relationship managers, expert financial guidance, and streamlined

banking processes. Catering to frequent travellers, the offering also includes complimentary VIP access to airport lounges, for convenience and comfort while on the move. Digital-first clients can enjoy a seamless, paperless banking experience backed by advanced technology and end-to-end digital solutions.

JS Credit Card

JS Bank has become a leading name as Credit Card issuer during the past few years with its customer centric strategy and exciting alliances that offer valuable discount. With the tagline “Kharchon ki problem solved” JS Credit Cards is positioned as the top of the wallet Credit Card for its customers which provides instant cashback against the daily expenses of every household.

JS Personal Finance

JS Bank offers a comprehensive range of financial solutions designed to help customers manage their personal and financial needs effectively. The bank provides various options, such as term loans and revolving finance. Additionally, we also offer a digital personal loan, providing an end-to-end digital journey without any human intervention.

JS Home Finance

JS Bank also gives you the opportunity to be a privileged homeowner with JS GharApna Home Finance! enables customers to purchase, build, or renovate homes through easily accessible and affordable financing options. With tailored packages designed to suit diverse customer needs, our offerings have garnered strong demand across multiple segments of the market.

JS Auto Finance

JS CarAamad Auto Finance is designed to make vehicle ownership easier for our customers to purchase a new or used car, this product provides flexible, installment-based financing options with competitive mark-up rates and allowing our customers to easily drive away in their dream vehicle.

JS Solar Financing

We offer Solar Financing to individuals and businessmen for residential, agriculture and commercial needs. As one of Pakistan's leading Banks in green financing, we ensure end to end comprehensive installation of solar solutions through AEDB-certified partners across Pakistan.

JS Gold Finance

We are one of the leading banks offering finance against gold / gold ornaments for personal, business, and agricultural requirements. We ensure end to



end comprehensive valuations and processing of disbursements in efficient way to improve customer experience and satisfaction.

SME Banking

We are one of the leading banks in the SME lending space, with a variety of loans available geared towards development and expansion of SMEs across the country. We offer a diverse portfolio of lending facilities, including SBP initiatives offering rebated loans to specific target segments.

JS Prime Minister's Youth Business and Agriculture Loan Scheme (PMYB&ALs)

JS Bank is actively participating in Prime Minister's Youth Business and Agriculture Loan Scheme (PMYB&ALs). The scheme aims at empowering the youth of Pakistan by providing them highly subsidized loans to set up or expand their small businesses and agriculture. Through its strategic alliance-based model, we have partnered with various local and international organizations in the ride hailing, dairy farming and transportation segment in addition to financing individual business loans. In the coming years, strategic partnerships in the Agri value chain, Education, Business Incubation, Economic Development, and Manufacturing sectors are being explored as we look to transform lives throughout the country.

JS Khud Mukhtar

A financing solution based on State Bank of Pakistan's Refinance and Credit Guarantee Scheme for Women Entrepreneurs, JS Khud Mukhtar enables empowerment and financial stability for women entrepreneurs in Pakistan.

JS Naya Aghaaz

The JS Naya Aghaaz SME Loan has been designed to enable personal development of the differently abled individuals in Pakistan through term finance based on State Bank of Pakistan's Small Enterprise (SE) Financing and Credit Guarantee Scheme for Special Persons.

JS Agri Financing Products

Agriculture finance business of the Bank has embraced a new and progressive outlook as a result of various initiatives. A well-equipped, trained and experienced team has been put in place to facilitate customers on their doorsteps.

Transaction Banking Services

Under Transaction Banking Services, we provide JS PayDay (Employee Banking) and Cash Management solutions to institutional clients across Pakistan, catering to corporate, commercial, and retail banking segments.

Our JS PayDay (Employee Banking) customers benefit from exclusive services, preferential rates on consumer products, comprehensive insurance coverage, and financial solutions such as Advance Salary, Personal Loans, and Credit Cards.

Our Cash Management services offer a comprehensive suite of Collections, Payments, and Liquidity Management solutions, designed to streamline and optimize the payables and receivables of institutional clients. Through our cutting-edge Digital Banking platform, JS Connect, we provide real-time online statements, MIS reports, digital payment solutions, and instant alerts and notifications, ensuring seamless financial management.

Corporate Banking

Our Corporate Banking Group is focused on providing an array of value added & customized financial services to fulfill the short-term and long-term business needs of multinational, public and private entities by partnering with them and building long term sustainable relationships. Our strategically positioned offices in North (Islamabad), Central (Lahore), and South (Karachi) enable us to provide localized expertise while maintaining a unified approach across the country.

Commercial Banking

At JS Bank, we understand that businesses come in all shapes and sizes. That's why our Commercial Banking Department offers a comprehensive suite of financial solutions designed to meet the unique needs of businesses across Pakistan. We offer a range of customized financing solutions tailored to your specific requirements.

Whether you're seeking:

- Short-term working capital to manage day-to-day operations
- Long-term financing to support expansion and growth initiatives

JS Bank has the right products to help you achieve your goals.

Our dedicated team of experts will work closely with you to:

- Analyze your business model
- Assess your cash flow requirements
- Develop a tailored financing plan that meets your specific needs

Financial Institutions and International Banking Group

The Financial Institutions (FI) Group oversees and manages the Bank's relationships with domestic

and international financial institutions, including non-banking financial entities. With a rapidly expanding global reach, FI facilitates connections across 100+ destinations through a network of 340+ RMAs.

Our diverse suite of financial solutions includes Lending, Investment, Transaction Banking, Treasury Products, Forfeiting, Syndications, Derivatives, and Hedging. FI serves a broad range of clients engaged in financial services, ensuring seamless collaboration and strategic financial management.

International Home Remittances

Our International Home Remittances services offer a secure, efficient, and seamless channel for expatriates to transfer their hard-earned earnings to beneficiaries in Pakistan. With a diverse portfolio of remittance solutions, we ensure speed, reliability, and compliance, enabling smooth cross-border transactions. Our commitment is to provide senders with peace of mind while supporting their loved ones back home.

Products	Description
JSBL Account Credit	This Product allows customer to received funds to JS Account / Wallet instantly 24*7.
Cash Over Counter	This service enables beneficiaries to collect cash payment of up to 1.2 million by any of the JS Branch.
Third Party Bank Transfer	Through this service, customer can receive deposit to any bank account in Pakistan.
Cash Home Delivery	Beneficiaries can collect cash at the doorstep, up to PKR 100,000.

JS Ghar Pay

JS Bank continues to lead the digital transformation of the financial sector, achieving a significant milestone with the introduction of JS Ghar Pay. This pioneering remittance product is the industry's first doorstep cash delivery solution offered by a commercial bank in Pakistan, designed to enhance customer convenience under the SBP-Pakistan Remittance Initiative (PRI) framework.

The Bank offers a comprehensive suite of remittance-related services, including CASA accounts, digital

wallets, and the Roshan Digital Account (RDA), specifically tailored to facilitate seamless remittance transactions. Key initiatives during the year included the launch of Cash over the Counter remittance payouts through Bank Islami branch counters, the introduction of WhatsApp-based tracking for inward remittances, the resumption of the Sohni Dharti Remittance Program, and the integration of new global partners. These initiatives have delivered strong results, enabling remittance payouts to over one million account and wallet holders across the country and reinforcing JS Bank's position as a preferred partner for global inbound remittances.

The Bank's strategic expansion has also driven meaningful growth through the onboarding of new Money Transfer Operators (MTOs), FinTech partners, and Exchange Companies, enabling deeper penetration into both existing and emerging remittance corridors. Furthermore, as a co-sponsor of the SBP Pakistan Remittance Summit 2025 in London (UK), JS Bank reaffirmed its leadership in the evolution of cross-border payments while contributing to the broader growth of Pakistan's remittance ecosystem.

Bahrain Wholesales Banking Branch (JS Bank Bahrain)

Established in 2016, JS Bank Bahrain operates as a Conventional Wholesale Banking Branch under the license of the Central Bank of Bahrain. Catering to a niche clientele, the branch offers a comprehensive range of banking products and services, including:

Corporate Banking – Customized financial solutions for businesses, including trade finance, treasury services, and working capital management.

Personal Banking – A suite of financial products such as current and savings accounts, fixed deposits, and investment options for individual clients.

With a commitment to excellence, JS Bank Bahrain upholds the highest standards of customer service, ensuring tailored financial support and expert guidance to help clients achieve their goals.

Digital Channels

JS ATMs and CDMs (Cash Deposit Machines)

Our physical touchpoints have evolved into high-tech service hubs. By migrating our ATM network to a more robust infrastructure, we have achieved unparalleled uptime and reliability. Furthermore, the introduction of 24/7 Cash Deposit Machines (CDMs) has revolutionized self-service banking, allowing customers to perform real-time cash deposits and instant account credits without branch intervention. The implementation of the GoGreen EJ Roll initiative has further digitized our audit logs, reinforcing our commitment to paperless, sustainable operations.



JSense: AI-Powered Banking

JSense, Pakistan's first AI-driven banking assistant integrated directly into our mobile ecosystem was launched. Moving beyond traditional support, JSense provides instant, personalized guidance on products and services with a record average response time. By leveraging advanced natural language processing, JSense ensures that expert financial guidance is available 24/7, making banking more intuitive and conversational.

JS SMS Alerts

We continually update our valued customers with financial transaction and information alerts via SMS.

JS Blink

JS Blink remains the cornerstone of our digital onboarding strategy, offering a paperless journey for opening Asaan Digital Accounts (ADA), Freelancer Digital Accounts (FDA), and more. In 2026, the platform has been enhanced with even faster KYC processing and multi-currency options, enabling customers to go from app download to active banking in a matter of minutes through the JS Mobile App, JS Bot or JS Bank website.

JS Roshan Digital Accounts

Roshan Digital Account (RDA) is an initiative of State Bank of Pakistan, in collaboration with commercial banks operating in Pakistan. These accounts provide innovative banking solutions for millions of Non-Resident Pakistanis (NRPs) seeking to undertake banking, payment, and investment activities in Pakistan. JS Bank allows Non-resident Pakistanis to open JS RDA accounts digitally from anywhere in the world via Website, Mobile App and JS Bot (WhatsApp). As a key partner in this national initiative, JS Bank continues to bridge the gap for Non-Resident Pakistanis (NRPs). Our end-to-end digital RDA suite allows global users to invest in Naya Pakistan Certificates, the Pakistan Stock Exchange, and Roshan Apna Ghar with ease. With four dedicated RDA centers and enhanced digital support, we remain a vital contributor to Pakistan's inbound remittances and financial inclusion for the diaspora.

JS Mobile App and Internet Banking

JS Bank provides comprehensive digital services at no charge through its native Mobile Banking App and browser-driven Internet Banking platform. Our solutions are meticulously crafted to meet the diverse needs of customers seeking convenient banking options while remaining seamlessly connected with JS Bank around the clock.

JS Mobile and Internet Banking eliminates the necessity for customers to physically visit branches or utilize traditional channels. It offers uninterrupted banking services within a streamlined digital platform.

Customers can effortlessly transfer funds, pay utility and credit card bills, and access financial statements with just a few clicks.

The year 2025 marked a period of robust growth for JS Bank's mobile platform, characterized by a substantial increase in both user registrations and active engagement. The bank achieved high digital penetration within its credit card user base, indicating a strong shift toward mobile-first financial management.

Our flagship digital platforms underwent a comprehensive UI/UX refresh in 2025, resulting in an 87% penetration rate across our eligible customer base.

The 2026 experience focuses on "Hyper-Personalization," featuring Smart nudges: hyper-personalized targeting for upselling and cross selling JS product on the mobile app with a conversion rate of more than 20%.

JS Bank continues its effort to transition routine transactions from physical branches and call centers to the mobile app to enhance customer convenience.

- **Migrated Services:** A wide array of services is now available digitally, including Account Balance Inquiries, Email Address Updates, and Account Statement requests.
- **Card Management Autonomy:** The vast majority of International and E-commerce credit card activations and blocking are now handled autonomously by users within the app.
- **Reliability:** The platform maintained consistently high success rates for internal transfers, bill payments, and external transfers via IBFT and RAAST.
- **Design and Security:** Strategic focus areas included simplifying navigation, adopting a modern card-based interface, and strengthening security through consistent biometric cues and PIN fallbacks.
- **Issue Resolution:** Through targeted technical fixes for OTP and activation issues, the bank achieved a notable decrease in complaint volumes by the end of the year.

JS Bot

JS Bot is a cutting-edge social banking solution that empowers customers to manage their financial needs anytime, anywhere. This user-friendly platform provides a comprehensive suite of services for retail, RDA, and credit card customers, including real-time access to financial statements, seamless account opening and

management, personal information updates, product and service exploration, and dedicated assistance and support.

As a game-changing innovation, JS BOT exemplifies our commitment to social banking, enabling customers to interact with us effortlessly and efficiently. With its introduction, we have taken a significant step toward transforming the banking experience, making it simpler, faster, and more engaging for our customers.

In 2025, JS Bank solidified its position as a leader in digital innovation, specifically through the evolution of JS Bot.

Strategic Digital Evolution: JS Bot

JS Bot continues to serve as our flagship social banking solution on WhatsApp, representing the vanguard of our customer-centric digital strategy. In 2025, the platform underwent a transformative revamp, transitioning from a traditional text-based interface to a sophisticated, tap-driven UI/UX.

This enhancement was designed to minimize friction, allowing customers to execute critical financial tasks, such as accessing real-time mini-statements and managing card security, through intuitive, simplified interactions. By meeting our customers on their preferred messaging platform, JS Bank has successfully bridged the gap between daily communication and complex financial management.

Ecosystem Integration: JSmart

A pivotal development in 2025 was the seamless integration of JSmart, the Bank's premier online shopping portal, into the JS Bot interface. This synergy enables customers to:

- Browse and purchase a diverse range of products directly within WhatsApp.
- Convert high-value purchases into Easy Installment Plans (EMIs) instantly, enhancing financial flexibility.

2025 Industry Recognition and Awards

Our commitment to excellence in the digital and conversational banking space was validated by a series of high-profile industry accolades:

- Technology Excellence Award for Online Services – Asian Technology Excellence Awards 2025
- Outstanding Interactive Chatbot Service by a Retail Bank – Global Retail Banking Innovation Awards 2025 (The Digital Banker)
- Customer Experience Innovation of the Year – Asian Innovation Excellence Awards 2025

These accolades underscore JS Bank's role as a pioneer in the Pakistani financial landscape, reinforcing our mission to deliver world-class digital services that are both accessible and innovative.

JS Raast

JS Bank enables Raast, Pakistan's first instant payment system, enabling JS customers to conduct end-to-end instant transactions. Through JS Mobile, customers can enjoy free-of-cost fund transfers via Raast ID, IBAN, and QR mechanisms, facilitating seamless P2P (person-to-person) and P2M (person-to-merchant) transactions.

With JS Raast, payments are simple, fast, and secure available 24/7. This innovative platform ensures hassle-free, real-time fund transfers, enhancing convenience and financial accessibility for our customers.

Digital Kiosks

As part of our ongoing efforts to enhance the customer experience and streamline banking operations, we are introducing digital kiosks in our Priority Banking Centers across major cities. These kiosks will help reduce wait times, improve customer satisfaction, and further establish our Priority Banking Centers as premier banking destinations.



Building Momentum for What's Next

Building on the strong momentum of recent years, 2025 marked another milestone in JS Bank's journey toward shaping a more inclusive, innovative and digitally empowered financial ecosystem. The Bank continued to strengthen its brand by combining technology, data-driven insight and purposeful storytelling to deepen engagement with customers and communities across Pakistan.

During the year, JS Bank further accelerated its digital transformation by introducing **JSense**, an AI-powered assistant embedded within the **JS Mobile App**, making the Bank one of the first in the industry to integrate artificial intelligence into everyday banking. The Bank also launched **JS Ghar Pay**, an innovative remittance solution that enables customers to receive funds directly at their doorstep, enhancing convenience and accessibility for recipients across the country. Alongside these innovations, **Zindigi** continued to expand its impact nationwide, playing a key role in advancing Pakistan's transition toward a **cashless and digitally connected economy**.

These initiatives were complemented by strong customer growth and rising trust in the Bank's offerings. During the year, JS Bank surpassed **PKR 200 billion in Current Account deposits**, reflecting the success of customer-focused initiatives such as the **"Kaam Jaisa, Account Waisa"** campaign and the Bank's broader commitment to delivering tailored financial solutions.

Beyond digital innovation, JS Bank also strengthened its premium banking proposition by expanding **JS Private Banking Centers across major cities nationwide**, enhancing personalized service and wealth management capabilities for high-net-worth clients.

Internally, the Bank continued to invest in building a diverse and high-performing workforce. Leadership development initiatives such as **SheLeads 2025** supported the growth of women leaders, while additional programs focused on empowering **Persons with Disabilities (PWDs)** and strengthening specialized roles such as **Personal Banking Consultants**, reinforcing a culture of inclusion, capability building and professional growth across the organization.

Together, these milestones reflect a broader philosophy that defines the Bank's approach to progress, one that views financial well-being as the result of discipline, resilience and continuous improvement. By enabling individuals and businesses to make smarter financial decisions and move forward with confidence, JS Bank continues to champion long-term prosperity for the communities it serves.

As the Bank looks ahead, it remains committed to pushing the boundaries of innovation, strengthening digital ecosystems and expanding financial access, ensuring that customers across Pakistan are empowered to grow stronger with every financial step they take.

Financial Inclusion and Access

The Bank introduced initiatives supporting farmers, SMEs, women entrepreneurs, freelancers and underserved communities, helping bridge financial gaps and enable broader economic participation. Working closely with the State Bank of Pakistan, JS Bank strengthened its efforts to promote financial inclusion and deliver accessible banking solutions to communities across the country.

Digital Innovation and AI

Innovation remained central to JS Bank's growth strategy. During the year, the Bank introduced JSense, an AI-powered assistant integrated within the JS Mobile App, making JS Bank among the early adopters of artificial intelligence in everyday banking. Alongside these advancements, Zindigi continued to drive the adoption of secure, cashless payments across Pakistan, strengthening the country's digital financial ecosystem.

Customer Trust and Brand Leadership

JS Bank continued to strengthen its brand presence and market leadership. The "Barhna Hai Aagey" brand equity campaign celebrated Pakistan's ambition and progress, while the Bank partnered with Younus Khan to promote secure and legal remittance channels. Key sponsorships, including Born2Run Pakistan's Run for Women, further reinforced the Bank's commitment to community engagement and meaningful brand partnerships.

People, Culture and Capability

JS Bank continued to invest in building a diverse and capable workforce while fostering inclusive growth. Leadership initiatives such as SheLeads 2025 supported the development of women leaders, while additional programs empowered Persons with Disabilities (PWDs) and strengthened the capabilities of Personal Banking Consultants, reinforcing a culture of opportunity, inclusion, and professional excellence across the organization.



Social Media Presence





@jsbank6144



@jsbank.official



/JSBankLtd



/jsbankltd



@jsbankltd



JS Bank



/js-bank



/JSBLPak

Awards and Recognitions (2025)



**Quality Recognition Award in
USD Clearing**
JP Morgan



**#1 Bank for Agri Financing
in the Mid-Sized Banking Sector**
State Bank of Pakistan



**Technology Excellence Award for
Online Services - JS Bot**
Asian Technology Excellence Awards



**Customer Experience Innovation
of the Year – JS Bot**
Asian Innovation Excellence Awards



**Global Retail Banking
Innovation – JS Bot and JS PayDay**
The Digital Banker



**Best Private Bank in Pakistan
JS Private Banking**
Global Finance Magazine



**Renewable Energy Adoption
Award**
ESG Business Awards



**Best Social Media Campaign
(LinkedIn) – JS PayDay**

Pakistan Digital Awards



**Best SEO Campaign
JS Bank Website**

Pakistan Digital Awards



**Best Accelerator Incubator
Zindigi Prize**

Pakistan Digital Awards



**Community Health Outreach
Programme Award**

ESG Business Awards



**ESG Program
of the Year**

Asian Banking and Finance Awards



**Health and Wellness Bank
of the Year**

Asian Banking and Finance Awards





2025 Wrapped

JS Mobile App UI/UX Upgrade

In January 2025, JS Bank introduced an upgraded UI/UX for the JS Mobile App, enhancing the overall digital banking experience. The refreshed design simplifies navigation and improves usability, enabling customers to manage their finances more seamlessly and efficiently.



Launch of JSense: AI-Powered Banking Assistant

JS Bank introduced JSense, Pakistan's first AI-powered banking assistant integrated within its mobile app. Designed to provide instant guidance on products and services, JSense enhances customer support through intelligent, real-time interactions. Within seven weeks of launch, it handled over 45,000 customer conversations with an average response time of 5.8 seconds.

Launch of JS GharPay

In partnership with Instant Cash, JS Bank launched JS GharPay, Pakistan's first door-to-door international remittance delivery service in Karachi. The initiative provides a secure and convenient way for recipients to receive remittances at their doorstep, with plans for nationwide expansion.



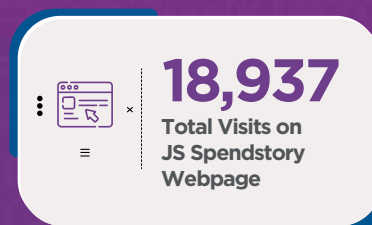
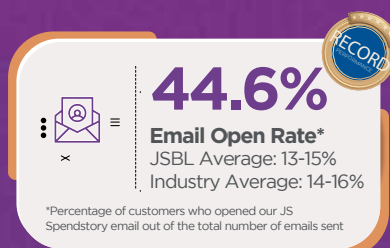
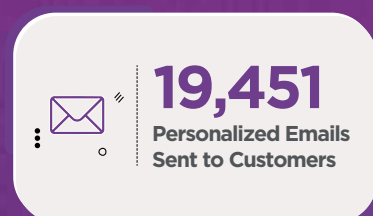
JS Credit Card SpendStory

Data at the Heart of Every Story

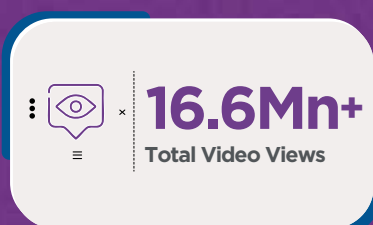
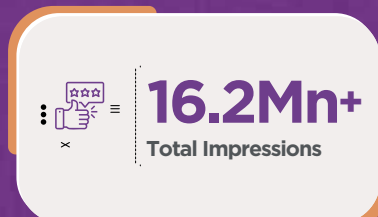
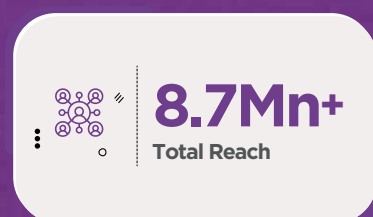
What happens when marketing meets data? You get JS SpendStory, a first-of-its-kind campaign that turned customer spending habits into personalized stories.

JS Bank introduced JS SpendStory, a data-driven initiative that transformed customer transaction insights into personalized digital experiences. Through close collaboration between the Marketing, Data Science and Analytics, and Credit Cards teams, millions of transactions were analyzed to identify key spending patterns and create tailored insights for individual customers.

Email and Webpage Performance



Digital Campaign Performance





SheLeads 2025: Empowering Women in Leadership

For middle and senior female managers, JS Bank launched the inaugural SheLeads Women Leadership Development Program, aimed at strengthening the capabilities of emerging women leaders. The initiative provided participants with the tools and platform to lead with confidence while reinforcing the Bank's commitment to inclusive leadership and talent development.

ACCA Approved Employer Status

JS Bank achieved the distinction of becoming an ACCA Approved Employer, marking an important milestone in its commitment to developing future-ready finance professionals. As part of this initiative, the Bank welcomed 12 ACCA trainees across various departments, further strengthening a culture of continuous learning, professional development, and leadership within the organization.



Advancing Financial Inclusion at Huroof Access

We participated in the Huroof Access 2025 event, organized by Boltay Huroof, a social welfare organization supporting individuals with visual impairments. At the event, we introduced our JS Inclusive Financial Products to address their banking needs. This initiative underscores our commitment to financial inclusion and empowering individuals with disabilities through accessible banking services.



Zindigi Prize Expands Globally with Launch in South Africa

Following its successful launch in Kenya, Zindigi Prize expanded globally with the introduction of its second international chapter in South Africa. This milestone strengthens its presence as a homegrown Pakistani entrepreneurial platform, empowering young innovators while showcasing Pakistan's innovation ecosystem on the global stage.

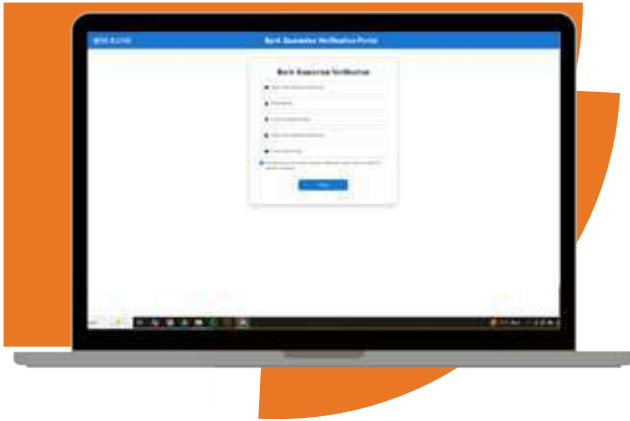
Pehla Qadam Ek Saath

JS Bank organized an Induction Program, Pehla Qadam Aik Saath for the new inductees at the bank. The program was delivered both in the classroom and virtually across the bank, aiming to help new employees successfully transition into their roles and add value to their work.



Championing Inclusion at Access Abilities Fair

We participated in Connect Hear's Access Abilities Career Fair 2025, engaging talented people with disabilities and reinforcing our commitment to diversity, equity, and inclusion.



Launch of Bank Guarantee Verification Portal

JS Bank introduced a Bank Guarantee Verification Portal to streamline and strengthen the verification process. Through this platform, all bank guarantee verification requests are now processed digitally, enabling faster turnaround times, improved accuracy, and enhanced compliance. The initiative reflects the Bank's continued focus on leveraging technology to improve operational efficiency and service delivery.

Strengthening Our Partnership with Visa

JS Bank signed an agreement with Visa to further strengthen and extend its longstanding strategic partnership. This collaboration reinforces a shared commitment to innovation and the development of enhanced, seamless payment solutions, enabling the Bank to continue delivering improved financial experiences for its customers.



Leading in Agricultural Financing

JS Bank was recognized by the State Bank of Pakistan as the #1 Mid-Size Bank in Agricultural Financing, reflecting its strong commitment to supporting Pakistan's farming community. This recognition underscores the Bank's continued efforts to expand access to agricultural finance, empower farmers, and contribute to sustainable growth within the country's agricultural sector.

Among the Top SME Banks in Pakistan

JS Bank has been ranked among the top five SME banks in Pakistan, reflecting its strong commitment to supporting small and medium enterprises. The Bank surpassed the State Bank of Pakistan's advances target of PKR 48 billion, achieving over PKR 50 billion in SME financing, and demonstrating its continued focus on expanding access to finance for the SME sector. This recognition highlights JS Bank's growing impact in strengthening entrepreneurial growth and supporting Pakistan's economic development through enhanced SME outreach and financing.



Celebrating PKR 200 Billion in CA Deposits

JS Bank achieved a significant milestone by surpassing PKR 200 billion in Current Account deposits, reflecting the growing trust and confidence of its customers. While the Bank reached its first PKR 100 billion milestone over a period of 15 years, the subsequent PKR 100 billion was achieved in just five years, underscoring the Bank's accelerating growth, strengthened market position, and the collective efforts of its teams across the country. This achievement marks an important step in the Bank's journey as it continues to build on this momentum and pursue even greater milestones in the years ahead.

**200 Billion
Milestone**

A stylized illustration of a mountain range. A line graph is overlaid on the mountains, showing an upward trend. The graph starts at a yellow peak labeled '100 Billion' and rises to a blue peak labeled '200 Billion Milestone'. The '200 Billion Milestone' is accompanied by a small explosion of colorful lines, representing a celebration or achievement.

100 Billion



JS Priority Banking Expands Network of Centers

Following the successful launch of JS Priority Banking in Karachi, the Bank expanded its footprint by opening additional Priority Banking Centers nationwide, further strengthening its commitment to serving high-net-worth clients. These centers offer exclusive privileges, personalized financial solutions, and a dedicated banking experience designed to meet the evolving needs of affluent customers.

BARHNA HAI AAGEY

The Barhna Hai Aagey campaign reflected JS Bank's vision of a confident and forward-looking Pakistan, where cultural heritage and innovation progress side by side. Through imaginative storytelling, the campaign reimagined the future of Karachi, Lahore, and Islamabad, blending familiar cityscapes with elements of technological advancement to highlight the country's potential for growth and creativity. Developed in collaboration with Patangeer, the campaign celebrated Pakistan's vibrant culture, entrepreneurial spirit, and untapped talent, reinforcing the belief that when given the right platform and opportunities, the people of Pakistan have the power to shape a dynamic and prosperous future.

JS Bank and KSBL Lead Strategic Conversation on SME Financing in Pakistan

In collaboration with the Karachi School of Business & Leadership (KSBL), JS Bank hosted a roundtable discussion focused on the future of SME financing in Pakistan. The session brought together key stakeholders, including representatives from the State Bank of Pakistan (SBP), SMEDA, NCGCL, as well as industry leaders and members of academia.



The roundtable aimed to identify the most pressing challenges faced by the SME sector and develop strategic recommendations to inform a forthcoming policy paper. Discussions highlighted the importance of adopting a long-term, sustainable approach to SME financing, while emphasizing the sector's critical role in driving economic growth and entrepreneurship in Pakistan.

Remittance Sirf Right Way Se!

Launched during the auspicious month of Ramadan and fronted by World Cup champion Younis Khan, our Home Remittance campaign delivered a clear message: avoid Hawala and Hundi, and send/receive remittances through secure, legal avenues.

Kyun Kay Yahi Tou Hai
The Right Way!



100% SAFE



LEGAL



BETTER
RATES



QUICK
TRANSFERS



CREDIT RATING

Long Term

AA

(Double A)

Short Term

A1+

(A One Plus)

Outlook: Stable

(Assigned by: Pakistan Credit Rating Agency)

COMPOSITION OF THE BOARD

S.No	Name of Directors	Status
1	Mr. Adil Matcheswala - Chairman	Non- Executive Director
2	Mr. Khalilullah Shaikh	Independent Director
3	Ms. Nargis Ali Akber Ghaloo	Non- Executive Director
4	Mr. Qaiser Noor	Independent Director
5	Lt. Gen (Retd.) Sadiq Ali	Independent Director
6	Mr. Saad Ali Bhimjee	Non- Executive Director
7	Mr. Usman Yousaf Mobin	Independent Director
8	Mr. Basir Shamsie	President and CEO

The Board of Directors of JS Bank Limited currently consists of four independent directors. These independent directors meet the criteria for independence as defined in the Companies Act of 2017 and the directives of the State Bank of Pakistan. Additionally, the Board includes three non-executive directors, excluding the President and CEO of the Bank, who is a non-elected executive director.

PROFILE OF THE BOARD OF DIRECTORS

Mr. Adil Matcheswala

Chairman – Non-Executive Director

Mr. Adil Matcheswala is the CEO and founding Director of Speed (Private) Limited, a retail and distribution company that is incorporated in Pakistan. The Company's portfolio includes numerous leading international brands such as Nike, Adidas, Under Armour, Puma, Charles and Keith, Pedro, Tag Heuer and Timex.

He started his professional career in the financial services industry in 1992 and served as the Head of the Equity Sales Division at Jahangir Siddiqui & Co. Ltd. (formerly Bear Stearns Jahangir Siddiqui Limited).

He has previously served as the Chairman of the Board and Chairman of the Audit Committee of JS Global Capital Ltd., as well as a Director of JS Value Fund. He has served on the Board of JS Bank Limited since 2012.

Mr. Matcheswala graduated from Brown University with an A.B. in Economics.

Directorships in Other Companies:

- Speed (Private) Limited
- Service Industries Limited

Mr. Khalilullah Shaikh

Independent Director

Mr. Khalilullah Shaikh is a Fellow Chartered Accountant and Chartered Certified Accountant. He qualified from the Institute of Chartered Accountants of Pakistan (ICAP) by setting a new record of winning '5 Gold Medals in one sitting' in the history of ICAP.

He has attended various local and international professional development programs, including the International Leadership Development Program at NUS, Singapore.

In his effort to contribute back to society, he served as an elected Council member of ICAP for 8 years. He has the honor of serving as the Youngest President of ICAP during 2019-20. Mr. Shaikh has contributed to the accountancy profession regionally and globally as a Board member of the South Asian Federation of Accountants (SAFA) and as a member of the Professional Accountants in Business (PAIB) Committee of the International Federation

of Accountants (IFAC). He currently represents Pakistan as a board member on the Global Board and chairs the Governance Committee of IFAC.

Mr. Shaikh is a high-energy, performance-focused Leader with a proven track record of serving at Senior Leadership positions. He is currently serving as an Independent Director, Chairman Board Audit Committee and Board Risk Management Committee:

- Alfalah GHP Investment Management Limited
- Dow University of Health Sciences

He also serves as the Chair of ICAP-IBA Research Unit

Positions held during his career:

- Pakistan International Airlines: Chief Financial Officer 2019 – Sept 2021
- K-Electric Limited: 2007 – 2019
 - Director Finance and Business Administration
 - Head of Supply Chain
 - Chief Internal Auditor and Secretary BAC
- Shell Group: Head of Treasury and MIS 2005-2007
- A. F. Ferguson & Co. Assurance and Business Advisory Services: 2000 to 2005

Human Capital development is Mr. Shaikh's passion. He has taught Strategic Financial Management courses to CA and ACCA professionals for many years. His Student Alumni include over 2,500 CAs working across the globe. He speaks regularly at conferences and seminars in Pakistan and abroad.

Directorships in other companies in Pakistan:

- Alfalah Asset Management Limited
- Gratus Solutions (Private) Limited
- Gratus Consultants (Private) Limited

Ms. Nargis Ali Akber Ghaloo

Non-Executive Director

Ms. Nargis Ghaloo is a retired senior civil servant,

having served the Government of Pakistan in various capacities for 36 years. She retired as the Managing Director of the Public Procurement Regulatory Authority, Government of Pakistan.

Ms. Ghaloo was Chairperson of State Life Insurance Corporation of Pakistan, Pakistan's largest life insurer, from 2014 to 2016.

Ms. Ghaloo joined the Civil Services of Pakistan in 1982 and has many years of professional experience serving in senior management positions with provincial as well as federal government departments in diversified fields such as public sector management, administration, finance, judicial, health, insurance, and planning. Ms. Ghaloo did her Master's in English from the University of Sindh in 1981 and is a certified Director from The Pakistan Institute of Corporate Governance (PICG) and holds a certificate of Corporate Governance from INSEAD, and also holds a certificate in Company Direction from the Institute of Directors, UK. Ms. Ghaloo has served on the JS Bank Board since 2016.

Directorships in Other Companies:

- Hinopak Motors Limited
- Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (Member Board of Governors)
- Pakistan Civil Aviation Authority

Mr. Qaiser Noor Independent Director

Mr. Qaiser Noor is a distinguished global financial services leader (KSA Financial Sector celebrity) with over 25 years of experience across banking, capital markets, fintech, Islamic finance, and financial regulation in Saudi Arabia, the GCC, the United Kingdom, and international markets.

He currently serves as an Independent Director on the Board of JS Bank Limited, contributing to board governance, strategic oversight, risk management, and regulatory stewardship. He also sits as a committee member in HR and IT committees of JS Bank.

Mr. Noor has held senior leadership and advisory roles at some of the region's most influential financial institutions and authorities. His career includes serving as Executive Director – Financial

Services at NEOM, Senior Advisor at the Saudi Central Bank (SAMA), and CEO Advisor to Riyadh Bank and Vision Bank, where he played a key role in banking sector reform, accounting reforms, capital and liquidity optimization, securitization frameworks, capital markets, digital banking strategy, Fintech and financial sector transformation initiatives aligned with Saudi Vision 2030.

At SAMA, Mr. Noor was closely involved in banking supervision and regulatory policy, including the implementation of Basel III and Basel III (Finalized reforms) standards, IFRS 9/16/17, stress testing frameworks, ICAAP/ILAAP processes, CCPs, Sandbox and crisis management protocols, and represented the Kingdom (in Basel committee, IMF and World Bank) in engagements with international financial institutions. His advisory work has spanned new-bank and finance company licensing, SME and housing finance ecosystems, debt capital markets, sukuk structures, and financial market infrastructure development.

Mr. Noor also brings extensive board-level and investment governance experience. In addition to JS Bank, he also serves on the boards of 1957 Ventures (Riyadh Bank's venture capital arm), JEEL (Riyadh Bank's innovation and acceleration subsidiary), Tiqmo, and Owais Capital, and acts as a strategic Board advisor to multiple fintech, payments, digital lending, tokenization, and AI-enabled financial services platforms (Verseprop, Eazli, Dalwa, Darent, Wosul, Mush Social, Arabian Pay, Sunna Altamyuz, Zab Capital holdings and many others) across the region. His role often bridges regulators, banks, investors, and founders, supporting scalable and compliant growth.

Earlier in his career, Mr. Noor held senior roles at leading global financial institutions including The Royal Bank of Scotland, HSBC, Standard Chartered, Mizuho International, and PwC (London), giving him deep exposure to global markets, structured finance, risk management, and cross-border transactions. He has also advised multilateral and global platforms and has been a speaker and contributor at IMF, Arab Monetary Fund (AMF), World Bank, G20, Bloomberg (Asharq news), and international policy and market forums.

Mr. Noor is a Chartered Accountant (ICAEW and ICAP), a member of CIMA and ACCA, a Bachelor in Commerce (Gold Medalist in Punjab), and holds a Master's degree in Commerce. He is a Premium

Resident of the Kingdom of Saudi Arabia, reflecting his long-standing professional presence in the Kingdom and his active contribution to financial sector development and economic linkages between Saudi Arabia and Pakistan. He is also the author of the book “The Kingdom through my eyes” and has received recognition from Senior Saudi officials.

Other Directorships and Board Roles

- 1957 Ventures (Riyad Bank Venture Capital Fund) – KSA
- JEEL (Riyad Bank Innovation and Acceleration Subsidiary) – KSA
- Tiqmo (Digital Payments and Wallet Platform) – KSA
- Owais Capital (Fintech and Islamic Finance Advisory) – KSA

Lt. Gen. (Retd.) Sadiq Ali, HI (M) Independent Director

Lt. Gen. (Retd.) Sadiq Ali was commissioned in the Pakistan Army on March 16, 1984. He is a graduate of the Turkish War Academy, Istanbul, and NDU, Islamabad. During his career, Mr. Sadiq Ali held several Operational Staff and Instructional appointments. He has commanded an Armored Regiment, an Infantry and Armored Brigade, an Armored and Infantry Division, Commandant PMA Kakul, 4 Corps at Lahore, and POF Wah. He served as Secretary Defense Production from March 2020 to March 2022.

Directorships in Other Companies:

- Zameen REIT Management Company Limited

Saad Ali Bhimjee Non-Executive Director

Mr. Saad Ali Bhimjee is an Insurance and Risk Management professional with over seventeen years of experience in the Pakistan, Canada, and UK insurance industries.

He is the founder and CEO of QubeRisk, a digital-first insurance brokerage based in Vancouver, Canada. QubeRisk is dedicated to transforming the insurance landscape through technology, automation, and data.

Before founding QubeRisk, Mr. Bhimjee was a Senior Vice President at Aon Canada, based in their Vancouver office. Before that, he worked for United Insurance Brokers (UIB) in London, focusing on Middle Eastern and Asian countries, including Pakistan.

Mr. Bhimjee holds a Bachelor’s degree in Economics from University College London (UCL) and a Master’s degree in Insurance & Risk Management from Cass Business School, London. He also holds an ACII designation.

Directorships in Other Companies:

- EFU General Insurance Ltd

Mr. Usman Yousaf Mubin Independent Director

Mr. Usman Mobin was Chairman of NADRA from February 2015 to February 2021. Mr. Usman, an MIT graduate, is the youngest ever Head of any leading Pakistani organization. He studied at the prestigious Massachusetts Institute of Technology (MIT) and has a master’s degree in Electrical Engineering and Computer Science as well as a bachelor’s degree in the same subject. Mr. Usman has completed many complicated national and international IT projects, which have turned around not only NADRA but also revolutionized the functioning of many other organizations.

Mr. Usman graduated with a cumulative GPA of 5.0/5.0 in 2002. Before MIT, he graduated from Atchison College with the best A-level grades in the world and won the President’s Medal for best student in his class every year for 12 consecutive years.

In recognition of his services, Mr. Usman has been awarded numerous awards, including Tamgha-e-Imtiaz in Public Service by the President of Pakistan in 2008. Mr. Usman Mobin has designed and implemented numerous international projects, including the Citizens’ Registration Project in Sri Lanka, Identity Management of Sri Lanka, Civil Registration of Sudan, Machine Readable Passports of Kenya, and the Driver’s License of Bangladesh.

In Pakistan, he has deployed the National Identity Card System, Civil Registration System, Smart Card, and software for the Benazir Income Support Program, Watan Cards, Citizens Damage Compensation Program, Arms License Projects, and the world’s first-ever ICAO-compliant multi-

biometric passports.

Mr. Usman brings 12 years of experience in delivering high-quality citizen registration and citizen services projects around the world and has been the CTO of the organization since 2002.

Directorships in Other Companies:

- Aploi (Pvt) Limited

Mr. Basir Shamsie President and CEO

Mr. Basir Shamsie is the President & Chief Executive Officer of JS Bank Limited.

Mr. Shamsie joined Bear Stearns Jahangir Siddiqui & Co. (now known as Jahangir Siddiqui & Co. Ltd.) in 1994, specializing in the Money and Bond Markets business. He has significant expertise in Treasury and Investment Banking and is credited with over 60 capital market deals, many of which are considered landmark transactions for Pakistan.

He was part of the core team responsible for the acquisition of American Express Bank's Pakistan operations in 2006 and its merger into JS Bank. Mr. Shamsie has since been associated with JS Bank in various senior roles, such as Group Head of Treasury, Wholesale and International Banking, which he held till May 2017. His last assignment was as Deputy CEO of JS Bank.

During his tenure as President and CEO, JS Bank has achieved major milestones. These include the acquisition of BankIslami Pakistan Limited, one of Pakistan's largest Islamic financial institutions. JS Bank has also launched Zindigi, a pioneering digital platform that redefined banking for Pakistan's younger, tech-savvy generation. With over 14 million downloads, Zindigi exemplifies how technology breaks barriers, expands opportunities, and redefines financial empowerment. JS Bank continues to be recognized as a leader in SME financing to drive entrepreneurial growth.

He has previously served as Chairman of JS Investments Limited and JS Global Capital Limited and as Director of JS Bank Limited.

Mr. Shamsie's journey has been shaped by a commitment to learning and is a graduate of the Harvard Business School Leadership Program and an alumnus of the University of Texas at Austin with

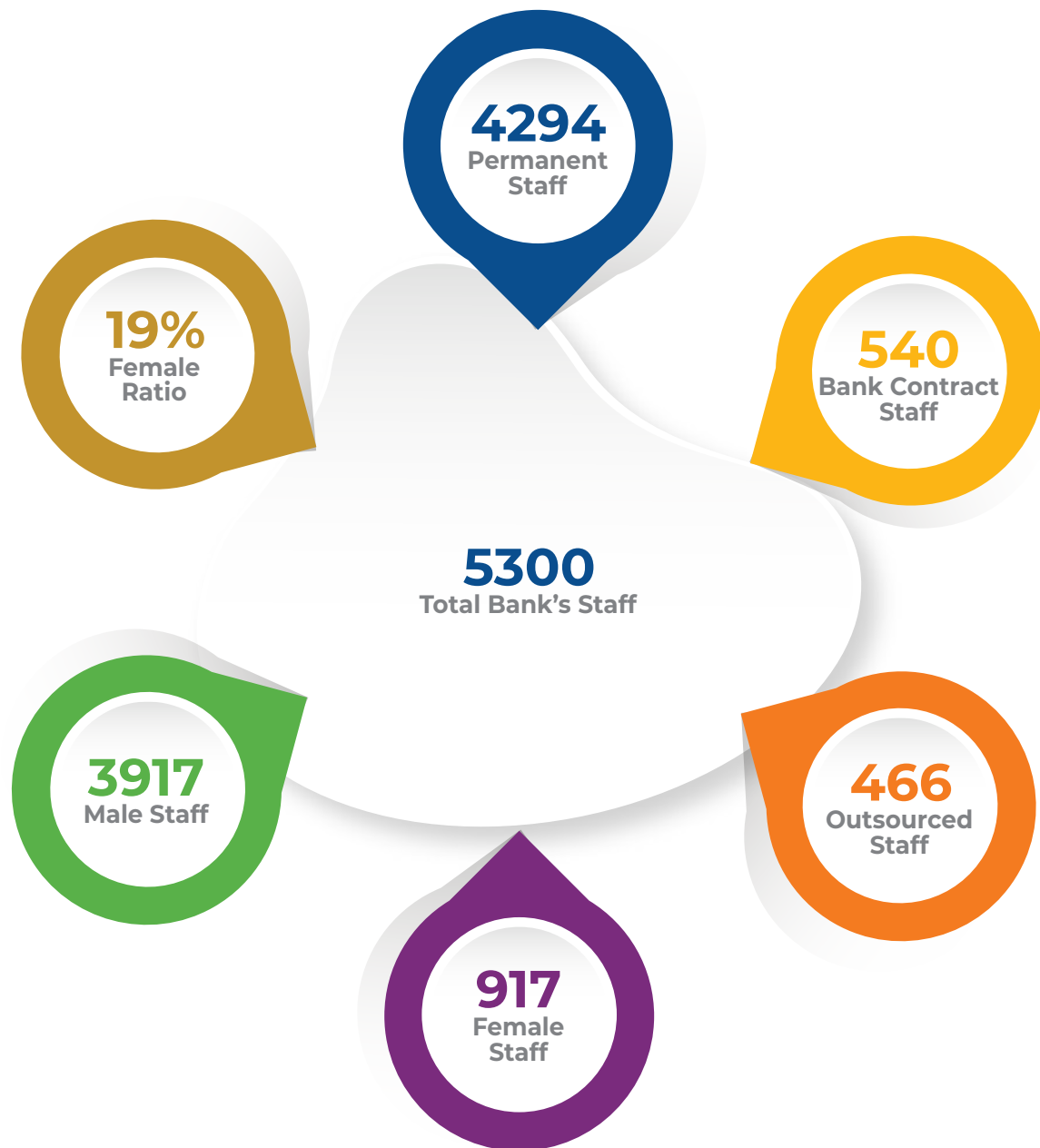
a Bachelor's in Accounting.

Other Directorships:

Member Executive Committee - Pakistan Banks Association (PBA)

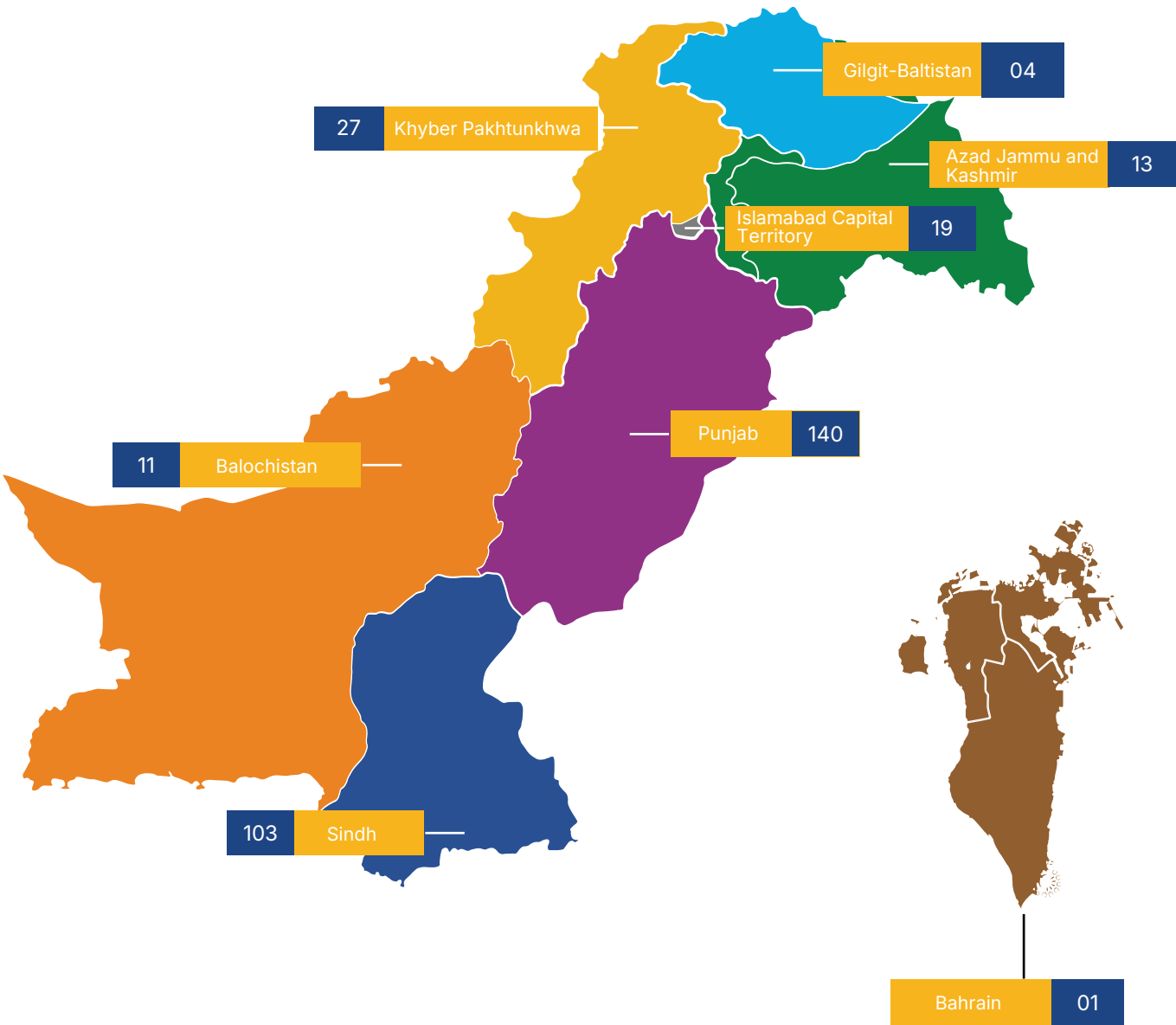


STAFF STRENGTH

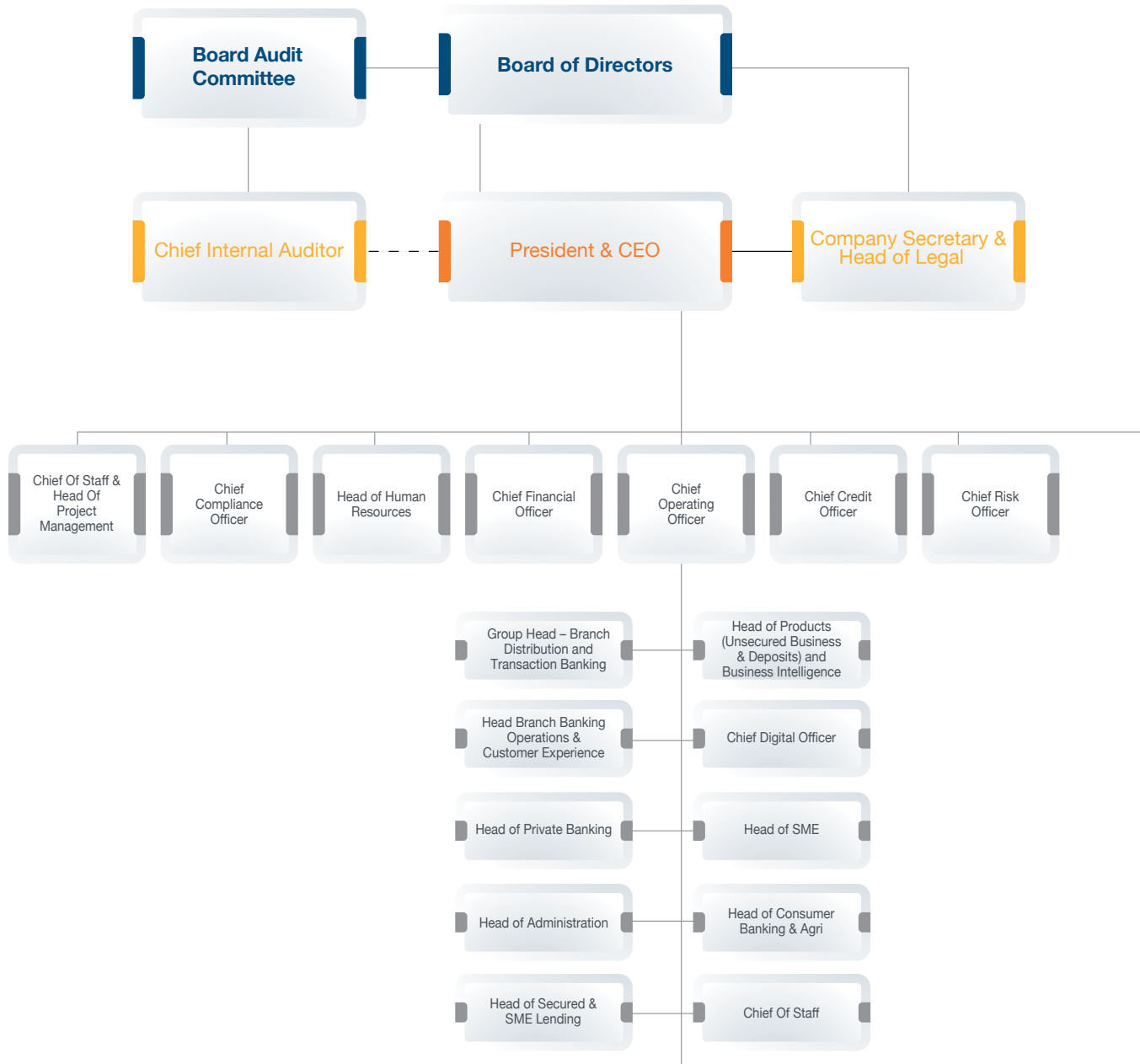


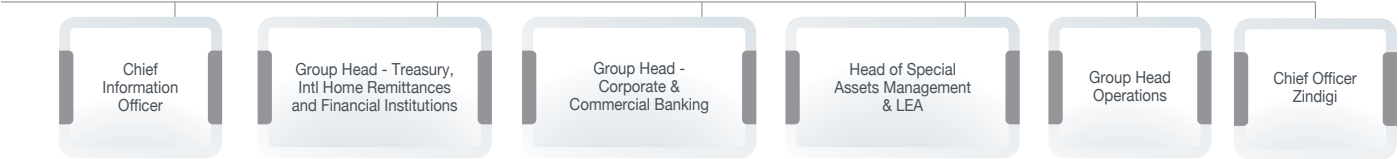
OUR PRESENCE

317 Branches Nationwide



ORGANIZATIONAL STRUCTURE







CORPORATE PROFILE OF THE BANK

JS Bank Limited (the Bank / JSBL) is a banking company incorporated in Pakistan as a public limited company on March 15, 2006. The Bank is a subsidiary company of Jahangir Siddiqui & Co. Ltd. (JSCL) and its shares are listed on the Pakistan Stock Exchange Limited (PSX). The Bank commenced its banking operations on December 30, 2006, and its registered office is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi.

The Bank is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962, and is operating through 317 (2024: 314) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (2024: one). The Pakistan Credit Rating Agency Limited (PACRA) has maintained the long-term entity rating of the Bank to AA (Double A), and the short-term rating at 'A1+' (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate a very strong capacity for timely payment of financial commitments.

Subsidiaries

BankIslami Pakistan Limited

Holding 75.12%

BankIslami Pakistan Limited ("BIPL" or the "Bank") was established in October 2004. It was the first Bank to receive the Islamic Banking License under the Islamic Banking Policy of 2003. The Bank, after being declared a scheduled Islamic Bank by the State Bank of Pakistan in March 2005, commenced its operations on April 07, 2006.

The Bank was founded with the vision of becoming the leading provider of authentic Islamic banking in Pakistan. Its mission is to save humanity from Riba by offering Shariah-compliant, customer-centric, innovative financial solutions and creating value for our stakeholders, while upholding social responsibility and transparency.

The Bank is engaged in corporate, commercial, consumer, retail banking, and investment activities by offering a wide range of shariah-compliant products and services.

BankIslami Pakistan Limited is a subsidiary of JS Bank Limited (JSBL) with 75.12% shareholding. JSBL is part of the JS Group. BIPL's ownership is backed by the strong sponsorship of the JS Group — a well-renowned business group engaged in a diverse set of activities with a strategic focus on the financial sector, including asset management, financial advisory, commodities trading, brokerage, insurance, and banking.

JS Global Capital Limited

Holding 92.90%

JS Global Capital Limited is one of the largest securities brokerage and investment banking firms in Pakistan with a leadership position in the domestic capital markets. It is in the business of equity, fixed income, currencies and commodities brokerage, and investment banking. JS Global Capital Limited was incorporated in Pakistan on June 28, 2000 and is the successor to the securities business of Jahangir Siddiqui & Co. Ltd. and Bear Stearns Jahangir Siddiqui Limited.

JS Investments Limited

Holding 84.73%

JS Investments Limited is a licensed Investment Adviser and Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, the Company is also a licensed Pension Fund Manager under the Voluntary Pension System Rules 2005. Recently, JSIL also acquired the Private Equity and Venture Capital Fund Management Services license(s) from the Securities and Exchange Commission of Pakistan.

CHAIRMAN'S REVIEW

I am pleased to present, on behalf of the Board of Directors, the Annual Report of JS Bank Limited for the year ended December 31, 2025.

The year 2025 marked a definitive turning point for Pakistan's economy, characterized by emerging stability and renewed investor optimism. The State Bank of Pakistan's (SBP) calibrated monetary easing – underpinned by deceleration in headline inflation – saw the policy rate reach 10.5 percent by the end of the year.

The external sector demonstrated notable strength, with the current account recording a surplus in early FY2026. This was driven by a robust trajectory in services and IT exports, alongside resilient workers' remittance, which effectively balanced the rise in import demand. On the fiscal front, we anticipate a significant improvement in net revenues, leading to a primary fiscal surplus. This improvement is largely due to higher SBP profits and reduced interest expenses.

While inflation has significantly receded from the peaks of previous years, we remain cognisant of lingering risks stemming from energy price adjustments, global commodity volatility, and evolving tax frameworks. Pakistan's sovereign credit rating profile remains stable, bolstered by the IMF's continued support through the Extended Fund Facility (EFF) and the Resilience and Sustainability Facility (RSF). These programs remain vital for maintaining macroeconomic anchors and advancing structural reforms.

As a digitally advanced medium-sized bank with a diverse product portfolio, we focus on upgrading to the best industry standards, supported by a skilled and resilient team committed to efficiently achieving our strategic objectives. Our well-structured organization features clear systems and processes that drive growth. Our digital banking platform, Zindigi, continues to drive innovation, customer focus, and strategic growth. Zindigi has further solidified its position as a market leader in the fintech and digital banking space. I am pleased to note that the platform crossed 14 million downloads, driven by the launch of Zindigi 2.0 last year.

During the year, JS Bank was recognized as a leader in innovation, sustainability, and corporate responsibility, receiving prestigious accolades on both national and international platforms. The Bank received notable recognition for its comprehensive approach to employee welfare and innovation. We were awarded the EGC Program of the Year and Health and Wellness Bank of the Year by Asian Banking and Finance, highlighting our commitment to employee well-being. Additionally, we earned the Technology Excellence Award for Online Services at the Asian Technology Excellence Awards. These accolades highlight our achievements and strengthen our commitment to setting new standards in banking.

Our financial results reflect consistent sustainability despite a complex operating environment. I am pleased to note that the Pakistan Credit Rating Agency (PACRA) has maintained JS Bank's long-term rating at 'AA' (Double A) and short-term rating at 'A1+' (A One Plus) for 2025. These ratings—the highest in their respective categories—affirm our robust capital adequacy, prudent risk management, and overall financial soundness. I remain confident that the bank positioned to sustain its momentum by leveraging new technology and providing transformative customer centric solutions, creating further value for our customers, partners and the community at large, whilst deepening market penetration, setting higher standards of transparency and governance for the years ahead, fostering social impact and delivering value to our stakeholders.



JS Bank recognizes its significant responsibility in the banking sector and is committed to making positive contributions through its Corporate Social Responsibility (CSR) initiatives. The Bank focuses on supporting customers and communities while ensuring effective governance and sustainable shareholder value. High standards of corporate governance are maintained through a robust internal control system and ethical business conduct. The Board continuously evaluates the Bank's financial and operational soundness and has established sub-committees for oversight in key areas, including risk management and human resources. To enhance transparency and accountability, the Board engages Grant Thornton Anjum Rahman (GT) for annual evaluations of its members and committees.

We remain committed to the highest standards of Corporate Governance. The Board continues to evaluate the Bank's internal control systems and has engaged Grant Thornton Anjum Rahman (GT) for independent annual evaluations of its members and committees.

On behalf of the Board, I wish to express my sincere appreciation to the Ministry of Finance, the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, and the Federal Board of Revenue for their ongoing support and guidance. I also wish to thank our shareholders for their steadfast commitment and confidence in our long-term strategic vision. Additionally, I appreciate our management and staff for their dedication and hard work towards the continued progress and prosperity of the Bank.

Sincerely,

Adil Matcheswala

Chairman

February 24, 2026

ہمارے مالی نتائج پیچیدہ کاروباری ماحول کے باوجود مسلسل پائیداری کی عکاسی کرتے ہیں۔ مجھے یہ بتاتے ہوئے خوشی ہے کہ پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے 2025 کے لیے جے ایس بینک کی طویل مدتی ریٹنگ کو 'AA' (ڈبل اے) اور قلیل مدتی ریٹنگ کو 'A1+' (اے ون پلس) پر برقرار رکھا ہے۔ جو اس کیٹگری میں سب سے بلند درجہ ہے۔ یہ ریٹنگز جے ایس بینک کی مستحکم مالی کارکردگی، مضبوط رسک مینجمنٹ پریکٹسز، اور بینکاری شعبہ میں اعلیٰ معیار کے عزم کی عکاسی کرتی ہیں، جو ہمیں مزید جدت، صارفین کو بااختیار بنانے اور معیشت کے لیے زیادہ قدر پیدا کرنے کے قابل بناتی ہیں۔ مجھے یقین ہے کہ بینک نئی ٹیکنالوجی کے استعمال اور صارفین پر مرکوز جدید حل فراہم کر کے اپنی ترقی کی رفتار کو برقرار رکھے گا، جس سے صارفین، شراکت داروں اور معاشرے کے لیے مزید قدر پیدا ہوگی، جبکہ مارکیٹ میں رسائی بڑھانے، شفافیت اور گورننس کے اعلیٰ معیار قائم کرنے، سماجی اثرات کو فروغ دینے اور اسٹیک ہولڈرز کے لیے قدر پیدا کرنے کا سلسلہ جاری رہے گا۔

جے ایس بینک بینکاری شعبے میں اپنی اہم ذمہ داری کو تسلیم کرتا ہے اور کارپوریٹ سماجی ذمہ داری (CSR) اقدامات کے ذریعے مثبت کردار ادا کرنے کے لیے پرعزم ہے۔ بینک صارفین اور کمیونٹی کی معاونت کے ساتھ ساتھ موثر گورننس اور پائیدار شیئر ہولڈر کی قیمت کو یقینی بنانے پر توجہ دیتا ہے۔ مضبوط اندرونی کنٹرول سسٹم اور اخلاقی کاروباری اصولوں کے ذریعے کارپوریٹ گورننس کے اعلیٰ معیار برقرار رکھے جاتے ہیں۔ بورڈ مسلسل بینک کی مالی اور آپریشنل مضبوطی کا جائزہ لیتا ہے اور اہم شعبوں، جن میں رسک مینجمنٹ اور انسانی وسائل شامل ہیں، کی نگرانی کے لیے ذیلی کمیٹیاں قائم کی گئی ہیں۔ شفافیت اور احتساب کو مزید بہتر بنانے کے لیے بورڈ اپنے اراکین اور کمیٹیوں کی سالانہ آزادانہ جانچ کے لیے گرانٹ تھورنٹن انجمن رحمان (GT) کی خدمات بھی حاصل کی ہیں۔

ہم کارپوریٹ گورننس کے اعلیٰ ترین معیارات برقرار رکھنے کے لیے پرعزم ہیں۔ بورڈ بینک کے اندرونی کنٹرول سسٹم کا مسلسل جائزہ لیتا ہے اور اپنے اراکین اور کمیٹیوں کی آزادانہ سالانہ جانچ کے لیے گرانٹ تھورنٹن انجمن رحمان (GT) کی خدمات حاصل کر رکھی ہیں۔

میں بورڈ آف ڈائریکٹرز کی طرف سے وزارت خزانہ، اسٹیٹ بینک آف پاکستان، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فیڈرل بورڈ آف ریونیو کی طرف سے مسلسل تعاون اور رہنمائی پر شکرگزار ہوں۔ میں اپنے حصص یافتگان کا ہمارے طویل المدتی اسٹریٹجک وژن پر مسلسل عزم اور اعتماد کے ساتھ ساتھ بینک کی مزید ترقی اور خوشحالی کیلئے ہماری انتظامیہ اور عملہ کے عزم اور محنت کیلئے بھی ان کا شکریہ ادا کرنا چاہوں گا۔

خیر خواہ

عادل ماچس والا

چیئر مین

24 فروری 2026ء

چیمز مین کا جائزہ

میں بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2025 کو ختم ہونے والے سال کیلئے جے ایس بینک لمیٹڈ کی سالانہ رپورٹ پیش کرنے میں مسرت محسوس کر رہا ہوں۔

سال 2025 پاکستان کی معیشت کے لیے ایک اہم موڑ ثابت ہوا، جس میں معاشی استحکام کی جانب پیش رفت اور سرمایہ کاروں کے اعتماد میں اضافہ دیکھنے میں آیا۔ اسٹیٹ بینک آف پاکستان کی محتاط مالیاتی نرمی، جس کی بنیاد مہنگائی میں کمی تھی، جس کے نتیجے میں سال کے اختتام تک پالیسی ریٹ 10.5 فیصد تک آگیا۔

بیرونی شعبے نے نمایاں بہتری کا مظاہرہ کیا، جہاں مالی سال 2026 کے آغاز میں کرنٹ اکاؤنٹ سرپلس ریکارڈ کیا گیا۔ یہ بہتری سروسز اور آئی ٹی ایکسپورٹس میں مضبوط کارکردگی کے ساتھ ساتھ ترسیلات زر کی مستحکم آمد کی بدولت ممکن ہوئی، جس نے درآمدی طلب میں اضافے کو متوازن رکھا۔ مالیاتی محاذ پر ہم خالص آمدنی میں نمایاں بہتری کی توقع رکھتے ہیں، جس کے نتیجے میں بنیادی مالیاتی سرپلس حاصل ہو سکتا ہے۔ اس بہتری کی بڑی وجہ اسٹیٹ بینک کے منافع میں اضافہ اور شرح سود میں کمی کے باعث سودی اخراجات میں کمی ہے۔

اگرچہ مہنگائی گزشتہ برسوں کی بلند سطح سے نمایاں حد تک کم ہو چکی ہے، تاہم توانائی کی قیمتوں میں ممکنہ تبدیلیوں، عالمی اشیاء کی قیمتوں میں اتار چڑھاؤ اور بدلتے ہوئے ٹیکس نظام سے پیدا ہونے والے خطرات سے باخبر ہیں۔ پاکستان کی خود مختار کریڈٹ ریٹنگ کی صورتحال مستحکم ہے، جسے آئی ایم ایف کی جانب سے ایکٹیویٹڈ فنڈ فیسلٹی (EFF) اور ریبلینس اینڈ سسٹین ایبلٹی فیسلٹی (RSF) کے تحت جاری تعاون سے مزید تقویت ملی ہے۔ یہ پروگرامز میکرو اکنامک استحکام برقرار رکھنے اور ساختی اصلاحات کو آگے بڑھانے میں اہم کردار ادا کر رہے ہیں۔

ایک ڈیجیٹل طور پر ترقی یافتہ درمیانے درجے کے بینک کے طور پر، جس کے پاس متنوع مصنوعات کا پورٹ فولیو ہے، ہم صنعت کے بہترین معیارات اپنانے پر توجہ مرکوز رکھتے ہیں، جس میں ایک ہنرمند اور مضبوط ٹیم ہماری اسٹریٹجک مقاصد کے حصول کے لیے موثر کردار ادا کر رہی ہے۔ ہمارا منظم ادارہ جاتی ڈھانچہ واضح نظاموں اور عمل پر مشتمل ہے جو ترقی کو فروغ دیتا ہے۔ ہمارا ڈیجیٹل بینکنگ پلیٹ فارم، زندگی، جدت، کسٹمر فوکس اور اسٹریٹجک ترقی کو فروغ دینے کا سلسلہ جاری رکھے ہوئے ہے۔ زندگی نے فن ٹیک اور ڈیجیٹل بینکنگ کے شعبے میں مارکیٹ لیڈر کی حیثیت مزید مستحکم کر لی ہے۔ مجھے یہ بتاتے ہوئے خوشی ہے کہ گزشتہ سال متعارف کرائے گئے زندگی 2.0 کی بدولت پلیٹ فارم کو 14 ملین صارفین نے ڈاؤن لوڈ کیا۔

سال کے دوران جے ایس بینک کو جدت، پائیداری اور کارپوریٹ ذمہ داری کے شعبوں میں قائدانہ حیثیت کے اعتراف میں قومی اور بین الاقوامی سطح پر متعدد ممتاز ایوارڈز سے نوازا گیا۔ بینک کو ملازمین کی فلاح و بہبود اور جدت کے جامع نقطہ نظر کے اعتراف میں ایشین بینکنگ اینڈ فنانس کی جانب سے EGC Program of the Year اور Health & Wellness Bank of the Year کے ایوارڈز سے نوازا گیا۔ اس کے علاوہ، ایشین بینک لوجی ایکسیلنس ایوارڈز میں آن لائن سروسز کے لیے ٹیکنالوجی ایکسیلنس ایوارڈ بھی حاصل ہوا۔ یہ اعزازات ہماری کامیابیوں کو ظاہر کرتے ہیں

DIRECTORS' REPORT

We are pleased to present the 20th Annual Report of JS Bank Limited ("JSBL") along with the audited accounts and auditors' report for the year ended December 31, 2025.

Economic review

Pakistan's economy transitioned from a period of stabilization toward a sustained recovery path in 2025. The year was marked by broad-based macroeconomic stability, anchored by the successful reviews of the IMF's Extended Fund Facility (EFF) and Resilience and Sustainability Facility (RSF) programs, leading to total disbursements of approximately US\$3.3 billion. Tighter monetary policy, stable external flows and currency, and improved Pakistan-US diplomatic relations were key highlights for the year.

Pakistan saw sovereign credit rating upgrades from Fitch, Moody's, and S&P during 2025. The IMF also issued positive feedback on progress across key macroeconomic indicators and structural reforms, as Pakistan met most quantitative, indicative, and structural benchmarks during the year.

Real GDP growth for FY25 was recorded at 2.68%, underpinned by a recovery in the industrial sector which posted 4.77% growth. For FY26, the SBP projects growth to accelerate to the 3.75% – 4.75% range, driven by strong momentum in Large-Scale Manufacturing (LSM), which grew 9.0% YoY in early FY26.

Headline inflation (CPI) experienced a historic decline, dropping to an average of 4.5% in FY25 from 23.4% in FY24. By December 2025, inflation was recorded at 5.6%, well within the SBP's medium-term target of 5–7%.

The State Bank of Pakistan (SBP) initially announced two cuts of cumulative 200bps in the first half of the year, and then maintained the policy rate at 11%, considering potential risks to inflation and economic growth arising from global and regional geopolitical unrest, as well as above-average monsoon rainfall affecting crops. A further 50bps cut was announced toward the end of the year, where the SBP brought the rate down to 10.5%, supported by benign global commodity prices and well-anchored inflation expectations under a prudent monetary policy stance.

Pakistan recorded a current account surplus for the first time in 14 years in FY25. During 5MFY26, the current account deficit stood at US\$812mn compared to a surplus of US\$503mn in the same period last year. Despite a recovery in domestic economic conditions that pushed import demand up by 11% YoY, exports failed to keep pace and declined by 3% YoY during 5MFY26. Meanwhile, ongoing fiscal consolidation translated into both fiscal and primary surpluses in 1QFY26.

Remittances continued to play a pivotal role in stabilizing Pakistan's external account by consistently offsetting the trade deficit. In contrast, exports lagged despite domestic economic recovery, declining by 3% YoY in 5MFY26. Despite global trade headwinds, SBP's liquid foreign exchange reserves strengthened significantly, reaching over US\$15.8 billion by year-end 2025.

Notably, the US announced reciprocal tariffs on its trading partners in April 2025, which became effective in August 2025. Tariffs on Pakistan were revised downward from 29% to 19% following successful bilateral negotiations.

The Pakistan equity market (KSE-100 Index) delivered 51% YoY returns, making it the second-best performing market in the region. Successful bidding for 75% stake of the national carrier, PIA, in Dec-2025, was also a key milestone achieved this year.

The outlook remains positive with sovereign rating upgrades from Fitch, Moody's, and S&P reflecting improved investor confidence. While potential risks exist from global commodity price volatility and regional geopolitical tensions, the SBP expects the Current Account Deficit to remain manageable at 0–1% of GDP for FY26.

Banking sector review

The banking sector maintained robust performance throughout 2025, with its total asset base expanding to 52.4% of GDP.

The sector recorded a 16% five-year CAGR in deposits, alongside even stronger growth in zero-cost deposits over the same period. This trend provides significant room for further improvement going forward. Pakistan's financial inclusion ratio has increased to 64%, reducing its share of the global unbanked adult population from 9% in 2021 to 4% in 2023. The National Financial Inclusion Strategy (NFIS) 2024–28 aims to raise financial inclusion to 75% and narrow the gender gap to 25% by 2028.

Following an 11.5 ppt reduction in the policy rate from a high of 22% in June 2023 to 10.5% in December 2025, banking sector margins are likely to remain modest, with some contraction expected in net interest margins (NIMs) and returns on equity (ROEs). However, potential upside from higher volumetric growth is expected to act as a buffer. Additionally, the possibility of a further policy rate cuts during the upcoming year cannot be ruled out.

The sector's solvency remains strong, with the Capital Adequacy Ratio (CAR) improving to 21.4% as of mid-2025, substantially above the regulatory requirement of 11.5%. The adoption of IFRS-9 since January 2024 has further enhanced the banks' risk management and loss-absorption capacities.

Performance of the Bank

The summarized financial position and operating results of the Bank for the year ended December 31, 2025, are as follows:

Rupees in Millions

FINANCIAL POSITION	2025	2024
Advances – net	249,776	225,531
Investments – net	278,028	302,437
Total Assets	655,636	636,107
Deposits and other accounts	543,502	525,134
Shareholders' Equity	46,661	43,707

Rupees in Millions

FINANCIAL PERFORMANCE	2025	2024
Net Markup Income	27,149	27,351
Non Markup Income	13,164	11,293
Total Revenue	40,313	38,644
Non-Markup Expenses	30,537	27,574
Profit before credit loss allowance and taxation	9,776	11,069
Credit loss allowance and write offs	3,586	4,703
Profit before taxation	6,191	6,366
Profit after taxation	2,796	2,849
Earnings per share (Rupees)	1.36	1.39

For the year 2025, the Bank reported a Profit Before Tax of PKR 6,190.563 million (December 31, 2024: PKR 6,366.077 million). The Earnings Per Share (EPS) stands at PKR 1.36 (December 31, 2024: PKR 1.39).

The Bank recorded Net Interest Income (NII) of PKR 27,149 million in 2025 as compared to PKR 27,351 million in 2024, remaining almost flat, mainly on account of lower interest rates. Overall industry margins remained under pressure, with secondary market yields adjusting regularly on repricing. At the same time, cost of funds also went down in line with downward policy rate revisions, and sustainability in margins remained dependent on volumetric increases as well as continued mix improvement. The Bank's core deposits mix improvement and optimization helped to maintain margins despite gradual repricing on earning assets' yields. During the year, the Bank's Non-Remunerative Deposit base surpassed the PKR 200 billion level, increasing from PKR 198,409 million in December 2024 to PKR 222,121 million in December 2025, increasing by 12 percent, YoY. This increase also resulted in an improvement in the deposit mix, as the share of Non-Remunerative Deposits increased from 38 percent last year to 41 percent in 2025. Gross Advances increased by 11 percent to PKR 274,547 million, registering a YoY growth of 11 percent.

The Bank's Non-Markup Income (NMI) improved significantly by 17 percent YoY to PKR 13,164 million mainly through positive impact on account of net realised gains on securities increasing substantially by PKR 2,541 million YoY. These gains helped offset the shortfall under Foreign Exchange income, which ended lower by PKR 1,368 million YoY, due to relatively lower volatility in the FX markets as against last year. Importantly, non mark-up expenses growth was restricted at 10.7 percent YoY, as expenses increased to PKR 30,537 million, from PKR 27,574 million last year. The Bank's Cost-to-Income ratio increased to 74.8%, in 2025, and the NII-to-Operating Cost coverage adjusted to 90%. This was primarily influenced by a strategic shift toward optimizing Non-Markup Income through capital gains, rather than relying solely on fund-based margins, aligning with our broader objective of diversifying revenue streams during the monetary easing period.

Year end Deposits were reported at PKR 543.502 billion. This translates to a growth of 3 percent against the December 31, 2024 position. In terms of YTD averages, however, the Bank's non-remunerative deposits improved from PKR 157.390 billion in 2024 to PKR 182.693 billion in the year 2025, growing by 16 percent YoY.

With Gross Advances at a level of PKR 274.547 billion at December 31, 2025, the Bank's Gross ADR level as at the year end inched up to 50.51 percent. The Bank's Gross Infection Ratio also improved to 8.46 percent in December 2025 (December 2024: 8.61 percent). Non-performing loans increased to PKR 23.221 billion in December 2025 from PKR 21.328 billion in December 2024. The Bank's coverage ratio improved to 77.3 percent (December 2024: 70.7 percent).

During the year, the Bank continued to focus on areas of digital transformation, AI and Data Sciences. Our focus remains on enhancing customer experience through Digital channels and this year, we introduced the Bank's inhouse AI-powered Banking bot (JSense) for our customers. Within seven weeks of its 2025 launch, it handled over 45,000 customer conversations with an average response time of 5.8 seconds, significantly reducing the load on traditional call centers. The core JS Mobile App achieved an 85%+ penetration rate among the eligible customer base, reaching over 400,000 registered users. The 2025 rollout featured a refreshed UI/UX, prioritizing "Banking in a Tap." The implementation of the "GoGreen EJ Roll" initiative to digitize ATM audit logs has continued to contribute towards cost optimisation. Targeted in-app cross-selling initiatives have continued to contribute towards faster personal loan disbursements.

JS Bank has leveraged the SBP's Raast P2M (Person-to-Merchant) service to enable faster settlements and reduce reliance on physical cash. Through the "JS Her" and "JS Inclusive Accounts", we have digitized financial access for women and differently-abled individuals, earning the "Domestic ESG Program of the Year" award at the Asian Banking and Finance Awards 2025. During the year, in recognition of our operational excellence in digital settlements, the Bank was honored with the USD Clearing Quality Recognition Award 2025 by J.P. Morgan.



Our digital banking platform Zindigi continues to drive innovation, customer focus, and strategic growth. Zindigi remains a market leader in the fintech and digital banking space. In 2025, the platform crossed 14 million downloads, driven by the launch of Zindigi 2.0 last year. The Zindigi app was again recognised as the “Best Digital App” at the Pakistan Digital Awards 2025. We also expanded into Digital Supply Chain Financing and the successful conversion of CECOS University into KPK’s first cashless campus was a major win this year. “Zindigi Prize”, continues to be recognized as the “Best Incubator Program,” with an aim of fostering a new generation of digital entrepreneurs.

During the current year, the Bank continued its efforts for expanding its RMA and enhancing its Global outreach. We have continued to focus on strengthening relationships with International Financial Institutions, increasing our footprint in key markets.

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term rating of the Bank at “AA” (Double AA) and the short-term rating at A1+, which is the highest in this category. These ratings reflect JS Bank’s strong financial performance, robust risk management practices, and commitment to excellence in the banking sector. PACRA’s “AA” rating signifies high credit quality, affirming JS Bank’s sound financial health and serving as a testament to the bank’s prudent financial policies, solid capitalization, and strategic foresight.

The summarized financial data for the last six years forms part of the annual report.

Capital Adequacy

As of December 31, 2025, JS Bank’s Capital Adequacy Ratio (CAR) stood at 13.12 percent (December 2024: 13.24 percent) against SBP’s minimum required CAR of 11.50 percent.

Customer Experience and Fair Treatment

At JS Bank, our Customer Experience (CE) Team is dedicated to cultivating enduring customer relationships across all interactions. This team leads a customer-centric strategy focusing on effective grievance resolution and integrating service feedback to refine our banking experience.

In 2025, the Bank resolved over 102,726 customer complaints including disputes and claims with an average resolution time of 11.79 business days, supported by digital enablement, increased customer awareness, and adherence to regulatory standards. Going forward, the Bank will remain committed to service excellence ensuring customer concerns are addressed promptly and fairly. Customers retain the option to escalate complaints to the Banking Mohtasib Office or the State Bank of Pakistan’s SUNWAI portal if they are dissatisfied with the Bank’s initial response. Awareness of the complaint handling process is maintained through integrated customer communication channels, supported by digital outreach and website-based grievance information.

The CE’s diverse units are integral to our strategy of delivering a fair, accessible, and efficient service, reducing operational risks, and gathering insights for continuous improvement.

- The Bank’s Voice and Virtual function operates as a centralized, multi-channel customer service and engagement touchpoint, managing interactions across 24/7 Voice services, JS Bot, Social Media Platforms (LinkedIn, Instagram, Facebook, YouTube, Twitter, and TikTok), Emails (CCU.Helpdesk@jsbl.com, rda@jsbl.com, and jsblink@jsbl.com), and outbound calling. During the year, the Bank successfully unified its contact center calling solution and CRM into a single enterprise platform and completed a comprehensive IVR revamp, strengthening service governance, operational efficiency, and customer experience. Voice and Virtual also played a pivotal role in ensuring service continuity during the Debit Card and Mobile Banking App migration to Euronet, enabling a controlled and seamless transition.

- The Customer Care Unit ensures fair, transparent, and efficient handling of customer grievances, reducing operational and reputational risk while providing insights to improve the Bank's products, processes, and delivery channels.
- The Branch Services and Customer Insights team oversees the effective implementation of operational commitments and service standards through onsite and offsite inspections of the branch network. Complementing this, the Customer Insights arm captures and interprets customer behavior through structured surveys. By synthesizing field-level operational data with strategic analytics, this unified team enhances product efficacy and serves as a driver for data-backed decision-making across marketing, product development, and service delivery.
- Business Conduct and Controls function promotes a culture of responsible banking by proactively identifying and mitigating conduct risks. All assessments are performed in strict accordance with the State Bank of Pakistan's (SBP) Conduct Assessment Framework, ensuring regulatory alignment and the protection of consumer interests. The Control team is responsible for the systematic monitoring and evaluation of agent interactions to ensure strict adherence to banking regulations and institutional protocols. By conducting comprehensive call audits, the team safeguards compliance standards and maintains the integrity of Customer Experience (CE) benchmarks. This oversight function is critical in identifying procedural gaps, mitigating regulatory risks, and ensuring that every customer engagement reflects the bank's commitment to service excellence.

Our strategic focus extends beyond grievance redressal to proactively understanding customer behavior through analysis of customer interactions and complaint trends. These insights inform responsible banking practices and are embedded in our Consumer Protection Framework, which requires customer welfare to be a primary consideration in the design and delivery of all products and services. We are committed to fair, transparent and non-discriminatory treatment of all customers across the bank.

Risk Management

The Board of Directors remains firmly committed to adopting and embedding robust risk management practices across the Bank, both in letter and spirit. To ensure effective oversight and governance of risks, the Bank operates within a comprehensive risk management framework aligned with the regulatory directives issued by the State Bank of Pakistan (SBP), relevant supervisory guidelines, and the applicable Basel framework.

Overall responsibility for risk governance rests with the Board of Directors and the Board Risk Management Committee (BRMC), while day-to-day risk management activities are carried out by Senior Management. To support a holistic and integrated approach to risk management, the Bank maintains an independent Risk Management Function, with clear segregation of credit risk from other risk disciplines.

To formalize and strengthen its risk management framework, the Bank has in place a number of Board-approved policies and frameworks, which are reviewed periodically. These include the:

- Risk Management Policy,
- Credit Policy,
- SME Financing Policy,
- Collateral Management Policy,
- Internal Credit Risk Rating Policy,
- Consumer Credit Policy,



- Market Risk Management Policy,
- Interest Rate Risk Management Policy,
- Operational Risk Management Policy,
- Liquidity Risk Management Policy,
- Country Risk Management Policy,
- Agricultural Credit Policy,
- Remedial Management Policy,
- Business Continuity Planning Policy,
- Information Security Policy,
- Internal Capital Adequacy Assessment Process (ICAAP),
- Risk Appetite Framework,
- Environmental and Social Risk Management Framework

Risk governance is exercised through various management committees, including the Risk Management Committee (RMC), Operational Risk Management Committee (ORMC), Central Credit Committee (CCC), IT Steering Committee (ITSC), and the Assets and Liabilities Committee (ALCO). These committees meet regularly to review market developments, assess risk exposures, and ensure timely and informed decision-making.

Risk Management continues to play a critical role in maintaining an appropriate balance between risk and return. During the year, the Bank strengthened its risk management / risk appetite framework to enhance overall oversight and effectiveness. All major risk disciplines—including market and liquidity risk, operational risk, business continuity planning, portfolio and policy risk, agricultural and consumer credit risk, credit administration and monitoring, digital risk, information security risk remain under the oversight of the Chief Risk Officer.

Market risk is measured, monitored, and reported on a regular basis. The Market Risk and Basel Unit, in coordination with the Treasury Middle Office, conducts daily monitoring of financial risk exposures, including interest rate risk, foreign exchange risk, equity risk, country and cross-border risk, financial institution exposure risk, liquidity risk, and capital adequacy.

In terms of capital management, the Bank follows prudent practices to ensure that it maintains adequate capital buffers commensurate with its risk profile. The primary objective of capital management is to ensure full compliance with regulatory capital requirements while maintaining strong capital ratios to support sustainable business growth and maximize shareholder value.

The Bank's Operational Risk Management Framework is designed to ensure the existence of an effective control environment for identifying, assessing, and mitigating operational risks, while maintaining acceptable residual risk levels. The Bank continues to strengthen the embedding of Risk and Control Self-Assessments (RCSA) to promote effective risk ownership and foster a strong risk-aware culture. In addition to RCSA, the operational risk function actively manages Operational Loss Data (OLD) and Key Risk Indicators (KRIs). The function also oversees the Business Continuity Planning framework and conducts regular business continuity drills to test the resilience and availability of systems and services from alternate sites.

Credit risk management remains a continuous and evolving process. The overall Credit Policy and credit risk management guidelines are approved by the Board of Directors, while the Central Credit Committee is responsible for monitoring and controlling credit risk across the lending portfolio. A dedicated portfolio

monitoring unit is responsible for industry, sectoral, and geographic limit setting, as well as the development of credit risk measurement and quantification tools in line with SBP and Basel requirements.

To address environmental and social risks inherent in the credit portfolio, Environmental and Social Risk Management (ESRM) procedures have been developed and integrated into the credit appraisal and approval process, in line with the Bank's Green Banking Policy and ESRM Framework.

Risk management also oversees the measurement and monitoring of Expected Credit Loss (ECL) in accordance with IFRS 9. The IFRS 9 framework is implemented in close coordination between the Risk Management and Finance function to ensure consistency between risk measurement, financial reporting, and regulatory disclosures. ECL estimation is supported by Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD) models. A structured model governance framework is in place encompassing change management and approval by relevant management and Board-level committees. Model performance, key assumptions, and management overlays are reviewed regularly to ensure prudent provisioning and continued alignment with regulatory guidance, portfolio behavior, and prevailing economic conditions.

Information security and Digital risks are managed by the Information Security Department, which conducts security and vulnerability assessments, monitors critical IT infrastructure, and manages cyber and information security risks across the Bank. A layered security architecture with real-time threat monitoring has been deployed to enhance the Bank's security posture. Continuous efforts are underway to strengthen cybersecurity through improved processes, enhanced tool utilization, capacity building of information security staff, improved regulatory reporting, and increased staff awareness.

Statement on Internal Controls

The Bank places significant emphasis on establishing stringent controls throughout all its operations. This is a key component of the Bank's policies, which are designed to adhere to the best industry practices, ethical standards, and regulatory requirements. In this context, the Board of Directors has promulgated policies that provide for assessing the overall effectiveness of the internal control environment.

Internal controls at JS Bank are intended to provide a reasonable measure of assurance regarding the effectiveness and efficiency of the Bank's operations, reliability of financial information, and compliance with applicable laws and regulations. However, it is acknowledged that the systems put in place can only provide reasonable but not absolute assurance against material misstatement or loss since they are designed to manage, rather than eliminate, the risk of unforeseen situations.

To ensure effective management of risk, the governance structure of internal control functions at the Bank consists of three levels of defense. The first line of defense is the business itself which owns its risks, including its operational risk, and is responsible for its management. The second line of defense is the oversight provided by the Risk Management, Compliance and control functions, which identify and assess risks impacting existing and new business initiatives, coordinate risk mitigation with risk specialists and businesses, and then report and escalate it to the Risk Management Function for appropriate corrective measures. The third line of defense is an independent and effective Internal Audit Function, which reviews the effectiveness and adequacy of internal controls and continues to monitor compliance with policies and procedures.

The Board of Directors is regularly kept up to date about the compliance status through the Board Audit Committee. As a priority, all significant and material findings of the internal and external auditors and regulators are addressed by the management ensuring that appropriate corrective actions have been implemented. Adequate systems are in place to minimize breaches repetition of mistakes and strengthen the control environment. In addition, the Compliance Function is performing its due role to ensure regulatory compliance across the Bank.



The Bank diligently follows the State Bank of Pakistan (SBP) Guidelines on Internal Control to evaluate the effectiveness of the overall set of internal controls including financial reporting controls. Comprehensive documentation of bank-wide processes and controls has been completed. Furthermore, the Bank has developed a robust management testing and reporting framework for ensuring the operating effectiveness of key controls and has addressed the identified design improvement opportunities.

Upon satisfactory completion of the Internal Control over Financial Reporting (ICFR) Roadmap, the State Bank of Pakistan (SBP) granted exemption to the Bank in August 2016 from the submission of a Long Form Report (LFR) by external auditors. Further, as per SBP directive vide BSD-1 Circular Letter No. 1 of 2021 of July 06, 2021, the banks that have completed all the stages of the ICFR roadmap are allowed to discontinue submission of the Annual Assessment Report on the efficacy of ICFR to the SBP. However, the SBP may evaluate the Annual Assessment Report as part of supervisory assessments. Accordingly, the Annual Assessment Report for December 31, 2025, on the efficacy of ICFR shall be presented to the Board Audit Committee.

The Management believes that the existing internal control system is adequate, effectively implemented, and continuously monitored. This statement is also endorsed by the Board of Directors. The management is committed to enhancing its coverage and compliance with the SBP guidelines on Internal Controls and thereby strengthening its control environment on an ongoing basis.

Corporate Governance

The Bank takes pride in its strong corporate governance, which is achieved through high standards of professional and business conduct, effective internal controls, comprehensive audit functions, and a robust risk management framework. It strictly adheres to both local and international codes of practice.

The Board regularly reviews policy-related matters that have long-term implications under regulatory obligations, while also ensuring they align with the Bank's operational requirements. The Management and the Board Committees are properly established with clearly defined scopes of work to guarantee that they perform their designated functions effectively and efficiently, in line with their mandates and specific terms of reference.

Corporate and Financial Reporting Framework

The Directors confirm their compliance with the Corporate and Financial Reporting Framework set by the Securities & Exchange Commission of Pakistan:

- The financial statements prepared by the management present fairly the state of affairs of the Bank, the results of its operations, the cash flow statement, and the statement of changes in equity.
- Proper books of accounts of the Bank have been maintained.
- Accounting policies as stated in the notes to the accounts have been consistently applied in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards as applicable to banks in Pakistan have been followed in the preparation of the financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no doubts about the Bank's ability as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

- The details of outstanding statutory payments, if any, have been adequately disclosed in the financial statements.

Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019

The Bank has adopted the requirements outlined in the Listed Companies (Code of Corporate Governance) Regulations, 2019, issued by the Securities & Exchange Commission of Pakistan (SECP), and is in full compliance with them. A statement confirming this compliance is attached to the Report.

Trends, factors, and uncertainties that could affect the Bank's resources, future development, performance, and business position

The Board remains cognizant of its responsibilities in setting the overall direction of the Bank. It continues to oversee the progress of the Bank against the defined KPIs. The Bank's financial and operational soundness, governance structure, and the effectiveness of internal controls, audit functions, and risk management framework are monitored regularly. The Board also regularly reviews all significant policies as per the regulatory requirements.

All projections are, by nature, subject to risks and uncertainties, some beyond control. The factors that may potentially affect the Bank's resources, revenues and operations are regularly focused on and prioritized by the Board in setting the overall strategic direction. The following factors are considered for sensitivity analysis at the time of setting of business targets and revisions to short-term forecasts. These include:

- Global macroeconomic conditions impacting overall economic activity;
- Economic decisions on Discount Rate / Monetary Policy;
- Revisions to rate of returns on deposits and Repricing on loans and advances;
- Investment Strategy and time horizon;
- Geo-Political risks and uncertainties, including law and order situation;
- Impacts of natural calamities on businesses and the overall economy, and businesses in general, and regulatory relief measures (if any);
- Government rules and regulations;
- Inflation, fuel, and commodity prices;
- Corporate taxation measures;
- Technological advancements leading to competitive advantage;
- Dividend decisions and Capital Adequacy;
- Risk of cyberattacks; and
- The potential impacts of changes in the accounting and regulatory framework.

The Bank continues to regularly review potential impact assessments of changes to financial reporting standards and the adoption of new standards on its financial position. The above factors are regularly reviewed and monitored for any potential impacts, risks, and uncertainties. The Bank's Risk Management Division also performs stress testing against various pre-determined scenarios to analyse the Bank's ability to withstand potential shocks from adverse developments.

Based on the Board's current assessment, there are no significant doubts about the Bank's ability to continue as a going concern.

Holding Company

Jahangir Siddiqui & Co. Limited, listed on the Pakistan Stock Exchange Limited, is the holding company of JS Bank Limited, owning 71.2 percent of the ordinary shares.

Subsidiary Companies

BankIslami Pakistan Limited, JS Global Capital Limited, and JS Investments Limited are subsidiaries of JS Bank, with shareholdings of 75.1 percent, 92.9 percent, and 84.7 percent, respectively. The performance of these companies has been reviewed in the consolidated Directors' Report.

Attendance of Directors in the Board meetings

Six meetings of the Board of Directors were held during the year 2025. The attendance of directors at Board Meetings was as follows:

Name of Director	Eligible to attend	Meetings attended
Mr. Adil Matcheswala – Chairman	6	6
Mr. Khalilullah Shaikh	6	6
Ms. Nargis Ali Akber Ghaloo	6	6
Mr. Qaiser Noor*	2	2
Mr. Saad Ali Bhimjee	6	6
Lt. Gen. (R) Sadiq Ali	6	6
Mr. Usman Yousaf Mobin	6	6
Mr. Basir Shamsie – President and CEO	6	6

The attendance of directors at Board Committees meetings was as follows:

Name of Director	Audit Committee		Risk Committee		HR Committee		IT Committee	
	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended
Mr. Adil Matcheswala	-	-	-	-	4	4	-	-
Mr. Khalilullah Shaikh	5	5	4	4	-	-	-	-
Ms. Nargis Ali Akber Ghaloo	5	5	-	-	4	4	-	-
Mr. Qaiser Noor*	-	-	-	-	1	1	1	1
Mr. Saad Ali Bhimjee	-	-	4	4	-	-	6	6
Lt. Gen. (R) Sadiq Ali	5	5	4	4	-	-	-	-
Mr. Usman Yousaf Mobin	-	-	-	-	4	4	6	6
Mr. Basir Shamsie	-	-	4	4	-	-	6	6

*Mr. Qaiser Noor was appointed director w.e.f. September 19, 2025.

Directors' Remuneration

The compensation for directors is determined by the Board of Directors in accordance with relevant laws. The fees for attending meetings of the Board or its Committees are established within a range that the

Board considers reasonable. However, Executive Directors do not receive any payment for attending meetings of the Board or its Sub-Committees. Details of the amounts paid to the Directors, Chief Executive Officer, and other executives can be found in Note 40 of the Unconsolidated Financial Statements.

Pattern of Shareholding

The pattern of shareholding at the close of December 31, 2025, is included as part of the Annual Report.

Related Party Transactions

Related party transactions are disclosed at note 44 and note 45 of the Unconsolidated Financial Statements and the Consolidated Financial Statements, respectively, of the Bank for the year ended December 31, 2025.

Corporate and Social Responsibility

The Statement of Corporate and Social Responsibility is included in the Annual Report.

Dividend to Shareholders

No dividend is being paid to the shareholders on the ordinary shares for the year 2025.

Employee Benefit Schemes

The Bank operates a contributory provident fund for all permanent employees. The employer and employee both contribute 7.1% of the basic salaries to the funded scheme every month. Number of employees covered under this plan are 3707 (2024: 3448). During the year, the Bank has made a contribution of Rs. 432.381 million (2024: Rs. 366.562 million) to the fund. The employees have also made a contribution of equal amount to the fund.

The Bank also operates a recognized gratuity fund for all employees who opted for this scheme introduced by the management with effect from January 01, 2007. Permanent employees are eligible for the gratuity fund after 10 years of continuous service. Gratuity is payable at 65% of the last drawn basic salary per completed year of service. During the year, the Bank made a contribution of PKR 193.713 million (2024: 133.191 million) towards the scheme.

Value of investments of Provident Fund and Gratuity Fund Schemes based on the latest audited financial statements as of December 31, 2024, was as follows:

Provident Fund – PKR 3,588.103 million (2023: PKR 2,764.038 million)

Gratuity Fund – PKR 835.689 million (2023: PKR 760.708 million)

External Auditors

The present auditors, KPMG Taseer Hadi & Co. Chartered Accountants, retire and cannot, in compliance of the Listed Companies (Code of Corporate Governance) Regulations, 2019, be re-appointed as having completed a term of five years. The Board wishes to place on record its sincere appreciation for their high standards of professionalism, integrity, and the valuable support provided during their entire tenure.

The Board of Directors, on the recommendation of the Audit Committee of the Bank, has recommended the appointment of BDO Ebrahim and Co, Chartered Accountants as auditors for the year ending December 31, 2026 at the upcoming Annual General Meeting of the Bank.

Auditors have confirmed that the firm is fully compliant with the International Federation of Accountants' Guidelines of Code of Ethics, as adopted by the Institute of Chartered Accountants of Pakistan (ICAP), and have satisfactory rating under the Quality Control Review Program of the ICAP.



Evaluation of the Board's Performance

At JS Bank, the Board of Directors plays a critical role in setting the strategic direction of the institution. They ensure alignment with the Bank's long-term objectives while adhering to regulatory standards. To fulfill their fiduciary responsibility of protecting stakeholders' interests, a formal and effective mechanism is in place for the annual evaluation of the Board, its members, and its sub-committees, as mandated by the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan.

The Board of Directors comprises individuals with diverse skills, core competencies, and experiences, all dedicated to maintaining strong corporate governance to safeguard the interests of the Bank and its stakeholders. The Board continually reviews the Bank's financial stability, governance practices, internal controls, and significant policies in accordance with regulatory requirements. Additionally, specific Board Committees have been established with distinct mandates and terms of reference.

In line with best practices in corporate governance, the Board conducts an annual self-evaluation. This year, we engaged Grant Thornton Anjum Rahman Chartered Accountants (GT), an external facilitator with a team of qualified consultants specializing in board evaluations for companies and banks. The self-evaluation was conducted in compliance with the State Bank of Pakistan's Guidelines on Performance Evaluation of the Board of Directors and the Listed Companies (Code of Corporate Governance) Regulation, 2019.

The evaluation examined various aspects of the Board's performance, including the effectiveness of sub-committees, the CEO, and the Chairman. This process, grounded in best governance practices, includes a detailed quantitative analysis, ensuring that our leadership remains effective and accountable to our goals and values.

Events after the Date of the Statement of Financial Position

There have not been any material events that occurred after the date of the Statement of Financial Position that require adjustments to the enclosed financial statements.

Acknowledgments

On behalf of JS Bank, we would like to express our heartfelt gratitude to our valued stakeholders for their ongoing support and patronage. We also extend our thanks to the Ministry of Finance, the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, and other regulatory authorities for their guidance and assistance to our bank. Finally, we appreciate all our colleagues at JS Bank for their dedication to achieving greater success and growth.

For and on behalf of the Board,

Basir Shamsie
President and CEO

Adil Matcheswala
Chairman

February 24, 2026

تشخیص میں بورڈ کی کارکردگی کے مختلف پہلوؤں کا احاطہ کیا گیا جس میں بورڈ کی ذیلی کمیٹیاں، سی ای او اور چیئرمین وغیرہ شامل ہیں۔ یہ عمل کارپوریٹ گورننس کے بہترین طریقوں پر مبنی ہے اور ایک تفصیلی مقداری تجزیے پر مشتمل ہے، تاکہ ہماری قیادت کو مؤثر اور ہمارے مقاصد و اقدار کے لیے جوابدہ بنایا جاسکے۔

مالیاتی پوزیشن کے بیان کی تاریخ کے بعد کے واقعات:

مالیاتی پوزیشن کے بیان کی تاریخ کے بعد کوئی ایسا مادی واقعہ پیش نہیں آیا جس کے لیے منسلک مالی بیانات میں ایڈجسٹمنٹ کی ضرورت ہو۔

اظہار تشکر:

جے ایس بینک کی جانب سے، ہم اپنے قابل قدر اسٹیک ہولڈرز کی مسلسل سرپرستی اور حمایت کے لیے ان کا شکریہ ادا کرنا چاہتے ہیں۔ ہم وزارت خزانہ، اسٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اور دیگر ریگولیٹری اتھارٹیز کا بھی شکریہ ادا کرنا چاہیں گے جنہوں نے ہمارے بینک کی رہنمائی اور مدد کی۔ آخر میں ہم جے ایس بینک میں اپنے تمام ساتھیوں کو مزید کامیابی اور ترقی کے لیے ان کے عزم پر خراج تحسین پیش کرتے ہیں۔

منجانب بورڈ

عادل ماچس والا

چیئرمین

باصر سٹشی

صدر اینڈ سی ای او

24 فروری 2026ء

بورڈ ان کی پیشہ ورانہ مہارت، دیانت داری کے اعلیٰ معیار اور اپنی پوری مدت کے دوران فراہم کردہ قیمتی معاونت پر تہہ دل سے شکریہ اور تعریف کا اظہار کرتا ہے۔

بورڈ آڈٹ کمیٹی کی سفارش پر، بورڈ آف ڈائریکٹرز 31 دسمبر، 2026 کو ختم ہونے والے سال کیلئے بینک کے آمدہ سالانہ اجلاس عام میں کے میسرز بی ڈی اوبراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش کرتے ہیں۔

آڈیٹرز نے تصدیق کی ہے کہ فرم انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس کے ضابطہ اخلاق کے رہنما اصولوں کی پوری طرح تعمیل کرتی ہے، جیسا کہ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (آئی سی اے پی) نے اختیار کیا اور آئی سی اے پی کے کوالٹی کنٹرول ریویو پروگرام کے تحت اس کی تسلی بخش درجہ بندی ہے۔

بورڈ کی کارکردگی کا جائزہ:

جے ایس بینک کا بورڈ آف ڈائریکٹرز بینک کی اسٹریٹجک سمت متعین کرتا ہے اور اس بات کو یقینی بناتا ہے کہ تنظیم اس سمت پر قائم رہے۔ ریگولیٹری تعمیل کو یقینی بناتے ہوئے اسے اپنے طویل مدتی مقاصد حاصل کرنے کے قابل بناتا ہے۔ اسٹیٹ بینک آف پاکستان اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے تحت اسٹیک ہولڈرز کے مفادات کے تحفظ کی اپنی حقیقی ذمہ داری کو نبھانے کے لیے بورڈ کی اپنی کارکردگی، بورڈ کے اراکین اور اس کی کمیٹیوں کے سالانہ جائزے کے لیے ایک رکی اور موثر طریقہ کار وضع کیا جاتا ہے۔

جے ایس بینک کا بورڈ آف ڈائریکٹرز مہارت، بنیادی قابلیت تنوع، تجربہ اور علم کا ایک اچھا امتزاج کا حامل ہے اور بینک اور اس کے اسٹیک ہولڈرز کے مجموعی مفادات کے تحفظ کے لیے مضبوط کارپوریٹ گورنس کے لیے پرعزم ہے۔ بورڈ ریگولیٹری تقاضوں کے مطابق بینک کے مالی اور آپریشنل استحکام، گورنس، انٹرنل کنٹرولز اور اہم پالیسیوں کا مسلسل جائزہ لیتا ہے۔ مزید برآں، بورڈ کمیٹیاں تشکیل دی گئی ہیں، جن میں سے ہر ایک کے پاس ایک مقررہ مینڈیٹ اور ٹرمز آف ریفرنس ہیں۔

کارپوریٹ گورنس کے بہترین طریقوں کے مطابق، بورڈ نے سالانہ بنیادوں پر گرانٹ تھورنٹن انجمن رحمان چارٹرڈ اکاؤنٹنٹس (جی ٹی) کو ایک بیرونی سہولت کار کے طور پر شامل کر کے خود تشخیصی مشق کا انعقاد کیا ہے جن کے پاس کمپنیوں اور بینکوں کے لیے بورڈ کی تشخیص کرنے کے لیے اہل کنسلٹنٹس کی ٹیم موجود ہے۔ یہ خود تشخیصی عمل اسٹیٹ بینک آف پاکستان کی ”بورڈ آف ڈائریکٹرز کی کارکردگی کے جائزے“ سے متعلق ہدایات اور سلیکٹڈ ریکمینڈیشنز (کوڈ آف کارپوریٹ گورنس) ریگولیشن 2019 کے مطابق انجام دیا گیا۔

متعلقہ پارٹی سے کاروباری لین دین:

31 دسمبر، 2025 کو ختم ہونے والے سال کیلئے متعلقہ فریقین کے ساتھ کاروباری لین دین کو بینک کے غیر مربوط اور مربوط مالیاتی گوشواروں کے نوٹ نمبر 44 اور 45 میں ذکر کیا گیا ہے۔

کارپوریٹ اور سماجی ذمہ داری:

کارپوریٹ اور سماجی ذمہ داری کا بیان سالانہ رپورٹ میں شامل ہے۔

حصص یافتگان کیلئے منقسمہ منافع:

سال 2025 کیلئے عمومی حصص پر حصص یافتگان کو منقسمہ ادا نہیں کیا جا رہا ہے۔

ملازمین کے فائدے کیلئے سکیمیں:

بینک تمام مستقل ملازمین کے لیے کنٹریبونٹری پروویڈنٹ فنڈ آپریٹ کرتا ہے۔ آجراور ملازم دونوں ہر ماہ فنڈ اسکیم میں بنیادی تنخواہ کا 7.1 فیصد حصہ ڈالتے ہیں۔ اس منصوبے کے تحت آنے والے ملازمین کی تعداد 3707 (2024: 3448) ہے۔ سال کے دوران، بینک نے فنڈ میں 432.381 ملین روپے (2024: 366.562 ملین روپے) کا حصہ ڈالا۔ ملازمین نے بھی فنڈ میں برابر رقم کا حصہ ڈالا ہے۔

بینک ایک تسلیم شدہ گریجویٹ فنڈ بھی چلاتا ہے جو ان تمام ملازمین کے لیے ہے جنہوں نے یکم جنوری 2007 سے نافذ کردہ اس اسکیم کا انتخاب کیا۔ مستقل ملازمین 10 سال کی مسلسل ملازمت کے بعد گریجویٹ فنڈ کے اہل ہوتے ہیں۔ گریجویٹ ہر مکمل شدہ سال ملازمت پر آخری بنیادی تنخواہ کے 65 فیصد کے مطابق ادا کی جاتی ہے۔ رواں سال کے دوران، بینک نے اس اسکیم میں 193.713 ملین روپے کا تعاون کیا، جبکہ (2024 میں 133.191 ملین) رقم ادا کی گئی۔

31 دسمبر 2024 تک کے تازہ ترین آڈٹ شدہ مالیاتی بیانات کے مطابق پروویڈنٹ فنڈ اور گریجویٹ فنڈ اسکیموں میں کی گئی سرمایہ کاری کی مالیت درج ذیل تھی:

پروویڈنٹ فنڈ۔	3,588.103 ملین روپے (2023: 2,764.038 ملین روپے)
گریجویٹ فنڈ۔	835.689 ملین روپے (2023: 760.708 ملین روپے)

ایکسٹرل آڈیٹرز:

موجودہ آڈیٹرز، میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، اپنی مدت مکمل ہونے پر ریٹائر ہو جائیں گے اور لسٹڈ کمپنیز (ضابطہ برائے کارپوریٹ گورننس) ریگولیشنز 2019 کی تعمیل کے تحت، پانچ سال کی مدت مکمل ہو جانے کی وجہ سے ان کا دوبارہ تقرر نہیں کیا جاسکتا۔

بورڈ کے اجلاسوں میں ڈائریکٹرز کی شرکت درج ذیل ہے:

ڈائریکٹرز کا نام		آڈٹ کمیٹی		رسک کمیٹی		ایچ آر کمیٹی		آئی ٹی کمیٹی	
شرکت کا	اجلاس	شرکت کا	اجلاس	شرکت کا	اجلاس	شرکت کا	اجلاس	شرکت کا	اجلاس
اہل	میں شرکت	اہل	میں شرکت	اہل	میں شرکت	اہل	میں شرکت	اہل	میں شرکت
-	-	-	-	-	-	4	4	-	-
5	5	4	4	-	-	-	-	-	-
5	5	-	-	4	4	-	-	-	-
-	-	-	-	1	1	1	1	1	1
-	-	-	-	4	4	-	-	6	6
5	5	4	4	-	-	-	-	-	-
-	-	-	-	4	4	4	4	6	6
-	-	-	-	4	4	-	-	6	6
-	-	-	-	4	4	-	-	6	6

* جناب قیصر نور کو 19 ستمبر 2025 سے بطور ڈائریکٹر تقرر کیا گیا۔

ڈائریکٹرز کا معاوضہ:

ڈائریکٹرز کا معاوضہ قابل اطلاق قوانین کے مطابق بورڈ آف ڈائریکٹرز کی طرف سے فلسفہ ہے۔ بورڈ یا بورڈ کمیٹیوں کے اجلاسوں میں شرکت کا معاوضہ بورڈ آف ڈائریکٹرز کی طرف سے طے شدہ کے مطابق ہے، بشرطیکہ ایگزیکٹو ڈائریکٹر کو بورڈ/ بورڈ سب کمیٹی کے اجلاسوں میں شرکت کے لیے کوئی معاوضہ ادا نہیں کیا جائے گا۔ ڈائریکٹرز، چیف ایگزیکٹو آفیسر اور دیگر ایگزیکٹو زکوٰۃ ادا کرنے والے معاوضے کا انکشاف نوٹ نمبر 40 میں غیر متفقہ مالیات بیانات میں کیا گیا ہے۔

شیئر ہولڈنگ کا پیٹرن:

31 دسمبر 2025 کے اختتام تک کمپنی کے شیئر ہولڈنگ کا پیٹرن سالانہ رپورٹ کا حصہ ہے۔

بینک مالیاتی رپورٹنگ کے معیارات میں تبدیلیوں اور نئے معیارات کے اطلاق کے ممکنہ اثرات کا باقاعدگی سے جائزہ لیتا رہتا ہے۔ مذکورہ عوامل کے ممکنہ اثرات، خطرات اور غیر یقینی صورتحال کا مستقل طور پر جائزہ لیا جاتا ہے۔ مزید برآں، بینک کی رسک مینجمنٹ ڈویژن مختلف پیشگی طے شدہ حالات کے خلاف اسٹریٹجک ٹیسٹنگ انجام دیتی ہے تاکہ منفی حالات کے ممکنہ اثرات کو برداشت کرنے کی بینک کی صلاحیت کا تجزیہ کیا جاسکے۔

بورڈ کی موجودہ تشخیص کی بنیاد پر، بینک کی بطور جاری ادارہ کام کرنے کی صلاحیت پر کوئی نمایاں شبہات نہیں ہیں۔

ہولڈنگ کمپنی:

جہانگیر صدیقی اینڈ کمپنی لمیٹڈ جو پاکستان سٹاک ایکس چینج لمیٹڈ میں درج ہے، جے ایس بینک لمیٹڈ کی ہولڈنگ کمپنی ہے جو 71.2 فیصد عام حصص رکھتی ہے۔

ذیلی کمپنیاں:

بینک اسلامی پاکستان لمیٹڈ، جے ایس گلوبل کیپیٹل لمیٹڈ اور جے ایس انویسٹمنٹس لمیٹڈ، جے ایس بینک کی ذیلی کمپنیاں ہیں جو بالترتیب 75.1 فیصد، 92.9 فیصد اور 84.7 فیصد حصص رکھتی ہیں۔ ڈائریکٹرز رپورٹ کے جائزہ کے تحت ان کمپنیوں کی کارکردگی کا جائزہ لیا گیا ہے۔

بورڈ اجلاسوں میں ڈائریکٹرز کی شرکت:

سال 2025 کے دوران بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ بورڈ اجلاسوں میں ڈائریکٹرز کی شرکت درج ذیل ہے:

ڈائریکٹر کا نام	شرکت کا اہل	اجلاسوں میں شرکت
جناب عادل ماچس والا۔ چیئرمین	6	6
جناب خلیل اللہ شیخ	6	6
محترمہ نرگس علی اکبر گھلو	6	6
جناب قیصر نور *	2	2
جناب سعد علی بھیم جی	6	6
لیفٹیننٹ جنرل (ریٹائرڈ) صادق علی	6	6
جناب عثمان یوسف مبین	6	6
جناب باصر شمسی۔ صدر وی ای او	6	6

لسڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی تعمیل:

بینک نے سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی جانب سے مرتب کردہ لسڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کو اپناتے ہوئے ان کی مناسب تعمیل کی گئی ہے۔ اس سلسلے میں رپورٹ کے ساتھ ایک بیان منسلک ہے۔

بینک کے وسائل، مستقبل کی ترقی، کارکردگی اور کاروباری پوزیشن پر اثر انداز ہونے والے رجحانات، عوامل اور غیر یقینی صورتحال: بورڈ اپنی ذمہ داریوں سے بخوبی آگاہ ہے اور بینک کی مجموعی سمت کے تعین میں فعال کردار ادا کرتا ہے۔ یہ مقرر کردہ کلیدی کارکردگی کے اشاریوں (KPIs) کے مقابلے میں بینک کی پیشرفت کی نگرانی جاری رکھے ہوئے ہے۔ بینک کی مالی اور عملی مضبوطی، گورننس اسٹرکچر، داخلی کنٹرولز، آڈٹ افعل، اور رسک مینجمنٹ فریم ورک کی موثریت کا باقاعدگی سے جائزہ لیا جاتا ہے۔ مزید برآں، بورڈ ریگولیٹری تقاضوں کے مطابق تمام اہم پالیسیوں پر بھی مستقل نظر رکھتا ہے۔

تمام تخمینے فطری طور پر خطرات اور غیر یقینی صورتحال سے مشروط ہوتے ہیں، جن میں سے کچھ بینک کے قابو سے باہر ہو سکتے ہیں۔ بینک کے وسائل، آمدنی اور آپریشنز پر ممکنہ اثر ڈالنے والے عوامل کو بورڈ مسلسل زیر غور رکھتا ہے اور انہیں مجموعی حکمت عملی کے تعین میں ترجیح دی جاتی ہے۔ کاروباری اہداف کے تعین اور قلیل مدتی پیش گوئیوں میں نظر ثانی کے دوران حساسیت کے تجزیے کے لیے درج ذیل عوامل کو مد نظر رکھا جاتا ہے:

- ☆ عالمی معاشی حالات جو مجموعی اقتصادی سرگرمیوں پر اثر ڈالتے ہیں۔
- ☆ ڈسکاؤنٹ ریٹ/مانیٹری پالیسی سے متعلق معاشی فیصلے۔
- ☆ ڈیپازٹس پر منافع کی شرح میں تبدیلی اور قرضوں و ایڈوانسز پر ری پرائٹنگ۔
- ☆ سرمایہ کاری کی حکمت عملی اور اس کا دورانیہ۔
- ☆ جیو پالیٹیکل خطرات اور غیر یقینی صورتحال، بشمول امن و امان کی صورتحال۔
- ☆ قدرتی آفات کے کاروبار اور معیشت پر اثرات اور کسی بھی ممکنہ ریگولیٹری ریلیف کے اقدامات۔
- ☆ حکومتی قوانین اور ضوابط میں تبدیلیاں۔
- ☆ افراط زر، ایندھن اور اشیاے صرف کی قیمتوں میں اتار چڑھاؤ۔
- ☆ کارپوریٹ ٹیکسیشن سے متعلق حکومتی اقدامات۔
- ☆ تکنیکی ترقی جو مسابقتی برتری فراہم کر سکتی ہے۔
- ☆ ڈیویڈنڈ سے متعلق فیصلے اور کپیٹل ایڈوکیسی۔
- ☆ سائبر حملوں کے خطرات۔
- ☆ اکاؤنٹنگ اور ریگولیٹری فریم ورک میں تبدیلیوں کے ممکنہ اثرات۔

انتظامیہ یہ سمجھتی ہے کہ موجودہ انٹرنل کنٹرول سسٹم موزوں ہے، موثر انداز میں نافذ شدہ ہے اور اس کی مسلسل نگرانی کی جارہی ہے۔ اس بیان کی بورڈ آف ڈائریکٹرز کی طرف سے توثیق کی جاتی ہے۔ انتظامیہ اپنی کوریج کو بڑھانے اور اندرونی کنٹرولز پر ایس بی پی کی گائیڈ لائنز کی تعمیل جاری رکھنے کی کوشش کرے گی اور اس طرح اس کے کنٹرول کے ماحول کو مسلسل بنیادوں پر مضبوط بنائے گی۔

کارپوریٹ گورنس:

بینک کو پیشہ وارانہ اور کاروبار ضبط کی اعلیٰ سطح برقرار رکھ کر، موثر انٹرنل کنٹرول پر عمل درآمد، آڈٹ فنکشنز بشمول رسک مینجمنٹ فریم ورک اور مقامی اور عالمی ضابطوں تکمیل کے ذریعے اپنے بہتر کارپوریٹ گورنس پر فخر ہے۔

بینک ریگولیٹری فرائض کے مطابق پالیسی سے متعلق معاملات اور ان کے طویل المدت اثرات کا بڑا باریک بینی سے جائزہ لیتا ہے جو بینک کے آپریشنل تقاضوں کو بھی پورا کرتا ہے۔ مینجمنٹ اور بورڈ کمیٹی کو کام کے متعین دائرہ کار کے ساتھ یہ یقینی بنانے کیلئے تشکیل دیا گیا کہ وہ اپنے مینڈیٹ اور متعلقہ ٹرمز آف ریفرنس کے مطابق اپنے متعین کام موثر انداز میں سرانجام دیں۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک:

بینک کے ڈائریکٹریسیکوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے کارپوریٹ گورنس کے ضابطہ کے کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کی مندرجہ ذیل کیلئے تعمیل کی تصدیق کرتے ہیں:

- ☆ مینجمنٹ کی طرف سے تیار کیے گئے مالیاتی گوشوارے بینک کے امور حیثیت، آپریشنز کے نتائج، کیش فلو میٹمنٹ اور ایکویٹی میں تبدیلیوں کا سٹیٹمنٹ کو شفاف انداز میں پیش کرتے ہیں۔
- ☆ بینک کے اکاؤنٹس کی بکس مناسب طریقہ سے برقرار رکھی گئی ہیں
- ☆ اکاؤنٹنگ پالیسیوں کو جیسا کہ اکاؤنٹس کے نوٹس میں بیان کیا گیا ہے مالیاتی گوشواروں کی تیاری میں مستقل طور پر لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔

- ☆ مالیاتی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز پر عمل درآمد کیا گیا
- ☆ انٹرنل کنٹرولز کا نظام محفوظ طریقہ سے بنایا گیا اور موثر انداز میں نافذ اس کی نگرانی کی جارہی ہے
- ☆ بینک کی اپنے کاروبار کو جاری رکھنے کی صلاحیت پر کوئی شک و شبہات نہیں جیسا کہ خدشہ ظاہر کیا جا رہا ہے۔
- ☆ کارپوریٹ گورنس کے بہترین طریقہ کار سے مادی حقائق کا اخراج نہیں کیا گیا جو کہ لسٹنگ ریگولیٹرز میں تفصیلی درج ہیں۔
- ☆ بقایا قانونی ادائیگیوں کی تفصیلات، اگر کوئی ہیں، مالی بیانات میں مناسب طور پر ظاہر کی گئی ہیں۔

جے ایس بینک کے اندر انٹرئل کنٹرولز کا مقصد بینک کے آپریشنز کی موثریت اور کارکردگی بھروسہ مند مالی معلومات اور قابل اطلاق قوانین اور ریگولیشنز کی تعمیل سے متعلق مناسب اقدامات اٹھانے کی یقینی دہانی فراہم کرتے ہیں۔ تاہم یہ بات تسلیم کی جاتی ہے کہ یہ نظام مادی تبدیلیوں کے حوالے سے غلط بیان یا نقصان سے مکمل نہیں بلکہ مناسب یقین دہانی دے سکتے ہیں کیونکہ اسے غیر متوقع صورتحال میں خطرے کو ختم کرنے کیلئے نہیں بلکہ ان کا انتظام کرنے کیلئے ڈیزائن کیا گیا۔

رسک مینجمنٹ کو موثر انداز میں یقینی بنانے کیلئے بینک میں انٹرئل کنٹرول فنکشن کا گورننس اسٹرکچر تین دفاعی سطح پر مشتمل ہے۔ پہلی دفاعی لائن خود کاروبار ہے جو شمول آپریشنل خطرات کی ملکیت قبول کرتا ہے اور اس کے نظم و نسق کا ذمہ دار ہے۔ دوسری دفاعی لائن رسک مینجمنٹ کمپلائنس اور کنٹرول فنکشنز کی طرف سے فراہم کردہ نگرانی ہے جس کے ذریعے نئے اور موجودہ کاروباری اقدامات کو متاثر کرنے والے خطرات کی نشاندہی اور ان کی شدت کا اندازہ، رسک ماہرین اور بزنسز کے ساتھ خطرے کو کم کرنے کیلئے اقدامات ترتیب دیئے جاتے ہیں، اس کے بعد رسک مینجمنٹ فنکشن کو مناسب اصلاحی اقدامات کیلئے رپورٹ کیا جاتا ہے۔ آخری دفاعی لائن آزاد اور موثر انٹرئل آڈٹ فنکشن ہے جو انٹرئل کنٹرول کی موثریت کا جائزہ لیتا ہے اور پالیسیوں اور طریقہ کاروں کی تعمیل کی نگرانی کرتا ہے۔

بورڈ آف ڈائریکٹرز کو بورڈ آڈٹ کمیٹی کی طرف سے کمپلائنس رپورٹ سے باقاعدگی سے آگاہ کیا جاتا ہے۔ ترجیح کے طور پر، اندرونی اور بیرونی آڈیٹرز اور ریگولیشنز کے تمام اہم اور مادی نتائج پر انتظامیہ کی طرف سے توجہ دی جاتی ہے اور اس بات کو یقینی بناتے ہوئے کہ مناسب اصلاحی اقدامات نافذ کیے گئے ہیں۔ خلاف ورزیوں کو کم کرنے، غلطیوں کی تکرار، اور کنٹرول انوائرنمنٹ کو مضبوط کرنے کے لیے مناسب نظام موجود ہیں۔ اس کے علاوہ کمپلائنس فنکشن پورے بینک میں ریگولیشنز کی تعمیل کو یقینی بنانے کے لیے اپنا مناسب کردار ادا کر رہا ہے۔

مالیاتی رپورٹنگ کنٹرول سمیت اندرونی کنٹرول کی مجموعی موثریت کا جائزہ لینے کے لیے بینک اندرونی کنٹرول سے متعلق ایس بی پی کی گائیڈ لائنز پر پوری توجہ سے عمل کرتا ہے۔ بینک کے وسیع عمل اور کنٹرول کی تفصیلی دستاویزات مکمل ہو چکی ہیں۔ مزید برآں، بینک نے کلیدی کنٹرولز کی آپریشنز کی موثریت کو یقینی بنانے کے لیے ایک جامع انتظامی جانچ اور رپورٹنگ کا فریم ورک تیار کیا ہے اور نمایاں طور پر نشاندہی کئے گئے ڈیزائن میں بہتری کے مواقع کو حل کیا ہے۔

فنانشل رپورٹنگ پر انٹرئل کنٹرول (آئی سی ایف آر) روڈمپ کی اطمینان بخش تکمیل پر ایس بی پی نے اگست 2016 میں ایکسٹرنل آڈیٹرز کی طرف سے لانگ فارم رپورٹ (ایل ایف آر) جمع کرانے سے استثنیٰ دیا۔ مزید برآں ایس بی پی کی طرف سے 6 جولائی، 2021 کو جاری کردہ احکام نامہ بی ایس ڈی سرکلر لیٹ نمبر 1 آف 2021 کے مطابق ایسے تمام بینک جنہوں نے آئی سی ایف آر روڈمپ کے تمام مراحل کو مکمل کر لیا ہے، انہیں آئی سی ایف آر کی افادیت پر سالانہ اسمنٹ رپورٹ کو جمع نہ کرانے کی اجازت دی ہے۔ تاہم ایس بی پی سپروائزری اسمٹس کے حصے کے طور پر سالانہ اسمنٹ رپورٹ کا جائزہ لے سکتا ہے۔ اسی طرح آئی سی ایف آر کی افادیت پر 31 دسمبر، 2025 کیلئے سالانہ اسمنٹ رپورٹ بورڈ آڈٹ کمیٹی کو پیش کی جائے گی۔

کنٹینر پلاننگ فریم ورک کی نگرانی کرتا ہے اور متبادل سائٹس سے سسٹمز اور سروسز کی دستیابی کو جانچنے کے لیے باقاعدہ مشقیں بھی کراتا ہے۔

کریڈٹ رسک مینجمنٹ ایک مسلسل اور ارتقا پذیر عمل ہے۔ مجموعی کریڈٹ پالیسی اور کریڈٹ رسک مینجمنٹ گائیڈ لائنز بورڈ آف ڈائریکٹرز کی منظوری سے نافذ ہیں، جبکہ سنٹرل کریڈٹ کمیٹی پورے قرضہ جات پورٹ فولیو میں کریڈٹ رسک کی نگرانی اور کنٹرول کی ذمہ دار ہے۔ ایک مخصوص پورٹ فولیو مانیٹرنگ یونٹ صنعت، شعبہ جاتی اور جغرافیائی حدود کے تعین کے ساتھ ساتھ اسٹیٹ بینک اور باسل تقاضوں کے مطابق کریڈٹ رسک کی پیمائش کے ماڈل تیار کرنے کا ذمہ دار ہے۔

کریڈٹ پورٹ فولیو میں موجود ماحولیاتی اور سماجی خطرات سے نمٹنے کے لیے ماحولیاتی اور سماجی رسک مینجمنٹ (ESRM) کے طریقہ کار کو کریڈٹ ایپریزل اور منظوری کے عمل میں شامل کیا گیا ہے، جو بینک کی گرین بینکنگ پالیسی اور ESRM فریم ورک سے ہم آہنگ ہے۔

رسک مینجمنٹ ٹیم IFRS-9 کے مطابق متوقع کریڈٹ لاس (ECL) کی پیمائش اور نگرانی بھی کرتی ہے۔ IFRS 9 فریم ورک رسک مینجمنٹ اور فنانس ٹیموں کے قریبی تعاون سے نافذ کیا گیا ہے تاکہ رسک پیمائش، مالی رپورٹنگ اور ریگولیٹری انکشافات میں ہم آہنگی برقرار رہے۔ پروویبلٹی آف ڈیفالٹ (PD)، لاس گیوین ڈیفالٹ (LGD) اور ایکسپوزڈ ریٹ ڈیفالٹ (EAD) ماڈلز کی مدد سے ECL کا تخمینہ کیا جاتا ہے۔ ماڈل گورننس کا ایک منظم فریم ورک موجود ہے جس میں تبدیلیوں کی منظوری متعلقہ انتظامی اور بورڈ کمیٹیوں سے لی جاتی ہے۔ ماڈل کی کارکردگی، اہم مفروضات اور مینجمنٹ اور لے کا باقاعدہ جائزہ لیا جاتا ہے تاکہ محتاط پروویڈنرز اور ریگولیٹری ہدایات، پورٹ فولیو رویے اور معاشی حالات کے ساتھ مطابقت برقرار رہے۔

انفارمیشن سیکورٹی اور ڈیجیٹل رسک کا انتظام انفارمیشن سیکورٹی ڈیپارٹمنٹ کے ذریعے کیا جاتا ہے، جو سیکورٹی اور کمزوریوں کے جائزے کرتا ہے، اہم آئی ٹی انفرا سٹرکچر کی نگرانی کرتا ہے اور سائبر و انفارمیشن سیکورٹی رسکس کو کنٹرول کرتا ہے۔ مضبوط سیکورٹی آرکیٹیکچر کے ساتھ ریسئل ٹائم تھریٹ مانیٹرنگ سسٹم نافذ کیا گیا ہے۔ سائبر سیکورٹی کو مزید بہتر بنانے کے لیے مسلسل عمل جاری ہے، جس میں بہتر عمل، جدید ٹولز کا استعمال، سیکورٹی اسٹاف کی تربیت، ریگولیٹری رپورٹنگ اور ملازمین میں آگاہی بڑھانا شامل ہے۔

انٹرنل کنٹرول پر بیان:

بینک اپنے تمام تر آپریشنز میں سخت اور موثر کنٹرول قائم کرنے بہت زیادہ زور دیتا ہے۔ صنعت کے بہترین طریقہ کار اخلاقی معیارات اور ریگولیٹری تقاضوں کی تعمیل کو بینک کی پالیسیوں بنیادی اہمیت حاصل ہے۔ اسی تناظر میں بورڈ آف ڈائریکٹرز ایسی پالیسیاں مرتب کرتے ہیں جو انٹرنل کنٹرول کی مجموعی موثریت کی جانچ پڑتال فراہم کرتے ہیں۔

- ☆ برنس کنٹینوٹی پلاننگ پالیسی
- ☆ انفارمیشن سکیورٹی پالیسی
- ☆ انٹرنل کنٹرول ایڈیکو لسی اسسمنٹ پراسس (ICAAP)
- ☆ رسک اینیوٹاٹ فریم ورک
- ☆ انوائرمینٹل اینڈ سوشل رسک مینجمنٹ فریم ورک

رسک گورننس کو مختلف انتظامی کمیٹیوں کے ذریعے نافذ کیا جاتا ہے، جن میں رسک مینجمنٹ کمیٹی (RMC)، آپریشنل رسک مینجمنٹ کمیٹی (ORMC)، ہنٹرل کریڈٹ کمیٹی (CCC)، آئی ٹی اسٹیرنگ کمیٹی (ITSC) اور اثاثہ جات و ذمہ داریوں کمیٹی (ALCO) شامل ہیں۔ یہ کمیٹیاں باقاعدگی سے اجلاس منعقد کرتی ہیں تاکہ مارکیٹ کی صورتحال کا جائزہ لیا جاسکے، رسک ایکسپوزرز کا تجزیہ کیا جاسکے اور بروقت اور باخبر فیصلہ سازی کو یقینی بنایا جاسکے۔

رسک مینجمنٹ بینک میں رسک اور ریٹرن کے درمیان مناسب توازن برقرار رکھنے میں اہم کردار ادا کرتی ہے۔ سال کے دوران بینک نے اپنے رسک مینجمنٹ اور رسک ایپٹاٹ فریم ورک کو مزید مضبوط بنایا تاکہ مجموعی نگرانی اور موثریت میں اضافہ کیا جاسکے۔ تمام اہم رسک شعبے، جن میں مارکیٹ اور لیکویڈیٹی رسک، آپریشنل رسک، برنس کنٹینوٹی پلاننگ، پورٹ فولیو اور پالیسی رسک، زرعی اور کنزیومر کریڈٹ رسک، کریڈٹ ایڈمنسٹریشن اور مانیٹرنگ، ڈیجیٹل رسک اور انفارمیشن سکیورٹی رسک شامل ہیں، چیف رسک آفیسر کی نگرانی میں کام کرتے ہیں۔

مارکیٹ رسک کی باقاعدگی سے پیمائش، نگرانی اور رپورٹنگ کی جاتی ہے۔ مارکیٹ رسک اور باسل یونٹ، ٹریڈری ڈل آفس کے ساتھ مل کر روزانہ کی بنیاد پر مالیاتی رسک ایکسپوزرز کی نگرانی کرتا ہے، جن میں شرح سود رسک، فارن ایکسچینج رسک، ایکویٹی رسک، کنٹری اور کراس بارڈر رسک، مالیاتی اداروں کے ایکسپوزرز رسک، لیکویڈیٹی رسک اور کیپٹل ایڈی کو لسی شامل ہیں۔

کیپٹل مینجمنٹ کے حوالے سے، بینک محتاط طریقے اپناتے ہوئے اس بات کو یقینی بناتا ہے کہ اس کے پاس اس کے رسک پروفائل کے مطابق مناسب کیپٹل بفرز موجود ہوں۔ کیپٹل مینجمنٹ کا بنیادی مقصد ریگولیٹری کیپٹل تقاضوں کی مکمل تعمیل کو یقینی بنانا اور مضبوط کیپٹل ریشوز برقرار رکھتے ہوئے پائیدار کاروباری ترقی اور شیئر ہولڈرز کی قدر میں اضافہ کرنا ہے۔

بینک کا آپریشنل رسک مینجمنٹ فریم ورک اس بات کو یقینی بنانے کے لیے بنایا گیا ہے کہ آپریشنل رسکس کی نشاندہی، تجزیہ اور کمی کے لیے موثر کنٹرول ماحول موجود ہو اور قابل قبول ریزروئل رسک لیول برقرار رکھا جائے۔ بینک نے رسک اینڈ کنٹرول سیلف ایسیمنٹ (RCSA) کے نفاذ کو مزید مضبوط بنایا ہے تاکہ رسک کی ملکیت کا احساس بڑھے اور رسک سے آگاہی پر مبنی مضبوط کلچر فروغ پائے۔ RCSA کے علاوہ، آپریشنل رسک فنکشن آپریشنل لاس ڈیٹا (OLD) اور کلیدی رسک انڈیکیٹرز (KRIs) کو بھی فعال طور پر مانیٹر کرتا ہے۔ یہ فنکشن برنس

ہیں، جس کے تحت تمام مصنوعات اور خدمات کے ڈیزائن اور فراہمی میں صارفین کی فلاح و بہبود کو بنیادی اہمیت دی جاتی ہے۔ ہم بینک کے تمام صارفین کے ساتھ منصفانہ، شفاف اور بلا امتیاز سلوک کو یقینی بنانے کے لیے پرعزم ہیں۔

رسک مینجمنٹ:

بورڈ رسک مینجمنٹ کے بہترین طریقوں پر ان کی اصل روح کے مطابق عمل درآمد کیلئے پرعزم ہے۔ موثر رسک مینجمنٹ کو برقرار رکھنے کیلئے بینک پیسل فریم ورک کے تحت ایس بی پی کی طرف سے جاری ریگولیٹری ہدایات اور دیگر متعلقہ گائیڈ لائنز کے مطابق رسک مینجمنٹ کے مناسب فریم ورک پر عمل درآمد کرتا ہے۔

بینک کا مجموعی رسک مینجمنٹ فریم ورک بورڈ آف ڈائریکٹرز (بی او ڈی) بورڈ رسک مینجمنٹ کمیٹی (بی آر ایم سی) کی نگرانی میں کام کرتا ہے جبکہ بینک کی سینئر انتظامیہ کی طرف سے آپریشنل سطح کے روزمرہ کے فنکشن انجام دیئے جاتے ہیں۔ ایک جامع مربوط رسک مینجمنٹ اپروچ تیار کرنے کی خاطر بینک میں رسک مینجمنٹ کے متعدد پہلوؤں کا انتظام کرنے کیلئے ایک الگ اور آزاد رسک مینجمنٹ فنکشن موجود ہے جبکہ کریڈٹ رسک فنکشنز کو رسک مینجمنٹ کے دیگر متعدد اقسام میں الگ کیا گیا ہے۔

بینک کے اندر رسک مینجمنٹ اپروچ کو مضبوط بنانے کیلئے بورڈ کی طرف سے مندرجہ ذیل اہم پالیسیاں مرتب کی گئیں جائزہ لیا گیا اور منظوری دی گئی ہے۔

- ☆ رسک مینجمنٹ پالیسی
- ☆ کریڈٹ پالیسی
- ☆ ایس ایم ای فنانسنگ پالیسی
- ☆ کو لیٹرل مینجمنٹ پالیسی
- ☆ انٹرئل کریڈٹ رسک ریٹنگ پالیسی
- ☆ کنزیومر کریڈٹ پالیسی
- ☆ مارکیٹ رسک مینجمنٹ پالیسی
- ☆ انٹریسٹ ریٹ رسک مینجمنٹ پالیسی
- ☆ آپریشنل رسک مینجمنٹ پالیسی
- ☆ لیکویڈٹی رسک مینجمنٹ پالیسی
- ☆ کنفری رسک مینجمنٹ پالیسی
- ☆ ایگریکلچرل کریڈٹ پالیسی
- ☆ ریمیڈیل مینجمنٹ پالیسی

منصفانہ انداز میں حل کیے جاسکیں۔ اگر صارفین بینک کے ابتدائی جواب سے مطمئن نہ ہوں تو وہ اپنی شکایات بینکنگ محتسب آفس یا اسٹیٹ بینک آف پاکستان کے SUNWAI پورٹل کے ذریعے بھی درج کرا سکتے ہیں۔ شکایات کے طریقہ کار سے متعلق آگاہی کو ممبر بوط کمیونیکیشن چینلز، ڈیجیٹل پلٹ فارمز اور ویب سائٹ پر موجود معلومات کے ذریعے برقرار رکھا جاتا ہے۔

CE کے مختلف یونٹس ہماری حکمت عملی کا اہم حصہ ہیں، یہ یونٹس منصفانہ، قابل رسائی اور مؤثر سروس فراہم کرنے کی ہماری حکمت عملی کا لازمی حصہ ہیں، جو عملی خطرات کو کم کرنے اور مسلسل بہتری کے لیے قیمتی معلومات اکٹھا کرنے میں مدد دیتے ہیں۔

☆ بینک کا وائس اینڈ ورچوئل فنکشن ایک مرکزی، ملٹی چینل کسٹمر سروس اور انگیجمنٹ پوائنٹ کے طور پر کام کرتا ہے، جو 24/7 وائس سروسز، JS بوٹ، سوشل میڈیا پلٹ فارمز (LinkedIn, Instagram, Facebook, YouTube, Twitter)، ای میلز (jsblink@jsbl.com اور CCU.Helpdesk@jsbl.com, rda@jsbl.com) اور آؤٹ باؤنڈ کالنگ کے ذریعے صارفین کے ساتھ رابطہ برقرار رکھتا ہے۔ سال کے دوران بینک نے اپنے رابطہ سینٹر کالنگ سلوشن اور CRM کو ایک انٹر پرائز پلٹ فارم میں کامیابی سے ضم کیا اور IVR سسٹم کو مکمل طور پر جدید بنایا، جس سے سروس گورنس، آپریشنل کارکردگی اور کسٹمر تجربے میں بہتری آئی۔ وائس اینڈ ورچوئل ٹیم نے ڈیپٹ کارڈ اور موبائل بینکنگ ایپ کی پورویسٹ منتقلی کے دوران سروس تسلسل کو یقینی بنانے میں بھی اہم کردار ادا کیا۔

☆ کسٹمر کیئر یونٹ صارفین کی شکایات کو منصفانہ، شفاف اور مؤثر انداز میں حل کرنے کو یقینی بناتا ہے، جس سے آپریشنل اور ساکھ کے خطرات میں کمی آتی ہے اور بینک کی مصنوعات، عمل اور سروس چینلز کو بہتر بنانے کے لیے قیمتی معلومات حاصل ہوتی ہیں۔

☆ برانچ سروسز اور کسٹمر انسائٹس ٹیم برانچ نیٹ ورک کے اندر اور باہر معائنوں کے ذریعے آپریشنل وعدوں اور سروس معیارات کے مؤثر نفاذ کی نگرانی کرتی ہے۔ اس کے ساتھ کسٹمر انسائٹس ٹیم سروس کے ذریعے صارفین کے رویوں کا تجزیہ کرتی ہے۔ فیلڈ لیول آپریشنل ڈیٹا اور اسٹریٹجک تجزیات کو یکجا کر کے یہ مشترکہ ٹیم مارکیٹنگ، مصنوعات کی ترقی اور سروس ڈیوری میں ڈیٹا پر مبنی فیصلہ سازی کو بہتر بناتی ہے۔

☆ بزنس کنڈکٹ اینڈ کنٹرول فنکشن ذمہ دار بینکنگ کلچر کو فروغ دینے کے لیے کنڈکٹ رسکس کی نشاندہی اور کمی کے لیے فعال کردار ادا کرتا ہے۔ تمام جائزے اسٹیٹ بینک آف پاکستان کے کنڈکٹ اسیسمنٹ فریم ورک کے مطابق کیے جاتے ہیں تاکہ ریگولیٹری تقاضوں کی پابندی اور صارفین کے مفادات کا تحفظ یقینی بنایا جاسکے۔ کنٹرول ٹیم ایجنٹ تعاملات کی باقاعدہ نگرانی اور جانچ کرتی ہے تاکہ بینکنگ قوانین اور ادارہ جاتی ضوابط پر سختی سے عمل ہو۔ کال آڈٹس کے ذریعے یہ ٹیم ریگولیٹری خطرات کم کرنے اور کسٹمر تجربے کے معیار کو برقرار رکھنے میں مدد دیتی ہے۔

بینک کی اہم توجہ کسٹمر کے ساتھ تمام معاملات میں انصاف پسندی، مواصلات میں وضاحت، سروس کلچر کو تیار کرنا اور شکایات سے نمٹنے کا ایک مؤثر طریقہ کار وضع کرنا ہے۔ یہ معلومات ذمہ دار بینکنگ کے اصولوں کو فروغ دینے میں مدد دیتی ہیں اور ہمارے کنزیومر پروٹیکشن فریم ورک کا حصہ

ہمارے ڈیجیٹل بینکنگ پلیٹ فارم ”زندگی“ جدت، صارفین پر توجہ اور اسٹریٹجک ترقی کو فروغ دینے کا سلسلہ جاری رکھے ہوئے ہے۔ ”زندگی“ فن ٹیک اور ڈیجیٹل بینکنگ کے شعبے میں مارکیٹ لیڈر کے طور پر اپنی حیثیت مضبوط کر رہا ہے۔ 2025 میں اس پلیٹ فارم کے ڈاؤن لوڈ تعداد 14 ملین سے تجاوز کر گئی، جس کی بنیادی وجہ گزشتہ سال متعارف کرایا گیا ”زندگی 2.0“ تھا۔ زندگی ایپ کو ایک بار پھر پاکستان ڈیجیٹل ایوارڈز 2025 میں ”Best Digital App“ کے ایوارڈ سے نوازا گیا۔ ہم نے ڈیجیٹل سپلائی چین فنانسنگ کے شعبے میں بھی توسیع کی اور خیبر پختونخواہ کی CECOS یونیورسٹی کو صوبے کے پہلے کیش لیس کیمپس میں تبدیل کرنا اس سال کی ایک اہم کامیابی رہی۔ ”زندگی پرائز“ کو بھی مسلسل ”Best Incubator Program“ کے طور پر تسلیم کیا جا رہا ہے، جس کا مقصد نئی نسل کے ڈیجیٹل کاروباری افراد کو فروغ دینا ہے۔

حالیہ سال کے دوران، بینک نے اپنی RMA کو وسعت دینے اور عالمی سطح پر اپنے اثر و رسوخ کو بڑھانے میں نمایاں پیش رفت کی۔ ہماری کوششوں کا مرکز بین الاقوامی مالیاتی اداروں کے ساتھ تعلقات کو مضبوط بنانا اور اہم مارکیٹوں میں اپنے قدم جمانا رہا۔

پاکستان کریڈٹ ریٹنگ ایجنسی (پی اے سی آر اے) نے بینک کی طویل مدتی ریٹنگ کو ”AA“ (ڈبل اے) جبکہ قلیل مدتی ریٹنگ کو ”A1+“ پر برقرار رکھا ہے، جو اس کیٹیگری میں سب سے بلند ریٹنگ ہے۔ یہ ریٹنگ بے ایس بینک کی مضبوط مالی کارکردگی، مستحکم رسک مینجمنٹ طریقوں اور بینکاری شعبے میں عمدگی کے عزم کی عکاسی کرتی ہیں۔ پی اے سی آر اے کی ”AA“ ریٹنگ اعلیٰ کریڈٹ کوالٹی کی علامت ہے، جو بینک کی مالی مضبوطی کو ظاہر کرتی ہے اور اس کی محتاط مالیاتی پالیسیوں، مستحکم سرمایہ کاری اور دوراندیش حکمت عملی کی تصدیق کرتی ہے۔

گزشتہ چھ سالوں کیلئے مالی اعداد و شمار کا خلاصہ سالانہ رپورٹ کا حصہ ہے۔

کیپیٹل ایڈویسی:

31 دسمبر 2025 تک، بے ایس بینک کا کیپیٹل ایڈویسی ریشو (سی اے آر) دسمبر 2024 میں 13.24 فیصد کے مقابلے میں 13.12 فیصد رہا جبکہ ایس بی پی کی طرف سے مقرر کردہ کم سے کم مطلوبہ سی اے آر 11.50 فیصد ہے۔

کسٹمر ایکسپیرینس اور فیڈ بک:

بے ایس بینک میں ہمارا کسٹمر ایکسپیرینس (CE) ٹیم صارفین کے ساتھ دیرپا تعلقات قائم کرنے کے لیے تمام رابطوں میں کسٹمر سینٹرک حکمت عملی پر عمل پیرا ہے۔ یہ ٹیم شکایات کے مؤثر حل اور سروس فیڈ بک کو مینجنگ تجربے میں بہتری کے لیے شامل کرنے میں اہم کردار ادا کرتی ہے۔ 2025 کے دوران بینک نے 102,726 سے زائد کسٹمر شکایات، جن میں تنازعات اور دعوے شامل تھے، حل کیے، جبکہ شکایات کے حل کا اوسط وقت 11.79 کاروباری دن رہا۔ یہ کامیابی ڈیجیٹل سہولیات میں اضافہ، صارفین کی آگاہی میں بہتری اور ریگولیٹری تقاضوں کی پابندی کے باعث ممکن ہوئی۔ مستقبل میں بھی بینک سروس کے اعلیٰ معیار کو برقرار رکھنے کے لیے پرعزم رہے گا تاکہ صارفین کے مسائل فوری اور

صورتحال بنیادی طور پر اس حکمت عملی کا نتیجہ تھی جس کے تحت آمدنی کے ذرائع میں تنوع لاتے ہوئے فنڈ میڈ مارجنز پر انحصار کم کر کے کمپیٹل گینز کے ذریعے نان مارک اپ آمدنی کو بہتر بنانے پر توجہ دی گئی، جو مانیٹری نرمی کے دور میں ہماری وسیع تر حکمت عملی سے ہم آہنگ ہے۔

سال کے اختتام پر ڈپازٹس کی مجموعی مالیت 543.502 بلین روپے رہی، جو 31 دسمبر 2024 کے مقابلے میں 3 فیصد اضافہ ظاہر کرتی ہے۔ تاہم سال بہ تاریخ (YTD) اوسط کے لحاظ سے بینک کے غیر منافع بخش ڈپازٹس 2024 میں 157.390 بلین روپے سے بڑھ کر 2025 میں 182.693 بلین روپے ہو گئے، جو سال بہ سال 16 فیصد نمو کو ظاہر کرتا ہے۔

31 دسمبر 2025 تک مجموعی ایڈوانسز 274.547 بلین روپے کی سطح پر پہنچ گئے، جس کے نتیجے میں سال کے اختتام پر بینک کا مجموعی ایڈوانس ٹو ڈپازٹ ریشو (ADR) بڑھ کر 50.51 فیصد ہو گیا۔ بینک کا مجموعی انفیکشن ریشو بھی بہتر ہو کر دسمبر 2025 میں 8.46 فیصد رہا (دسمبر 2024: 8.61 فیصد)۔ نان پرفارمنگ قرضہ جات دسمبر 2024 کے 21.328 بلین روپے سے بڑھ کر دسمبر 2025 میں 23.221 بلین روپے ہو گئے۔ بینک کا کوریج ریشو بھی بہتر ہو کر 77.3 فیصد تک پہنچ گیا (دسمبر 2024: 70.7 فیصد)۔

سال 2025 کے دوران بینک نے ڈیجیٹل تبدیلی، مصنوعی ذہانت اور ڈیٹا سائنسز کے شعبوں پر بھرپور توجہ جاری رکھی۔ ہماری ترجیح ڈیجیٹل چینلز کے ذریعے صارفین کے تجربے کو بہتر بنانا رہی، اور اسی سلسلے میں 2025 میں بینک نے اپنا ان ہاؤس AI سے چلنے والا بینکنگ بوٹ ”JSense“ متعارف کرایا۔ اجرا کے ابتدائی سات ہفتوں میں اس نے 45,000 سے زائد صارفین سے بات چیت کو سنبھالا، جبکہ اوسط جوابی وقت 5.8 سیکنڈ رہا، جس سے روایتی کال سینٹرز پر دباؤ میں نمایاں کمی آئی۔ مرکزی JS موبائل ایپ نے 85 فیصد سے زائد اہل صارفین تک رسائی حاصل کر لی اور رجسٹرڈ صارفین کی تعداد 400,000 سے تجاوز کر گئی۔ 2025 کی اپ ڈیٹ میں جدید اور بہتر UI/UX متعارف کرایا گیا، جس کا مقصد ”ایک ٹچ میں بینکنگ“ کے تصور کو فروغ دینا تھا۔ اسی طرح ”GoGreen EJ Roll“ اقدام کے تحت اے ٹی ایم آڈٹ لاگز کی ڈیجیٹلائزیشن سے لاگت میں کمی کے اہداف حاصل کرنے میں مدد ملی۔ ایپ کے اندر ہدفی کراس سیلنگ اقدامات کے نتیجے میں ذاتی قرض کی تیز تر تقسیم بھی ممکن ہوئی۔

JS بینک نے اسٹیٹ بینک کی Raast P2M (Person-to-Merchant) سروس سے فائدہ اٹھاتے ہوئے تیز تر ادائیگیوں کو ممکن بنایا اور نقد لین دین پر انحصار کم کیا۔ ”JS Her“ اور ”JS Inclusive Accounts“ کے ذریعے خواتین اور خصوصی افراد کے لیے مالی رسائی کو ڈیجیٹل شکل دی گئی، جس پر بینک کو ایشین بینکنگ اینڈ فنانس ایوارڈز 2025 میں ”Domestic ESG Program of the Year“ کا اعزاز حاصل ہوا۔ مزید برآں، ڈیجیٹل سیٹلمنٹس میں عملی عمدگی کے اعتراف میں بینک کو 2025 کے دوران جے پی مورگن کی جانب سے USD Clearing Quality Recognition Award 2025 سے بھی نوازا گیا۔

روپے بلین میں

مالی کارکردگی	2025	2024
منافع قبل از پروویژن و ٹیکسیشن	9,776	11,069
کریڈٹ خسارہ الاؤنس اور رائٹ آف	3,586	4,703
قبل از ٹیکس منافع	6,191	6,366
بعد از ٹیکس منافع	2,796	2,849
فی شیئر آمدنی (روپے)	1.36	1.39

سال 2025 میں بینک کا قبل از ٹیکس منافع 6,190.563 ملین روپے رہا (31 دسمبر 2024: 6,366.077 ملین روپے)، جبکہ فی شیئر آمدنی 1.36 روپے (31 دسمبر 2024: 1.39 روپے) رہی۔

بینک نے سال 2025 میں نیٹ انٹریسٹ انکم (NII) 27,149 ملین روپے ریکارڈ کی، جبکہ 2024 میں یہ 27,351 ملین روپے تھی۔ شرح سود میں کمی کے باعث یہ آمدنی مجموعی طور پر تقریباً مستحکم رہی۔ بینکنگ کے مجموعی مارجنز دباؤ کا شکار رہے کیونکہ ثانوی مارکیٹ کی پیداواریں ری پرائسنگ کے ساتھ باقاعدگی سے ایڈجسٹ ہوتی رہیں۔ دوسری جانب، پالیسی ریٹ میں کمی کے مطابق فنڈز کی لاگت بھی کم ہوئی، تاہم مارجنز کو برقرار رکھنا بڑی حد تک حجم میں اضافے اور ڈپازٹس میں بہتری پر منحصر رہا۔ بینک کی بنیادی ڈپازٹس کے کس میں بہتری اور مؤثر انتظام نے کمائی والے اثاثوں کی پیداوار میں بتدریج ری پرائسنگ کے باوجود مارجنز کو سہارا دیا۔ سال کے دوران بینک کے غیر منافع بخش ڈپازٹس کی بنیاد 200 بلین روپے سے تجاوز کر گئی، جو دسمبر 2024 میں 198,409 ملین روپے سے بڑھ کر دسمبر 2025 میں 222,121 ملین روپے ہو گئی، یوں سال بہ سال 12 فیصد اضافہ ریکارڈ ہوا۔ اس اضافے سے ڈپازٹس میں بھی بہتری آئی اور غیر منافع بخش ڈپازٹس کا تناسب گزشتہ سال 38 فیصد سے بڑھ کر 2025 میں 41 فیصد ہو گیا۔ مجموعی ایڈوانسز 11 فیصد اضافے کے ساتھ 274,547 ملین روپے تک پہنچ گئے، جو سال بہ سال 11 فیصد نمو کو ظاہر کرتا ہے۔

بینک کی نان مارک اپ آمدنی (NMI) میں نمایاں بہتری آئی اور یہ سال بہ سال 17 فیصد اضافے کے ساتھ 13,164 ملین روپے تک پہنچ گئی۔ اس کی بنیادی وجہ سیکورٹیز پر خالص حقیقی منافع میں خاطر خواہ اضافہ تھا، جو گزشتہ سال کے مقابلے میں 2,541 ملین روپے زیادہ رہا۔ ان منافعوں نے فارن ایکسچینج آمدنی میں ہونے والی کمی کا ازالہ کرنے میں مدد دی، جو زرمبادلہ مارکیٹ میں گزشتہ سال کے مقابلے میں نسبتاً کم اتار چڑھاؤ کے باعث 1,368 ملین روپے کم رہی۔ اہم بات یہ ہے کہ نان مارک اپ اخراجات کی شرح نمو کو 10.7 فیصد تک محدود رکھا گیا، جہاں اخراجات گزشتہ سال کے 27,574 ملین روپے سے بڑھ کر 30,537 ملین روپے ہو گئے۔ 2025 میں بینک کا اخراجات اور آمدنی کا تناسب 74.8 فیصد تک پہنچ گیا، جبکہ نیٹ انٹریسٹ انکم کی آپریٹنگ اخراجات کے مقابلے میں کوریج 90 فیصد پر ایڈجسٹ ہوئی۔ یہ

اور صنفی فرق کو کم کر کے 25 فیصد تک لانا ہے۔

جون 2023 میں 22 فیصد کی بلند ترین سطح سے دسمبر 2025 میں 10.5 فیصد تک پالیسی ریٹ میں 11.5 فیصد پوائنٹس کی کمی کے بعد بینکنگ سیکٹر کے مارجنز محدود رہنے کا امکان ہے، اور خالص سودی مارجن (NIMs) اور ایکویٹی پر منافع (ROEs) میں کچھ کمی متوقع ہے۔ تاہم، حجم میں ممکنہ اضافے سے اس دباؤ کو کسی حد تک متوازن کرنے کی توقع ہے۔ آئندہ سال کے دوران مزید پالیسی ریٹ میں کمی کے امکان کو بھی رد نہیں کیا جاسکتا۔

بینکنگ سیکٹر کی مالی مضبوطی برقرار ہے اور کپیٹل ایڈیکویسی ریشو (CAR) وسط 2025 تک بڑھ کر 21.4 فیصد ہو گیا، جو ریگولیٹری تقاضے 11.5 فیصد سے نمایاں طور پر زیادہ ہے۔ جنوری 2024 سے IFRS-9 کے نفاذ نے بینکوں کی رسک منجمنٹ اور نقصانات کو جذب کرنے کی صلاحیت کو مزید بہتر بنایا ہے۔

بینک کی کارکردگی:

31 دسمبر 2025 کو اختتام پذیر ہونے والے سال کیلئے بینک کی مالی حیثیت اور آپریٹنگ نتائج کا خلاصہ درج ذیل ہے:

روپے ملین میں

مالی تفصیل	2025	2024
ایڈوانسز - خالص	249,776	225,531
سرمایہ کاری - خالص	278,028	302,437
کل اثاثہ جات	655,636	636,107
ڈپازٹس اور دیگر اکاؤنٹس	543,502	525,134
حصص یافتگان کی ایکویٹی	46,661	43,707

روپے ملین میں

مالی کارکردگی	2025	2024
خالص مارک اپ آمدنی	27,149	27,351
نان مارک اپ آمدنی	13,164	11,293
مجموعی آمدنی	40,313	38,644
نان مارک اپ اخراجات	30,537	27,574

مالی سال 2025 میں پاکستان نے 14 سال بعد پہلی مرتبہ کرنٹ اکاؤنٹ سرپلس ریکارڈ کیا۔ مالی سال 2026 کے ابتدائی پانچ ماہ (5MFY26) کے دوران کرنٹ اکاؤنٹ خسارہ 812 ملین امریکی ڈالر رہا، جبکہ گزشتہ سال اسی عرصے میں 503 ملین امریکی ڈالر سرپلس تھا۔ ملکی معاشی سرگرمیوں میں بہتری کے باعث درآمدات میں سال بہ سال 11 فیصد اضافہ ہوا، تاہم برآمدات رفتار برقرار نہ رکھ سکیں اور 5MFY26 میں 3 فیصد کمی ریکارڈ کی گئی۔ دوسری جانب مالیاتی نظم و ضبط کے تسلسل سے مالی سال 2026 کی پہلی سہ ماہی میں مالیاتی اور بنیادی سرپلس حاصل ہوا۔

ترسیلات زر نے تجارتی خسارے کو متوازن کرنے میں اہم کردار ادا کرتے ہوئے بیرونی کھاتے کے استحکام میں مسلسل معاونت فراہم کی۔ اس کے برعکس، ملکی معاشی بحالی کے باوجود برآمدات 5MFY26 میں سال بہ سال 3 فیصد کم رہیں۔ عالمی تجارتی دباؤ کے باوجود اسٹیٹ بینک کے مائع زرمبادلہ ذخائر میں نمایاں بہتری آئی اور 2025 کے اختتام تک یہ بڑھ کر 15.8 بلین امریکی ڈالر سے تجاوز کر گئے۔

قابل ذکر ہے کہ امریکا نے اپریل 2025 میں اپنے تجارتی شراکت داروں پر جوابی محصولات عائد کرنے کا اعلان کیا، جو اگست 2025 سے نافذ العمل ہوئے۔ کامیاب دوطرفہ مذاکرات کے بعد پاکستان پر محصولات کی شرح 29 فیصد سے کم کر کے 19 فیصد کر دی گئی۔

پاکستان کی ایکویٹی مارکیٹ (KSE-100 انڈیکس) نے سال بہ سال 51 فیصد منافع فراہم کیا اور یوں خطے کی دوسری بہترین کارکردگی دکھانے والی مارکیٹ بن گئی۔ دسمبر 2025 میں قومی ایئر لائن پی آئی اے کے 75 فیصد حصص کی کامیاب بولی بھی اس سال کی ایک اہم پیش رفت رہی۔

مجموعی منظر نامہ مثبت دکھائی دیتا ہے، جہاں فٹچ، موڈیز اور ایس اینڈ پی کی جانب سے خود مختار ریٹنگ میں بہتری نے سرمایہ کاروں کے اعتماد میں اضافہ ظاہر کیا ہے۔ اگرچہ عالمی اشیاء کی قیمتوں میں اتار چڑھاؤ اور علاقائی جغرافیائی کشیدگی جیسے خدشات موجود ہیں، اسٹیٹ بینک کو توقع ہے کہ مالی سال 2026 میں کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے 1-0 فیصد تک محدود اور قابل انتظام رہے گا۔

بینکنگ سیکٹر کا جائزہ:

2025 کے دوران بینکنگ سیکٹر کی کارکردگی مضبوط رہی اور اس کے مجموعی اثاثے بڑھ کر جی ڈی پی کے 52.4 فیصد تک پہنچ گئے۔

گزشتہ پانچ برسوں میں ڈپازٹس میں 16 فیصد کی کمپاؤنڈ سالانہ شرح نمو (CAGR) ریکارڈ کی گئی، جبکہ اسی عرصے میں بغیر لاگت ڈپازٹس میں اس سے بھی زیادہ تیز رفتار اضافہ دیکھنے میں آیا۔ یہ رجحان آئندہ مزید بہتری کے لیے خاصی گنجائش فراہم کرتا ہے۔ پاکستان میں مالی شمولیت کی شرح بڑھ کر 64 فیصد ہو گئی ہے، جس کے نتیجے میں عالمی سطح پر غیر بینک شدہ بالغ آبادی میں پاکستان کا حصہ 2021 میں 9 فیصد سے کم ہو کر 2023 میں 4 فیصد رہ گیا۔ نیشنل فنانشل انکلوژن اسٹریٹجی (NFIS) 2024-28 کا ہدف 2028 تک مالی شمولیت کو 75 فیصد تک بڑھانا

ڈائریکٹر رپورٹ

ہم 31 دسمبر، 2025 کو ختم ہونے والے سال کیلئے جے ایس بینک لمیٹڈ (جے ایس بی ایل) کی ۲۰ ویں سالانہ رپورٹ معہ آڈٹ شدہ کھاتوں اور آڈیٹرز کی رپورٹس پیش کرنے میں مسرت محسوس کرتے ہیں۔

اقتصادی جائزہ:

2025 میں پاکستان کی معیشت استحکام کے مرحلے سے نکل کر بحالی کی جانب گامزن ہوئی۔ یہ سال وسیع پیمانے پر معاشی استحکام کا عکاس رہا، جس کی بنیاد آئی ایم ایف کے ایکسٹینڈڈ فنڈ فیسلٹی (EFF) اور ریپبلینس اینڈ سسٹین ایبلٹی فیسلٹی (RSF) پروگرامز کے کامیاب جائزوں پر رہی، جن کے نتیجے میں مجموعی طور پر تقریباً 3.3 بلین امریکی ڈالر رقوم کی ادائیگی کی گئیں۔ سخت مالیاتی پالیسی، بیرونی رقوم کے مستحکم بہاؤ اور کرنسی کی استحکام کے ساتھ ساتھ پاکستان اور امریکا کے درمیان بہتر سفارتی تعلقات بھی اس سال کی نمایاں خصوصیات میں شامل رہے۔

سال 2025 کے دوران پاکستان کی خود مختار کریڈٹ ریٹنگ میں بہتری دیکھنے میں آئی اور فچ، موڈیز اور ایس اینڈ پی نے ریٹنگ اپ گریڈ کی۔ آئی ایم ایف نے بھی اہم معاشی اشاریوں اور ساختی اصلاحات میں پیش رفت پر مثبت رائے دی، کیونکہ دوران سال پاکستان نے بیشتر مقداری، اشاریاتی اور ساختی اہداف کامیابی سے حاصل کیے۔

مالی سال 2025 میں حقیقی جی ڈی پی کی شرح نمو 2.68 فیصد ریکارڈ کی گئی، جس کی بنیاد صنعتی شعبے میں بحالی پر رہی جہاں 4.77 فیصد اضافہ دیکھنے میں آیا۔ مالی سال 2026 کے لیے اسٹیٹ بینک آف پاکستان نے شرح نمو کو 3.75 فیصد تا 4.75 فیصد تک بڑھنے کی پیش گوئی کی ہے، جس میں لارج اسکیل مینوفیکچرنگ (LSM) میں مضبوط رفتار اہم کردار ادا کر رہی ہے، جو ابتدائی مالی سال 2026 میں سال بہ سال 9.0 فیصد بڑھی۔

مجموعی افراط زر (CPI) میں نمایاں کمی دیکھنے میں آئی اور مالی سال 2025 میں اس کی اوسط شرح 4.5 فیصد رہی، جو مالی سال 2024 میں 23.4 فیصد تھی۔ دسمبر 2025 تک افراط زر کی شرح 5.6 فیصد ریکارڈ کی گئی، جو اسٹیٹ بینک کے وسط مدتی ہدف 5-7 فیصد کے اندر رہی۔

اسٹیٹ بینک آف پاکستان نے سال کے پہلے نصف میں مجموعی طور پر 200 bps کی دو کٹوتیوں کا اعلان کیا، جس کے بعد عالمی اور علاقائی جغرافیائی کشیدگی، مہنگائی اور معاشی نمو سے متعلق ممکنہ خدشات، نیز معمول سے زیادہ مومن سون بارشوں کے باعث زرعی پیداوار پر اثرات کو مد نظر رکھتے ہوئے پالیسی ریٹ کو 11 فیصد پر برقرار رکھا گیا۔ سال کے اختتام پر مزید 50 bps پوائنٹس کی کمی کی گئی اور شرح سود کو کم کر کے 10.5 فیصد کر دیا گیا، جس کی پشت پناہی عالمی اشیاء کی نسبتاً معتدل قیمتوں اور محتاط مالیاتی پالیسی کے تحت مستحکم افراط زر کی توقعات نے کی۔

GENDER PAY GAP STATEMENT 2025

Following is the Gender Pay Gap statement under
SECP Circular 10 of 2024:

31.0%

Mean Gender Pay Gap

29.8%

Median Gender Pay Gap

Basir Shamsie
President and CEO
February 24, 2026



PERFORMANCE AND POSITION

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Save 10–15% of your income before spending; every small deposit adds more strength to your future.

Fitness Challenge: Do strength training twice weekly.





HIGHLIGHTS

Net Markup Income

Rs. 27,149.11
million

Profit Before Tax

Rs. 6,190.56
million

Profit After Tax

Rs. 2,795.57
million

Advances (Gross)

Rs. 274,546.73
million

Investments (Net)

Rs. 278,028.31
million

Deposits

Rs. 543,502.05
million

Assets

Rs. 655,636.33
million

Equity

Rs. 46,660.71
million

ROE

6.19%

ROA

0.43%

CAR

13.12%

EPS

Rs. 1.36

SIX YEARS' FINANCIAL SUMMARY

	2025	2024	2023	2022	2021	2020
					Rs. in million	
Statement of Financial Position						
Cash and balances with treasury banks	40,697	43,058	40,895	24,765	34,267	30,421
Balances with other banks	5,197	3,617	3,727	1,800	1,186	1,106
Lendings to financial institutions	19,839	2,000	-	11,351	31,939	23,240
Investments - net	278,028	302,437	287,957	303,465	231,266	201,698
Advances - net	249,776	225,531	203,727	231,102	254,184	250,199
Property and equipment	12,794	12,087	8,627	7,717	7,322	5,216
Right-of-use assets	3,074	2,610	2,140	2,287	2,845	2,383
Intangible assets	6,530	6,806	4,873	3,832	3,135	2,488
Deferred tax assets	-	-	-	-	-	-
Other assets	39,701	37,961	37,486	30,396	18,145	14,678
Assets held for sale	-	-	-	-	-	739
Total Assets	655,636	636,107	589,432	616,715	584,289	532,168
Bills payable	7,839	8,126	5,669	5,403	7,039	4,982
Borrowings	26,128	28,699	27,222	97,808	70,474	48,303
Deposits and other accounts	543,502	525,134	486,283	464,132	460,705	433,063
Lease liabilities	3,194	2,788	2,234	2,546	3,129	2,584
Sub-ordinated debts	8,494	8,496	8,498	6,995	6,997	7,493
Deferred tax liabilities	694	671	1,316	320	1,386	1,194
Other liabilities	19,124	18,487	17,888	17,964	12,535	13,957
Total Liabilities	608,975	592,401	549,110	595,168	562,265	511,576
Net Assets	46,661	43,706	40,322	21,547	22,024	20,592
Represented by						
Share capital	20,507	20,507	20,507	12,975	12,975	12,975
Discount on issue of shares	-	-	-	(2,855)	(2,855)	(2,855)
Preference shares	-	-	-	-	-	-
Reserves	7,681	7,114	6,563	2,787	2,331	1,991
Surplus on revaluation of assets - net of tax	3,076	3,378	1,960	795	2,466	2,333
Unappropriated profit	15,397	12,707	11,292	7,845	7,107	6,148
Total Equity	46,661	43,706	40,322	21,547	22,024	20,592
Profit and Loss Account						
Mark-up / return / interest earned	71,452	108,540	92,087	72,047	39,125	43,099
Fee and commission income	4,953	4,848	4,133	3,213	3,207	3,596
Dividend income	2,442	2,310	1,752	130	574	98
Foreign exchange income	1,923	3,290	5,758	2,164	1,187	1,010
Gain / (loss) on securities - net	3,295	755	114	(307)	95	1,873
Income / (loss) from derivatives	-	26	-	(77)	12	29
Other Income	551	64	448	177	3	70
Total Gross Income	84,616	119,833	104,292	77,347	44,203	49,775
Mark-up / return / interest expensed	44,303	81,190	69,678	57,191	27,231	33,322
Operating expenses	30,169	27,346	23,042	16,749	12,723	13,019
Credit loss allowance and write offs - net	3,586	4,703	2,807	1,099	1,995	1,280
Worker welfare fund and Other Charges	367	228	250	177	45	131
Total Expenses	78,425	113,467	95,777	75,216	41,994	47,752
Profit Before Tax	6,191	6,366	8,515	2,131	2,209	2,023
Taxation	3,395	3,518	4,180	1,166	905	873
Profit After Taxation	2,796	2,848	4,335	965	1,304	1,150

SIX YEARS' VERTICAL ANALYSIS

	2025	%	2024	%	2023	%	2022	%	2021	%	2020	%
Rs. in million												
Statement of Financial Position												
Cash and balances with treasury banks	40,697	6%	43,058	7%	40,895	7%	24,765	4%	34,267	6%	30,421	6%
Balances with other banks	5,197	1%	3,617	1%	3,727	1%	1,800	0%	1,186	0%	1,106	0%
Lendings to financial institutions	19,839	3%	2,000	0%	-	0%	11,351	2%	31,939	5%	23,240	4%
Investments - net	278,028	42%	302,437	48%	287,957	49%	303,465	49%	231,266	40%	201,698	38%
Advances - net	249,776	38%	225,531	35%	203,727	35%	231,102	37%	254,184	44%	250,199	47%
Property and equipment	12,794	2%	12,087	2%	8,627	1%	7,717	1%	7,322	1%	5,216	1%
Right-of-use assets	3,074	0%	2,610	0%	2,140	0%	2,287	0%	2,845	0%	2,383	0%
Intangible assets	6,530	1%	6,806	1%	4,873	1%	3,832	1%	3,135	1%	2,488	0%
Deferred tax assets	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Other assets	39,701	6%	37,961	6%	37,486	6%	30,396	5%	18,145	3%	14,678	3%
Assets held for sale	-	0%	-	0%	-	0%	-	0%	-	0%	374	0%
Total Assets	655,636	100%	636,107	100%	589,432	100%	616,715	100%	584,289	100%	532,168	100%
Bills payable	7,839	1%	8,126	1%	5,669	1%	5,403	1%	7,039	1%	4,982	1%
Borrowings	26,128	4%	28,699	5%	27,222	5%	97,808	16%	70,474	12%	48,303	9%
Deposits and other accounts	543,502	83%	525,134	83%	486,283	83%	464,132	75%	460,705	79%	433,063	81%
Lease liabilities	3,194	0%	2,788	0%	2,234	0%	2,546	0%	3,129	1%	2,584	0%
Sub-ordinated debts	8,494	1%	8,496	1%	8,498	1%	6,995	1%	6,997	1%	7,493	1%
Deferred tax liabilities	694	0%	671	0%	1,316	0%	320	0%	1,386	0%	1,194	0%
Other liabilities	19,124	3%	18,487	3%	17,888	3%	17,964	3%	12,535	2%	13,957	3%
Total Liabilities	608,975	93%	592,401	93%	549,110	93%	595,168	97%	562,265	96%	511,576	96%
Net Assets	46,661	7%	43,706	7%	40,322	7%	21,547	3%	22,024	4%	20,592	4%
Represented by												
Share capital	20,507	3%	20,507	3%	20,507	3%	12,975	2%	12,975	2%	12,975	2%
Discount on issue of shares	-	0%	-	0%	-	0%	(2,855)	0%	(2,855)	0%	(2,855)	-1%
Reserves	7,681	1%	7,114	1%	6,563	1%	2,787	0%	2,331	0%	1,991	0%
Surplus on revaluation of assets - net of tax	3,076	0%	3,378	1%	1,960	0%	795	0%	2,466	0%	2,333	0%
Unappropriated profit	15,397	2%	12,707	2%	11,292	2%	7,845	1%	7,107	1%	6,148	1%
Total Equity	46,661	7%	43,706	7%	40,322	7%	21,547	3%	22,024	4%	20,592	4%
Profit and Loss Account												
Mark-up / return / interest earned	71,452	84%	108,540	91%	92,087	88%	72,047	93%	39,125	89%	43,099	87%
Fee and commission income	4,953	6%	4,848	4%	4,133	4%	3,213	4%	3,207	7%	3,596	7%
Dividend income	2,442	3%	2,310	2%	1,752	2%	130	0%	574	1%	98	0%
Foreign exchange income	1,923	2%	3,290	3%	5,758	6%	2,164	3%	1,187	3%	1,010	2%
Gain / (loss) on securities - net	3,295	4%	755	1%	114	0%	(307)	0%	95	0%	1,873	4%
Gain / (loss) from derivatives	-	0%	26	0%	-	0%	(77)	0%	12	0%	29	0%
Other Income	551	1%	64	0%	448	0%	177	0%	3	0%	70	0%
Total Gross Income	84,616	100%	119,833	100%	104,292	100%	77,347	100%	44,203	100%	49,775	100%
Mark-up / return / interest expensed	44,303	52%	81,190	68%	69,678	67%	57,191	74%	27,231	62%	33,322	67%
Operating expenses	30,169	36%	27,346	23%	23,042	22%	16,749	22%	12,723	29%	13,019	26%
Credit loss allowance and write offs - net	3,586	4%	4,703	4%	2,807	3%	1,099	1%	1,995	5%	1,280	3%
Worker welfare fund and Other Charges	367	0%	228	0%	250	0%	177	0%	45	0%	131	0%
Total Expenses	78,425	93%	113,467	95%	95,777	92%	75,216	97%	41,994	95%	47,752	96%
Profit Before tax	6,191	7%	6,366	5%	8,515	8%	2,131	3%	2,209	5%	2,023	4%
Taxation	3,395	4%	3,518	3%	4,180	4%	1,166	2%	905	2%	873	2%
Profit After Taxation	2,796	3%	2,848	2%	4,335	4%	965	1%	1,304	3%	1,150	2%

SIX YEARS' HORIZONTAL ANALYSIS

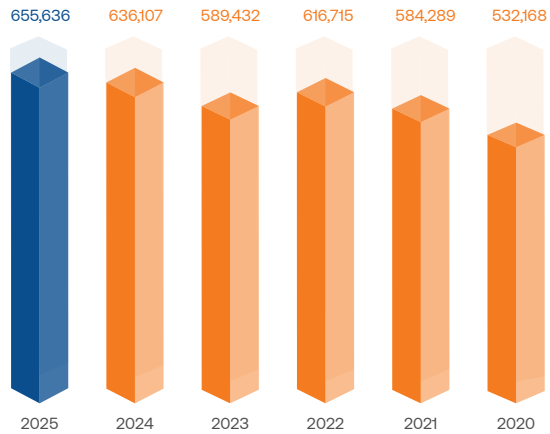
	6 Years CAGR	2025	2024	2023	2022	2021	Rs. in million 2020
Statement of Financial Position							
Cash and balances with treasury banks	6%	40,697	43,058	40,895	24,765	34,267	30,421
Balances with other banks	36%	5,197	3,617	3,727	1,800	1,186	1,106
Lendings to financial institutions	-3%	19,839	2,000	-	11,351	31,939	23,240
Investments - net	7%	278,028	302,437	287,957	303,465	231,266	201,698
Advances - net	0%	249,776	225,531	203,727	231,102	254,184	250,199
Property and equipment	20%	12,794	12,087	8,627	7,717	7,322	5,216
Right-of-use assets	5%	3,074	2,610	2,140	2,287	2,845	2,383
Intangible assets	21%	6,530	6,806	4,873	3,832	3,135	2,488
Deferred tax assets	0%	-	-	-	-	-	-
Other assets	22%	39,701	37,961	37,486	30,396	18,145	14,678
Assets held for sale	-100%	-	-	-	-	-	739
Total Assets	4%	655,636	636,107	589,432	616,715	584,289	532,168
Bills payable	9%	7,839	8,126	5,669	5,403	7,039	4,982
Borrowings	-12%	26,128	28,699	27,222	97,808	70,474	48,303
Deposits and other accounts	5%	543,502	525,134	486,283	464,132	460,705	433,063
Lease liabilities	4%	3,194	2,788	2,234	2,546	3,129	2,584
Sub-ordinated debts	3%	8,494	8,496	8,498	6,995	6,997	7,493
Deferred tax liabilities	-10%	694	671	1,316	320	1,386	1,194
Other liabilities	7%	19,124	18,487	17,888	17,964	12,535	13,957
Total Liabilities	4%	608,975	592,401	549,110	595,168	562,265	511,576
Net Assets	18%	46,661	43,706	40,322	21,547	22,024	20,592
Represented by							
Share capital	10%	20,507	20,507	20,507	12,975	12,975	12,975
Discount on issue of shares	0%	-	-	-	(2,855)	(2,855)	(2,855)
Reserves	31%	7,681	7,114	6,563	2,787	2,331	1,991
Surplus on revaluation of assets - net of tax	6%	3,076	3,378	1,960	795	2,466	2,333
Unappropriated profit	20%	15,397	12,707	11,292	7,845	7,107	6,148
Total Equity	18%	46,661	43,706	40,322	21,547	22,024	20,592
Profit and Loss Account							
Mark-up / return / interest earned	11%	71,452	108,540	92,087	72,047	39,125	43,099
Fee and commission income	7%	4,953	4,848	4,133	3,213	3,207	3,596
Dividend income	90%	2,442	2,310	1,752	130	574	98
Foreign exchange income	14%	1,923	3,290	5,758	2,164	1,187	1,010
Gain / (loss) on securities - net	12%	3,295	755	114	(307)	95	1,873
Gain / (loss) from derivatives	-100%	-	26	-	(77)	12	29
Other Income	51%	551	64	448	177	3	70
Total Gross Income	11%	84,616	119,833	104,292	77,347	44,203	49,775
Mark-up / return / interest expensed	6%	44,303	81,190	69,678	57,191	27,231	33,322
Operating expenses	18%	30,169	27,346	23,042	16,749	12,723	13,019
Credit loss allowance and write offs - net	23%	3,586	4,703	2,807	1,099	1,995	1,280
Worker welfare fund and Other Charges	23%	367	228	250	177	45	131
Total Expenses	10%	78,425	113,467	95,777	75,216	41,994	47,752
Profit Before tax	25%	6,191	6,366	8,515	2,131	2,209	2,023
Taxation	31%	3,395	3,518	4,180	1,166	905	873
Profit After Taxation	19%	2,796	2,848	4,335	965	1,304	1,150



SIX YEARS' FINANCIAL PERFORMANCE

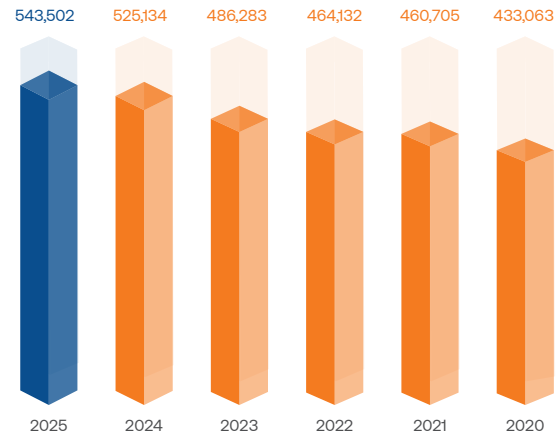
Total Assets

Rs. in million



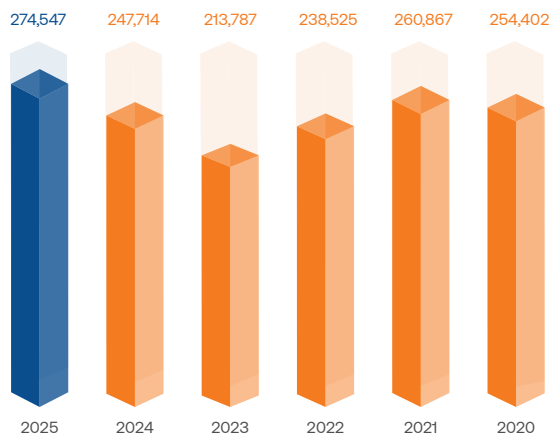
Deposits

Rs. in million



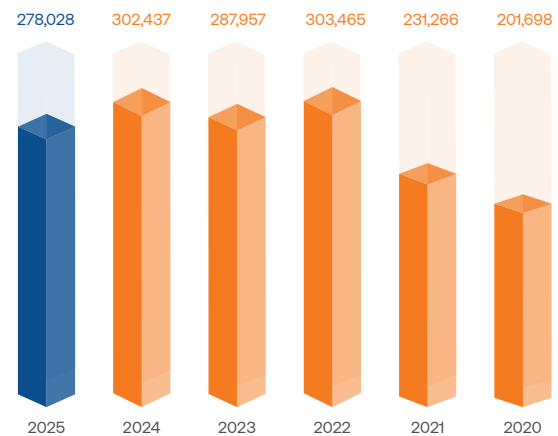
Gross Advances

Rs. in million



Investments

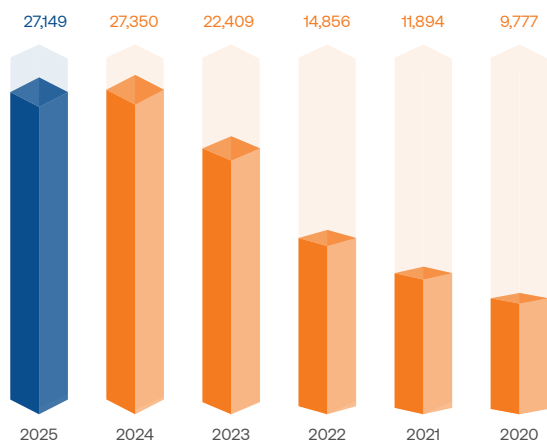
Rs. in million



SIX YEARS' FINANCIAL PERFORMANCE

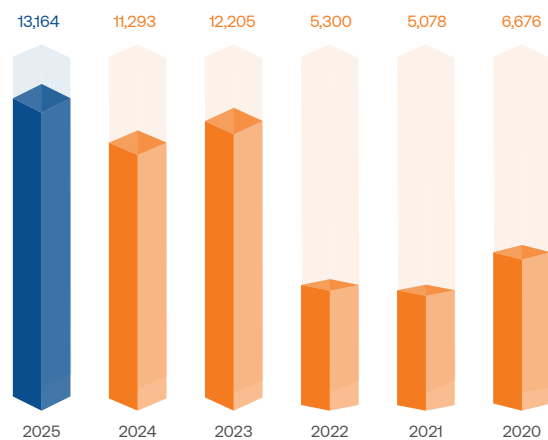
Net Markup Income

Rs. in million



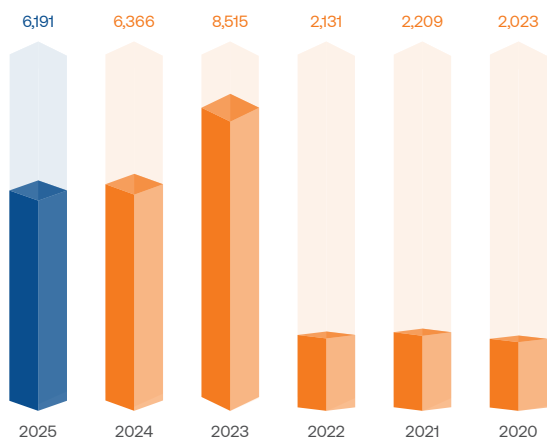
Non Markup Income

Rs. in million



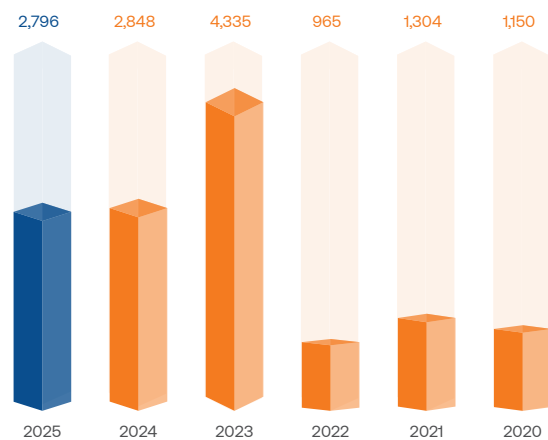
Profit Before Tax

Rs. in million



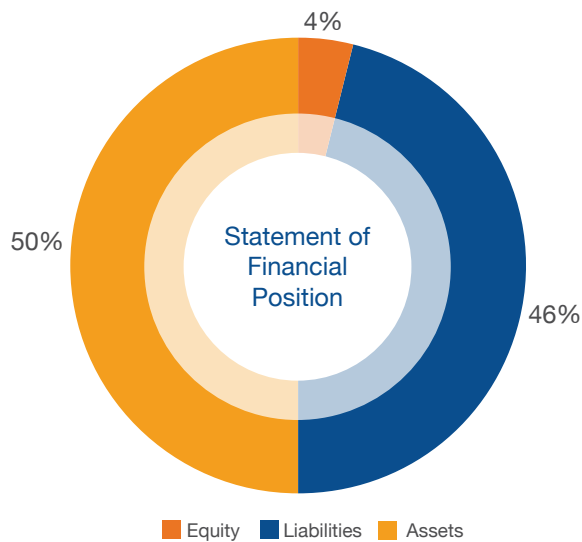
Profit After Tax

Rs. in million

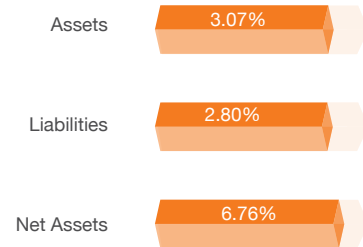




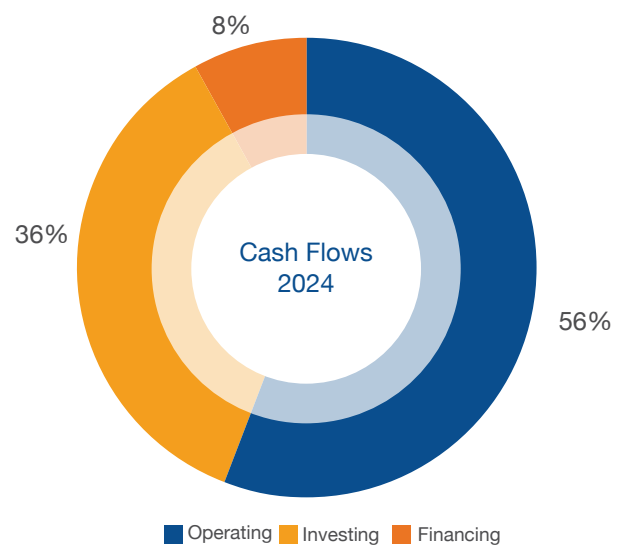
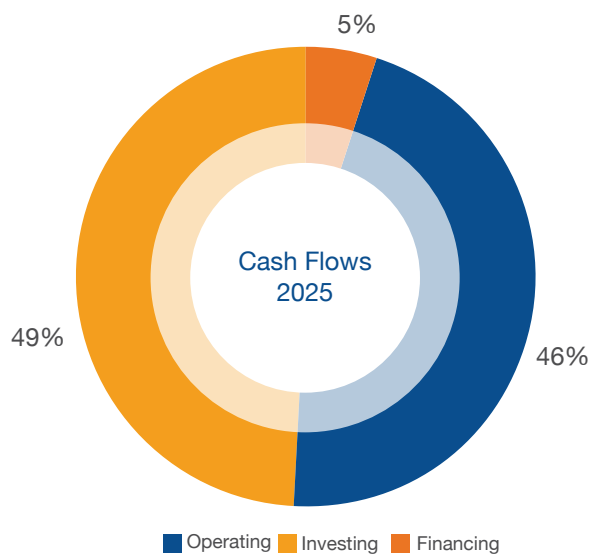
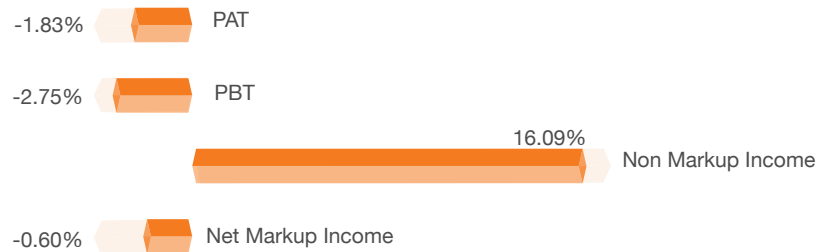
GRAPHICAL PRESENTATION OF FINANCIAL STATEMENTS



2025 - Variance from 2024



Profit and Loss account Variance from 2025



FINANCIAL RATIOS

	2025	2024	2023	2022	2021	2020
Profitability Ratios						
			(Percentage)			
Profit before tax ratio (PBT / Total Income)	15.36%	16.47%	24.60%	10.57%	13.02%	12.29%
Gross yield on earning assets	13.05%	20.48%	18.73%	13.20%	7.56%	9.07%
Gross spread ratio	38.00%	25.20%	24.33%	20.62%	30.40%	22.69%
Non Interest income to total income	32.65%	29.22%	35.26%	26.29%	29.91%	40.58%
Cost / Income ratio	75.75%	71.36%	67.29%	83.97%	75.23%	79.93%
Return on Equity (PAT / Average Equity)	6.19%	6.78%	14.01%	4.43%	6.12%	6.06%
Investors' Ratios						
Market Price per share (Rs)	16.87	9.06	9.04	4.69	4.82	6.30
Earnings per share (Rs)	1.36	1.39	2.75	0.74	1.01	0.89
Breakup Value or Net assets per share (Rs)	22.75	21.31	19.66	16.61	16.97	15.87
Breakup Value per share without surplus on revaluation of property and equipment (Rs)	22.06	20.60	19.15	15.72	16.05	15.14
Market capitalisation (Rs in million)	34,594.68	18,579.00	18,537.99	6,085.11	6,253.78	8,174.02
Number of shares (Number in million)	2,050.66	2,050.66	2,050.66	1,297.46	1,297.46	1,297.46
Price to Book ratio (%)	74.14%	42.51%	45.97%	28.24%	28.40%	39.69%
Assets Quality and Liquidity Ratios						
			(Percentage / Times)			
Gross Advances to Deposits ratio	50.51%	47.17%	43.96%	51.39%	56.62%	58.74%
Net Advances to Deposits ratio	45.96%	42.95%	41.89%	49.79%	55.17%	57.77%
Investments to Deposits ratio	51.15%	57.59%	59.22%	65.38%	50.20%	46.57%
Infection Ratio (NPLs to Gross Advances)	8.46%	8.61%	7.57%	6.84%	5.34%	4.61%
NPLs to Net Advances ratio	9.30%	9.46%	7.94%	7.06%	5.48%	4.69%
Coverage ratio (Specific provisions to NPLs)	77.29%	70.72%	59.69%	44.21%	47.18%	35.64%
Deposits to shareholders' equity	11.6 Times	12.0 Times	12.1 Times	21.5 Times	20.9 Times	21.0 Times
Assets to shareholders' equity	14.1 Times	14.6 Times	14.6 Times	28.6 Times	26.5 Times	25.8 Times
Earning assets to total assets ratio	83.53%	83.31%	83.42%	88.52%	88.55%	89.28%
Capital Adequacy						
			(Rs. in million / Percentage)			
Tier 1 Capital	23,479	22,001	19,747	20,661	20,055	18,479
Total Eligible Capital	30,755	28,769	25,654	24,759	25,810	23,100
Risk Weighted Assets (RWAs)	234,449	217,217	204,688	186,736	187,444	180,889
RWAs to Total Assets	35.76%	34.15%	34.73%	30.28%	32.08%	33.99%
Tier 1 to RWAs	10.01%	10.13%	9.65%	11.06%	10.70%	10.22%
Capital adequacy ratio	13.12%	13.24%	12.53%	13.26%	13.77%	12.77%
Other Financial Ratios						
			(Percentage / Times)			
Net Operating Margin (PAT / Total Income)	6.93%	7.37%	12.52%	4.79%	7.68%	6.99%
Return on Assets (PAT / Average Assets)	0.43%	0.46%	0.72%	0.16%	0.23%	0.23%
Return on capital employed	8.92%	5.64%	11.21%	3.35%	4.57%	4.35%
Debt to Equity Ratio (Avg. Sub Debt / Avg. Equity)	0.2 Times	0.2 Times	0.2 Times	0.3 Times	0.3 Times	0.4 Times
Weighted Average cost of deposit	11.46%	12.11%	11.30%	8.41%	4.88%	7.32%
Others						
			(Number)			
Number of Branches	318	315	292	282	282	308
Number of Employees (Permanent, contractual and outsourced)	5,300	5,142	4,940	4,739	4,487	5,311



DIRECT METHOD CASH FLOW STATEMENT

	2025	2024
	---Rupees in 000---	
CASHFLOW FROM OPERATING ACTIVITIES		
Payments to employees, suppliers and Others	(15,898,337)	(14,345,529)
(Increase) / decrease in operating assets		
Lendings to financial institutions	(17,843,182)	(2,000,000)
Securities measured at FVPL	4,578,424	(10,805,449)
Advances	(27,315,000)	(21,186,344)
Other assets (excluding advance taxation)	(1,023,188)	(15,028,178)
	(41,602,946)	(49,019,971)
Increase / (decrease) in operating liabilities		
Bills payable	(286,474)	2,457,120
Borrowings from financial institutions	(2,921,919)	2,901,710
Deposits	18,367,675	38,851,598
Other liabilities (excluding current taxation)	4,592,824	732,465
	19,752,106	44,942,893
Mark-up / interest received	73,661,538	117,228,977
Mark-up / interest paid	(47,832,250)	(81,479,714)
Income tax paid	(6,248,959)	(6,397,019)
Net cash flow (used in) / generated from operating activities	(18,168,848)	10,929,637
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in amortised cost securities	87,754,896	(19,245,629)
Net investments in securities classified as FVOCI	(67,201,619)	16,853,470
Dividend received	2,441,761	2,309,821
Acquisition of property and equipment	(2,158,579)	(4,835,843)
Effect of translation of net investment in foreign branch	7,982	(19,253)
Proceeds from sale of property and equipment	40,443	99,467
Proceeds from sale of non-banking assets	157,500	-
Acquisition of intangible assets	(1,668,600)	(2,204,617)
Net cash generated from / (used in) investing activities	19,373,784	(7,042,584)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of subordinated debt	(1,933)	(1,934)
Payments of lease obligations against right-of-use assets	(2,046,153)	(1,656,950)
Net cash flow used in financing activities	(2,048,086)	(1,658,884)
(Decreased) / Increase in cash and cash equivalents	(843,150)	2,228,169
Cash and cash equivalents at beginning of the year	46,373,151	43,970,195
Effect of exchange rate changes on cash and cash equivalents	(71,870)	102,917
	46,301,281	44,073,112
Cash and cash equivalents at end of the year	45,458,131	46,301,281

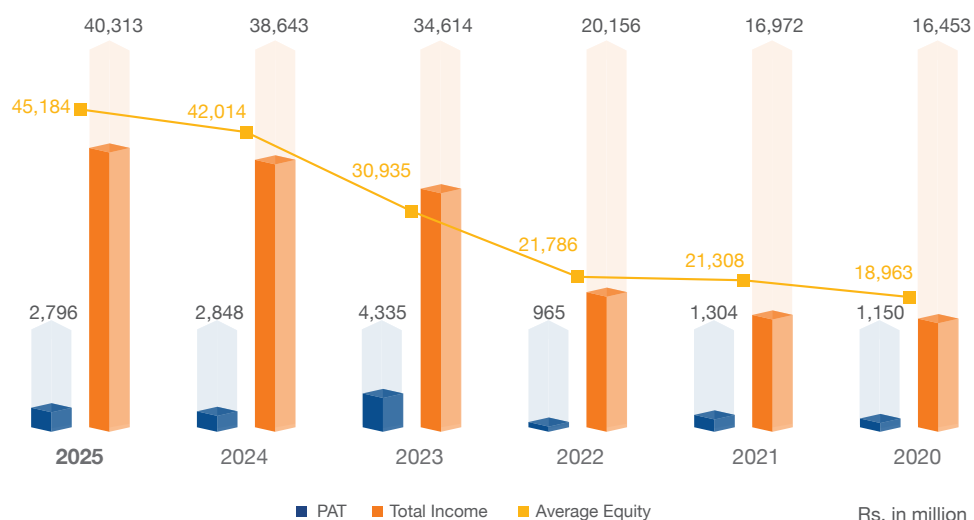
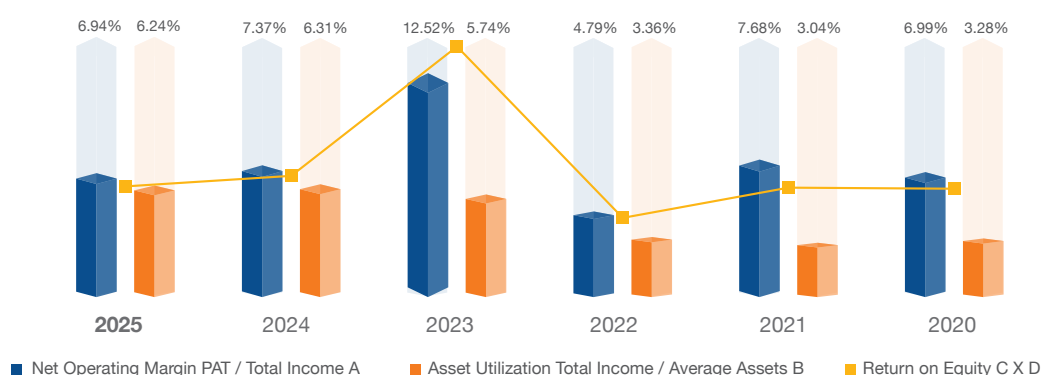
DUPONT ANALYSIS

DuPont model is a financial ratio based on the return on equity ratio that is used to analyze the Bank's ability to increase its return on equity. This is the method of breaking down the original equation for ROE into three components: operating efficiency, asset efficiency, and leverage.

Operating efficiency is measured by net profit margin and indicates the amount of net income generated after taking account all the expenses.

Asset efficiency is measured by the total asset turnover and represents how much revenue has been generated by optimum utilization of the assets. Finally, financial leverage is determined by the Equity Multiplier.

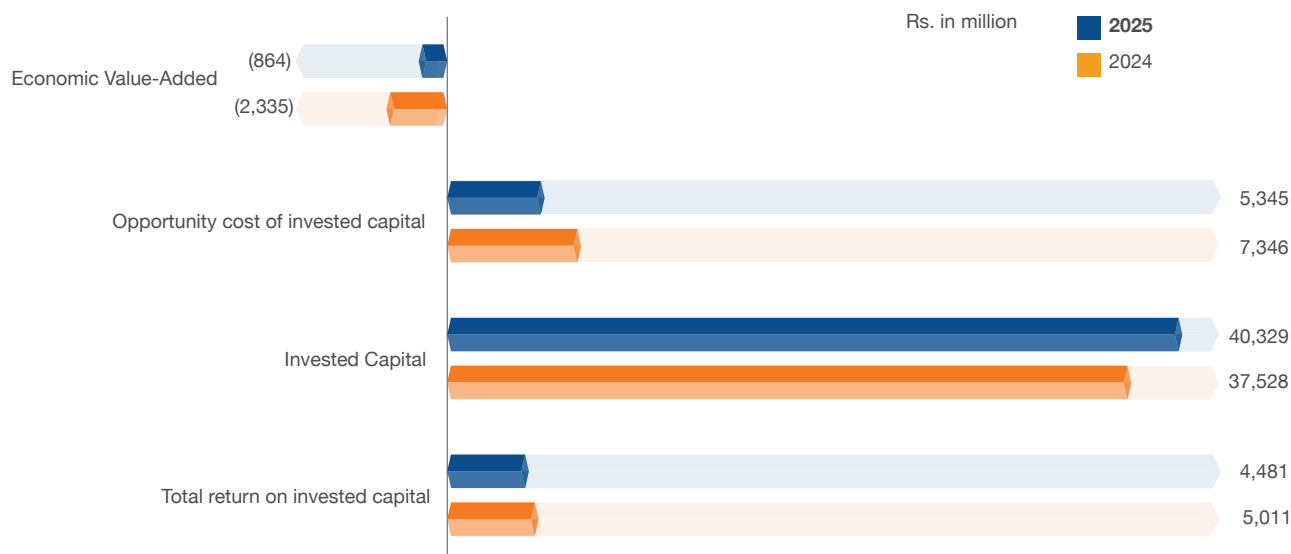
			2025	2024	2023	2022	2021	2020
Net Operating Margin	PAT / Total Income	A	6.94%	7.37%	12.52%	4.79%	7.68%	6.99%
Asset Utilization	Total Income / Average Assets	B	6.24%	6.31%	5.74%	3.36%	3.04%	3.28%
Return on Assets		C = A X B	0.43%	0.46%	0.72%	0.16%	0.23%	0.23%
Leverage Ratio / Equity Multiplier	Average Assets / Average Equity	D	14.29	14.58	19.50	27.56	26.20	26.44
Return on Equity		C X D	6.19%	6.78%	14.01%	4.43%	6.12%	6.06%





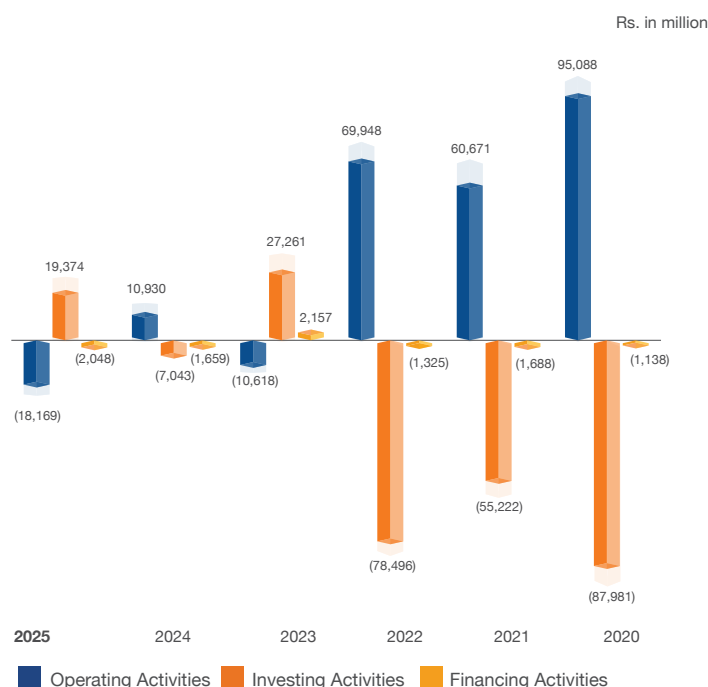
ECONOMIC VALUE-ADDED STATEMENT

	2025	2024
	----- Rs. in million -----	
Return on Invested Capital		
Profit after taxation	2,796	2,848
Credit loss allowance and write offs	3,586	4,703
Tax @ 53% (2024; @ 54%)	1,901	2,540
Credit loss allowance and write offs - net of Tax	1,685	2,163
Return on invested capital	4,481	5,011
Invested Capital		
Equity at start of the year (excluding surplus)	40,329	37,528
Economic cost	13.25%	19.58%
Opportunity cost of invested capital	5,345	7,346
Economic Value Added (EVA)	(864)	(2,335)



SUMMARY OF CASH FLOWS

		Rs. in million				
	2025	2024	2023	2022	2021	2020
Cash flows from operating activities	(18,169)	10,930	(10,618)	69,948	60,671	95,088
Cash flows from investing activities	19,374	(7,043)	27,261	(78,496)	(55,222)	(87,981)
Cash flow from financing activities	(2,048)	(1,659)	2,157	(1,325)	(1,688)	(1,138)
Cash and cash equivalents at beginning of the year	46,301	44,073	25,274	35,146	31,384	25,415
Cash and cash equivalents at end of the year	45,458	46,301	44,073	25,274	35,146	31,384



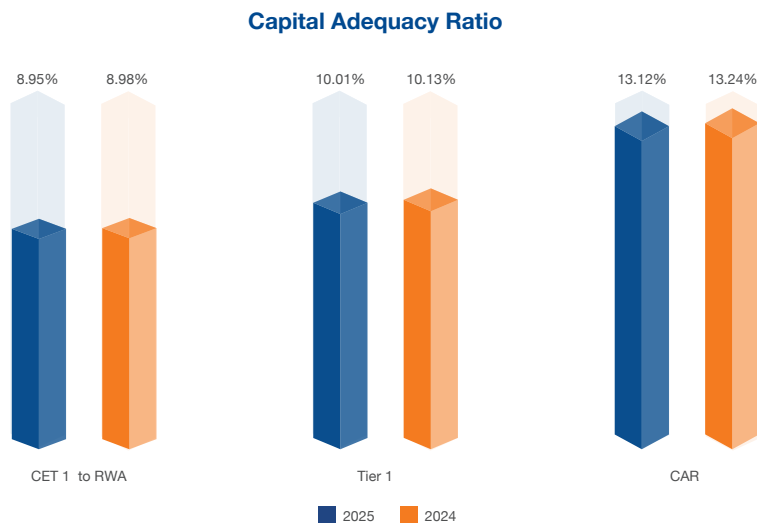
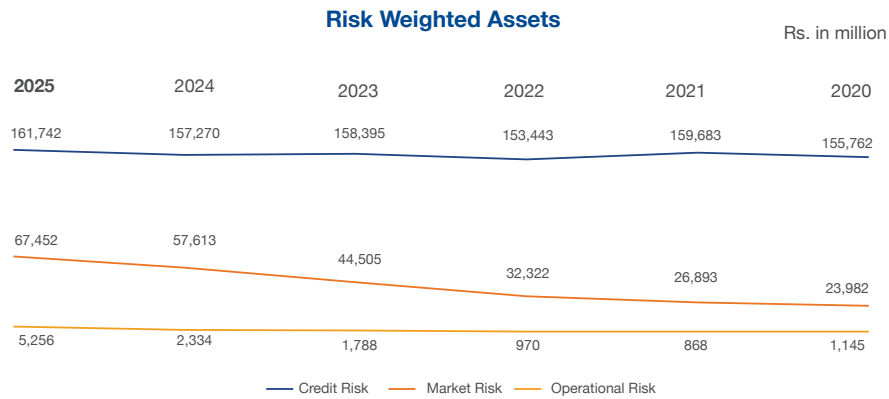
FREE CASH FLOWS

		Rs. in million				
	2025	2024	2023	2022	2021	2020
Profit before taxation	6,191	6,366	8,515	2,131	2,209	2,023
Adjustment for non-cash items	(22,089)	(20,665)	(18,619)	3,434	3,306	3,476
Operating assets / liabilities changes	(2,271)	25,228	(514)	64,382	55,156	89,589
Net cash (used in) / generated from operations	(18,169)	10,930	(10,618)	69,948	60,671	95,088
Capital expenditure	(3,827)	(7,040)	(3,505)	(2,326)	(2,629)	(1,076)
Free cash flows	(21,996)	3,889	(14,122)	67,623	58,042	94,012



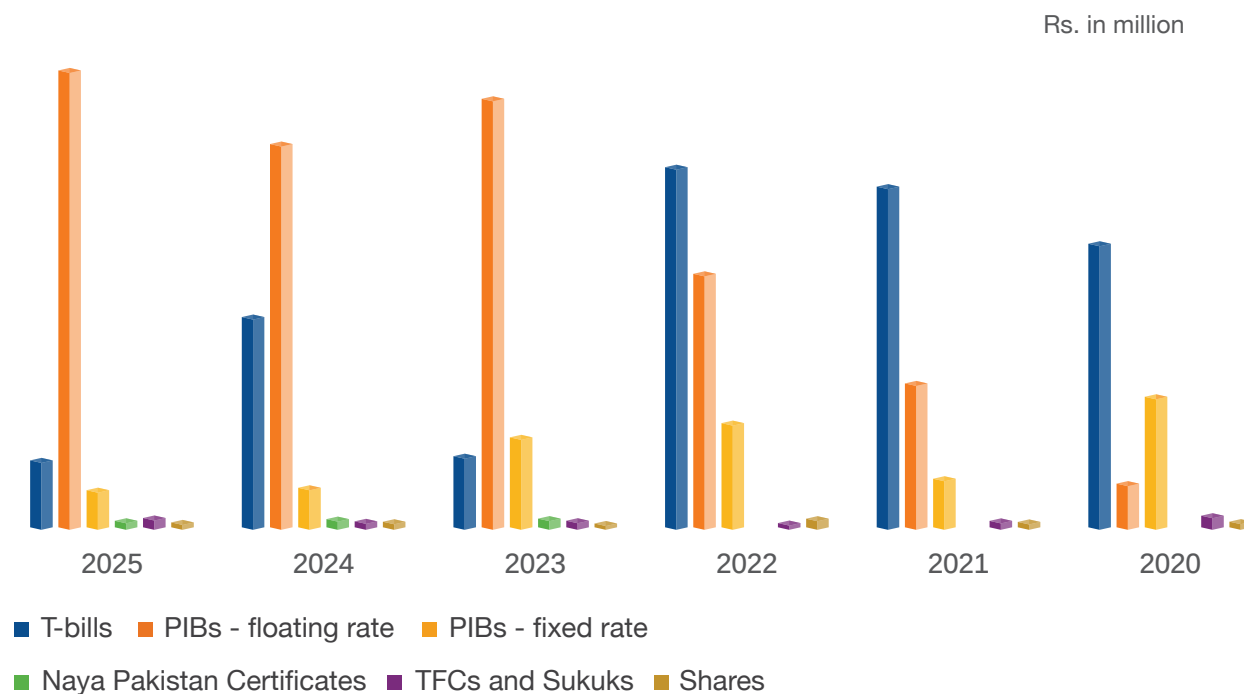
ANALYSIS OF CAPITAL ADEQUACY RATIO

	2025	2024
	----- Rs. in million -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	20,507	20,507
Eligible Common Equity Tier 1 (CET 1) Capital	20,979	19,501
Eligible Additional Tier 1 (ADT 1) Capital	2,500	2,500
Total Eligible Tier 1 Capital	23,479	22,001
Eligible Tier 2 Capital	7,276	6,768
Total Eligible Capital (Tier 1 + Tier 2)	30,755	28,769
Risk Weighted Assets (RWAs):		
Credit Risk	161,742	157,270
Market Risk	5,256	2,334
Operational Risk	67,452	57,613
Total	234,450	217,217
Total Eligible Capital	30,755	28,769
Risk Weighted Assets (RWAs)	234,450	217,217
Capital Adequacy Ratio	13.12%	13.24%



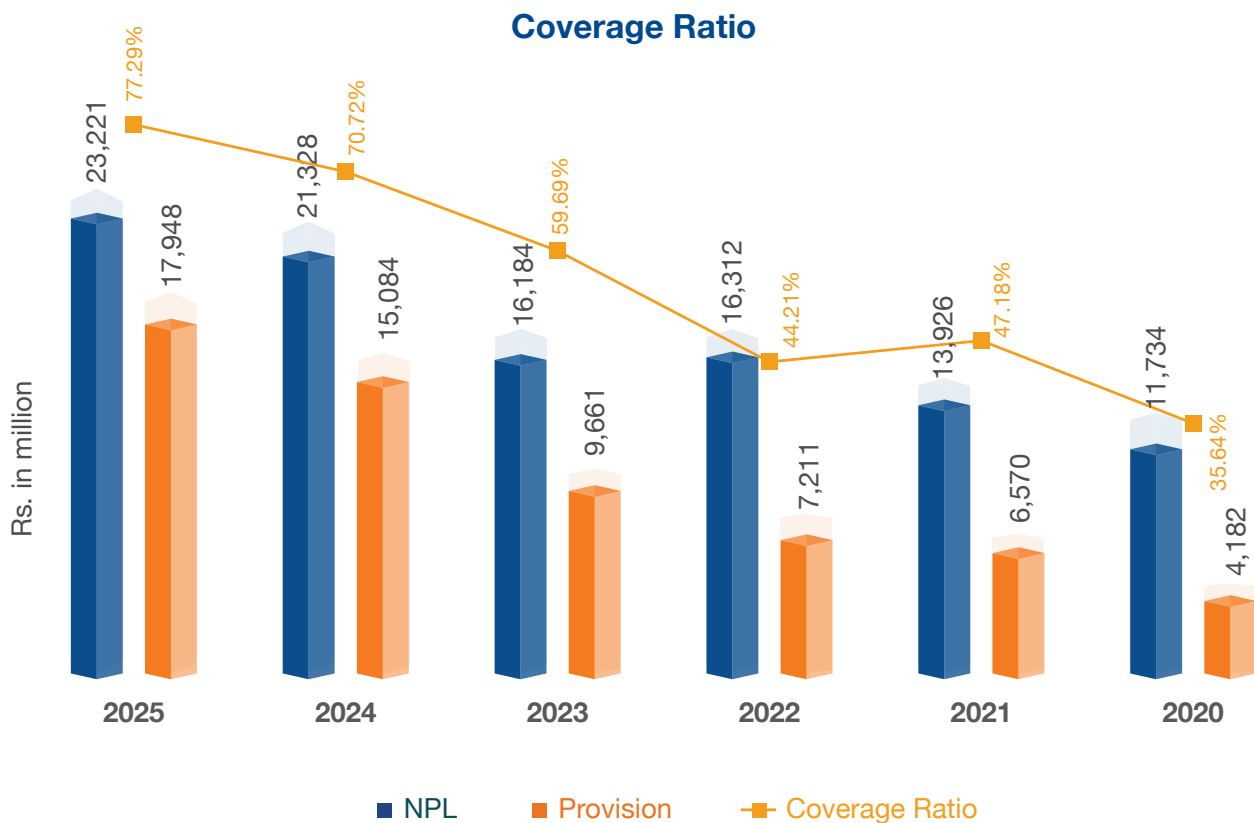
CATEGORY OF INVESTMENTS - FAIR VALUE

	2025	2024	2023	2022	2021	2020
	----- Rs. in million -----					
T-Bills	28,692	85,803	30,363	145,571	137,818	115,052
PIBs - floating rate	184,146	154,800	172,829	103,061	59,377	19,424
PIBs - fixed rate	16,810	17,773	37,877	43,548	21,375	54,044
Naya Pakistan Certificates	620	883	478	-	-	-
TFCs and Sukuks	2,724	1,399	1,642	1,707	2,577	6,639
Shares	969	4,233	3,534	5,450	4,160	4,264
Associates and subsidiaries	21,023	21,067	21,086	2,141	2,141	2,161
Others	23,044	16,478	20,149	1,988	3,819	114
	278,028	302,436	287,957	303,465	231,267	201,698

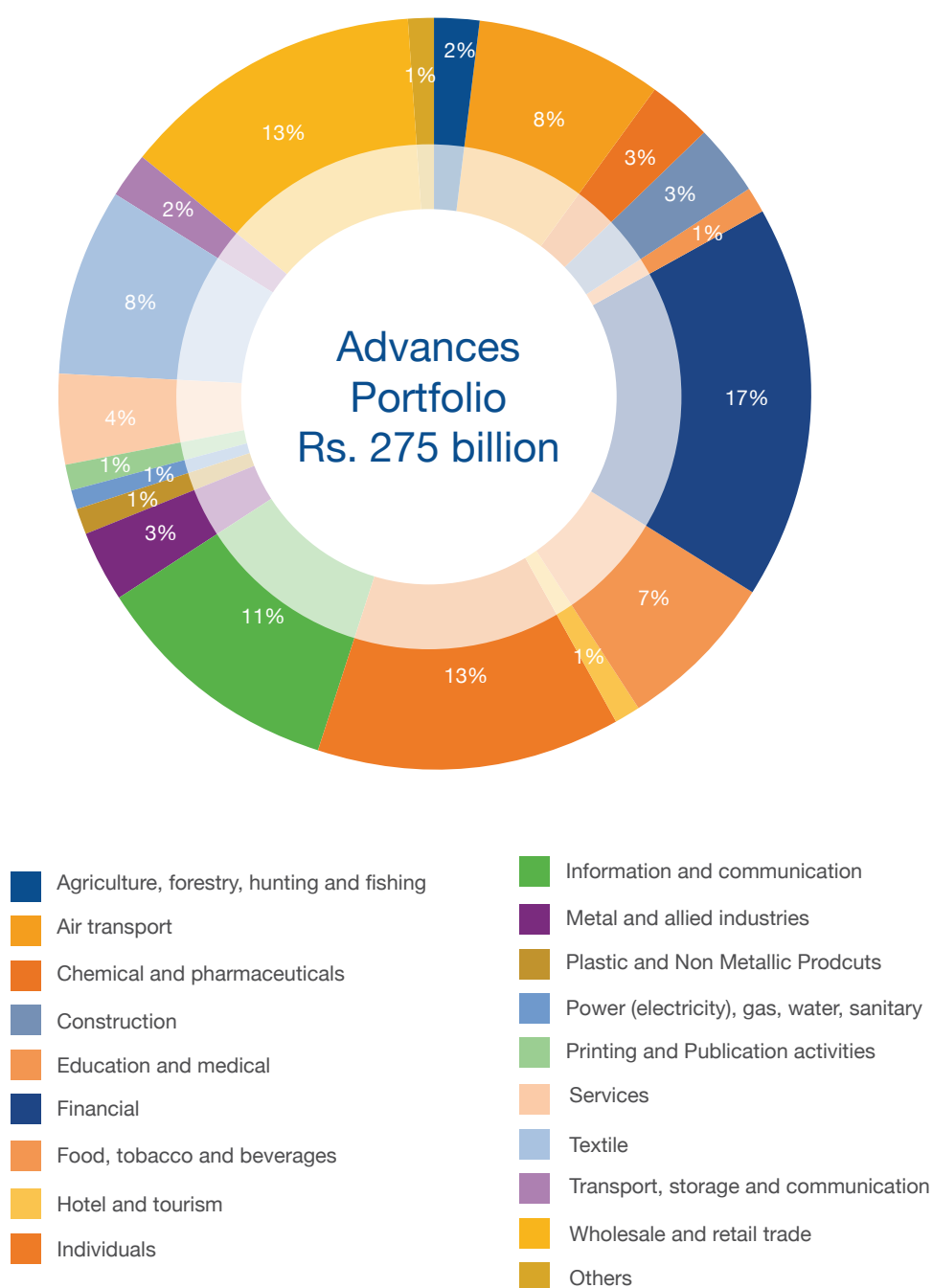


NON-PERFORMING LOANS

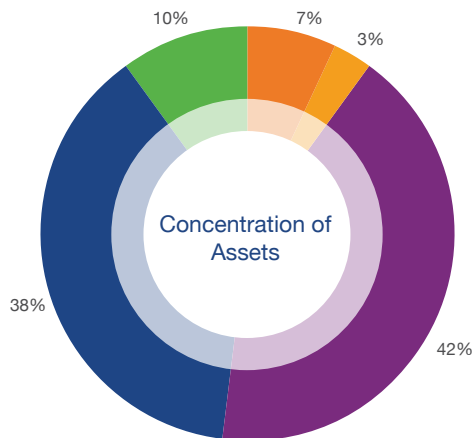
Category wise	2025		2024		Variance		Rs. in million 2025
	NPLs	Provision	NPLs	Provision	NPLs	Provision	Coverage
OAEM	317	29	368	24	-13.95%	22.38%	9.29%
Substandard	887	177	2,295	856	-61.33%	-79.30%	19.98%
Doubtful	730	249	4,250	1,923	-82.82%	-87.04%	34.11%
Loss	21,287	17,492	14,415	12,281	47.68%	42.44%	82.17%
Total	23,221	17,948	21,328	15,084	8.88%	18.99%	77.29%



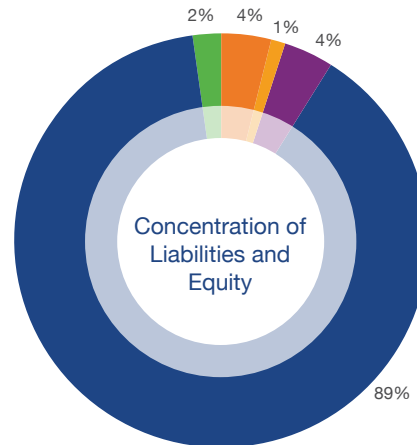
ADVANCES BY SEGMENT



FUNDING MIX



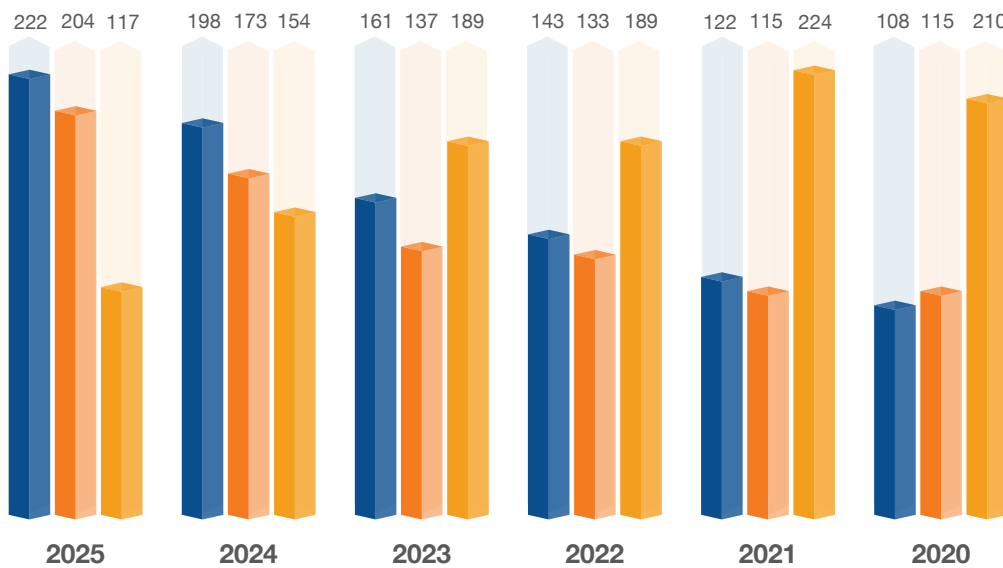
Cash and Bank Balances
 Property and Equipment and Other Assets and Other Assets
 Advances - net
 Investment - net
 Lending to Financial Institutions



Bills Payable
 Subordinated Debt
 Deposit and other accounts
 Borrowings
 Deferred Tax and Other Liabilities

Deposit Breakdown

Rs. in billion



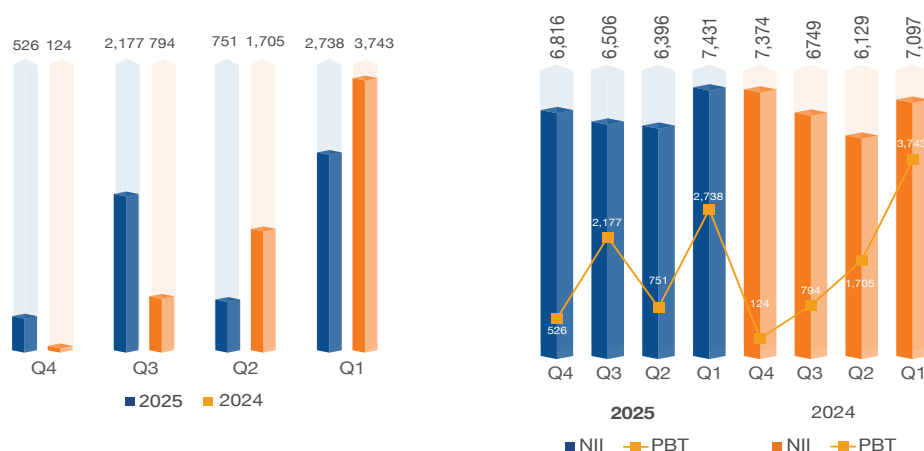
Non-Remunerative Deposits
 Saving Account
 Term Deposit

QUARTERLY PERFORMANCE

	2025				2024			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Profit and loss account								
Mark-up earned	15,484	16,669	17,993	21,306	25,692	29,851	26,629	26,369
Mark-up expensed	(8,668)	(10,163)	(11,597)	(13,875)	(18,318)	(23,101)	(20,500)	(19,271)
Net mark-up income	6,816	6,506	6,396	7,431	7,374	6,749	6,129	7,097
Non mark-up income	2,238	3,386	4,361	3,179	1,508	3,652	2,419	3,714
Total Income	9,054	9,892	10,756	10,610	8,882	10,401	8,548	10,812
Non-mark-up expenses	(8,125)	(7,802)	(7,480)	(7,129)	(7,303)	(7,250)	(6,663)	(6,358)
Profit before credit loss allowance / provisions	930	2,090	3,276	3,481	1,580	3,151	1,885	4,454
Credit loss allowance and write off	(403)	86	(2,525)	(744)	(1,456)	(2,357)	(180)	(711)
Profit before taxation	526	2,177	751	2,738	124	794	1,705	3,743
Taxation	(299)	(1,164)	(483)	(1,449)	(403)	(437)	(653)	(2,025)
Profit after taxation	227	1,012	268	1,289	(279)	357	1,052	1,718
Statement of Financial Position								
Assets								
Cash and balance with treasury banks	40,697	48,065	43,755	51,835	43,058	47,296	47,790	44,336
Balances with other banks	5,197	2,249	2,213	3,138	3,617	3,216	4,198	2,992
Lendings to Financial Institutions	19,839	1,848	280	-	2,000	1,691	4,978	-
Investments	278,028	366,999	367,948	360,548	302,437	310,219	376,504	319,904
Advances	249,776	194,891	205,080	193,015	225,519	263,004	194,885	197,449
Property and equipment	12,794	12,573	12,390	12,254	12,087	8,883	8,624	8,771
Right-of-use assets	3,074	2,937	2,693	2,577	2,610	2,558	2,398	2,288
Intangible assets	6,530	7,230	7,194	7,198	6,806	6,365	5,750	5,250
Deferred tax assets	-	-	-	-	-	-	-	-
Other assets	39,701	38,885	36,944	39,495	37,974	37,074	41,868	39,857
	655,636	675,677	678,497	670,060	636,108	680,306	686,995	620,847
Liabilities								
Bills payable	7,839	6,318	8,178	5,508	8,126	5,234	7,615	5,064
Borrowings	26,128	32,082	28,481	53,224	28,699	80,536	46,845	29,144
Deposits and other accounts	543,502	556,404	565,737	534,319	525,134	518,735	557,862	514,013
Lease liabilities	3,194	3,154	2,856	2,658	2,788	2,711	2,556	2,378
Subordinated debts	8,494	8,494	8,495	8,496	8,496	8,496	8,497	8,498
Deferred tax liabilities	694	285	208	278	671	1,157	158	217
Other liabilities	19,124	22,494	19,043	21,086	18,487	19,955	21,653	20,795
	608,976	629,231	632,998	625,569	592,401	636,824	645,186	580,109
Net assets	46,661	46,446	45,499	44,491	43,707	43,482	41,808	40,738
Represented by:								
Share capital	20,507	20,507	20,507	20,507	20,507	20,507	20,507	20,507
Reserves	7,681	7,646	7,463	7,383	7,114	7,158	7,095	6,882
Surplus / (deficit) on revaluation of assets - net of tax	3,076	3,138	3,190	2,842	3,378	2,795	1,462	1,046
Unappropriated profit	15,397	15,155	14,339	13,759	12,708	13,022	12,745	12,303
	46,661	46,446	45,499	44,491	43,707	43,482	41,808	40,738

Quarterly PBT and NII

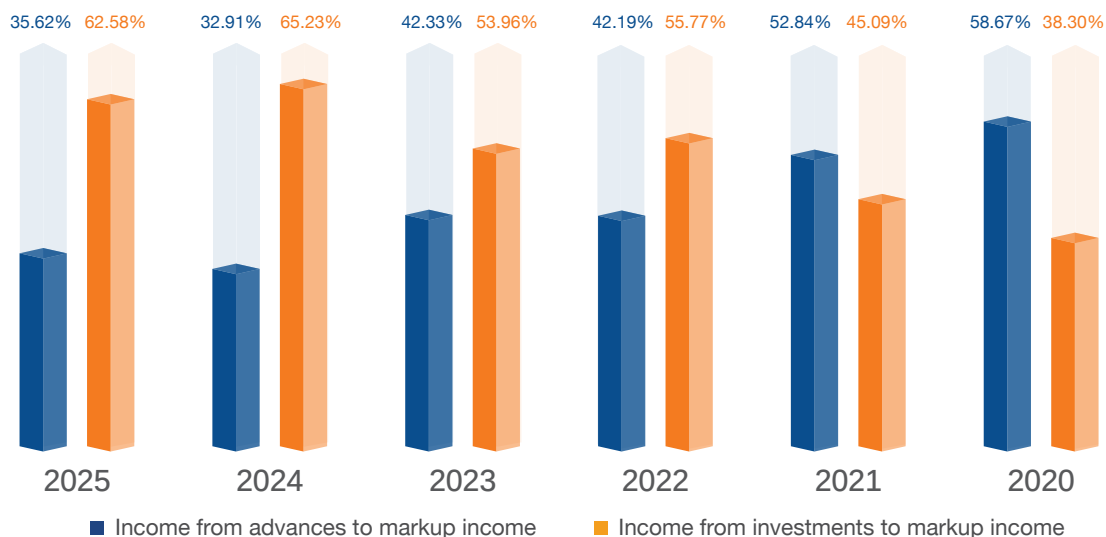
Rs. in million



MARKUP AND NON-MARKUP INCOME

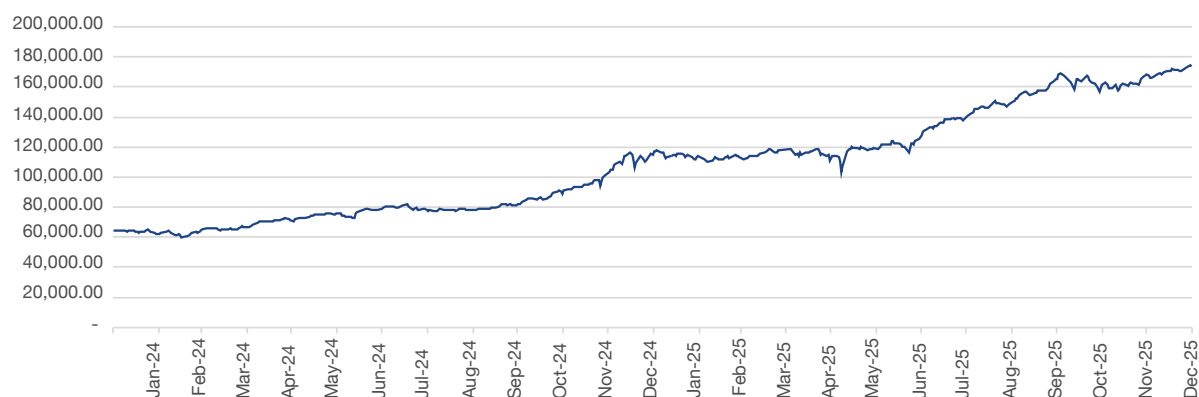
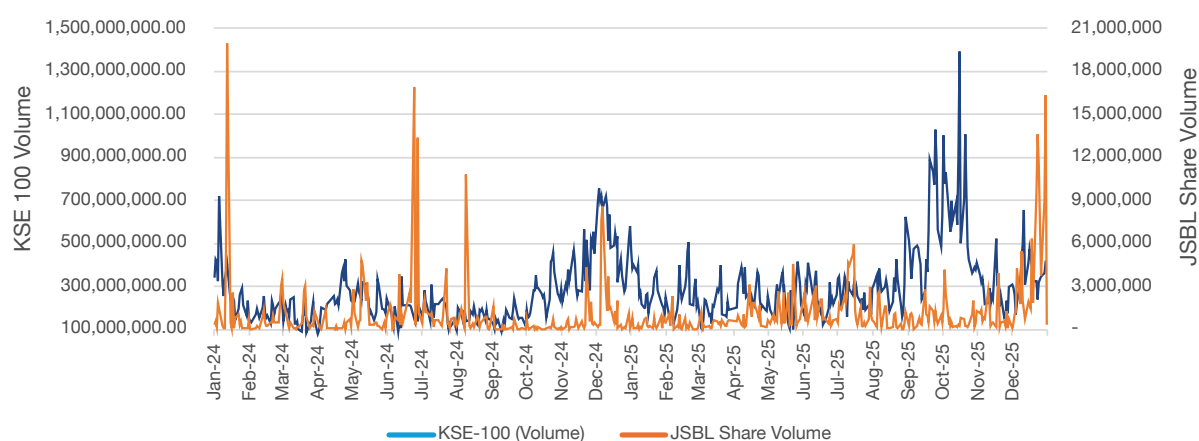
	2025	2024	2023	2022	2021	Rs. in million 2020
Mark-up/return/interest earned						
Loans and advances	25,453	35,721	38,977	30,398	20,672	25,288
Investments	44,714	70,800	49,689	40,181	17,643	16,509
Lendings to financial institutions	378	385	247	60	26	33
Balances with others banks	278	382	305	79	46	10
Securities purchased under resale agreements	629	1,252	2,869	1,329	738	1,259
	71,452	108,540	92,087	72,047	39,125	43,099
Mark-up/return/interest expensed						
Deposits	32,497	61,222	53,705	38,912	21,814	29,390
Borrowings	8,502	14,137	12,446	16,279	3,815	1,889
Sub-ordinated debts	1,164	1,909	1,782	1,064	696	900
Cost of foreign currency swaps against foreign currency deposits / borrowings	1,704	3,526	1,444	580	518	737
Finance charges on leased assets	436	396	301	356	388	406
	44,303	81,190	69,678	57,191	27,231	33,322
Net Markup income	27,149	27,351	22,409	14,856	11,894	9,777
Non-markup / interest income						
Fee and commission income	4,953	4,848	4,133	3,213	3,207	3,596
Dividend income	2,442	2,310	1,752	131	574	98
Foreign exchange income	1,923	3,290	5,758	2,162	1,187	1,010
Gain / (loss) on securities	3,295	755	114	(306)	95	1,873
Income from derivatives	-	26	-	(77)	12	29
Other income	551	64	448	177	3	70
	13,164	11,293	12,205	5,300	5,078	6,676

Markup income from Advances and investments (2025 - 2020)



MARKET SHARE INFORMATION

Period end	JSBL Share Price			Free Float		Market Capitalization	
	High	Low	Close	Shares (m)	%	Shares (m)	Value (m)
December 31, 2025	23.34	16.54	16.87	410	%20	2,051	34,595
September 30, 2025	22.14	13.56	22.04	410	%20	2,051	45,197
June 30, 2025	12.33	7.32	12.33	410	%20	2,051	25,285
March 31, 2025	11.66	7.87	8.10	410	%20	2,051	16,610
December 31, 2024	9.50	8.20	9.06	410	20%	2,051	18,579
September 30, 2024	11.92	8.62	8.62	410	20%	2,051	17,677
June 30, 2024	10.15	8.57	9.77	410	20%	2,051	20,035
March 31, 2024	10.08	8.26	9.26	410	20%	2,051	18,989



SHARE PRICE SENSITIVITY ANALYSIS

Factors that can influence the share price of JS Bank Limited are given below::

Policy Rate

The monetary policy rate can be changed by the SBP based on different macroeconomic factors. Any volatility in the interest rates may impact revenue and profitability of the Bank and the share price as well.

Regulatory Changes

Any changes in regulatory measures or requirements such as upward revision in the minimum deposit rate, higher minimum capital ratios, Lower CRR requirement or stricter liquidity rules, can affect bank's operations and stock price..

Economic Environment

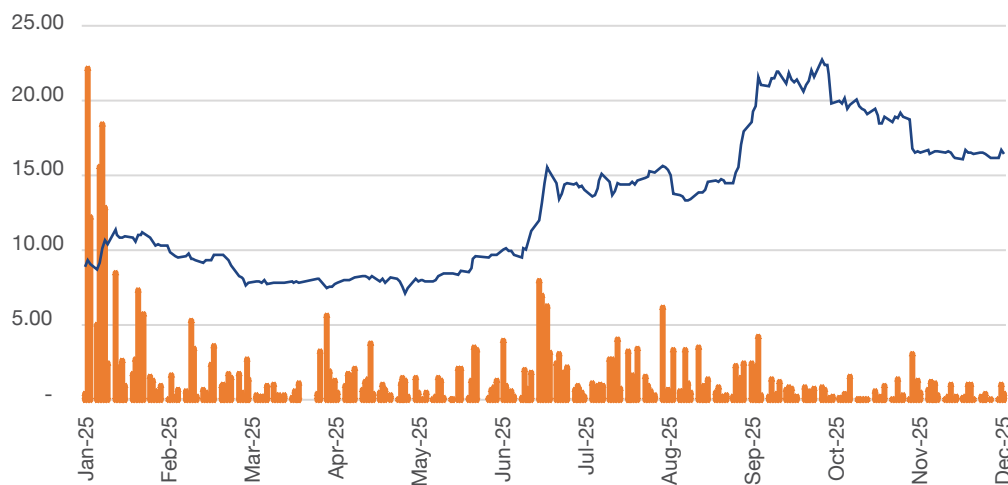
Factors such as GDP growth, inflation, Balance of Payment, and general economic conditions affect loan demand, credit quality and overall financial performance of the Bank..

Political Stability and Law and order situation

Political instability and turmoil would adversely impact the market sentiment and investor confidence. This could influence the capital market performance and share price volatility

Sensitivity Analysis of Change in Market Capitalization

Share Price as of December 31, 2024	Rs. 9.06
Market Capitalization as of December 31, 2025	Rs. 34,595 Million
Change in Share Price by +10%	Change in Market Capitalization Rs. 3,459 Million
-10%	Rs. (3,459) Million



SENSITIVITY ANALYSIS - FOREIGN CURRENCY FLUCTUATIONS

Sensitivity Analysis-Foreign Currency Fluctuations

During 2025, the Pakistani rupee (PKR) demonstrated notable stability against the US dollar, trading within a range of 278.56 to 284.97. This stability was driven by a balanced external account, strong remittance growth, and the effective implementation of the IMF's Extended Fund Facility (EFF). By the end of the year, the rupee had depreciated by a mere 0.53%, moving from an opening rate of 278.64 to close at 280.12. This steady exchange rate environment played a vital role in easing inflationary pressures throughout the year.

Risk Management and Regulatory Compliance

The Bank operates under a rigorous governance framework where the Board defines the risk appetite, and the Risk team provides continuous oversight. While the Treasury department proactively manages daily liquidity and foreign exchange exposure limits, the Risk Management team ensures strict adherence to the State Bank of Pakistan's (SBP) Basel III standards. This includes maintaining the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) to ensure full compliance with national and international liquidity benchmarks.





CALENDAR OF MAJOR EVENTS - 2025

**February
28, 2025**

Annual Results – 2024 approved by Board

**March
28, 2025**

19th Annual General Meeting

**April
23, 2025**

1st Quarter Results – 2025 approved by Board

**August
22, 2025**

2nd Quarter Results – 2025 approved by Board

**October
24, 2025**

3rd Quarter Results – 2025 approved by Board

**December
30, 2025**

Board Meeting for approval of Budget 2026

VALUE CHAIN

JS Bank's value chain is designed to create sustainable value for customers, shareholders, and the broader financial ecosystem. It integrates digital innovation, customer-centric services, strategic partnerships, and operational excellence to deliver seamless financial solutions. Our value chain comprises primary activities that directly deliver banking services to customers and support activities that enable innovation, efficiency, and governance across the organization.

Downstream activities (Primary Activities)

Design and development of innovative financial products and services, tailored for retail, SME, corporate, and emerging customer segments.

Deposit mobilization and customer acquisition through an optimized branch network and digital banking channels.

Digital banking services, including mobile, internet, and WhatsApp banking, enabling seamless customer transactions.

Customer engagement and service excellence, supported by efficient service delivery and continuous feedback mechanisms.

Upstream Activities (Supporting Activities)

Digital and banking infrastructure, enabling secure and scalable financial services.

Technology development and process automation to improve efficiency and customer experience.

Human capital development, focusing on talent growth, diversity, and a performance-driven culture.

Risk management and regulatory compliance, ensuring financial stability and responsible banking.

Governance and stakeholder engagement, strengthening transparency, partnerships, and sustainable growth.

Core Competencies

Integrated physical and digital banking network delivering convenient and accessible financial services.

Deep understanding of customer behavior and evolving financial needs, particularly among younger and digitally native segments.

Strong expertise in retail, SME, and transactional banking solutions.

Continuous staff development and capability building to enhance service quality.

Process automation and digital platforms improving operational efficiency and scalability.

Distinctive Competencies

Digital-first banking approach, enabling end-to-end customer journeys across multiple channels.

Integrated product ecosystem, combining deposits, payments, trade, and financing solutions.

Customer-centric advisory capabilities, providing tailored financial solutions across segments.

Strategic partnerships and ecosystem collaborations that expand financial access and innovation.



STRATEGY AND RESOURCE ALLOCATION

FINISH LINE & RESET

Review yearly savings, debts, and investments.
Reset clear, achievable financial goals for success.

Fitness Challenge: Complete a personal
fitness challenge.





STRATEGY AND RESOURCE ALLOCATION

At JS Bank, we are dedicated to spearheading sustainable growth and delivering comprehensive solutions that transcend traditional banking through intelligent innovation. To achieve this, we are strategically investing in Artificial Intelligence, our people, and an optimized network. Our strategy supports steady growth by prioritizing customer centricity, data-driven automation, and cost efficiency. We have streamlined our structure to ensure agile decision-making in an increasingly digital landscape. Our expansion into Islamic Banking with “BankIslami” continues to cater to diverse banking needs, fostering significant benefits of scale.

Our strategic focus spans from leveraging AI-enhanced technology to deliver customer service excellence specifically tailored for the tech-savvy Gen-Z and millennial demographics, to expanding our reach to drive sustainable income growth. We are committed to establishing a prominent presence both nationally and internationally through a dual focus on digital leadership and Climate-conscious finance. By fostering partnerships that add value and champion environmental, social, and governance (ESG) initiatives, we aim to integrate deeply and responsibly into Pakistan’s evolving financial ecosystem.

Strategic Objectives

Short Term	AI-Enhanced Customer Experience: Deploy AI-driven chatbots and virtual assistants to provide 24/7 instant support, reducing response times and improving the digital interface for Gen-Z and millennial users. Data-Driven Decision Making: Use machine learning models to optimize costs and refine credit scoring, ensuring growth in high-yielding products is backed by predictive risk analytics. Hyper-Personalization: Leverage data analytics to offer tailored product recommendations to customers based on their spending patterns and financial behaviors.
Medium Term	Steadily increase our customer base and deposits, grow our market share in consumer products to be a leader within mid-sized banks with a diversified portfolio of products and a low infection rate. Through our diversified portfolio of products, we provide financial solutions to individuals, SMEs, agricultural customers, and Public and private sector organizations. To have end-to-end digitally enabled banking solutions for Gen Zs and millennials and establish the Bank as an innovative and customer-centric.
Long Term	Develop JS Bank as a prominent Bank of the country with an international presence. Deliver a user experience that transcends conventional and Islamic banking norms and embeds deeply within the financial ecosystem of Pakistan’s economy. Continue to connect with like-minded organizations to create synergies and build a network of partners that deliver value to our customers, leveraging the benefits of these partnerships. Global ESG Leadership: Mature the ESG framework into a core competitive advantage, attracting international climate-focused investment and partnerships.

Strategies in Place

At JS Bank, we are redefining our branch network, placing operational excellence and customer centricity at the heart of everything we do. By harnessing predictive data analytics and actively engaging with real-time customer feedback, we are committed to delivering a seamless banking experience that meets our high service standards at every touchpoint.

Our focus remains on expanding the reach of our WhatsApp, mobile, and online banking services, creating secure, AI-augmented solutions for our tech-savvy customers. As the digital landscape in Pakistan evolves, we remain focused on delivering robust digital banking platforms that prioritize speed and accessibility. Collaborations with FinTech and AI innovators will remain crucial, ensuring our services remain secure, our insights remain sharp, and our operations remain agile in the face of change.

We will concentrate on leveraging our core strengths in Retail and SME banking, refining our flagship product offerings through personalized digital journeys, and driving revenue growth through strategic initiatives in deposits and non-funded income streams, including Trade and Cash Management.

Our greatest asset is our human resources. Inspired by an organizational vision where talent thrives, we are fostering a dynamic, inclusive work culture that celebrates diversity and equality. We are committed to empowering our team with digital literacy and data-driven tools, propelling us towards our growth ambitions. We regularly recalibrate our Key Performance Indicators to align them with our strategic objectives, ensuring they stay relevant amid evolving economic, technological, and regulatory landscapes.

Strategic Objective	Strategy for Meeting Objective	KPI
Accelerate digital transformation and AI integration to optimize costs, automate processes, and enhance customer satisfaction.	Enabling end-to-end banking solutions through digital channels (Mobile, WhatsApp, Internet) enhanced by AI-driven assistants. Automate onboarding via Digital Account Opening and document verification (e-KYC) to reduce friction. Harnessing predictive analytics for a 360 view of customers to offer personalized financial solutions and cross-sell opportunities.	% Increase in Mobile banking usage vs. target. % Decrease in manual account opening processes % of customer queries resolved via AI-powered digital assistants.
Provide value-added services and operational excellence through an established branch footprint.	Position branches strategically with a modern look and feel. Improve experience by reducing turnaround times via automated queue management and digital feedback loops.	Improvement in BSI (Branch Service Index) score vs. target and previous year.
Maintain a strong capital base and healthy deposits and advances.	Grow deposits and advances by capitalizing on market opportunities. Use data-driven credit scoring models to focus on SME and commercial clients with competitive, risk-adjusted pricing.	Growth in deposits and advances in comparison to the target and the previous year.
A diverse portfolio of profitable products meeting consumer needs across each segment.	Offer innovative, digitally enabled solutions for SMEs. Increase customer “stickiness” by leveraging AI for hyper-personalized product recommendations and digital conversion.	Growth in Ending Net Receivable from customers vs. the target and the previous year.
An optimized, future-ready, and well-led diverse organization.	Encourage gender equality and diversity. Foster a culture of continuous learning with a focus on digital literacy and AI-human collaboration.	Global Diversity and Inclusion Benchmark.

Resource Allocation Plan

Nature of Capital	Resource Allocation Plan
Human Capital	• Ensure the organizational structure is optimized for digital-first delivery and AI-human collaboration. • Prioritize retention of high-potential talent while upskilling our workforce in data literacy and emerging technologies. • Continuous training focused on high-empathy customer service, complemented by digital tools that streamline routine tasks.
Manufactured Capital	• Strategically expand the branch network with a focus on “Smart Branches” that integrate physical presence with digital self-service. • Tailor services to expand the customer base through data-driven product placement. • Equipping branches with AI-enhanced hardware and secure digital touchpoints to improve service speed.
Financial Capital	• Direct investment into AI infrastructure, process automation, and cybersecurity to achieve technological leadership. • Allocate capital to high-return, green-certified assets and digital-first initiatives that drive cost efficiencies and sustainable profitability.
Intellectual Capital	• Reengineer processes using Robotic Process Automation (RPA) and AI to create synergy and eliminate operational bottlenecks. • Drive compliance across the organization, ensuring all governance standards are strictly implemented and followed. • Drive constant innovation in proprietary algorithms and data models to improve predictive customer satisfaction.
Social and Relationship Capital	• Forge strategic partnerships with AI innovators to introduce pioneering, tech-led banking solutions. • Deepen collaborations with entities focused on Green Energy and ESG compliance, reinforcing our commitment to climate resilience. • Scale the “Paperless Environment” initiative through digital-only documentation and active participation in national environmental sustainability goals.

Strategy to Overcome Liquidity Problem

JS Bank actively manages its liquidity and funding to support business strategy and meet regulatory requirements at all times, including under stress scenarios. Liquidity risk is managed through a detailed risk management framework approved by the Board of Directors. Under this framework, the Bank closely monitors its liquidity position by analyzing early warning indicators and various risk appetite measures, including the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). The Bank's current, savings, and term deposit base indicates a stable and sound liquidity position. The Bank also maintains a robust portfolio of marketable securities that can be realized in the event of liquidity stress. Currently, JS Bank is fully compliant with Basel III LCR and NSFR standards, demonstrating our ability to meet short-term funding requirements and maintain stable funding in line with our asset portfolio. A well-defined Liquidity Contingency Plan is in place for crisis management. Further details regarding liquidity risk are discussed in the Risk Management section of this report.

Significant Changes from Prior Years

No significant changes in objectives and strategies from the prior year.

BUSINESS MODEL



Sustainable office practices and eco-friendly operations

Continuous improvement of customer experience and satisfaction

Effective and agile risk management strategies

Ongoing professional development and upskilling opportunities for employees

High employee satisfaction and motivation levels

Commitment to diversity and inclusion, including hiring people with disabilities

Full compliance with all regulatory standards and requirements

Continuous innovation and adoption of digital technologies

Socially responsible business practices and community involvement

Meaningful contributions to Corporate Social Responsibility initiatives

Strong ethical values and principles ingrained in all business practices

TO SHAREHOLDERS



Profit after Tax Rs. 2,796 million
Earnings per Share Rs. 1.36
Return on Equity 6.19%
CAR 13.12%
Return on Assets 0.43%

TO HUMAN CAPITAL



Salaries & Benefit Rs. 11,207 million
Robust training and development programs
Professionally trained and skilled service staff
Well-structured and beneficial internship opportunities.
Engaging team building and motivational programs to foster collaboration and productivity.

TO CUSTOMERS



Deposits Growth 3.50%
CASA Mix Improved to 78.45%
Commendable customer complaint resolution rate.

TO REGULATOR



Strict adherence to all regulatory mandates and standards.
Effective corporate governance policies and their rigorous implementation.

TO SOCIETY



Contribution to CSR Rs.124 million
Strong and positive customer relations and engagement.
Inclusive hiring practices that welcome people with disabilities.
Supportive and inspiring workplace culture and environment.



IDENTIFICATION AND MITIGATION OF RISKS AND OPPORTUNITIES

SHARPEN YOUR FINANCIAL FORM

Eliminate financial “junk reps.” Cut one wasteful habit and redirect funds toward meaningful goals.

Fitness Challenge: Perfect your form by doing slow, controlled reps.



RISKS AND OPPORTUNITIES

Summarized risks, opportunities and related mitigating factors are documented below:

Risk Type	Materiality Rating	Residual Risk Post Embedded Controls	Source	Strategy	Impacted Capital
Credit Risk refers to the possibility that a borrower will fail to meet their financial obligations, resulting in a loss. The risk of loss arises from the borrower's failure to repay the obligation amount including principal and markup and other receivables	High	Medium	External	Measurement: Credit Risk Management function under Credit Risk Group identifies, measures, manages, monitors, and mitigates credit risk. Credit Risk is measured and estimated through detailed quantitative financial and qualitative analysis, internal and external credit risk ratings including Obligor risk rating, facility risk ratings, and borrower's account behavior analysis. Monitoring: Ongoing monitoring of credit risk pertaining to the advances portfolio is a crucial part of managing Credit risk. The Credit Risk function carries out review of borrowers through evaluation of credit proposals and the Credit Admin Department (CAD) function under centralized Operations performs post disbursement monitoring including security documentation and limits monitoring. In addition, the Business function teams are continuously in contact with customers and are vigilant about any problematic behavior that may pose an imminent credit risk event. Credit Risk, in coordination with Business teams, proactively categorizes problematic accounts into Early Alert and Watchlist categories, which further aid in monitoring the advances portfolio. Management: The Bank has a diversified loan portfolio spread over Corporate / Commercial and SME Business Segments with different industry sectors. The Credit Risk function ensures the minimization of credit risk associated with borrowers. Credit and Risk Management Groups have a defined structure with credit approving authorities with Central Credit Committee (CCC) in place to approve large credit exposures. The Bank has Loan Originating System (LOS) in place for automated credit approval process in a paperless environment to optimize the turnaround time with effective credit and control policies. To further enhance the credit risk analysis, the Bank has in place Internal Credit Risk Rating (ICRR) model for Obligor Risk Ratings (ORR) and Facility Risk Ratings (FRR) along with Environmental Risk Rating (ERR) for corporate, commercial, and small and medium enterprise borrowers. The Bank has a Risk Management Committee (RMC) at the management level and a Board Risk Management Committee (BRMC) at the board level, which convene on a quarterly basis to discuss and deliberate key risk issues at the portfolio level and to oversee that exposures remain within risk limits.	Financial

Risk Type	Materiality Rating	Residual Risk Post Embedded Controls	Source	Strategy	Impacted Capital
Market Risk is the risk of loss arising from potential unfavorable change in the Bank's assets and liabilities from market variables including, but not limited to, interest rates, foreign exchange rates, equity prices, commodity prices, spreads, and market volatilities	High	Low	External	Measurement: The Bank is exposed to market risk through its trading and other investment activities, including derivatives and options. VaR methodologies, augmented by sensitivity analysis, notional limits, management action triggers, stop-loss triggers at the script and portfolio levels, and stress testing, are used to capture and report the various aspects of market risk. Monitoring: The Bank has a separate Market Risk Unit under the Risk Management Group, which ensures that market risk limits do not exceed the tolerance levels set by the Board. The Assets and Liabilities Committee (ALCO) is entrusted with monitoring market risk exposures and limits through periodic meetings. Management: The Bank follows a balanced approach to risk-taking in the market risk area. Its robust risk management framework ensures that exposures remain within the defined risk appetite. Dashboards for money market and foreign exchange exposures are presented regularly to manage limits and exposures within defined levels.	Financial

Risk Type	Materiality Rating	Residual Risk Post Embedded Controls	Source	Strategy	Impacted Capital
Liquidity Risk is the risk that the Bank is unable to offset certain positions at marketplace or the inability of the Bank to convert assets to cash or obtain funding from other sources	High	Low	Internal and External	Measurement: The Bank measures liquidity risk as part of its liquidity monitoring activities. The purpose of liquidity risk assessments and stress tests is to ensure sufficient liquidity for the Bank under both normal and stress conditions. Monitoring: In line with SBP's directives under the Liquidity Risk Framework and Basel III guidelines, the Bank regularly monitors liquidity risk using various tools, including the Net Stable Funding Ratio (NSFR) and the Liquidity Coverage Ratio (LCR). The Bank has also established Early Warning Indicators and Liquidity Risk Analysis tools to trigger management attention when necessary. The Bank employs stress testing to assess its balance sheet's vulnerability to hypothetical stress events. Liquidity risk factors undergo significant shocks, and their impact on the balance sheet is quantified. Stress testing encompasses scenarios defined by both regulatory standards and internally identified risks. Results are communicated to senior management, the Board of Directors, and regulators. Management: The Bank follows a liquidity risk management approach to manage funding sources and intraday liquidity management. The Bank's deposit base indicates a stable liquidity position, and its NSFR and LCR are well above the regulatory requirements. The Bank strategically emphasizes diversification and stability in its funding approach. Its funding base is varied, encompassing stable sources like equity, subordinated loans, retail and small business deposits, and less stable forms such as deposits from larger entities. It is fully compliant with Basel III Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), ensuring an ample supply of high- quality liquid assets relative to liabilities. The Liquidity Coverage Ratio's (LCR) key drivers include High-Quality Liquid Assets (HQLA) and Net Cash Outflow, determined by asset liquidity quality and liability profile volatility, while NSFR's key drivers primarily include equity base, long-term funding, and High- Quality Liquid Assets. ALCO has the responsibility for liquidity management and the contingency funding plan. Underlying policies are approved by the Board for liquidity, investment, and treasury. A Contingency Funding Plan (CFP) is in place to address liquidity challenges during crises. The CFP identifies stress scenarios and corresponding funding plans, incorporating early warning indicators. Three contingency levels are defined in the CFP, with varying action plans for each level.	Financial

Risk Type	Materiality Rating	Residual Risk Post Embedded Controls	Source	Strategy	Impacted Capital
Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal risk, but excludes strategic and reputational risk. It also includes Risk that the Bank may face prolonged operational disruptions and fails to recover critical processes within the Recovery Time Objective (RTO).	Medium	Low	Internal and External	Measurement and Monitoring The Bank's Operational Risk Management Framework ensures that an adequate control environment exists to identify, address, and manage operational risks. The focus is on fostering a culture wherein all employees understand that they have the primary responsibility of managing operational risk and integrate the defined control framework into their daily jobs. Effective Risk and Control Self-Assessment reviews, coupled with Key Risk Indicator reporting by the first line, enable monitoring of the effectiveness of existing controls and help readily identify improvement areas if something goes wrong. Operational loss data covering actual losses, near misses, and recoveries recorded in a centralized loss event database and loss event type classifications. The Bank conducts regular Business Impact Analysis (BIA) to identify critical processes, recovery priorities, and acceptable downtime thresholds. Based on the BIA outcomes, appropriate Business Continuity Plans (BCPs) developed, maintained, and periodically tested. Management There is an Operational Risk Management Committee (ORMC) at the management level to oversee the Bank's operational risk profile and exposure to significant operational risk events. This committee plays a vital role in setting the "tone at the top," embedding a strong operational risk management culture throughout the organization. Periodic updates on operational risk and loss events are presented to the ORMC and the board sub- committee.	Financial, Social, Human and Intellectual Capital
Capital Adequacy Risk is the risk which is registered in an event when the Bank has an insufficient capital to support its business activities and to meet the regulatory requirements under normal and stressed situations	High	Medium	Internal and External	Measurement: The Bank has a capital base above the regulatory limits and Basel requirements and is following the predefined format and criteria mentioned in the Basel II and III guidelines. Monitoring: The Bank assesses the current and future capital requirements and ensures that the minimum capital requirements specified by the State Bank are adhered to. Regular assessment of capital enables the Bank to evaluate adequacy of the amount, type and distribution of capital required to cover various risks. Management: The Bank's total Capital Adequacy Ratio is above the requirement of 11.50% (including capital conservation buffer of 1.50%). The Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio is also above the requirement of 7.5% (inclusive of 1.5% CCB). The Bank maintains a leverage ratio above the regulatory limit of 3.0%. The Bank will continue to accumulate profits to capitalize opportunities in short, medium and long term.	Financial

Risk Type	Materiality Rating	Residual Risk Post Embedded Controls	Source	Strategy	Impacted Capital
Country Risk is the likelihood of a country unable to fulfill its obligations towards one or more foreign lenders/ investors	Low	Low	External	Measurement: The Bank's country Risk exposure is assessed against the Bank's cross border trade and treasury activities. Risk Tolerance Limits are set for various countries with different country ratings. Monitoring and Management: Market Risk Unit and ALCO are responsible for regular monitoring of risk exposure. Country Exposure Limits both for Trade and Treasury exposures are in place, which broadly capture direct exposure on sovereigns and foreign domiciled counterparties	Financial
Information and Cybersecurity Risk is the potential for financial, operational, or reputational harm to the Bank and its stakeholders arising from the exploitation of vulnerabilities within its digital ecosystem. This encompasses threats to information systems, the infrastructure they inhabit, and the evolving cyber-threat landscape, including sophisticated external attacks, internal malfeasance, and systemic weaknesses in third-party technology environments.	High	Low	Internal and External	Monitoring and Management: The Bank is committed to delivering simplified banking solutions through cutting-edge technology and processes, designed to safeguard customer and sensitive data against evolving threats. By adopting a rigorous, risk-based methodology, the Bank follows a proactive approach to identify vulnerabilities and implement targeted mitigations. The Bank's security architecture is based on a 'defense-in-depth' approach, layering preventive, detective, and corrective controls to ensure the integrity and confidentiality of data and smooth, secure operations. To maintain the highest standards of resilience, JSBL consistently aligns its frameworks with both local regulatory requirements and international best practices.	Financial, Intellectual, Reputational and Regulatory

Risk Type	Materiality Rating	Residual Risk Post Embedded Controls	Source	Strategy	Impacted Capital
Compliance Risk is the risk of legal or regulatory sanctions, material financial loss, or loss to reputation a bank may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct applicable to its banking activities.	Medium	Medium	External and internal	Measurement: The Bank takes into consideration all regulatory risks for effective management of changes in legislature and regulatory requirements that may affect the Bank. Monitoring and Management: Compliance Function of the Bank reviews key regulatory developments to anticipate changes and their potential impact on its performance. The Bank aims to keep continued compliance with regulatory requirements and is managed by maintaining a governance framework, policies, procedures, systems, and customer support arrangement with an aim to proactively minimize reputational risk. We can manage reputational risk through: ▪ Existence of a well-articulated and socialized policy statement that the Bank personnel must not engage in activities that could negatively impact its reputation ▪ Existence of socialization of policies such as Code of Conduct, Whistle Blowing and Personal Account Dealing ▪ Refraining from activities that could lead to monetary and non-monetary fines from the Regulators ▪ Avoiding any unfavorable/ negative news in the media	Financial and Reputational
Climate Risk These risks are the potential threats arising from climate change that can impact the safety, soundness, and stability of the bank. These are classified into physical risks (damage from extreme weather) and transition risks (policy/market shifts to a low-carbon economy)	Medium	Medium	External	The Bank recognizes climate change as one of the core financial risk and has integrated climate-related risk identification into its broader Environmental and Social Risk Management (ESRM) framework. The assessment process utilizes Environmental Risk Ratings (ERRs) and customer's visits to evaluate high-exposure sectors, ensuring that climate-specific vulnerabilities are identified at the point of credit review. Monitoring and Management: Climate-related risks are managed through a tiered governance structure, with oversight provided by the Board Risk Management Committee (BRMC). Mitigation strategies include the diversification of the credit portfolio toward sustainable sectors and the enforcement of sector-specific lending limits for carbon-intensive industries. To bolster systemic resilience and support the transition to a green economy, the Bank continues to invest in internal infrastructure and sustainable product innovation. In 2025, apart from Solar finance product, the Bank successfully launched the SAAF Digital SME Facility, an end-to-end digital lending platform designed to promote financial inclusion and resource efficiency.	Financial and Reputational

RISK MANAGEMENT FRAMEWORK

Board's efforts for determining the company's level of risk tolerance by establishing risk management policies.

Risk Governance Structure

- Board of Directors
- Board Risk Management Committee (BRMC)
- Management Committees for Risks; including Central Credit Committee (CCC), Risk Management Committee (RMC), ALCO, Operational Risk Management Committee (ORMC), and IT Steering Committee (ITSC) to review IS related matters
- Risk Management Function under the Chief Risk Officer (CRO) broadly covers Risk Governance, Agri Credit Risk, Market Risk and Basel, Business Continuity Planning, Operational Risk, Environmental and Social Risk, Consumer and Program Lending Risk, Information Security and, Digital Risk and Green Banking Office.
- Credit Risk Function under the Chief Credit Officer (CCO) covers risk heads under Corporate, Commercial Banking, Investment and International Banking, and Financial Institutions (FI) and SME Credits.

The Bank operates under a robust risk management framework which is based on three lines of defense; The first line is anchored by business and support units that own and directly manage risks within their operations. The second line, comprising Risk and Compliance, ensures that policies, procedures, and limits remain aligned with strategic objectives and regulatory requirements. The third line, Internal Audit, plays an independent role by providing oversight and objective assurance on the overall effectiveness of the control environment.

Inadequacy in the Capital Structure and Plans to Address Such Inadequacy

The Bank is not facing any inadequacy in its capital structure and has capital adequacy well above the regulatory requirement.

Information about default in payment of any debts and the reasons thereof

There were no defaults in the payment of any borrowing/debt during the year. The Bank has sufficient liquidity to fulfill all its commitments.

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CORPORATE GOVERNANCE

FINANCIAL DEFENCE DRILLS

Protect your finances by reviewing insurance, updating passwords, and enabling alerts against fraud.

Fitness Challenge: Perform a one-minute single-leg stand per side, twice a day.



CORPORATE GOVERNANCE

Role and Responsibilities of the Board

The roles, responsibilities, prohibitions, and restrictions applicable to the directors of JS Bank Limited are outlined in the Directors' Handbook, prepared and approved by the Board in accordance with applicable laws and regulations.

The Board is responsible for establishing the Bank's goals and strategies, and for defining and implementing policies governing its operations. This framework allows Management to operate within clearly defined parameters. Additionally, the Board sets priorities for the Bank and plays a crucial role in monitoring Senior Management's performance.

Sub-Committees of the Board

To fulfill its responsibilities effectively, the Board has established several subcommittees. For each sub-committee, the Board has adopted formal Terms of Reference that detail the composition, roles, functions, responsibilities, and administration of each committee. The sub-committees meet regularly throughout the year to ensure they can carry out their duties effectively.

The current sub-committees of the Board include:

1. Board Audit Committee
2. Board Risk Management Committee
3. Board Human Resource, Remuneration, and Nomination Committee
4. Board Information Technology Committee

All Board sub-committees have access to appropriate external and professional advice as needed to assist them in fulfilling their roles.

Annual Evaluation of the Board's Performance

The Board of Directors of JS Bank establishes the Bank's strategic direction and ensures the organization adheres to it. This commitment enables the Bank to achieve its long-term objectives while maintaining regulatory compliance. To fulfill its fiduciary responsibility to safeguard the interests of stakeholders, the Board has implemented a formal and effective mechanism for annual evaluations of its performance, as well as that of individual Board members and sub-committees, as required by

the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan.

The Board of Directors of JS Bank is composed of individuals with diverse skills, core competencies, and experience, all dedicated to strong corporate governance to protect the interests of the Bank and its stakeholders. The Board continuously reviews the Bank's financial and operational soundness, governance practices, internal controls, and significant policies in accordance with regulatory requirements. Additionally, specific sub-committees have been formed with defined mandates and terms of reference.

In alignment with Best Practices of Corporate Governance, the Board conducts an annual self-evaluation, engaging Grant Thornton Anjum Rahman Chartered Accountants (GT) as an external facilitator. GT employs a team of qualified consultants to perform board evaluations for companies and banks. In compliance with the State Bank of Pakistan's Guidelines on Performance Evaluation of the Board of Directors and the Listed Companies (Code of Corporate Governance) Regulation of 2019, the JS Bank Board conducted its self-evaluation with the assistance of GT. This evaluation assessed various aspects of Board performance, including the effectiveness of its sub-committees, the CEO, and the Chairman.

The evaluation was executed using a quantitative method based on subjective assessments, utilizing questionnaires developed by the consultants.

This quantitative approach has the advantage of being specific and measurable. The measurement scale used in JS Bank's Board evaluation is a summated rating system, allowing members to indicate how strongly they agree or disagree with each statement. This method ensures that the data collected is specific and measurable, enabling benchmarking over time.

Role and Responsibilities of the Chairman

The Chairman of the Board of Directors is responsible for leading the Board and ensuring that it fulfills its responsibilities effectively. The key responsibilities of the Chairman include:

- Presiding over general meetings of the Bank.
- Setting the agenda for Board meetings and ensuring there is adequate time for discussion.
- Ensuring that the minutes of the meetings accurately reflect what occurred.
- Keeping the minutes in accordance with legal requirements.
- Ensuring that the Board operates efficiently and in line with regulatory requirements.

Role and Responsibilities of the President and CEO

The role of the President and CEO is highly engaged and requires complete involvement in guiding the organization. This position includes the following responsibilities:

- Ensure the successful execution of the strategy developed by the Board of Directors.
- Allocate and manage organizational resources and budgets effectively to meet short- and mid-term objectives that contribute to the long-term strategic goals.
- Establish a system of checks and balances to support the Bank's growth.
- Serve as a liaison between the Board of Directors and the Bank's Management, ensuring that management efforts align with the Board's directives.
- Promote a culture of professionalism and uphold high ethical standards within the Bank.
- Foster an organizational culture that encourages the development of innovative products and services to meet the diverse needs of our customers.

Board's Performance Evaluation

Grant Thornton Anjum Rahman Chartered Accountants (GT) carried out the Board's Performance Evaluation.

Formal Orientation Courses for Directors

The Board members receive regular updates on new applicable laws, rules, and regulations, including any amendments, to ensure they are informed about their powers, duties, and responsibilities. When a new director is inducted, they are provided with comprehensive written materials that include extracts from relevant laws, rules, and regulations regarding the role and responsibilities of the Board of Directors.

Directors' Training

The members of the Board are well aware of their duties and responsibilities as directors of the Bank. Of the seven directors, five have completed the Directors' Training Program, while one is exempt from this requirement. Whereas one newly appointed director will obtain certifications in due course.

The Bank has an effective orientation system in place to familiarize its directors with relevant codes and applicable laws, as well as their responsibilities. This enables them to effectively govern the Bank's affairs on behalf of the shareholders.

Directors' Remuneration

The Bank has an official Directors' Remuneration Policy for non-executive directors, including independent directors, which has been approved by the shareholders.

The remuneration for directors is set by the Board of Directors in accordance with applicable laws. Compensation for attending meetings of the Board and/or Board Committees is determined by the Board of Directors within a reasonable scale. However, Executive Directors do not receive any remuneration for attending Board or Board sub-committee meetings.

Security Clearance of Foreign Director

There is no foreign director on the Board.

Board meetings held outside Pakistan

None

Policy for Actual and Perceived Conflict of Interest

The Bank has an effective system in place to deal with conflicts of interest relating to the Board members. Under this mechanism, any director who



has a business or other interest in a matter being presented at a Board meeting does not participate in either the discussion or the decision on that matter. The procedure to handle the conflict of interest in the Board meetings is followed strictly, and no breach occurred during the year.

Customers' Grievance Policy

The Bank is committed to enhancing customer understanding and delivering the highest levels of service quality and satisfaction. To achieve this, we have established an independent Service Quality function responsible for managing service quality, phone banking, problem resolution, quality assurance, and ensuring fair treatment of customers.

In accordance with the SBP Consumer Grievance Handling Mechanism, the Bank conducts survey every two years to assess customer satisfaction regarding our grievance handling process. The findings from these surveys are reported to the Board and the SBP, and we take proactive steps to address any areas of service that require improvement.

Our objectives include maintaining fairness in customer interactions, ensuring clear communication, fostering a service-oriented culture, and designing an effective grievance handling mechanism. Additionally, we emphasize the importance of financial literacy among our customers through our Consumer Education and Financial Literacy Program. This initiative promotes responsible behavior and informed financial decision-making.

To improve the visibility of our complaint-handling process, we incorporate awareness messages in various customer communications, such as account statements, ATM screens, and letters. Furthermore, we have made information about our recourse mechanism available on social media and regularly send SMS messages and E-Shots to our customers every quarter to enhance accessibility.

Investors' Grievance

Investors may speak with the Company Secretary or go to the Bank's official touchpoints at <https://jsbl.com/touchpoints> to express their complaints (against any stakeholder):

Company Secretary

JS Bank Limited

1st Floor Shaheen Commercial Complex,

Dr Zia Uddin Ahmed Road,

Karachi, Pakistan.

Contact Number: +92 (21) 111 572 265 Ext: 7576

Investors can visit the SECP service desk management at <https://sdms.secp.gov.pk/sdmsadmn/> to file a complaint.

Whistle Blowing Policy

Whistle blowing policy was established to receive and handle complaints in a fair and transparent manner and providing protection to the complainant against victimization. Disclosure of such incidences reported to the Audit Committee during the year. HR has clear Disciplinary action procedures, according to which Disciplinary Action Committee explicitly handles all disciplinary related cases in a fair and transparent manner via a standard process to ensure prompt, consistent and fair treatment for all employees. It aims to provide bank's employee a fair, clear and useful tool for correcting performance problems. All employees (full-time, part-time, ad hoc, temporary, contract staff, interns and secondees) and outside parties are expected and encouraged to escalate any actual or suspected irregularities, financial malpractices, frauds, forgeries, and improper conduct to any/ all of the following for their attention and appropriate action:

- Head of Human Resources (HoHR).
- Chief Compliance Officer (CCO).
- Chief Internal Auditor (CIA)

The Bank has made necessary arrangements to provide safe, secure, and confidential reporting channel(s)/ mechanism and implemented a whistleblowing program so that employees and outside parties may escalate their concerns without fear of reprisal or adverse consequences. Where whistleblower chooses to reveal his/ her identity, reasonable efforts are made to ensure confidentiality of the whistleblower's identity (unless otherwise required by law or regulatory authority) to prevent discrimination or victimization. The whistleblower report may be shared with relevant stakeholders (for review, investigation, and appropriate action) strictly on need-to-know basis without disclosing the identity of the whistle-blower. HoHR, CCO, and CIA take appropriate measures to protect the whistle blower from discrimination and/ or victimization. The Internal Audit provides summary findings on significant whistleblowing cases to the BAC on quarterly basis. The BAC reviews the effectiveness

of whistle blowing procedures for receiving (through internal or external sources) complaints/ concerns. Further, The BAC ensures that such concerns are treated confidentially, and the reporting employee(s) are protected and not penalized in any manner and employees remain aware of existence of such procedures and encouraged to be a ‘whistle blower’.

Related Parties Policy

Transactions with Related Parties are a normal feature of trade, commerce and business. JS Bank’s Policy ensures that transactions between the Bank and its Related Parties are based on principles of transparency and arm’s length pricing. The Bank ensures that it meets its obligations under The Companies Act 2017, The Banking Companies Ordinance 1962, Prudential Regulations of SBP, Code of Corporate Governance, Rule Book of Pakistan Stock Exchange, applicable International Financial Reporting Standards and International Accounting Standards and relevant guidelines and directives while entering into and reporting transactions with Related Parties. Facilities extended to Related Parties should be at arm’s length basis and on normal terms and conditions applicable to other borrowers of JSBL. Further, JSBL ensures that the standards are not compromised in such cases and market rates are used while extending facilities to the Related Parties. The details of all Related Party Transactions are placed before the Board Audit Committee and upon recommendations of the Committee, the same shall be placed before the Board for review and formal approval. In the financial statements, which are appended to this Annual Report, the Bank has included adequate disclosures regarding Related Party Transactions while maintaining required protocols.

Business Continuity Plan

The Bank operates under a Board-approved Business Continuity Planning Framework that clearly outlines stakeholder responsibilities to maintain a high state of operational readiness. Through regular testing, the Bank ensures its key functions can seamlessly transition to alternate processing sites if primary locations become inaccessible. Technologically, the Information Technology Group oversees a comprehensive Disaster Recovery Plan (DRP) designed to maintain near-zero downtime for critical systems. This resilience is supported by a geographically separated disaster recovery site, enabling swift system restoration and the uninterrupted resumption of business operations in the event of a primary site disruption.

REPORT OF THE AUDIT COMMITTEE

The Board Audit Committee comprises of three non-executive directors, including two independent directors, one being the Chairman of the Committee. The Committee members as a whole possess rich, diversified experience at various strategic positions, which provides the Committee with significant economic, financial, and business strength for better oversight, supervision, monitoring, and control.

The Committee assists the Board to effectively carry out its supervisory oversight responsibilities on financial reporting, compliance, risk assessment and internal controls. The Committee discharged its duties and responsibilities in accordance with the Terms of Reference (TOR) as approved by the Board of Directors, requirements of the Code of Corporate Governance and other directives issued by the State Bank of Pakistan (SBP).

- The Committee ensures the Internal Audit Function of the Bank is equipped with the necessary financial, human, operational, physical, and technological resources to carry out its mandated responsibilities
- The Committee approves the annual risk-based internal audit plan as part of the risk assessment process.
- The Committee oversees the activities of the Internal Audit Function in accordance with the Internal Audit Charter, duly approved by the Committee, and ensures its independence in the organizational structure.
- The Committee ensures that the internal control system, including financial and operational controls, accounting system, and reporting structure, is adequate and effective.
- The Committee reviews the Bank's statement on internal control prior to endorsement by the Board of Directors.
- The Committee reviews and reports to the board any significant matter(s) identified by the Internal Audit function/ External Auditors that warrant the Board's immediate attention.

- The Committee reviews and recommends the annual financial statements and interim financial statements of the Bank to the Board of Directors for approval.
- The Committee recommends the appointment of External Auditors of the Bank.
- The Chief Internal Auditor (CIA) shall report functionally to the Audit Committee and administratively to the Chief Executive Officer. The overall staff strength of the Internal Audit shall be decided by the Audit Committee based on network and business volume requirements.

Meetings of the Committee

The meetings of the Committee are held to assess the overall risk management and control environment of the Bank, review the activities of the Internal Audit Function, and review the actions taken by Business and Support Groups to implement the Committee's observations. During the year, six meetings of the Committee were held and the following matters (including significant matters) were discussed:

- Review and approve Risk-Based Annual Internal Audit Plan.
- Review Quarterly Report on Internal Control System and significant findings. In addition, review the management's actions to ensure that audit observations/ recommendations receive proper and timely attention by the senior management.
- Review the annual independent assessment /opinion of the CIA on the state of the Bank's internal controls based on the audits conducted over the period.
- Review of quarterly, half-yearly, and annual financial statements, prior to their approval by the Board of Directors.
- The Committee oversees and periodically reviews the ICFR system for effective implementation and its continuous upgradation.

- Review the Management Letter issued by the External Auditors and Management's response thereto.
- Recommend to the Board of Directors the appointment of External Auditors.
- Review Quarterly Activity Report of Compliance.

Internal Controls Framework and Role of Internal Audit Function

The Bank places significant emphasis on establishing stringent controls throughout all its operations. This is a key component of the Bank's policies, which are designed to comply with best industry practices, ethical standards, and regulatory requirements. In this context, the Board of Directors has promulgated policies that provide for assessing the overall effectiveness of the internal control environment.

To ensure effective risk management, the Bank's governance structure for internal control functions comprises three levels of defense. The first line of defense is the business itself, which owns its risks, including its operational risk, and is responsible for its management. The second line of defense is the oversight provided by the Risk Management, Compliance, and control functions, which identify and assess risks impacting existing and new business initiatives, coordinate risk mitigation with risk specialists and businesses, and then report and escalate it to the Risk Management Function for appropriate corrective measures. The third line of defense is an independent and effective Internal Audit Function, which reviews the effectiveness and adequacy of internal controls and continues to monitor compliance with policies and procedures.

The Board of Directors is regularly kept up to date about the compliance status through the Board Audit Committee. As a priority, management addresses all significant and material findings from internal and external auditors and regulators, ensuring that appropriate corrective actions are implemented.

Adequate systems are in place to minimize breaches, repetition of mistakes, and strengthen the control

environment. In addition, the Compliance Function is fulfilling its role in ensuring regulatory compliance across the Bank.

The Bank diligently follows the State Bank of Pakistan (SBP) Guidelines on Internal Control to evaluate the effectiveness of the overall set of internal controls, including financial reporting controls. Comprehensive documentation of bank-wide processes and controls has been completed. Furthermore, the Bank has developed a robust management testing and reporting framework for ensuring the operating effectiveness of key controls and has addressed the identified design improvement opportunities.

Upon satisfactory completion of the Internal Control over Financial Reporting (ICFR) Roadmap, the State Bank of Pakistan (SBP) granted exemption to the Bank in August 2016 from the submission of a Long Form Report (LFR) by external auditors. Further, as per SBP directive vide the BSD-1 Circular Letter No. 1 of 2021, dated July 06, 2021, banks that have completed all stages of the ICFR roadmap are allowed to discontinue submitting the Annual Assessment Report on the efficacy of ICFR to the SBP. However, the SBP may evaluate the Annual Assessment Report as part of supervisory assessments. Accordingly, the Annual Assessment Report for December 31, 2025, on the efficacy of ICFR shall be presented to the Board Audit Committee.



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Chartered Accountants
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Karachi 75530 Pakistan
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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of JS Bank Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **JS Bank Limited** ("the Bank") for the year ended 31 December 2025 in accordance with the requirements of Regulation No. 36 of the Regulations.

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

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

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

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

Date: 04 March 2026

Karachi

UDIN: CR202510106KmLuaJkr0


KPMG Taseer Hadi & Co.
Chartered Accountants

STATEMENT OF COMPLIANCE

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 (the 'Regulations')

Name of company: **JS Bank Limited (the 'Bank')**

Year ended: **December 31, 2025**

The Bank has complied with the requirements of the Regulations in the following manner:

1. The total number of directors of the Bank is seven as per the following:
 - a. Male: Six (Excluding the Chief Executive Officer)
 - b. Female: One
2. The composition of the Board is as follows:

Category	Names
i) Independent Directors	• Lt. Gen. (R) Sadiq Ali • Mr. Khalilullah Shaikh • Mr. Qaiser Noor • Mr. Usman Yousaf Mobin
ii) Non-Executive Directors	• Mr. Adil Matcheswala – Chairman • Ms. Nargis Ali Akber Ghaloo • Mr. Saad Ali Bhimjee
iii) Executive Director	• Mr. Basir Shamsie – President and CEO
iv) Female Director	• Ms. Nargis Ali Akber Ghaloo

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Bank.
4. The Bank has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy, and significant policies of the Bank. The Board has ensured that a complete record of particulars of the significant policies, along with their date of approval or updating, is maintained by the Bank.
6. All the powers of the Board have been duly exercised, and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 (Act) and the Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording, and circulating minutes of meetings of the Board.
8. The Board has a formal policy and transparent procedures for the remuneration of directors in accordance with the Act and the Regulations.

9. Out of seven directors, five directors have completed the Director's Training Program, and one director is exempted from the requirement in accordance with the Regulations. Whereas one newly appointed director will obtain certification in due course.
10. The Board has approved the appointment of the Chief Financial Officer (CFO), Company Secretary, and Head of Internal Audit, including their remuneration and terms and conditions of employment, and complied with relevant requirements of the Regulations. No new appointment has been made during the financial year.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below;-

Audit Committee:

Mr. Khalilullah Shaikh (Independent Director)	Chairman
Ms. Nargis Ali Akber Ghaloo (Non-Executive Director)	Member
Lt. Gen. (R) Sadiq Ali (Independent Director)	Member

HR Remuneration and Nomination Committee:

Usman Yousaf Mobin (Independent Director)	Chairman
Mr. Adil Matcheswala (Non-Executive Director)	Member
Ms. Nargis Ali Akber Ghaloo (Non-Executive Director)	Member
Mr. Qaiser Noor (Independent Director)	Member

Risk Management Committee:

Mr. Khalilullah Shaikh (Independent Director)	Chairman
Lt. Gen. (R) Sadiq Ali (Independent Director)	Member
Mr. Saad Ali Bhimjee (Non-Executive Director)	Member
Mr. Basir Shamsie (President and CEO)	Member

IT Committee:

Mr. Usman Yousaf Mobin (Independent Director)	Chairman
Mr. Qaiser Noor (Independent Director)	Member
Mr. Saad Ali Bhimjee (Non-Executive Director)	Member
Mr. Basir Shamsie (President and CEO)	Member

13. The terms of reference of the aforesaid committees have been formed, documented, and advised to the committees for compliance.

14. The frequency of meetings of the committees was as follows:

Committees	Meetings held during the year
Audit Committee	Five
HR Remuneration and Nomination Committee	Four
Risk Management Committee	Four
IT Committee	Six

15. The Board has set up an effective internal audit function comprising suitably qualified and experienced persons for the purpose and is conversant with the policies and procedures of the Bank.

16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with the Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the CEO, CFO, Head of Internal Audit, Company Secretary or Director of the Bank.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations, or any other regulatory requirement, and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been complied with.

For and on behalf of the Board

Basir Shamsie
President and CEO

Adil Matcheswala
Chairman

Karachi: February 24, 2026

SALIENT FEATURES OF BOARD COMMITTEES' TOR

Board Audit Committee (BAC)

- The Audit Committee shall review the effectiveness of the Bank's internal control and operational controls, integrity, and adequacy of financial reporting and appraise the audit efforts of the Bank's external auditors and internal audit function (IAF); and review the Bank's process for monitoring compliance with relevant laws and regulations.
- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof.
- Consideration of any issue or matter as may be assigned by the Board of Directors.
- Report to the Board any significant matter(s) identified by the IAF / External Auditors that warrant Board's immediate attention.
- Review of BAC performance on annual basis against the defined roles and responsibilities.
- Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.
- Determination of appropriate measures to safeguard the Bank's assets.
- Determination of compliance with relevant statutory requirements.
- Review the Bank's statement on internal controls prior to endorsement by the Board of Directors.
- Consider and approve the Internal Audit Charter.
- Review and approve Risk Based Annual Audit Plan.
- Review scope and adequacy of IAF and ensure that IAF has adequate resources and is appropriately placed within the Bank.
- The BAC shall ensure that IAF remains equipped with the necessary financial, human, operational, physical, and technological resources to carry out its mandated responsibilities.
- Review major findings of special reviews, internal and external frauds, internal control deficiencies and significant audit issues, and ensure audit recommendations have been effectively implemented.
- Review action taken by Business and Support Groups for implementation of Audit Committee observations on issues deliberated in Committee meetings.
- The BAC shall formulate and document 'Key Performance Indicators' (KPIs) for CIA and evaluate his/her performance against the set KPIs on annual basis.
- Consider and recommend to the Board regarding promotions, increments and rewards for Chief Internal Auditor (CIA).
- The BAC shall ensure independence of any investigations/disciplinary actions against CIA and Internal Auditors.
- Review quarterly, half-yearly and annual financial statements of the Bank, prior to their approval by the Board of Directors and any announcements to be made in the public domain with regard to these accounts.
- The committee shall review the Related Party transactions and recommend the same for review and approval by the Board of Directors.
- Consider annual review report on the Bank's Internal Controls over Financial Reporting

- (ICFR) for effectiveness and efficiency of Financial Reporting.
- Recommend to the Board of Directors the appointment of External Auditors and consider any questions of their resignation or removal, audit fees and provision of other services in addition to audit of financial statements.
 - Discuss with External Auditors, major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).
 - Review the Management Letter issued by the External Auditors and Management's response thereto.
 - Ensure coordination between the Internal and External Auditors of the Bank.
 - Compliance Department shall periodically, on quarterly basis, report to the Board Audit Committee on the Bank's management of its compliance risk and identified gaps, in such a manner as to assist the Committee to make an informed judgment on whether the bank is managing its compliance risk effectively. Compliance Risk to include risks emanating from Money Laundering (ML) / Terrorist Financing (TF), AML/CFT obligations and its allied elements.
 - Audit Committee is a committee of Board of Directors of JS Bank Ltd from which it derives its authority and to which it regularly reports. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention, with full power to retain outside counsel or other experts for this purpose.
 - Ensure implementation of all Risk Management Policies approved by the Board and subsequent monitoring thereof. Periodically oversee updating of the risk policies based on changing business requirements as well as SBP guidelines, and recommend to the BoD for approval.
 - To review the Risk Appetite Statement and the Internal Capital Adequacy Assessment Process and recommend the same to the Board.
 - Advances Portfolio Reviews, including NPLs, remedial actions, and a strategy for the same.
 - To review/approve the list of shares and margins to be accepted as collateral for Financing Against Shares (FAS). Also, to approve/ratify any exceptions to existing FAS requirements as laid down in the Credit Policy of the bank.
 - Review / Approve Sector / Industry Concentration guidelines for the overall credit portfolio of the Bank;
 - To approve/ratify credit bulletins issued by the RMG and the President/CEO from time to time, for effective implementation of Credit Policy / Risk Management Framework;
 - Review and approve the Market / Liquidity limits as recommended by ALCO / IRMC / CCC as and when required.
 - Review the operational risks snapshot that covers significant issues escalated from IRMC/ORMC/ALCO.
 - Review Information Security status report and risks, including any strategy, policy, and action items. Policy changes to be recommended to the BoD for approval.

Board Risk Management Committee (BRMC)

- Review Risk Management Policies and recommend for approval by the Board of Directors (BoD).
- Review and recommend IFRS-9 Policy, ECL model and any change in SICR criteria.

- Review the risks and other relevant matters with respect to Digital Financial Services, including overseeing the effectiveness of the Digital Fraud Risk Management Unit.
- Delegation of powers to the President / CEO and Chief Risk Officer to appoint credit officers, based on their experience and ability to understand associated risks while approving credit.
- Review any other risk-related matters / regulatory changes that warrant discussion at the committee.

Board HR Remuneration and Nomination Committee (BHRRNC)

- Recommending Human Resource management policies to the Board
- Review and recommend to the Board selection, evaluation, compensation, increments, performance bonuses, succession planning, fringe benefits including service end benefits of the Executive Directors, CEO, Key Executives and any other employee or group of employees institution wide (as required by the Board).
- Consideration and approval on recommendation of CEO on such matters for key management positions who report directly to the Chief Executive Officer or Chief Operating Officer or Deputy Chief Executive Officer.
- The Committee shall assess whether the remuneration policy is aligned with the significant regulatory requirements including Guidelines on Remuneration Practices issued by the State Bank of Pakistan (SBP). The review may focus on the following:
 - Criteria for identification of personnel who may subject the Bank to significant risks i.e. Material Risk Takers (MRTs) and Material Risk Controllers (MRCs).
 - Remuneration principles including concept of fixed and variable

remuneration, risk adjusted balanced scorecard mechanism to ensure alignment of remuneration with long-term and short-term business objectives of the Bank and incorporate necessary risk adjustments.

- Major types of risks and how these are taken into account for determination of risk adjusted compensation.
 - Separate structures of remuneration for MRTs and MRCs.
 - Review of scorecards for MRTs and MRCs and their performance evaluation mechanisms.
 - Criteria for determining the variable portion of remuneration to be deferred, the period of deferral for different types and levels of employees identified as MRTs or MRCs and payout structure of deferred remuneration.
 - Ensure that institution wide remuneration policy should take into account all cadres of employees. The remuneration policy should specifically take into account the pay-gap between the highest paid and the lowest paid employees, across various levels as well as across the organization.
- Review the Bank-wide program for implementation of Guidelines on Remuneration Practices, including necessary awareness and change management initiatives, review, progress against roadmap for onward reporting to State Bank of Pakistan (SBP).
 - Review the remuneration policy and remuneration setting mechanism at least once every three years. Amongst other factors, the review of remuneration framework may include but not limited to the effectiveness of remuneration policy and mechanism.

- Review and obtain approval for fixed and variable compensation pools from the Board of Directors.
- Approve development of a fund for deferred compensation pool management and monitoring progress there against.
- Role of BHRRC in facilitating enablement of Internal Audit and Compliance role in implementation reviews, as per Guidelines on Remuneration Practices.
- Receive and consider information from the Bank's risk management, compliance and internal audit functions, to assess the appropriateness of the compensation system relative to the organizational goals and risk profile of the Bank.
- Grievance handling and Disciplinary Action Policy
- Guidance for performance management, annual increment and employee recognition programs.
- Monitoring the utilization of training and development budget, and implementation of approved training and development policy.
- Review and approval of Provident Fund, Gratuity Fund policies and any other separation benefits or schemes.
- Those matters wherein ratification/ approval of the Board will be required, the Secretary BHRRC with the approval of its Chairman shall forward Memoranda to the Company Secretary for placing before the Board of Directors.
- To review progress and implementation of the IT Strategic Plan and deliberate changes to it, as and when required.
- To ensure the alignment of IT strategy with business strategy, optimization of resources, value delivery and performance measurement to achieve business objectives and effective technology risk management.
- To ensure that risk management strategies are designed and implemented which have the capability to respond to wide-scale disruptions, including cyber-attacks and attacks on multiple critical infrastructure sectors
- To review progress and implementation of various IT projects
- To make recommendations on major IT investment decisions and ensure that investments are aligned with IT Strategy approved by the Board.
- To review and approve cloud-based outsourcing arrangements in line with the policy approved by the Board of Directors.
- To review and approve TORs of IT Steering Committee

Board Information Technology Committee (BITC)

The Board IT Committee shall be mainly responsible for advising and reporting to the Board on the status of technology related activities, major IT projects and digital initiatives within JS Bank including but not limited to the following:

- To review IT and Digital strategies and relevant policies before submission to the Board and make recommendations for strategic decisions on IT related matters.

MANAGEMENT COMMITTEES



IT GOVERNANCE AND CYBERSECURITY

IT Governance and Cybersecurity

Technology governance is a critical component of the Bank's corporate governance framework, comprising leadership and organizational structures designed to align IT strategy with business objectives. It ensures optimal resource utilization, value delivery, performance measurement, and effective technology risk management. In today's rapidly evolving digital landscape, the role of technology in enhancing corporate governance has never been more significant, making robust governance of technology and technology-driven business developments essential.

A comprehensive enterprise technology governance framework, built on industry best practices, enables banks to develop innovative products and services while effectively managing technology-related risks. This framework facilitates the identification, assessment, mitigation, monitoring, and reporting of technology-based threats. The fundamental principle underlying such a framework is that an institution's technology requirements must follow a structured process, starting from a business need and culminating in a technology solution that aligns with board-approved policies and senior management directives. Given the fast-changing technology environment, technology governance must be treated as a continuous process rather than a one-time effort.

The primary objectives of the technology governance framework include:

- Evaluating the current and future use of technology
- Directing the formulation and implementation of policies and strategic plans to ensure that technology meets business goals
- Monitoring compliance with policies and performance against established benchmarks

The framework is built upon key governance principles, including:

- Strategic alignment between IT and business objectives
- Value delivery to the business

- Technology risk management
- Resource optimization, including project management
- Performance measurement and continuous improvement

The technology governance framework must be closely integrated with the Bank's corporate governance structure and include policies and procedures that enhance oversight, transparency, and accountability in technology usage. The Bank is encouraged to adopt relevant international standards and best practices to ensure effective and efficient enterprise technology governance.

Board Oversight on IT Governance and Cybersecurity

The Board Information Technology Committee (BITC) oversees the Bank's technology direction and risk management, ensuring that Information Technology remains a key differentiator in the Bank's strategy. It is responsible for overseeing the development and implementation of policies, principles, standards, guidelines, and methodologies related to information security, aligning with international Information Security Standards.

The Board receives periodic updates from Steering Committees to monitor future trends in technology-related projects, digital strategy, and cybersecurity risks. It also reviews strategic direction, legal and regulatory frameworks, and other critical aspects to position the Bank as a leader in digital banking solutions.

To ensure uninterrupted business and IT services, the Bank maintains specialized Business Continuity Planning (BCP) and Disaster Recovery (DR) sites. Additionally, the Bank has implemented a cyber-insurance policy covering:

- Cyber extortion
- Crisis management and event expenses
- Defense against privacy regulatory actions and penalties
- Security and privacy liability
- Loss of digital assets



Information Security Governance

The Information Security Governance and related Cyber Security programs at JS Bank are led by the Chief Information Security Officer (CISO) under an independent Information Security Department. The CISO reports to the Chief Risk Officer and is responsible for managing and mitigating information and cybersecurity risks, including policy and strategy development, procedural implementation, measurement methodologies, and regulatory compliance. The Bank follows international industry best practices, particularly those outlined in ISO 27001/27002 standards.

The Board receives regular reports on technology risks, ensuring that these risks are integrated within the Enterprise Risk Management (ERM) function. This approach helps achieve security, reliability, resilience, interoperability, and recoverability of the Bank's information assets.

The Bank's Information Security Division operates a specialized 24/7 Security Operations Center (SOC) to monitor, detect, and respond to cybersecurity incidents. Administrative and technical cybersecurity controls are in place to safeguard against threats, and the Board is regularly informed about the Bank's overall cybersecurity risk posture and key risk indicators (KRIs).

As part of its cybersecurity risk management, the Bank evaluates technology infrastructure and security services. While in-house security assessment capabilities exist, independent vendors and consultants are periodically engaged to conduct cybersecurity risk assessments on critical systems and services, such as:

- Banking Systems (SWIFT)
- Regulatory compliance requirements, including external audits of Payment Card Systems (PCI-DSS) by the PCI Council

The Bank has also partnered with service providers to quickly detect and mitigate any fraudulent activities targeting the Bank.

BITC Meetings and Cybersecurity Oversight

The BITC meets quarterly, during which the CISO provides updates on the status of cybersecurity. At the Board level, the committee ensures that risk management strategies are designed and implemented to enhance resilience, enabling the Bank to effectively respond to large-scale disruptions, including cyberattacks and threats to critical infrastructure.

Additionally, BITC oversees the implementation of compliance and regulatory requirements and provides guidance on cybersecurity matters to strengthen the Bank's overall risk posture.

Digital Transformation and Innovation

To deliver secure and user-friendly services, the Bank is continuously rethinking traditional business models. The digital transformation strategy focuses on:

- Integration with digital FinTech companies to offer innovative banking solutions
- Enhancing efficiency, productivity, transparency, reporting, and governance
- Email communication advancements, such as adopting Google Workspace, which includes:
 - Gmail, Contacts, Calendar, Meet, and Chat for communication
 - Drive for storage
 - Google Docs, Sheets, and Slides for real-time collaboration, including in-app chat, commenting, and direct editing

Information Security Awareness and Risk Management

The Bank runs an Information and Cyber Security Awareness Program to educate employees and users on cybersecurity best practices. Recognizing that information security is a shared responsibility, the Bank promotes adherence to security measures to collectively safeguard the digital environment.

The Board and Executive Management remain vigilant about cyber risks, supported by a comprehensive strategy for regular evaluations of technology risks and controls. These assessments are conducted both internally and by independent third parties to ensure compliance and effectiveness.

Additionally, all products and services are launched only after passing rigorous risk assessment procedures, including legal and compliance screening. This ensures that the Bank maintains a secure and well-governed digital ecosystem.

HUMAN RESOURCE MANAGEMENT POLICIES

Human Resource Management Policies

Our HR policies provide written guidance for our management on how to handle a range of employment issues. They play an important role in practically and effectively implementing our HR strategy. They also provide consistency and transparency for employees and managers, helping to enhance the psychological contract and create a positive organizational culture.

As all transformations primarily start with and depend on people, at JS Bank we developed the People Strategy to play a fundamental role in making JS Bank the Bank of Choice for both our customers and our employees.

The People Strategy was directly linked to our Business Strategy and set the direction for all key areas of HR, including sourcing, hiring, onboarding, performance management, learning and development, talent management, succession planning, and reward and recognition. One of the key pillars of the People Strategy was hiring the right person for the right role. This is being achieved by efficiently planning our workforce capacity, initiating competency-based assessments for key job roles, and improving the candidate experience.

To further sustain the strategy, a values-driven culture was invigorated by assigning central leadership the responsibility of creating a humanistic workplace.

Speak-Up Policy

Overview

JS Bank is consistently focused on working at the highest standards to conduct its activities and business. Integrity is our core value and is ingrained in all our business conduct. We endeavor to acquire and maintain the trust of all our stakeholders—employees, customers, and partners—by serving and managing them professionally and ethically.

A Speak Up Policy has been established to receive and handle complaints in a fair and transparent manner and to provide protection to complainants against victimization.

Purpose

The policy provides a channel for the Bank's staff and external parties such as shareholders, vendors, and customers to raise concerns or complaints

about internal business practices that are inconsistent with generally accepted accounting principles, falsification, alteration or substitution of Bank records, and violations of JS Bank's Code of Conduct, including conflicts of interest, inaccuracy of books and records, insider trading, collusion with competitors, money laundering, and failure to comply with the Bank's various compliance programmes.

It also covers authorizing, directing or participating in serious breaches of Bank policy, deliberately failing to report serious breaches of policy, concealing such breaches, or deliberately withholding relevant information concerning a serious breach, or any other wrongdoing, without any fear of reprisal or adverse consequences.

The objective of the programme is to address and resolve these concerns or complaints in order to prevent and/or detect improper activities, thereby safeguarding the interests and reputation of the Bank and its stakeholders.

Reporting

All Speak Up incidences are reported to the Audit Committee during the year. HR has a clear Disciplinary Procedure Policy, according to which the Disciplinary Action Committee explicitly handles all complaints in a fair and transparent manner through a standard process to remove all kinds of bias and ensure the protection of victims and witnesses.

This is also supported by the Grievance Redressal and Harassment at Workplace policies.

Protection of Whistleblowers

As a critical element of the policy, reporting employees are provided with complete confidentiality and security. No adverse employment action, such as termination, a lower appraisal rating, etc., shall be taken against the whistle-blower employee in retaliation for reporting incidents of impropriety falling within the scope of the Code of Conduct and the Whistle-blowing Policy/Process.

In line with the policy guidelines, employees are encouraged to remain vigilant and, in case of detecting any abnormal, inappropriate, or criminal matter, immediately report the same.



Incentives for Whistleblowing

The complainant may be awarded a spot award (monetary) and recognition, depending upon the nature and gravity of the concerns or complaints.

Diversity and Inclusion Policy

JS Bank seeks and values diversity among its employees, recognizing that a mix of people enriches our Bank and is essential to creativity and business growth. As a bank, we are committed to equal employment opportunity and the unbiased treatment of all individuals based on job-related qualifications and without regard to race, color, gender, age, national origin, religion, creed, sexual orientation, gender identity, marital status, citizenship, disability, veteran status, or any other basis prohibited by law. Our people are expected to support the Bank's commitment to diversity and equal employment opportunity.

At JS Bank, diversity and inclusion are at the core of our culture. We have ensured that every aspect of our journey reflects our commitment to diversity and inclusion. Whether it is women's empowerment, people with disabilities, or individuals from different religious beliefs and backgrounds, we strive to be ambassadors of equity and equal rights for everyone. It is our priority to introduce programmes that ensure diversity is not only reflected in words but also in spirit and action.

We collaborated with NOWPDP to not only train but also hire a batch of people with disabilities into our workforce, ensuring they have the same responsibilities and rights as other colleagues. We are among the first banks in the market to establish such a standard, while also ensuring our culture remains sensitized and inclusive in engaging with them on a regular basis.

For women, we are undertaking multiple initiatives, including but not limited to Reboot—designed for females returning to work after a career break—Lean In programmes, and creating a digital ecosystem to enable female entrepreneurs to enhance their business reach and potential, allowing them spaces to grow and earn.

We also make it a point to celebrate every occasion with our people, whether it is Eid, Christmas, or Diwali. We cherish each of our colleagues and make every effort to ensure they feel valued and included.

In recognition of our efforts, we have received the Global Diversity and Inclusion Award in 2024 and 2025 for our diversity initiatives and policies.

Code of Conduct and Other Ethical Values Promoted by the Board

The Code of Conduct is designed to guide the personal business ethics of JS Bank and applies to every employee. Employees are expected to read the document promptly upon receiving it and incorporate it into their daily conduct.

At JS Bank, we earn the trust of our customers, regulators, investors, and each other by always acting with integrity and holding ourselves to high standards. Acting in accordance with our Code of Conduct is vital for us to be a Bank that achieves sustainable success.

In addition to the ethical guidelines included in the Code, employees must comply with the requirements of all applicable laws and regulations. This is mandatory for everyone and is not subject to business priorities or individual discretion.

We aim to create an environment in which “speak up” and challenge are not just welcomed and respected, but are also a core part of our responsibilities, especially where actions or failures to act are inconsistent with this Code.

Our Values

Integrity – We earn the trust of our customers, other stakeholders, communities, and each other by acting with honesty and integrity and holding ourselves to high ethical standards. We seek to maintain open, credible, constructive, and transparent relationships among ourselves, with our customers, and with our regulators.

Customer Centricity – We place customers at the center of our activities. To be successful, we must understand the rapidly changing needs of our customers. We aim to provide solutions that support them in value creation. In providing our services, we strive to exceed their expectations and treat them fairly.

Teamwork – Teamwork enables individuals to achieve bigger goals and fosters a culture of trust and support. We believe in supporting each other and putting the team before individual performance. We respect diversity and promote inclusion.

Professional Excellence – We are committed to excellence. Our Bank is committed to generating sustainable value by responsibly balancing risks and returns, and by prioritizing long-term success over short-term gain. We do so by implementing solutions and creating an abundance of choices for our customers.

Innovation – We continuously embrace new and better ways of doing things while taking account of potential risks. Innovation is essential to our success, as it gives us an edge in implementing new ideas, refining services, and creating dynamic products, leading to business growth by effectively adapting to the evolving marketplace.

Anti-Harassment Framework at JS Bank

JS Bank maintains a stringent Anti-Harassment Policy and is firmly committed to fostering a safe and respectful workplace environment for all employees. The Bank recognizes that harassment in any form undermines individual dignity, impedes productivity, and compromises the overall integrity of the workplace.

The Anti-Harassment Policy at JS Bank is governed in line with the Protection against Harassment of Women at the Workplace Act, 2010, as amended in 2022 (“the Act”).

Our Anti-Harassment Policy outlines clear guidelines and procedures for addressing and preventing harassment. It defines harassment broadly, encompassing various forms, such as verbal, physical, and nonverbal conduct, that create an intimidating, hostile, or offensive work environment. This includes unwelcome advances, derogatory remarks, or any behavior that undermines an individual’s dignity and well-being.

The policy emphasizes zero tolerance for harassment and encourages employees to report incidents promptly and confidentially by emailing Anti.harassment@jsbl.com.

JS Bank ensures that all complaints are thoroughly investigated with sensitivity and impartiality, and appropriate disciplinary action is taken against perpetrators.

The Bank has a standing Inquiry Committee mandated to conduct inquiries, investigate matters, and counsel victims of workplace harassment, including sexual harassment. All proceedings are maintained in writing for record purposes and remain confidential unless the Competent Authority orders the disclosure of all or part of the proceedings’ record.

The Inquiry Committee consists of three members, of whom one is female. The Committee may also add member(s) on a case-by-case basis, if necessary.

Furthermore, JS Bank is dedicated to fostering a culture of respect, diversity, and inclusion through

its in-house gender sensitivity program, Hum Qadam, which is mandatory for all employees. Additionally, e-learning modules on Harassment at the Workplace and the Code of Conduct are mandatory for all employees as per regulatory requirements. Regular awareness emailers are also sent to educate employees about their rights and responsibilities concerning harassment prevention and response. The Bank also promotes open communication channels and provides support resources for employees who experience harassment or witness such behavior.

By upholding its Anti-Harassment Policy, JS Bank demonstrates its commitment to creating a workplace where every individual feels valued, respected, and empowered to thrive professionally. This proactive approach not only enhances employee morale and well-being but also reinforces the Bank’s reputation as an ethical and responsible corporate citizen within the financial sector.

Remuneration for MRTs

The compensation mix for MRTs is appropriately balanced, and the amount of fixed remuneration is sufficiently high to ensure that the reduction of variable remuneration down to zero would be possible.

Furthermore, the variable remuneration of MRTs will be awarded upon achieving pre-determined qualitative and quantitative objectives, taking into consideration risk-adjusted performance and the long-term health of the Bank. Qualitative factors may override the achievement of quantitative factors in order to discourage undue or excessive risk-taking.

Remuneration for MRCs

The remuneration level of staff in the control and support functions/MRCs allows the Bank to employ qualified and experienced personnel in these functions. The Bank ensures that the mix of fixed and variable remuneration for control and support function personnel is weighted in favor of fixed remuneration.

The variable remuneration of control functions is based on function-specific objectives and is not determined by the financial performance of the business areas they monitor. This compensation structure is designed to ensure that the objectivity and independence of these functions are not compromised.

Deferral of Variable Remuneration

The variable compensation of all MRTs, MRCs, and, for Bahrain operations, Approved Persons (APs) is subject to mandatory deferrals and malus/clawback, as set out in the table below.

Deferred variable remuneration is paid proportionately over three years, even if the individual is no longer an employee of the Bank (subject to the malus provisions).

Employees	Element of Variable Pay	Constitution	Vesting Period	Malus	Claw Back
MRTs	Upfront Cash	70%	Immediate	-	No
MRTs	Deferred Cash	30%	3 Years	Yes	No
MRCs	Upfront Cash	75%	Immediate	-	No
MRCs	Deferred Cash	25%	3 Years	Yes	No
MRTs and APs (Bahrain)*	Upfront Cash	40%	Immediate	-	No
MRTs and APs (Bahrain)*	Deferred Cash	60%	3 Years	Yes	Yes

*MRTs and approved persons earning over BHD 100,000 in total compensation.

Malus and Claw Back

The Bank has devised malus and claw back provisions in the relevant policies that allow the forfeiture or adjustment of paid variable remuneration in certain adverse business situations. Any decision to hold or claw back an individual's award can only be made by the BHRRNC of the Bank, as per the events set out in detail in the Bank's remuneration framework and accountability framework.

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SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

REST & COMPOUND GAINS

Allow investments to grow steadily over time.
Avoid unnecessary withdrawals to maximize compounding benefits.

Fitness Challenge: Prioritize getting seven hours of sleep each night.





SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Environment, Social and Governance (ESG)

Environment (E)

The Board and senior management of JS Bank view environmental sustainability as an integral component for long-term value creation, financial resilience, and responsible banking. Building on the progress made since 2023, our 2025 ESG approach explicitly aligns with national and international frameworks, including the UN Sustainable Development Goals (SDGs) and international partners such as the Green Climate Fund (GCF) and USAID. Sustainability is operationalized as both a strategic business opportunity and a critical risk management priority. The Bank's governance framework is guided by core principles: integrating climate risks into credit decisions, aligning with the State Bank of Pakistan's Green Banking and ESRM Guidelines, offering sustainable products, minimizing operational footprints, and ensuring transparent disclosure.

Senior management and the Board Risk Management Committee (BRMC) maintain periodic oversight of departmental compliance with environmental regulations. For the credit portfolio, this includes assessing borrower industry outlooks by considering both sustainable opportunities and carbon-intensive risks. High-risk exposures, particularly those with elevated Environmental Risk Ratings (ERRs), are subject to a formal escalation process for senior management review and are evaluated at a portfolio level by the BRMC to ensure alignment with the Bank's risk appetite. Furthermore, the Board monitors the performance of the green financing portfolio on a quarterly basis, with broader sustainability initiatives and strategic milestones.

The Bank has established measurable strategic goals focused on increasing its sustainable financing portfolio while simultaneously reducing its operational environmental footprint. These targets are monitored periodically and subject to rigorous oversight by Senior Management. For the 2025 financial year, the Bank's internal target was to build a sustainable portfolio of PKR 1 billion. During this period, the Bank implemented initiatives to reduce its total emissions, resulting in a reduction in per capita electricity consumption (head offices) by 8% and a decrease in paper consumption by approximately 17%. Looking ahead to 2026, the Bank intends to scale its sustainable portfolio to PKR 2 billion and targets an additional reduction in both scope 1 and scope 2 emissions, reflecting a continued commitment to climate resilience and resource optimization.

The Bank's risk governance is underpinned by comprehensive, Board-approved policies—primarily the Environmental and Social Risk Management System (ESRM) Framework and the Green Banking Policy—which ensure that roles and institutional accountability, structured under the (Responsibility, Accountability, Consulted, and Informed) RACI model ensuring that roles and delegations are documented across all organizational tiers. Within this structure, the Green Banking Office (GBO), operating under the Chief Risk Officer, is primarily responsible for policy development and strategic framework design. The execution of these policies is managed by designated Green Facilitation Officers and Green Operations Officers. Furthermore, the Credit Risk Group ensures the rigorous enforcement of the ESRM Framework across the Bank's entire credit portfolio, integrating environmental risk assessment into the core lending process. As a GCF-accredited entity, the Bank actively implements the Pakistan Distributed Solar Project (PDSP) and advances the National EV Ecosystem Financing Facility alongside interim pilot programs. Furthermore, specific guidelines, such as a Gender Policy for Green Climate Fund (GCF) initiatives and an oversight framework for GCF project procurement and implementation, support our sustainable finance agenda.

Our Carbon Footprint; Direct and Indirect Impacts - FY 2025

Category	Energy Consumption (GJ)	Energy Intensity*	GHG Emissions (tCO ₂ e)	Emission Intensity*
Scope 1 (Direct)	18,141	0.45	1,329	0.033
Scope 2 (Indirect)	27,689	0.687	3,577	0.089
Total Operational	45,830	1.137	4,906	0.122

*Per PKR 1 million of Total Income

Energy consumption is expressed in Gigajoules (GJ), applying a conversion factor of 0.0366 GJ per liter of diesel and 0.0036 GJ per unit (kWh) of electricity. These factors are consistent with the GHG Protocol Corporate Standard and Intergovernmental Panel on Climate Change (IPCC) Guidelines, ensuring a standardized basis for energy-weighted intensity metrics. For calculating total energy emissions following methodology has been adopted.

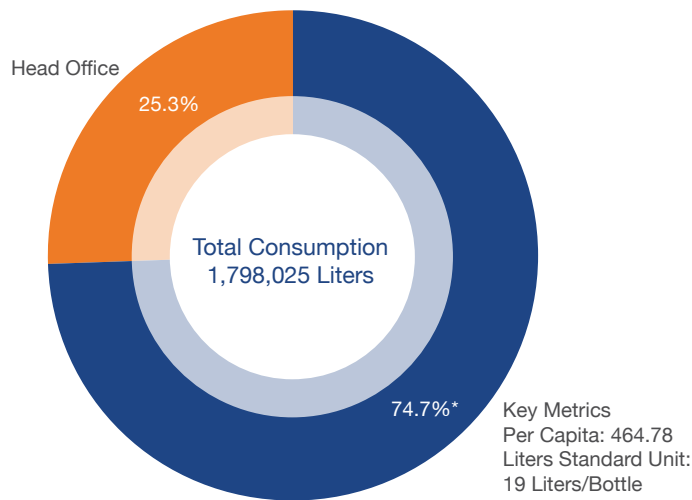
Source of Emission	Reference Document	Emission Factor
Scope 1	GHG Protocol / DEFRA 2025	0.00268 tCO ₂ e
Scope 2	IEA 2025 / NEPRA 3.3	0.00047 tCO ₂ e

Despite the expansion of our branch network over the past years and the rise in human capital, we achieved a 16% year-on-year reduction in Scope 1 emissions, from 1,576.08 tCO₂ to 1,329.37 tCO₂. This improvement was driven by strategic optimization of our diesel generator fleet, resulting in a 15% reduction in energy consumption from 21,508 GJ to 18,141 GJ. This reflects our ongoing commitment to reducing reliance on high-intensity fossil fuels in favor of more efficient power management solutions. Looking ahead, we are committed to a sustained decarbonization trajectory, with a strategic goal to further reduce it in 2026.

In 2025, JS Bank also successfully cataloged its Scope 2 indirect emissions from the national grid, recording 27,689 GJ of energy consumption and 3,576.50 tCO₂ in associated emissions. To ensure a transparent view of our performance relative to our financial scale, we track our total operational footprint against our Total Income earned.

The Bank's energy mix is primarily comprised of grid electricity, accounting for approximately 60% of total consumption. The remaining 40% is derived from a combination of diesel-powered backup generation and renewable energy sources.

Drinking Water Consumption in 2025



*Branch data was estimated per headcount

JS Bank remains committed to the sustainable use of drinking water across its expanding operational footprint. In FY2025, total consumption across the Head Office and branch network was estimated at 1,798,025 liters. Within the primary administrative offices, consumption totaled 454,822 liters, representing an estimated per capita usage of 464.78 liters based on employee headcount.

During the year, the Bank strengthened its monitoring approach by standardizing per capita consumption tracking at the Head Office and applying estimated usage metrics at branch locations to enhance oversight and support more efficient water use across operations. The Bank also marked World Water Day through organization-wide awareness initiatives to promote responsible water stewardship among employees.

JS Bank prioritizes footprint mitigation through rigorous waste tracking and circular economy principles. In 2025, while total waste reached 93 metric tons, on a per capita basis, both organic and plastic waste generation fell by approximately 2% year-on-year each. These results reflect a successful culture of waste segregation across our head office and branch network.

To drive further impact, the bank minimizes its environmental footprint through effective waste management and recycling practices. The Bank employs a paper recycling process called pulping, where used or old papers (20 years old) are mixed with water and chemicals to create pulp for reuse. To streamline this process, the Admin Department coordinates with all departments to collect documents scheduled for annual destruction as per the Bank's destruction policy. Waste is recycled, sorted, and weighed daily to ensure accountability and efficiency. Furthermore, the deployment of classified recycling bins for plastic waste continues to promote environmental awareness and responsible disposal among our staff.

Socials (S)

JS Bank recognizes Diversity, Equity, and Inclusion (DEI) as essential drivers of innovation and organizational resilience. Under the oversight of the Board Human Resource, Remuneration and Nomination Committee, we remain committed to fostering an inclusive culture that reflects the diverse communities we serve. Our workforce composition—detailed by gender, age group, and employment type—serves as the baseline for ensuring equitable representation and embedding inclusive practices across our leadership frameworks.

In line with our diversity objectives, the Bank monitors turnover as a key indicator of organizational health. For 2025, the Total employee Turnover Rate was 29%, with Voluntary attrition at 19% only, reflecting our focus on enhancing employee value propositions in a competitive market. Involuntary turnover accounted for the remainder, primarily driven by performance-based alignments and the Bank's strategic transition toward a digital-first operational model.

Category	Sub-category	Headcount (n)	(%)	Turnover (n)	(%)
Gender	Male	3,841	81%	1,037	76%
	Female	893	19%	335	24%
Age Group	Under 30 years old	1,076	23%	533	39%
	30–50 years old	3,221	68%	773	56%
	Over 50 years old	437	9%	66	5%
Employment Type	Permanent	4,199	89%	1,233	90%
	Bank Contract	535	11%	139	10%
Total		4,734		1,372	

JS Bank maintains a zero-tolerance policy toward child and forced labor, strictly adhering to ILO Conventions, local laws, and the Harassment Policy of Sindh Govt Amendment Law 2021. Governed by our HR and DE&I Policy, we enforce a minimum hiring age of 18, supported by NADRA and background due diligence. The Bank ensures equal opportunities for all individuals, irrespective of race, religion, gender, age, or disability, in alignment with the State Bank of Pakistan's framework for inclusivity. We are committed to protecting human rights, ensuring that all the Bank's operations are free from forced labor and exploitative practices. The Bank enforces a comprehensive Code of Conduct prohibiting intimidation, offensive behavior, and workplace harassment. Employees have access to robust grievance handling procedures and confidential whistleblowing channels, enabling them to raise concerns without fear of retaliation. Through these measures, JS Bank ensures that its workforce thrives in an environment that is inclusive, fair, and respectful.

JS Bank prioritizes a secure work environment, maintaining a zero-accident record with no work-related injuries, fatalities, or lost workdays over the past three years. The Bank implements comprehensive occupational health and safety measures, including workplace safety and security policies, employee training and emergency preparedness exercises such as fire drills, and routine safety audits.

JS Bank is committed to the principle of 'Equal Pay for Equal Work,' ensuring that total gross salaries are driven by merit and role complexity. In 2025, our median gender pay ratio was 0.70. Between 2024 and 2025, the pay ratio (Women to Men) narrowed from 0.67 to 0.70%. We remain dedicated to achieving pay parity by addressing the distribution of talent across all levels of the Bank.

Metric	2025	2024	Trend
Mean Gender Pay Gap	31.00%	33.00%	-2.00% (Improving)
Median Gender Pay Gap	29.80%	33.30%	-3.50% (Improving)
Pay Ratio (Women: Men)	0.70: 1	0.67: 1	+0.03 (Improving)

This positive trajectory is driven by our Board-led initiatives to increase female representation in high-value, revenue-generating functions and the expansion of the JS Her leadership pipeline. The growing composition of women across all organizational levels reinforces our inclusive leadership framework and significantly strengthens the Bank's DEI credentials, ensuring a diverse range of perspectives in core decision-making roles.

Management Composition	Male	Female	Total
Entry Level	2498	750	3,248
Mid-Level	1165	124	1,289
Senior / Executive Level	178	19	197
Grand Total	3841	893	4,734



JS Bank supports Pakistan's socio-economic development by maintaining a workforce comprised entirely of national employees. Our nationalization strategy is operationalized through Graduate Trainee Programs, internships, and extensive recruitment drives at job fairs. These initiatives, paired with robust talent retention measures, ensure a sustainable leadership pipeline that exclusively cultivates and invests in the country's professional human capital.

JS Bank remains dedicated to fostering a high-performance culture through continuous learning and professional development. During the reporting period, the Bank recorded an average of 65 training hours per employee. To ensure inclusive growth, our training framework reaches all segments of our workforce. Permanent employees averaged 67 hours (Male) and 66 hours (Female) respectively, while our contract staff also received substantial upskilling, with an average of 52 hours for men and 48 hours for women. This balanced distribution underscores our commitment to maintaining a consistent standard of excellence and operational safety across all employment categories.

Gender	Employment Type	Average Training Hours
Male	Contract	52
	Permanent	67
Male Average		65
Female	Contract	48
	Permanent	66
Female Average		64
Average of Total Training Hours		65

JS Bank's Initiatives for United Nations Sustainable Development Goals (SDGs)

We align our operational policies and social initiatives with the UN Sustainable Development Goals to ensure JS Bank contributes to a resilient, equitable, and sustainable future for Pakistan.

SDG Goal 3 – Good Health and Well-being

Prioritizing a resilient, healthy, and psychologically safe workforce.

- **A Culture of Safety and Dignity:** In strategic partnership with Shirkat Gah, we reinforce a safe, respectful, and inclusive ecosystem. By conducting comprehensive awareness sessions for all employees, we uphold a zero-tolerance policy toward harassment, ensuring a workplace defined by mutual respect.
- **Empowering Through Training:** Our specialized training programs equip staff with the critical tools to recognize, prevent, and respond to workplace grievances, fostering an environment where every voice is protected.
- **Proactive Wellness Advocacy:** We champion holistic health through initiatives like Pinktober, launching high-impact campaigns to educate our workforce on breast cancer prevention and the life-saving importance of early detection.

SDG Goal 5 – Gender Equality

JS Bank aims to achieve gender equality and empower all women by eliminating gender-based discrimination. It also seeks to ensure equal participation and opportunities for leadership. In 2025, women accounted for approximately 19% of the total workforce at JS Bank.

Championing Women's Financial Independence: JS Her Current Account

The JS Her Current Account, designed especially for female customers, strengthened our position as the bank of choice for women. This was primarily due to a wide range of free general banking services designed to provide convenience, security, and peace of mind to our customers and also distinctive features that are an industry first, giving us a competitive advantage

We became Pakistan's first bank to launch Free Maternity Insurance of up to PKR 125,000 for current account customers, setting a new standard for women-centric banking.

The product also offers value-added protection, including coverage of PKR 500,000 against seven types of micro-critical illnesses.

Equal leadership and systemic equity

Merit-Based, Unbiased Recruitment: Our hiring frameworks are engineered to be free of systemic bias for every role. We remain steadfast in our mission to eliminate gender-based discrimination, ensuring talent acquisition is driven purely by merit and potential.

The 'She Leads' Initiative: Our flagship 'She Leads' program provides female colleagues with high-impact mentorship and professional development. We move beyond mere representation to focus on the quality of inclusion, actively positioning female talent to occupy the future leadership tiers of the Bank.

Gender Pay Gap Statement Under SECP Circular No.10 of 2024

The following is the gender pay gap for the year ended 2025:

Mean Gender Pay Gap: 31.0%

Median Gender Pay Gap: 29.8%

Basir Shamsie

President and CEO

February 24, 2026. Karachi.

SDG Goal - Affordable and Clean Energy.

JS Bank offers Solar Financing, which is a renewable energy financing solution enabling individuals, businesspersons, and farmers to generate cost-effective energy with reduced dependence on the grid.

SDG Goal 8 – Decent Work and Economic Growth

Driving sustainable business growth through a diverse and innovative workforce.

- **The Equal Opportunity Mandate:** JS Bank is committed to unbiased treatment based on job-related qualifications. We celebrate diversity irrespective of race, gender, religion, or status, recognizing that a varied workforce is the catalyst for innovation and economic resilience.
- **Embedding Values from Day One:** To instill our inclusive culture immediately, all new hires undergo Mandatory DEI Orientation. This ensures that Diversity, Equity, and Inclusion are not just policies, but lived values from the start of every career journey.

SDG Goal 10 – Reduced Inequalities:

At JS Bank, we recognize that true economic progress can only be achieved by dismantling the barriers that exclude underserved communities from the formal economy

Accessibility for All - Banking for Differently-Abled Persons

We believe that true inclusion extends beyond gender. JS Bank emerged as the first bank to offer a specialized account for differently-abled persons, the JS Inclusive Current Account, ensuring that financial services are accessible to everyone. This includes the following:

- Waiver of charges on services, including Debit Cards, Cheque Books, and Pay Orders.
- To ensure customer safety, the account includes complimentary insurance coverage for cash withdrawals, mobile wallet snatching, and accidental death or disability.
- **Accessible Banking and Communication:** Through our ongoing collaboration with ConnectHear, we provide real-time sign-language accessibility and interpretation services across Bank premises, breaking down barriers for the hearing -impaired community and our employees.
- **Sustainable Ecosystems for PWDs:** Partnering with NOWPDP and ConnectHear, we have established a robust support framework for our differently-abled colleagues. This includes quarterly specialized training programs designed to enhance professional growth and workplace integration.



Celebrating Our Global Identity: We take pride in our diverse religious and social tapestry. By observing Christmas, Diwali, Sign Language Day, Women's Day, and the International Day of Persons with Disabilities, we foster a culture of belonging that honors every facet of our employees' identities.

Advancing Financial Literacy and Youth Engagement

In 2025, JS Bank advanced the State Bank's National Financial Literacy Program (NFLP) by bringing essential financial education to underserved communities. We engaged 6,586 beneficiaries (featuring a strong 63% female participation rate) to teach core skills like budgeting and debt management. Turning this education into tangible action, our teams successfully opened 4,615 wallet-based (Zindigi) and branch banking accounts, seamlessly including previously unbanked individuals.

To support health and youth inclusion, JS Bank maintained a strong presence at key forums, including:

- The 'Sehat and Saath' event by the Rupani Foundation.
- The Education Expo 2025 at Bahria Town, Karachi.
- Art Competition held by JS Bank at JS Academy for the Deaf.
- Financial Literacy Sessions at IISAT, PUGC Gujranwala, CECOS University Peshawar, ILMA University KHI and JS Academy for the Deaf.

SDG Goal 12 – Responsible Consumption and Production

We continued our efforts to reduce resource consumption by maintaining virtual Board and subcommittee meetings, with meeting materials shared digitally instead of in printed form, helping sustain lower paper usage.

In 2025, we further strengthened our environmental initiatives by installing energy-efficient lighting and fans in 316 branches, while some locations have fully transitioned to solar power. Several of our ATMs are also now powered by solar energy, with plans to expand this number in the coming years.

We also advanced sustainable banking through digitalization and capacity building, opening 234,150 digital accounts during the year and providing Green Banking training to 3,750 employees to strengthen awareness and implementation of environmentally responsible practices across the organization.

SDG Goal 13 and 17 – Climate Action and Partnership for the Goal

JS Bank remains committed to advancing climate action through strengthened institutional frameworks and strategic partnerships that support sustainable and climate-resilient development.

A major milestone in this journey was our accreditation by the Green Climate Fund (GCF), making JS Bank the first financial institution in Pakistan to receive this distinction. This accreditation provides access to up to USD 250 million in GCF funding, enabling the Bank to mobilize climate finance and support projects focused on climate mitigation and adaptation.

Building on this achievement, we secured approval for Pakistan's first distributed solar project under the GCF framework in 2022, which is currently under implementation. The project aims to expand access to clean energy, reduce carbon emissions, and enhance energy resilience, particularly among underserved segments.

Governance (G)

The Board of Directors (the "Board") of JS Bank provides strategic oversight and ensures the Bank's long-term sustainability through a balanced, diverse composition. The Board comprises of directors with a mix of financial, digital, and administrative expertise, with female representation currently standing at 14%.

JS Bank operates under a centralized, Board-approved HR Policy that utilizes an individual contracting model; consequently, collective bargaining agreements do not apply to our operations. This policy provides a comprehensive framework for employment standards, including compensation, benefits, working hours, grievance redressal, and occupational health and safety. To ensure continued transparency, consistency, and competitive market alignment, the framework remains subject to rigorous periodic review and strategic Board oversight.

In compliance with applicable Personal Data Protection Law (PDPL) requirements and regulatory directives, the Bank maintains a comprehensive Information Security Policy and Procedures to ensure robust physical and digital safeguards covering data processing, storage, transmission, retention, and disposal. Customer data is protected through layered access controls, encryption, secure retention protocols, and controlled information-sharing practices, and is disclosed only where legally mandated or authorized for legitimate business purposes.

The Bank aligns its practices with internationally recognized standards and regulatory guidelines, including ISO 27001, NIST, PCI-DSS, SWIFT, OWASP, and State Bank of Pakistan directives, supported by continuous risk assessment and a defense-in-depth cybersecurity framework. For its Bahrain operations, a designated Data Protection Officer is also in place, ensuring jurisdiction-specific oversight and accountability for data protection compliance.

JS Bank maintains a transparent sustainability framework, with comprehensive reporting on its Environmental, Social, and Governance (ESG) performance integrated within these annual accounts. By aligning operations with the United Nations Sustainable Development Goals (SDGs), the Bank adopts a holistic approach to value creation—synthesizing social inclusion with environmental stewardship. Detailed disclosures regarding these strategic initiatives are provided in the relevant sections of this report.

JS Bank maintains rigorous Vendor Management under the Procurement Policy, supported by a mandatory Supplier Code of Conduct, to ensure ethical transparency across its supply chain. The Bank maintains a zero-tolerance toward unethical practices, including bribery or corruption, with non-compliance resulting in immediate delisting. This structured oversight ensures that all third-party partnerships align with the Bank's integrity and ethical standards.

JS Bank has institutionalized sustainability leadership by centralizing its ESG mandate within dedicated executive roles, such as the Head of Sustainability, Head of Green Banking, and specialized managers for Green Operations and Products. The primary goal of these leaders is to embed environmental and social objectives into the Bank's wide strategic and operational frameworks. To ensure accountability, progress is integrated into annual performance-linked Key Performance Indicators (KPIs), ensuring that sustainability milestones are systematically monitored and aligned with professional excellence standards.

The Bank adopts a zero-tolerance approach to bribery and corruption, operating in full compliance with applicable national laws and international best practices, including the FATF Recommendations. Also guided by its core values of integrity and the highest ethical standards, the Bank enforces a rigorous Ethics framework anchored in its comprehensive Code of Conduct and supported by a dedicated Anti-Bribery and Corruption (AB&C) Policy.

JS Bank has integrated these ethical and anti-bribery standards into its mandatory annual training curriculum for all staff. Beyond just training, adherence to these ethical and anti-bribery standards is a mandatory condition of employment.

The sustainability disclosures of JS Bank are subject to an internal validation process to ensure accuracy, completeness, and alignment with applicable regulatory and reporting requirements. The Bank's Compliance function reviews the reported sustainability information in coordination with relevant departments.



CORPORATE AND SOCIAL RESPONSIBILITY

JS Bank remains committed to social responsibility through its partnership with Future Trust, a non-profit philanthropic organization established by the JS Group in 2015.

In line with our dedicated Donation Policy, JS Bank allocates a CSR budget equivalent to 2% of Profit before Tax to ensure consistent and impactful social investment. Future Trust leverages this support by focusing on technology and innovation to uplift underprivileged communities across Pakistan. Key initiatives include promoting progressive education, vocational training, career guidance, and entrepreneurship among youth, as well as providing monthly support to families in need. As a primary financial supporter, JS Bank provides annual funding that enables Future Trust to drive these impactful projects. Through this collaboration, we are proud to contribute to sustainable development and the empowerment of communities throughout the country.

The projects currently operating under Future Trust with funding from JS Bank include:

Jahangir Siddiqui Hospital, Sehwan

JS Bank continued its support with Future Trust in collaboration with the Indus Hospital and Health Network (IHHN) to deliver free diagnostic and healthcare services to underserved communities through the Jahangir Siddiqui Hospital, Sehwan. These services included Outpatient Department (OPD) consultations, EPI enrolments, mental health screening, blood tests, family planning counselling, ECG, ultrasound, X-ray services, and the provision of free medicines. In addition, a state-of-the-art Mother, Neonatal, and Child Health Care (MNCH) service was provided to ensure safe deliveries and essential maternal and neonatal care in the region.

To further enhance patient care and improve clinical efficiency, a Stat Laboratory was recently established at Jahangir Siddiqui Hospital, Sehwan. The Stat Lab enables rapid diagnostic testing, significantly reducing turnaround times for critical investigations and supporting timely clinical decision-making. This advancement has streamlined patient flow, strengthened emergency response, and improved overall treatment outcomes. The establishment of the Stat Lab represents a significant milestone in the hospital's continued development and has substantially benefited patients through faster and more reliable diagnostic services.

During 2025, more than 34,000 patients were provided with free medicines, more than 50 safe deliveries were successfully conducted, and more than 3,000 community engagement sessions were organized to raise health awareness and promote preventive healthcare practices. Through these initiatives, Future Trust continues to reaffirm its commitment to accessible, high-quality, and sustainable healthcare services for underserved communities.

Rehabilitation of Jahangir Siddiqui Hospital, Sehwan

In 2022, severe floods damaged Jahangir Siddiqui Hospital, Sehwan, disrupting services for several months. Following the resumption of operations in January 2023, the OPD block was rehabilitated, and in 2024 the hospital's laboratory and MNCH block were restored. Additional improvements, including the installation of an RO plant, CCTV surveillance, and beautification works, enhanced functionality, safety, and the overall hospital environment. In 2025, Future Trust undertook the rehabilitation of the Accommodation Block, providing upgraded and comfortable housing for the staff of JS Hospital. This new intervention ensures that hospital personnel have a safe and functional living environment, further strengthening the hospital's capacity to deliver high-quality healthcare services. Through these targeted interventions over the past three years, Future Trust has not only revived JS Hospital, Sehwan but has also reinforced its ability to provide accessible, sustainable, and high-quality healthcare to the people of Sehwan and surrounding areas.

Uro Gynae Clinic

Future Trust has been supporting Uro Gynae Clinic since its inception. It was established to treat patients with urological and gynecological ailments. Free of cost consultations, operative procedures, diagnostic facilities and medicines are provided to the under privileged population of

Pakistan at the Clinic. During the year 2025, more than 900 patients were provided consultation and treatment at the clinic.

The Patients' Behbud Society for Aga Khan University Hospital

The Patients' Behbud Society for Aga Khan University Hospital (PBS) is an independent charitable organization engaged in the collection

and disbursement of zakat and donations to support deserving patients in accessing quality medical treatment at Aga Khan University Hospital (AKUH), including its clinics and medical centers. JS Bank and Future Trust has been providing continuous support to PBS for many years.

Sindh Institute of Urology and Transplantation (SIUT)

Future Trust continued its support to The Sindh Institute of Urology and Transplantation (SIUT), one of the world's leading institutes offering free treatment for urological and nephrological conditions, cancer care, liver and gastrointestinal diseases, as well as organ transplantation. SIUT also provides free outpatient (OPD) services to patients.

PinkDetect

Future Trust and PinkDetect are collaborating to empower women in remote areas of Pakistan by advancing healthcare and technology initiatives. This cause is supported by JS Bank. This partnership focuses on raising awareness about breast cancer, providing medical support to underserved communities, and developing tools such as a mobile app to promote early diagnosis and proactive health management.

In 2025, Future Trust and PinkDetect conducted breast cancer awareness sessions in four remote villages of Tharparkar: Mithiro Bhatti, Dhabi Bheel, Bhugaar, and Godiar. These sessions targeted communities with little or no prior exposure to breast cancer education. A total of 188 women participated across the villages, attending educational sessions on breast health, live demonstrations of self-exams, and sharing of personal experiences.

Future Trust also supported PinkDetect in representing Pakistan at the American Medical Student Association's (AMSA) Annual Convention and Innovation Festival held in Washington, D.C. PinkDetect was selected as the only initiative from Pakistan to present at this prestigious international platform, standing out among 101 competing ideas for its innovative breast health management app combined with grassroots strategies aimed at reducing breast cancer mortality.

In addition, PinkDetect achieved a major academic milestone as its journal abstract, previously accepted by AMSA, received approval from Dr. Shuhan, Faculty at Harvard Medical School, for submission of the full research paper to the Conduct Science

Journal. This progress is particularly noteworthy given that the initiative began less than two years ago and reflects the meaningful impact of Future Trust's support.

Provision of Free Meals to the Underprivileged

In 2025, Future Trust continued supporting underprivileged members of society by providing daily free meals to security and janitorial staff, ensuring they had access to nutritious food amid rising living costs with the funding of JS Bank.

In the same year, Future Trust expanded its humanitarian efforts to the Hussaini Yatim Khana, providing regular meals to children in need. This initiative not only helps meet their daily nutritional requirements but also promotes their overall well-being, health and development. By ensuring that these children receive wholesome and balanced meals, Future Trust contributes to creating a supportive environment where they can thrive, grow, and focus on their education and personal growth.

Ration Distribution

In the past, Future Trust, with the support of JS Bank, has actively supported underprivileged communities by distributing ration bags to families in need, ensuring they have access to essential food supplies during difficult times. Recently, prolonged bad weather, including heavy rainfall and storms, left many daily wage workers without work or income, severely affecting their ability to meet basic food needs. Families near Manchar Lake, particularly in the Band Manchar area, were among the hardest hit and were struggling to provide even one meal a day for their families.

In response to this urgent situation, Future Trust distributed ration bags to 100 of the most vulnerable families in the area. Each bag contained essential food items, helping these families sustain themselves during this period of extreme hardship and providing much-needed relief to support their daily nutritional needs.

Medical Support to Individuals

JS Bank also provided financial support to various deserving and needy individuals for their medical treatment with the help of Future Trust. During the year, 38 individuals were supported in their treatments and major surgeries at various renowned hospitals, including Aga Khan University Hospital.

JS Academy for the Deaf

JS Bank and Future Trust is a principal supporter of JS Academy for the Deaf, which is dedicated to providing education to deaf and hearing-impaired children, enabling them to read, write, and communicate in their own Sign Language. Since its establishment in 2004, the Academy has offered education from Nursery to Graduation and has earned a strong reputation for delivering high-quality education. In 2025, the Academy enrolled 173 students. Additionally, it provides employment opportunities and a supportive work environment to individuals who have completed their education at the Academy, fostering a cycle of empowerment within the community.

University of Bolton (Auditorium Project)

The University of Bolton, in collaboration with SRH Inc Management Limited (SRH), a DIFC-licensed company based in Dubai, has established a campus in Islamabad, Pakistan, to provide high-quality education and innovative programs. This allows Pakistani students to earn a degree from a top 30 UK university, significantly enhancing their career opportunities.

Future Trust has awarded “Jahangir Siddiqui Scholarships” to seven Zakat-eligible students, enabling them to pursue higher education with dignity and financial support. This scholarship not only facilitates access to world-class education for deserving students but also reinforces Future Trust’s commitment to empowering underprivileged youth and fostering long-term socio-economic development through education.

Habib University

Habib University, located in Karachi, Pakistan, is a leading institution committed to providing quality higher education. Founded in 2010, the university offers a comprehensive range of academic programs across disciplines such as Science and Engineering, Arts, Humanities, and Social Sciences, providing undergraduate degrees.

In 2025, with the help of JS Bank, Future Trust continued its financial support for three deserving students at Habib University through the Jahangir Siddiqui Scholarship, assisting them in their undergraduate programs. This ongoing initiative underscores Future Trust’s commitment to expanding educational opportunities and empowering students to achieve both academic and professional excellence.

Deaf Reach Schools and Colleges

Future Trust has continued its contribution to the Family Educational Services Foundation (FESF) in support of Deaf Reach Schools and Colleges. This initiative empowers disadvantaged deaf children and youth by providing quality education, skills training, job placement opportunities, and sign language development. The donation will help sustain and expand these programs, ensuring that more deaf students receive the resources and support necessary to reach their full potential.

Dost Foundation Pakistan

Dost Foundation Pakistan (DFP), headquartered in Skardu, primarily serves the Gilgit-Baltistan region, focusing on enhancing literacy and providing education in remote and underserved areas. DFP currently operates 10 schools, educating 750 students, and also runs a vocational training center that enables underprivileged individuals to acquire practical skills while earning an income. Future Trust is one of the major supporters of DFP.

Educational Support to Individuals

JS Bank, through Future Trust, provides financial support to low-income families by covering the educational expenses of their children. In 2025, Future Trust assisted 90 students, ensuring they have access to the necessary resources to succeed academically. This initiative plays a crucial role in promoting equal opportunities for children from economically disadvantaged backgrounds, enabling them to pursue their education and achieve their academic aspirations without financial constraints.

Support for Needy Individuals

Many individuals in Pakistan, particularly in underserved and rural communities, face ongoing challenges due to limited access to essential resources and opportunities. In response, Future Trust provides recurring support to deserving and underprivileged individuals to promote their overall well-being and improve their quality of life. This continued assistance helps empower individuals, enabling them to address daily challenges, build stability, and work toward a better and more sustainable future.

Solarization of JS Hospital, Sehwan

Future Trust has been actively enhancing the sustainability of Jahangir Siddiqui Hospital through the installation of solar power systems. In 2024, a 90-kW solar system was installed, followed by an

additional 10 kW in 2025, bringing the total capacity to 100 kW. In 2025, Future Trust further strengthened the hospital's sustainability by solarizing its medical and operational equipment, ensuring a reliable and uninterrupted power supply for essential healthcare services.

Autism Spectrum Disorder Welfare Trust

Recognizing the growing need for autism awareness and support in Pakistan, Future Trust partners with the Autism Spectrum Disorder Welfare Trust (ASDWT) to foster understanding, acceptance, and inclusion for individuals with autism and related neurodevelopmental conditions. ASDWT implements a range of initiatives, including workshops, seminars, and community outreach programs, aimed at equipping parents, educators, and professionals with the knowledge and skills to identify and support individuals on the autism spectrum.

In the year 2025 alone, ASDWT's programs have reached 39,484 individuals, providing critical guidance and resources.

Milestone Charitable Trust

In Pakistan, millions of people live with disabilities, while the availability of specialized educational institutions remains limited. Only a few hundred special schools and nonprofit organizations across the country provide structured education and therapeutic support for children with special needs, leaving a significant service gap—particularly for underprivileged families.

Since 1998, Milestone Charitable Trust has been operating a dedicated school for children with cognitive and behavioral disorders, including Autism, Down Syndrome, Cerebral Palsy, and developmental delays. The school follows an individualized approach through customized curricula, group learning activities, and one-on-one therapy sessions to address academic, emotional, and behavioral challenges in a supportive and inclusive environment.

In 2025, Future Trust continued its support for Milestone Charitable Trust, benefiting 30 enrolled students, the majority of whom belong to underprivileged backgrounds. This support contributes to improving access to quality special education and therapeutic services for children who would otherwise have limited opportunities.

Anjuman Kashana-e-Atfal-o-Naunihal

Anjuman Kashana-e-Atfal-o-Naunihal provides shelter and care to orphaned, abandoned, and unclaimed girls, creating a safe and nurturing environment for their growth and development. The institution ensures that residents receive formal education at reputable schools and colleges, along with essential life skills training to promote personal development and independence. Currently, the organization provides care for 125 girls aged 6 to 24 years and has facilitated the placement of approximately 800 abandoned infants with respectable families worldwide. Future Trust contributes annually to support this noble cause.

Abdul Hai Foundation

Abdul Hai Foundation is a charitable organization dedicated to supporting underprivileged communities through social welfare and humanitarian initiatives. The foundation focuses on addressing basic needs and improving the quality of life for vulnerable individuals and families.

In 2025, Future Trust provided a donation to the Abdul Hai Foundation to support its ongoing welfare activities.

Jahangir Siddiqui Staffroom at SMB Fatima Jinnah Girls School

Zindagi Trust is a leading non-profit organization in Pakistan dedicated to transforming public education by adopting and managing government schools to provide quality education and improved learning environments for students. One of its notable initiatives includes the adoption and management of SMB Fatima Jinnah Government Girls High School, Karachi, where Zindagi Trust focuses on enhancing educational standards, infrastructure, and overall student development.

As part of this initiative, Future Trust rehabilitated the staffroom at the school, creating a modern and functional space for teachers. The upgraded staffroom, named the Jahangir Siddiqui Staffroom, provides educators with a comfortable and well-equipped environment to plan, collaborate, and perform their duties effectively, contributing to a better teaching and learning experience for students.

Transformation of the Information Society

Transformation International Society (TIS) is a pioneering center in Pakistan supporting children with disabilities and neurodevelopmental conditions.

The organization provides comprehensive, multidisciplinary care, including therapies from psychiatrists, neurologists, psychologists, and special needs educators, as well as advanced technologies such as AI and robotic tools.

TIS offers Neuro-Modulation therapies, including Transcranial Magnetic Stimulation (TMS), a non-invasive treatment particularly beneficial for children with autism, ADHD, and related conditions, making it the first dedicated center of its kind in Pakistan. All services are provided free of cost, with 202 children currently under treatment and many awaiting enrollment. Future Trust has contributed to sustaining these vital services, ensuring continued access to advanced therapies and holistic care for underserved children.

Karachi Vocational Training Center (KVTC)

Karachi Vocational Training Center (KVTC), located in DHA Phase 4, Karachi, provides vocational and technical training to youth with neurological disabilities, equipping them with practical skills that enhance employability and promote self-reliance. The center plays a vital role in empowering young individuals from underprivileged communities by offering quality training opportunities that prepare them for meaningful careers.

In 2025, Future Trust supported KVTC by providing financial assistance for trainee sponsorship, enabling deserving students to access quality vocational training without financial barriers.

Urban Forest Initiative – Sehwan

Future Trust initiated the Urban Forest project in Sehwan to utilize unused land adjacent to Jahangir Siddiqui Hospital and address rising environmental and climate challenges. Out of 37 acres acquired in 2012, 5 acres were developed for the hospital, while the remaining land (32 acres) remained barren. Future Trust has decided to transform it into a green space to support healthcare infrastructure and community wellbeing.

Sehwan faces extreme heat, prolonged summers, and limited green cover, which negatively impact public health and the hospital environment. The Urban Forest aims to reduce ambient temperatures, improve air quality, control dust, and contribute to carbon footprint reduction through large-scale plantations.

To date, approximately 12,000 trees have been planted using a mixed-species approach on a pilot basis to assess survival and growth under local conditions.

The Urban Forest initiative is a long-term, sustainable environmental intervention that supports the hospital ecosystem, improves the local microclimate, and reflects Future Trust's commitment to environmental responsibility and community development.

NJ Welfare Trust

NJ Welfare Trust, chaired by Brigadier Zarrar Iqbal Malik (Retd.), Sitara-i-Imtiaz (Military), is a non-profit organization providing free medical and surgical care to underprivileged patients, with a focus on orthopedic treatment and disability rehabilitation. Future Trust has conducted 294 clubfoot corrective surgeries, each followed by six months of free post-operative care services that can cost PKR 1–1.5 million per patient in the private sector. Orthopedic surgical camps, costing PKR 12–15 million, benefit 100–200 children per event. In addition to healthcare, NJ Welfare Trust organizes outreach programs and welfare initiatives to support vulnerable communities in remote areas. Future Trust has contributed to NJ Welfare Trust to help sustain these impactful medical and welfare services.

The Cardiovascular Foundation

The Cardiovascular Foundation is a non-profit organization dedicated to the prevention, diagnosis, and management of cardiovascular diseases through patient care, awareness programs, and community-based health initiatives.

In line with its commitment to supporting critical healthcare services, Future Trust extended financial assistance to The Cardiovascular Foundation.

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STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT

BALANCE BOOST

Apply the 50/30/20 rule to balance your needs, wants, and savings within your budget.

Fitness Challenge: Practice yoga balance poses daily.



STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT

We are committed to long-term, strategic relationship building. We view our priority stakeholders as belonging to five key groups: shareholders, regulators, customers, society, and employees. The following sections provide an overview of stakeholder engagement at JS Bank:

Shareholders	We engage with our shareholders through multiple channels to ensure transparency and alignment. This includes quarterly earnings statements, Directors' Reports, and Annual Reports. We also maintain active communication through Annual General Meetings (AGMs) and our digital presence, including our corporate website and social media platforms.
Regulators	Our principal regulator is the State Bank of Pakistan (SBP). JS Bank is committed to meeting its regulatory compliance obligations effectively and fulfilling the regulator's expectations. To this end, the Bank maintains a well-structured and comprehensive Compliance Program. We maintain constant contact with the SBP and are committed to providing complete and accurate information as required. Our senior management dedicates significant time to engaging with the SBP for guidance and to keep them informed of current market events. Furthermore, we provide the regulator with full access to Bank records in line with the regulatory framework and proactively seek feedback for any necessary clarifications. We also strictly comply with the directives of the Securities and Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange (PSX).
Customers	We welcome feedback from our customers and provide various forums for suggestions, which help us evaluate and improve our performance. The Bank's Complaint Handling Policy and Grievance Redressal Mechanism ensure that concerns are resolved fairly and promptly while working to prevent the recurrence of issues. Customers can register complaints at JS Bank branches, via our 24/7 phone banking center, through our website, or via email and postal mail. Additionally, the Bank conducts outreach via SMS, email, and social media to maximize the visibility and accessibility of these redressal channels.
Communities	We are dedicated to the communities in which we operate. By sponsoring social and cultural events and striving to contribute to a cleaner, greener country, JS Bank actively participates as a responsible corporate and global citizen.
Employees	Our employees are our most important stakeholders. We engage with them through bank-wide events and by providing continuous learning and professional development opportunities to foster a growth-oriented culture.

Steps to Encourage Minority Shareholders' Participation in AGMs

JS Bank Limited always provides a forum for two-way engagement with the shareholders, particularly the minority shareholders. To ensure the meaningful participation of minority shareholders in the AGM, the Bank takes the following measures:

- Notice of AGM is sent to every member of the Bank at least 21 days before the meeting. The notice was published in both English & Urdu newspapers having Nationwide circulation.
- The Annual Report of the Bank is sent to each member of the Bank at their registered mailing/email address before the AGM in electronic (QR Code/email) or hard form (on request).

- During the AGM, a detailed briefing on the Bank's performance and its plans is given to the shareholders.
- The shareholders are encouraged to raise queries and give suggestions relating to the Bank's operations.

Issues raised in the last AGM, decisions taken, and their implementation status

No issues have been raised in the last AGM.

Investor Relations section on the Corporate Website

Corporate information, including quarterly, semiannual, and annual reports of the Bank, can be accessed on the following URL

www.jsbl.com/knowledge-center/investor-information/

The Bank disseminates information to its investors and shareholders through a mix of platforms, including its corporate website, maintained in accordance with the applicable regulatory framework. The website is updated regularly to provide detailed, up-to-date Bank information, including but not limited to financial highlights, investor information, dividends, and other relevant information.

Customer Grievance Redressal Practices

The JS Bank Customer Experience (CE) team organizes, plans, and regularly assesses the Bank's customer experience across all touchpoints to create the best possible interaction between the Bank and its customers. The CE team develops and implements efficient procedures that improve client connections, loyalty, and satisfaction. One of our core values, customer centricity, works hand in hand with efficient complaint handling and grievance management in order to understand and adapt our products and services to meet our customers' expectations.

Our complaint management policy ensures prompt handling of complaints within the State Bank of Pakistan-defined turnaround time (TAT), with a focus on preventing recurrence. The process registers and acknowledges concerns, providing

an interim reply (where necessary) and ensuring due resolution. If customers are not pleased with the Bank's resolution, they may also approach the Banking Ombudsman (Mohtasib).

The Bank has implemented various channels for customers to register complaints, including account statements, ATM screens, emails, SMS, in-app notifications, and online feedback forms. To increase the number of customers who have access to the recourse mechanism, the Bank has posted such information on social media via SMS messages, in-app notifications, and email direct messages (EDMs) to its customers twice a year. A thorough grievance system, touchpoints, and online feedback forms are available on the Bank's website. Customers also receive regular email broadcasts for customer awareness and education.

Our corporate culture is founded on treating customers fairly. In line with the same, the Bank has incorporated a "Customer Protection Framework," whereby we always prioritize the needs of the customer while creating, marketing, and managing our business. Our main objectives are to maintain fairness in all customer interactions, ensure effective communication, promote a service culture, and develop a productive method for handling grievances. We also focus on the financial decisions that customers make through our consumer education and financial literacy initiatives.

Voice, Chat, and SMS (VCS) Team: The VCS Team facilitates customer interactions through diverse channels, including phone calls, emails, chat over SMS, WhatsApp BOT, online forms, and social media. This team comprises qualified professionals providing round-the-clock support, assisted by advanced technologies like interactive voice response and computer telephony integration.



STATEMENT AND DISTRIBUTION OF VALUE ADDED

	2025		2024	
Value Added		Rs. in million		
Net mark-up / interest income	27,149		27,351	
Non mark-up / interest income	13,164		11,293	
Operating expenses excluding Staff cost, depreciation, amortization, donation and WWF	(15,234)		(14,176)	
Provision against advances, lending, Investments and others	(3,586)		(4,703)	
Other charges	(244)		(101)	
Value available for addition	21,249		19,664	
Distribution of Value added				
	2025		2024	
	Rs. in million	%	Rs. in million	%
To Employees				
Remuneration , provident fund and other benefits	11,207	52.74%	10,008	50.90%
To Government				
Worker Welfare Fund	124	0.58%	127	0.65%
Income Tax	3,395	15.98%	3,518	17.89%
	3,519	16.56%	3,645	18.54%
To Society				
Donations	124	0.58%	127	0.65%
To Growth and expansion				
Depreciation	3,095	14.57%	2,672	13.59%
Amortization	508	2.39%	364	1.85%
Retained Earnings	2,796	13.16%	2,848	14.48%
	6,399	30.11%	5,884	29.92%
	21,249	100.00%	19,664	100.00%

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UNCONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL CORE TRAINING

Strengthen your financial core by focusing on wealth building and securing your long-term foundation.

Fitness Challenge: Hold a plank for two minutes daily.





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INDEPENDENT AUDITOR'S REPORT

To the members of JS Bank Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **JS Bank Limited** (the Bank), which comprise the unconsolidated statement of financial position as at 31 December 2025, and the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 38 branches which have been audited by us and notes to the financial statements, including a summary of material accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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

Basis for Opinion

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

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following is the Key Audit Matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Valuation of Advances: (Refer note 9, 13.3 & 20 to the unconsolidated financial statements) As at 31 December 2025, the Bank's Credit loss allowance against advances including mark-up / return / interest accrued and off-balance sheet items are amounting to Rs. 18,903.75 million and Rs. 270.59 million respectively. The Bank recognizes estimation of expected credit losses ("ECL") in accordance with the application instruction issued by SBP on advances and off balance sheet exposure. The estimation of ECL on advances including off balance sheet exposure, involves judgement and complexity. The key areas which are subject to management judgement in the estimation of ECL are: - Model estimations – judgmental modelling and assumption are used to estimate ECL which involves determining Probability of Default ("PD"), Loss Given Default ("LGD"), and Exposure at Default ("EAD"). Respective model assumption is a key driver of complexity and uncertainty and are required in the application of these model for calculation of the ECL estimate. - Economic scenarios – IFRS 9 requires the Bank to measure ECL on an unbiased forward-looking basis reflecting a range of future economic	Our audit procedures, amongst others, included the following: - Performing risk assessment procedures over the credit loss allowance against advances and off-balance sheet exposure within the Bank's unconsolidated financial statement. As part of these risk assessment procedures, identifying the portfolios associated with a risk of material misstatement including those arising from judgements over the estimation of ECL either due to inputs, methods or assumptions. - Assessing the design, implementation and operating effectiveness of key controls established by the Bank over measurement of ECL and provision calculated as per PR; - We involved in-house specialist who assisted in the following: - Evaluating the Bank's impairment methodologies for compliance with application instructions issued by SBP for IFRS 9; - Assessing the reasonableness of the Bank's methodology and models for determining the economic scenarios used and the probability weightings applied to them by independently validating and challenging the

S. No.	Key Audit Matter	How the matter was addressed in our audit
	conditions. Management's judgement is applied in determining the forward-looking economic scenarios used as an input to calculate ECL, the associated scenario probability weightings, and the key economic variables that drive the scenarios. Qualitative criteria – the criteria selected to identify SICR involves judgment and can lead to unreliable ECL recognized for certain portfolios. In line with the applications instructions on IFRS 9, the Bank must compare the ECL for Stage 3 advances with the provision determined under the Prudential Regulations (PR) issued by the SBP. The PR requires specific provisioning against the advances on the basis of time-based criteria which should be supplemented by a subjective evaluation of the Bank's credit portfolio. The determination of provision against advances, therefore, involves use of management's judgement, on a case-to-case basis, taking into account factors such as the economic and business conditions, borrowers' repayment behaviors and realizability of collateral held by the Bank. Because of the high degree of estimation uncertainty and judgement involved in the calculation of ECL, we considered valuation of advances as a key audit matter.	assumptions, methodologies, and outputs of the models; - Assessing the reasonableness of macro-economic variable and economic forecasts by comparing these to external sourced data extracted; and - Performing independent testing of the Expected Credit Loss (ECL) allowance on a sample basis. - Performing testing on sample basis over key inputs into the ECL calculations with their respective source documents; - Performing sensitivity analysis on the key assumption, that is probability weighted economic scenarios, to assess reasonableness and the risk of biasness by changing weights assigned to each economic scenario; - In accordance with the PR, we sampled at least sixty percent of the total advances portfolio and performed credit review through the following substantive procedures: - verifying repayments of advances/ mark-up installments and checked that non-performing advances have been correctly classified and categorized based on the number of days overdue; - examining watch list accounts and, based on review of the individual facts and circumstances, discussions with management and our assessment of financial conditions of the borrowers, formed a judgement as to whether



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S. No.	Key Audit Matter	How the matter was addressed in our audit
		classification of these accounts as performing was appropriate; - Assessing the accuracy of specific provision made against non-performing advances in accordance with the criteria prescribed under the PR by performing recalculation; • Assessing the appropriateness of SICR criteria applied by the Bank by ensuring that the SICR criteria and staging methodology are consistent with the application instructions; • Assessing the higher of Expected Credit Loss (ECL) and provision as per PR to ensure appropriate recognition for stage 3 loans; and • Evaluating the adequacy of the disclosures, including disclosures of key assumptions, judgements and sensitivities in the unconsolidated financial statements.

Information other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The Other Information comprises the Review Report by the Chairman and Directors' Report but does not include the unconsolidated financial statements, consolidated financial statements and our auditor's reports thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.



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Responsibilities of Management and the Board of Directors for the Unconsolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the unconsolidated Financial Statements

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

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

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



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:
 - a) proper books of account have been kept by the Bank/branches as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
 - b) the unconsolidated statement of financial position, the unconsolidated statement of profit and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;



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- c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank / branches and the transactions of the Bank / branches which have come to our notice have been within the powers of the Bank / branches; and
 - d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.
2. We confirm that for the purpose of our audit we have covered more than sixty per cent of the total loans and advances of the Bank.

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

Date: 4 March 2026

Karachi

UDIN: AR202510106sk0AVUXT8


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Chartered Accountants

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Unconsolidated Statement of Financial Position

As at December 31, 2025

2025	2024		2025	2024	
----- USD in '000 -----			----- Rupees in '000 -----		
		Note			
ASSETS					
145,284	153,711	Cash and balances with treasury banks	5	40,697,301	43,058,132
18,553	12,913	Balances with other banks	6	5,197,190	3,617,293
70,822	7,139	Lendings to financial institutions	7	19,838,794	1,999,730
992,522	1,079,656	Investments	8	278,028,312	302,436,602
891,666	805,115	Advances	9	249,776,370	225,531,300
45,673	43,149	Property and equipment	10	12,793,947	12,086,893
10,973	9,318	Right-of-use assets	11	3,073,822	2,610,093
23,310	24,297	Intangible assets	12	6,529,662	6,806,276
-	-	Deferred tax assets		-	-
141,726	135,515	Other assets	13	39,700,933	37,960,949
2,340,529	2,270,813	Total Assets		655,636,331	636,107,268
LIABILITIES					
27,985	29,008	Bills payable	14	7,839,367	8,125,841
93,274	102,450	Borrowings	15	26,128,080	28,698,505
1,940,226	1,874,656	Deposits and other accounts	16	543,502,051	525,134,376
11,400	9,954	Lease liabilities	17	3,193,531	2,788,429
30,322	30,329	Subordinated debt	18	8,493,900	8,495,833
2,479	2,396	Deferred tax liabilities	19	694,409	671,138
68,271	65,994	Other liabilities	20	19,124,285	18,486,512
2,173,957	2,114,787	Total Liabilities		608,975,623	592,400,634
166,572	156,026	NET ASSETS		46,660,708	43,706,634
REPRESENTED BY					
73,206	73,206	Share capital	21	20,506,625	20,506,625
27,419	25,395	Reserves		7,680,779	7,113,683
10,981	12,058	Surplus on revaluation of assets	22	3,076,042	3,377,860
54,966	45,367	Unappropriated profit		15,397,262	12,708,466
166,572	156,026			46,660,708	43,706,634
CONTINGENCIES AND COMMITMENTS					23

The annexed notes 1 to 49 and annexures I and II form an integral part of these unconsolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Unconsolidated Statement of Profit and Loss Account

For the year ended December 31, 2025

2025	2024		Note	2025	2024
----- USD in '000 -----				----- Rupees in '000 -----	
255,074	387,474	Mark-up / return / interest earned	25	71,451,982	108,540,396
158,155	289,836	Mark-up / return / interest expensed	26	44,302,868	81,189,811
96,919	97,638	Net mark-up / interest income		27,149,114	27,350,585
NON MARK-UP / INTEREST INCOME					
17,681	17,306	Fee and commission income	27	4,952,990	4,847,821
8,717	8,246	Dividend income		2,441,761	2,309,821
6,864	11,746	Foreign exchange income		1,922,770	3,290,421
-	94	Income from derivatives		-	26,426
11,763	2,694	Gain on securities - net	28	3,295,220	754,660
-	-	Net gains / (losses) on derecognition of financial assets measured at amortised cost		-	-
1,967	228	Other income	29	551,083	63,799
46,992	40,314	Total non mark-up / interest income		13,163,824	11,292,948
143,911	137,952	Total Income		40,312,938	38,643,533
NON MARK-UP / INTEREST EXPENSES					
107,700	97,622	Operating expenses	30	30,169,266	27,346,237
442	455	Workers welfare fund	31	123,811	127,322
870	360	Other charges	32	243,588	100,787
109,012	98,437	Total non-mark-up / interest expenses		30,536,665	27,574,346
34,899	39,515	Profit before credit loss allowance		9,776,273	11,069,187
12,800	16,789	Credit loss allowance and write offs - net	33	3,585,710	4,703,110
22,099	22,726	Profit before taxation		6,190,563	6,366,077
12,120	12,557	Taxation	34	3,394,993	3,517,611
9,979	10,169	Profit after taxation		2,795,570	2,848,466
----- US Dollar -----					
0.005	0.005	Basic and diluted - earnings per share	35	1.36	1.39
----- Rupees -----					

The annexed notes 1 to 49 and annexures I and II form an integral part of these unconsolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Director



Unconsolidated Statement of Comprehensive income

For the year ended December 31, 2025

2025	2024		2025	2024
----- USD in '000 -----			----- Rupees in '000 -----	
9,979	10,169	Profit after taxation for the year	2,795,570	2,848,466
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
28	(69)	Effect of translation of net investment in foreign branch	7,982	(19,253)
914	3,281	Movement in surplus on revaluation of debt investments through FVOCI - net of tax	256,126	919,175
942	3,212		264,108	899,922
Items that will not be reclassified to profit and loss account in subsequent periods:				
106	(186)	Remeasurement gain / (loss) on defined benefit obligations - net of tax	29,671	(51,997)
6	582	Movement in surplus on revaluation of investments in equity - net of tax	1,613	162,991
-	1,468	Movement in surplus on revaluation of property and equipment - net of tax	-	411,137
(535)	49	Movement in surplus on revaluation of non-banking assets - net of tax	(150,004)	13,624
(423)	1,913		(118,720)	535,755
10,498	15,294	Total comprehensive income	2,940,958	4,284,143

The annexed notes 1 to 49 and annexures I and II form an integral part of these unconsolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2025

	Share capital	Capital Reserves		Statutory reserve	Surplus / (deficit) on revaluation of			Unappropriated profit	Total
		Share premium	Exchange translation reserve		Investments	Property and Equipment	Non-Banking Assets		
	Rupees in '000								
Balance as at December 31, 2023	20,506,625	2,689,217	677,028	3,196,998	401,665	1,060,323	497,880	11,292,332	40,322,068
Impact of adoption of IFRS 9 - net of tax	-	-	-	-	(65,563)	-	-	(834,014)	(899,577)
Balance as at January 01, 2024 after adoption of IFRS 9	20,506,625	2,689,217	677,028	3,196,998	336,102	1,060,323	497,880	10,458,318	39,422,491
Profit after taxation	-	-	-	-	-	-	-	2,848,466	2,848,466
Other comprehensive income / (loss) - net of tax									
Effect of translation of net investment in foreign branch	-	-	(19,253)	-	-	-	-	-	(19,253)
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	919,175	-	-	-	919,175
Movement in surplus / (deficit) on revaluation of investment in equity instruments - net of tax	-	-	-	-	162,991	-	-	-	162,991
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-	(51,997)	(51,997)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	411,137	-	-	411,137
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	13,624	-	13,624
	-	-	(19,253)	-	1,082,166	411,137	13,624	(51,997)	1,435,677
Transfer to statutory reserve	-	-	-	569,693	-	-	-	(569,693)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(17,754)	(889)	18,643	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	-	(4,729)	-	-	4,729	-
Balance as at December 31, 2024	20,506,625	2,689,217	657,775	3,766,691	1,413,539	1,453,706	510,615	12,708,466	43,706,634
Impact of adoption of IFRS 9 - net of tax (note 4.1.1)	-	-	-	-	13,116	-	-	-	13,116
Balance as at January 01, 2025 after adoption of IFRS 9	20,506,625	2,689,217	657,775	3,766,691	1,426,655	1,453,706	510,615	12,708,466	43,719,750
Profit after taxation	-	-	-	-	-	-	-	2,795,570	2,795,570
Other comprehensive income / (loss) - net of tax									
Effect of translation of net investment in foreign branch	-	-	7,982	-	-	-	-	-	7,982
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	256,126	-	-	-	256,126
Movement in surplus/(deficit) on revaluation of investment in equity instruments - net of tax	-	-	-	-	1,613	-	-	-	1,613
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	29,671	29,671
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(150,004)	-	(150,004)
	-	-	7,982	-	257,739	-	(150,004)	29,671	145,388
Transfer to statutory reserve	-	-	-	559,114	-	-	-	(559,114)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(36,588)	(16,010)	52,598	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	-	(370,071)	-	-	370,071	-
Balance as at December 31, 2025	20,506,625	2,689,217	665,757	4,325,805	1,314,323	1,417,118	344,601	15,397,262	46,660,708

The annexed notes 1 to 49 and annexures I and II form an integral part of these unconsolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Director



Unconsolidated Cash Flow Statement

For the year ended December 31, 2025

2025	2024		Note	2025	2024
----- USD in '000 -----				----- Rupees in '000 -----	
22,099	22,726	CASH FLOW FROM OPERATING ACTIVITIES		6,190,563	6,366,077
(8,717)	(8,246)	Profit before taxation		(2,441,761)	(2,309,821)
13,382	14,480	Less: Dividend income		3,748,802	4,056,256
		Adjustments:			
(98,474)	(97,638)	Net mark-up / interest income		(27,584,953)	(27,350,585)
5,227	4,615	Depreciation on property and equipment	30	1,464,324	1,292,671
143	127	Depreciation on non-banking assets	30	40,148	35,612
5,679	4,797	Depreciation on right-of-use assets	30	1,590,929	1,343,769
1,812	1,298	Amortisation	30	507,610	363,634
13,058	16,789	Credit loss allowance and write offs - net		3,657,974	4,703,110
(68)	(64)	Gain on sale of property and equipment - net	29	(18,973)	(17,815)
(91)	-	Gain on sale of non-banking asset - net	29	(25,515)	-
(88)	(15)	Gain on termination of leases - net	29	(24,714)	(4,322)
1,556	1,414	Finance charges on leased assets	26	435,839	396,228
666	964	Charge for defined benefit plan		186,546	270,154
(1)	1,565	Unrealised (gain) / loss on revaluation of investments measured at FVPL - net	28	(165)	438,437
442	455	Provision for workers' welfare fund	31	123,811	127,322
(70,139)	(65,693)			(19,647,139)	(18,401,785)
(56,757)	(51,213)			(15,898,337)	(14,345,529)
		(Increase) / decrease in operating assets			
(63,698)	(7,140)	Lendings to financial institutions		(17,843,182)	(2,000,000)
16,344	(38,574)	Securities measured at FVPL		4,578,424	(10,805,449)
(97,511)	(75,632)	Advances		(27,315,000)	(21,186,344)
(3,653)	(53,648)	Other assets (excluding advance taxation and mark-up receivable)		(1,023,188)	(15,028,178)
(148,518)	(174,994)			(41,602,946)	(49,019,971)
		Increase / (decrease) in operating liabilities			
(1,023)	8,772	Bills payable		(286,474)	2,457,120
(10,431)	10,359	Borrowings from financial institutions		(2,921,919)	2,901,710
65,570	138,695	Deposits		18,367,675	38,851,598
16,396	2,615	Other liabilities (excluding current taxation and mark-up payable)		4,592,824	732,465
70,512	160,441			19,752,106	44,942,893
(134,763)	(65,766)			(37,749,177)	(18,422,607)
		Mark-up / return / interest received		73,661,538	117,228,977
262,961	418,491	Mark-up / return / interest paid		(47,832,250)	(81,479,714)
(170,754)	(290,871)	Income tax paid		(6,248,959)	(6,397,019)
(22,308)	(22,836)			(18,168,848)	10,929,637
(64,864)	39,018	Net cash flow (used in) / generated from operating activities			
		CASH FLOW FROM INVESTING ACTIVITIES			
313,273	(68,704)	Net investments in amortised cost securities		87,754,896	(19,245,629)
(239,900)	60,165	Net investments in securities classified as FVOCI		(67,201,619)	16,853,470
8,717	8,246	Dividend received		2,441,761	2,309,821
(7,706)	(17,263)	Acquisition property and equipment		(2,158,579)	(4,835,843)
28	(69)	Effect of translation of net investment in foreign branch		7,982	(19,253)
144	355	Proceeds from sale of property and equipment		40,443	99,467
562	-	Proceeds from sale of non-banking assets		157,500	-
(5,957)	(7,870)	Acquisition of intangible assets		(1,668,600)	(2,204,617)
69,161	(25,140)	Net cash flow generated from / (used in) investing activities		19,373,784	(7,042,584)
		CASH FLOWS FROM FINANCING ACTIVITIES			
(7)	(7)	Payments of subordinated debt		(1,933)	(1,934)
(7,304)	(5,915)	Payments of lease obligations against right-of-use assets		(2,046,153)	(1,656,950)
(7,311)	(5,922)	Net cash flow used in financing activities		(2,048,086)	(1,658,884)
		(Decreased) / Increase in cash and cash equivalents		(843,150)	2,228,169
(3,014)	7,956	Cash and cash equivalents at beginning of the year		46,373,151	43,970,195
165,546	156,967	Effect of exchange rate changes on cash and cash equivalents		(71,870)	102,917
(256)	367			46,301,281	44,073,112
165,290	157,334	Cash and cash equivalents at end of the year	36	45,458,131	46,301,281
162,276	165,290				

The annexed notes 1 to 49 and annexures I and II form an integral part of these unconsolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

1. STATUS AND NATURE OF BUSINESS

- 1.1** JS Bank Limited (the Bank / JSBL) is a banking company incorporated in Pakistan as a public limited company on March 15, 2006. The Bank is a subsidiary company of Jahangir Siddiqui and Co. Ltd. (JSCL) and its shares are listed on Pakistan Stock Exchange Limited (PSX). The Bank commenced its banking operations on December 30, 2006 and its registered office is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi.

The Bank is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962 and is operating through 317 (2024: 314) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (2024: 1). The Pakistan Credit Rating Agency Limited (PACRA) has maintained its long-term entity rating of the Bank to AA (Double A) and short-term rating at A1+ (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely repayment of financial commitments.

- 1.2** Jahangir Siddiqui Investment Bank Limited, JSIBL, (formerly Citicorp Investment Bank Limited which was acquired by JSCL on February 01, 1999), and its holding company, JSCL, entered into a Framework Agreement with American Express Bank Limited, New York (AMEX) on November 10, 2005 for acquisition of its American Express Bank Limited - Pakistan Branches, (AEBL). Consequently, a new banking company, JSBL was incorporated on March 15, 2006 and a Banking License was issued by the State Bank of Pakistan (SBP) on May 23, 2006.

A Transfer Agreement was executed on June 24, 2006 between JSIBL and JSBL for the transfer of entire business and undertaking of JSIBL to JSBL and a separate Transfer Agreement was also executed on June 24, 2006, between AMEX and JSBL for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL business). The shareholders of JSIBL and JSBL, in their respective extra-ordinary general meetings held on July 31, 2006, approved a Scheme of Amalgamation (the Scheme) under Section 48 of the Banking Companies Ordinance, 1962. The Scheme was initially approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SC/NBFC(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by the SBP vide its order dated December 02, 2006 and, in accordance therewith, the effective date of amalgamation was fixed at December 30, 2006.

- 1.3** The Bank is the holding company of BankIslami Pakistan Limited (BIPL), JS Global Capital Limited (JSGCL) and JS Investments Limited (JSIL).

- 1.4** The shareholders of the Bank in their meeting held on March 30, 2022 approved to acquire, as per the requirements of section 199 of the Companies Act, 2017, 86,316,954 ordinary shares of BIPL, constituting 7.79% of the paid-up capital of BIPL, from Emirates NBD Bank PJSC at a price of up to Rs. 13.24 per share making the aggregate consideration up to Rs. 1,142 million.

During the year 2023, pursuant to the approvals of the shareholders of the Bank at their General Meetings held on March 29, 2023 and May 19, 2023 and after obtaining all the requisite corporate and regulatory approvals and compliance with all the applicable laws and regulations, the Bank had acquired:

- 42.45%, i.e., on August 18, 2023, 470,603,772 ordinary voting shares and control of BIPL, from sponsors and other shareholders of BIPL (including but not limited to, Jahangir Siddiqui and Co. Ltd., the holding company of the Bank) through agreements against the issuance of 532,629,349 new shares of the Bank by way of other than rights and other than cash consideration, i.e., 1,1318 ordinary shares of the Bank issued as consideration for every 1 ordinary share of BIPL. Accordingly on August 18, 2023, BIPL became a subsidiary of the Bank with 50.24% shareholding.
- 24.88%, i.e., on August 25, 2023, 275,891,276 ordinary shares of BIPL by way of public offer (published in newspapers on June 28, 2023) made to all public shareholders as required under the Takeover Regulations in cash at the rate of Rs. 23.99 per share. To partly finance the public offer, the Bank, with the approval of the Board of Directors, had issued 220,568,925 ordinary shares by way of 17% Right Shares, i.e., 17 right shares for every 100 shares held, at par value of Rs. 10/- each.

Post-acquisition, the shareholding of the Bank in BIPL increased to 75.12%.



Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

2. BASIS OF PRESENTATION

These unconsolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02, dated February 09, 2023 with further addition made vide BPRD Circular Letter No. 13 of 2024, dated July 01, 2024 and accounting and financial reporting standards as applicable in Pakistan.

These unconsolidated financial statements are separate financial statements of the Bank in which the investments in subsidiaries and associates are stated at cost and are accounted for on the basis of direct equity interest rather than on the basis of reported results. The consolidated financial statements of the Bank are being issued separately.

These unconsolidated financial statements have been presented in Pakistan Rupees (PKR), which is the currency of the primary economic environment in which the Bank operates and functional currency of the Bank. The amounts are rounded to the nearest thousand except as stated otherwise.

The US Dollar amounts shown on the statement of financial position, profit and loss account, statement of comprehensive income and cash flow statement are stated as additional information solely for the convenience of readers and have not been subject to audit by the external auditors. For the purpose of conversion to US Dollars, the rate of Rs. 280.12 to 1 US Dollar has been used for 2025 and 2024 as it was the prevalent rate as on December 31, 2025.

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

2.1 Statement of compliance

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

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of, directives and notifications issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies vide BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks vide its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.

International Financial Reporting Standard (IFRS) 10, 'Consolidated Financial Statements' was made applicable from the period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed through S.R.O56(I)/2016 dated January 28, 2016, that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS 10 is not applicable in case of investment by companies in mutual funds established under trust structure.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

The Bank has received deferment of recording income and expense at EIR via letter from SBP till December 31, 2025. Consequently, these deferred requirements of IFRS 9 have not been considered in the preparation of these annual unconsolidated financial statements. Nevertheless, the Bank has performed a preliminary assessment of the potential impact of adoption of these deferred requirement based on its unconsolidated statement of financial position as at December 31, 2025. The impact of changes in accounting policy on adoption of EIR is disclosed in note 4.1.1 to these unconsolidated financial statements.

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

There are certain interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2025 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these unconsolidated financial statements.

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

Standards, interpretations and Amendments	Effective date (annual periods beginning on or after)
Amendments to Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	January 01, 2026
Annual improvement to IFRS Accounting Standards - Volume 11	January 01, 2026
IFRS S1 - General Requirements for Disclosure of Sustainability - related Financial Information	January 01, 2026
IFRS S2 - Climate - related disclosure	January 01, 2026
IFRS 18 - Presentation and disclosure in financial statements	January 01, 2027
Standard	IASB effective date (accounting periods beginning on or after)
IFRS 1 – First-time Adoption of International Financial Reporting Standards	January 01, 2004

The above standards are either not applicable to the Bank or are not expected to have any material impact on the Bank's financial statements. However, SECP vide S.R.O 742 (I)/2025 (dated 16 April 2025) notified that International Financial Reporting Standard (IFRS 7 - 'Financial Instruments: Disclosures' shall be followed by Banks, for the purpose of financial statements, from the annual reporting periods beginning on or after 01 January 2026 (earlier application is permitted).

2.4 Critical accounting estimates and judgements

The preparation of these unconsolidated financial statements in conformity with 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. It also requires management to exercise judgment in the application of its accounting policies. The estimates and 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.

- i) valuation and impairment of financial instruments (notes 4.2.1.11, 8, 9, 41 and 46.1.9).
- ii) Classification of investment in associates (note 4.5).
- iii) valuation and depreciation of property and equipment (notes 4.8 and 10).

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

- iv) determination of lease term and the discount rate for recognition of lease liabilities and depreciation on related right-of-use assets (notes 4.9, 11 and 17).
- v) valuation and amortisation of intangible assets including impairment of goodwill (note 4.1, 4.22 and 12).
- vi) valuation of non-banking assets acquired in satisfaction of claims (notes 4.11 and 13.2).
- vii) defined benefit plans (notes 4.16.2 and 38).
- viii) taxation (notes 4.14, 19 and 34).
- ix) fair value of derivatives (notes 4.6 and 24).

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

3. BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention except for:

- Certain classes of property and equipment and non-banking assets acquired in satisfaction of claims which are stated at revalued amounts less accumulated depreciation.
- Investments classified under Fair Value through Profit or Loss (FVPL) and Fair Value through Other Comprehensive Income (FVOCI) and derivative financial instruments, which are measured at fair value.
- Certain concessional rate advances and related borrowing (Staff Loans and Financing / Borrowing under SBP TERF Schemes).
- Net obligations in respect of defined benefit schemes which are carried at their present values.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented, except as disclosed in note 4.1 below.

4.1 Changes in Accounting Policies

4.1.1 Impact of IFRS 9 - Financial Instruments

The Bank has adopted IFRS 9 Financial Instruments with effect from January 1, 2024, applying the modified retrospective approach as permitted under the accounting and reporting standards as applicable in Pakistan. However, as per SBP vide BPRD Circular Letter No. 16 of 2024 has allowed banks to continue measuring unquoted equity securities at the lower of cost or break-up value up to December 31, 2024. Therefore, Banks were required to measure unquoted equity securities at fair value, as required under the IFRS 9 application instructions, with effect from January 1, 2025.

The Bank has recognised the cumulative effect of initial application directly in opening retained earnings at the transition date which are as follows:

Description	Balance as at December 31, 2024 (Audited)	Impact of Adoption of IFRS 09	Balances as of January 01, 2025	Remeasurement during the year	Balance as at December 31, 2025
	----- Rupees in '000 -----				
Equity securities - FVOCI	16,965	27,325	44,290	11,496	55,786
Related deferred tax	-	14,209	14,209	5,978	20,187
Related surplus on revaluation on investment	-	13,116	13,116	5,518	18,634

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

4.1.2 Mark-up / return earned and Mark-up / return expensed

Mark-up / return earned and Mark-up / return expensed are recognised in unconsolidated statement of profit or loss account under the effective yield method (EIR). The 'effective yield rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

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

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

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

The Bank is in the process of determining the impact of EIR method on its financial instruments and consequently, no quantitative disclosures were presented in these unconsolidated financial statements.

4.2 Financial Assets and Financial Liabilities

4.2.1 Classification and measurement

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

4.2.1.1 Recognition and initial measurement

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

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial asset on initial recognition is generally its transaction price. If the Bank determines that the fair value on initial recognition differs from the transaction price, the financial instrument is initially measured at fair value. Where fair value is evidenced by a quoted price in an active market or based solely on observable market data, the difference is recognized immediately in the unconsolidated statement of profit and loss account. Where fair value is not based solely on observable market data, the difference is deferred and recognized in unconsolidated statement of profit and loss account over the life of the instrument, or when the valuation becomes supported by observable market data, or upon derecognition. Advances other than staff loans and Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations are initially measured at transaction price i.e., the amount of loan disbursed at disbursement date.

Staff loans, Temporary Economic Refinance Facility (TERF) loans and advances pertaining to overseas operations are recognized at fair value at the time of disbursement. The fair value is determined by discounting the expected future cash flows using the prevailing market rates for instruments. For staff loans, the difference between the disbursed amount and the fair value at initial recognition is recorded as a prepayment.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

4.2.1.2 Classification

(a) Financial Assets

On initial recognition, a financial asset other than advances except for staff loans and Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations is classified as measured at amortised cost, FVOCI or FVPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVPL:

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

On initial recognition of an equity investment that is not held-for-trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

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

Advances are carried at cost, net of expected credit loss allowances, excluding staff loans, Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations, which are measured at amortized cost.

(b) Financial Liabilities

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

Derivatives embedded in contracts where the host is a financial asset in scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

4.2.1.3 Business model assessment

A financial asset is classified as either held-to-collect, held-to-collect and sale and others based on Business Model Assessment. The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The assessment requires judgement based on facts and circumstances on the date of assessment. The information considered mainly includes:

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- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual mark-up revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

Transfer of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Bank's continuing recognition of the financial assets.

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

4.2.1.4 Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

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

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

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

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and mark-up on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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The Bank holds a portfolio of long-term fixed-rate loan for which the Bank has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the financing at par without penalty. The Bank has determined that the contractual cash flows of these loan are SPPI because the option varies the interest rate in a way that is in consideration for the time value of money, credit risk, other basic financing risks and costs associated with the principal amount outstanding.

4.2.1.5 Subsequent measurement

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

Financial assets at FVPL	These assets are subsequently measured at fair value. Net gains and losses, including any mark-up or dividend income, are recognised in unconsolidated statement of profit and loss account.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method in case of investments, lendings to financial institutions, cash and balances with treasury banks, balances with other banks, Temporary Economic Refinance Facility (TERF), staff loans, and advances pertaining to overseas operations and other financial assets. The amortised cost is reduced by impairment losses. Mark-up, foreign exchange gains and losses and impairment are recognised in unconsolidated statement of profit and loss account.
Debt investments at FVOCI	These assets are subsequently measured at fair value and are assessed for impairment under the ECL model. Mark-up income is calculated using the effective interest method and includes amortisation of premiums and accretion of discount, foreign exchange gains and losses and impairment are recognised in the unconsolidated statement of profit and loss account. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the unconsolidated statement of profit and loss account.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in unconsolidated statement of profit and loss account unless the dividend clearly represents a recovery of part of the cost of the investment, in which case they are adjusted from the carrying value of investment. Other net gains and losses are recognised in OCI and are never reclassified to unconsolidated statement of profit and loss account.
Advances at cost	Advances are carried at cost, net of expected credit loss allowances, excluding staff loans, Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations, which are measured at amortized cost, net of expected credit loss allowances.

4.2.1.6 Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

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

4.2.1.7 Calculation of mark-up income and expense

Income from performing advances of the domestic operations is recognised on accrual basis as per the terms of the contract. However, where debt securities, classified as investments in the financial statements, are purchased at premium or discount, such premium / discount including the transaction cost is amortized through the unconsolidated statement of profit and loss account over the remaining maturity of the debt security using the effective interest rate method. The interest income on staff loans and Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations is recognized in line with the EIR, while any expected credit losses are assessed and accounted for in accordance with the requirements of IFRS 9. Income from advances except for staff loans and TERF are recognized in unconsolidated statement of profit and loss account using contractual rate. Similarly, under the local regulatory requirement, income recoverable on classified domestic advances and investments (debt securities), is recognized on a receipt basis.

Income on rescheduled / restructured advances and investments is recognized as permitted by SBP regulations.

In case of overseas operations, income on the financial assets is recognised under the effective interest method or as prescribed by the regulatory authorities of the countries in which the Bank operates.

Income / mark-up accrued on financial assets are classified under 'Other Assets' and mark-up / interest payable on financial liabilities are classified under 'Other Liabilities', where applicable, in accordance with the format prescribed by SBP.

4.2.1.8 Derecognition

The Bank derecognises a financial asset when:

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

On derecognition of a financial asset in its entirety, the difference between:

- the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized); and
- the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in OCI shall be recognised in unconsolidated statement of profit and loss account.

Any cumulative gain / loss recognised in OCI in respect of equity investment securities designated at FVOCI is not recognised in unconsolidated statement of profit and loss account on derecognition of such securities. Any mark-up on transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank enters into transactions whereby it transfers assets recognised on its unconsolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

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When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured loan transaction similar to sale-and repurchase transactions, because the Bank retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

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

4.2.1.9 Modification

Financial Assets

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to its customers. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in unconsolidated statement of profit and loss account as part of the gain or loss on derecognition.

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

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

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognise the resulting adjustment as a modification gain or loss in unconsolidated statement of profit and loss account. Any costs or fees incurred, and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

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

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4.2.1.10 Reclassification

Financial liabilities are not reclassified subsequent to initial recognition. Reclassifications of financial assets are made when, and only when, the business model for those assets changes. Such changes are expected to be infrequent and arise as a result of significant external or internal changes such as the termination of a line of business or the purchase of a subsidiary whose business model is to realise the value of pre-existing held for trading financial assets through a hold to collect model.

Financial assets are reclassified at their fair value on the date of reclassification and previously recognised gains and losses are not restated. Moreover, reclassifications of financial assets between financial assets held at amortised cost and financial assets held at FVOCI do not affect effective interest rate or expected credit loss computations.

Reclassified from fair value through other comprehensive income

Where debt securities held at FVOCI are reclassified to financial assets held at FVPL, the cumulative gain or loss previously recognised in comprehensive income is transferred to the unconsolidated statement of profit and loss account.

For debt securities held at FVOCI that are reclassified to financial assets held at amortised cost, the cumulative gain or loss previously recognised in comprehensive income is adjusted against the fair value of the financial asset such that the financial asset is recorded at a value as if it had always been held at amortised cost. In addition, the related cumulative expected credit losses held within comprehensive income are reversed against the gross carrying value of the reclassified assets at the date of reclassification.

4.2.1.11 Impairment

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

(a) Measurement of ECL

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

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

(b) Restructured financial assets

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

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- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

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

(c) Non-Performing financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

Under the IFRS 9 Application instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency. The Bank is required to calculate ECL on its non-performing financial assets as higher of provision under Prudential Regulations (PR) and ECL under IFRS 9. Further, the Banks are advised to recognize income on impaired assets (loans classified under PRs i.e., OAEM and Stage 3 loans) on a receipt basis in accordance with the requirements of Prudential Regulations issued by SBP.

The Bank calculates the ECL against corporate, commercial and SME loan portfolios as higher of PR and ECL under IFRS 9 at borrower level, whereas against the retail borrowers the Bank will calculate ECL at higher of PR and ECL under IFRS 9 at segment basis as instructed under Annexure-A of BPRD Circular No. 16 dated July 29, 2024.

The Bank performs ECL assessment considering the following key elements:

(a) Probability of default (PD)

The probability that a counterparty will default over the next 12 months from the reporting date (12 month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2). PD is estimated using internal rating classes and are based on the Bank's internal risk rating. The bank has used Transition Matrix approach for estimation of PD for each internal rating. PD are then adjusted with forward looking information for calculation of ECL.

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(b) Exposure at default (EAD)

The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant. The Bank estimates EAD for financial assets carried at an amortised cost equal to principal plus accrued interest. Each repayment date is assumed to be default point in the model and the ECL is calculated on EAD at each reporting date and discounted at the effective interest rate. Further, cash and cash equivalent collaterals the Bank holds against the facilities are adjusted from the LGD.

(c) Loss given default (LGD)

An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.

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

Loss allowances for ECL are presented in the unconsolidated statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- For advances measured at cost: as a deduction from the gross carrying amount of the advances.
- Loan commitments and financial guarantee contracts: as a provision in other liabilities.
- where a financial instrument includes both a drawn and an undrawn component, and the Bank does not identify the ECL on the loan commitment component separately from those on the drawn component and instead presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognized in the unconsolidated statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is recognized in unconsolidated statement of profit and loss account and presented in OCI without reducing the carrying amount of the asset.

4.2.1.12 Significant increase in credit risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Bank used several qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or interest payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

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

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IFRS 9 includes a rebuttable presumption that a default does not occur later than 90 days past due and it also presumes that there is SICR if credit exposure is more than 30 days past due. In order to bring consistency, SBP has allowed the backstop to the rebuttable presumption of days past due of credit portfolio against a specific credit facility and its stage allocation under IFRS 9 as mentioned in Annexure-C of BPRD Circular No. 03 dated July 05, 2022. However, banks are free to choose more stringent days past due criteria. The Bank aligns its policy with Annexure-C of BPRD Circular No. 3 of 2022; hence, SICR is considered if credit exposure exceeds 60 days past due.

4.2.1.13 Write-offs

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

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

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

4.2.1.14 Offsetting

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

4.2.1.15 Undrawn loan commitments and guarantees

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

Financial guarantees issued or commitments to provide a loan at a below-market profit rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

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

4.2.1.16 Governance, ownership and responsibilities

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

The Bank's Credit Division performs credit risk assessment, monitors Significant Increase in Credit Risk of the borrowers, reviews Credit Ratings and obligor attributes.

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The IT Division extracts the data required for ECL calculations. IT Division also provide support for system development and upgrades.

The Bank's Finance and Risk Management Divisions take ownership of ECL models and methodologies used in calculation of ECL. They assess the financial impact, meet the financial reporting requirements and present quarterly results to Board of Directors (BOD) / its Board Sub Committees.

The Risk Management Division also calculates impact of ECL on bank's capital adequacy, leverage ratio and Liquidity requirements.

The Bank's Internal Audit function carries out periodic review of IFRS 9 methodology and impacts calculated by the Management.

4.3 Cash and cash equivalents

Cash and cash equivalents represent cash and balances with treasury banks and balances with other banks net of any overdrawn nostro accounts.

4.4 Lendings to / borrowings from financial institutions

The Bank enters into transactions of lendings to / borrowings from financial institutions at contracted rates for a specified period of time. These are recorded as under:

(a) Sale under repurchase obligation

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the unconsolidated statement of financial position and are measured in accordance with accounting policies for investments. Amounts received under these agreements are recorded as repurchase agreement borrowings. The difference between sale and repurchase price is amortised as expense over the term of the repo agreement. These are initially recognised at amount of funds received and subsequently reported as payable under the contractual terms.

(b) Purchase under resale obligation

Securities purchased with a corresponding commitment to resale at a specified future date (reverse repos) are not recognised as investments in the unconsolidated statement of financial position. Amounts paid under these arrangements are included in repurchase agreement lendings. The difference between purchase and resale price is accrued as income over the term of the reverse repo agreement. These are initially recognised at amount of funds disbursed and subsequently reported as receivable under the contractual terms.

(c) Other lendings

Other lendings include term lendings and unsecured lendings to financial institutions. These are stated net of credit loss allowance. Mark-up on such lendings is charged to unconsolidated statement of profit and loss account over the period of lending except mark-up on impaired / delinquent lendings, which are recognized on receipt basis in accordance with the requirements of the Prudential Regulations of the SBP.

(d) Other borrowings

Other borrowings include borrowings from the SBP and unsecured call borrowings which are recorded at the proceeds received. Mark-up paid on such borrowings is charged to the unconsolidated statement of profit and loss account over the period of borrowings.



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4.5 Investments

Associates

Associates are entities over which the bank has significant influence but not control. This influence is assessed based on the bank's potential voting rights that are currently exercisable in the entity that allow the bank to participate in but not control decision-making. Investment in associates are carried at cost, less any accumulated impairment losses.

Subsidiaries

Subsidiary is an entity over which the Bank has control. Investments in subsidiary is carried at cost less accumulated impairment losses, if any. The carrying amount of investments in subsidiaries is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated at higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in unconsolidated statement of profit and loss account.

4.6 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the unconsolidated statement of profit and loss account.

4.7 Advances

4.7.1 Loan and advances

These are stated at cost less expected credit loss allowances except for staff loans, Temporary Economic Refinance Facility (TERF), and advances pertaining to overseas operations which are stated at amortized cost less credit loss allowances.

4.7.2 Finance lease

Leases, where the Bank transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognised at an amount equal to the present value of the lease payments including any guaranteed residual value, if any. Net investment in finance lease is included in loans and advances to customers.

4.8 Property and equipment, and depreciation

4.8.1 Property and equipment

Property and equipment except land and buildings are shown at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Leasehold land and buildings on leasehold land are stated at revalued amount less accumulated depreciation and impairment loss, if any.

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Depreciation on property and equipment (excluding land which is not depreciated) is charged using the straight line method in accordance with the rates specified in note 10.2 to these unconsolidated financial statements after taking into account residual value. The asset's residual values and useful lives are reviewed and adjusted, if required, at each reporting date.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value. Valuation techniques and input used are disclosed in note 41 of these unconsolidated financial statements.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the unconsolidated statement of profit and loss account during the period in which they are incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is recognised in the unconsolidated statement of profit and loss account in the year the asset is derecognised.

4.8.2 Surplus / deficit on revaluation of Property and Equipment

The surplus arising on revaluation is credited to other comprehensive income. However, the increase shall be recognised in unconsolidated statement of profit and loss account to the extent that it reverses a revaluation decrease of the same asset previously recognised in unconsolidated statement of profit and loss account.

The deficit arising on a particular property as a result of a revaluation is recognised in unconsolidated statement of profit and loss account as an impairment. However, the decrease to be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Depreciation on buildings which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the unconsolidated statement of profit and loss account; and an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Property and equipment Account" to unappropriated profit through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

Gains or losses on disposal of assets are included in the unconsolidated statement of profit and loss account currently, except for the related surplus on revaluation of Property and equipment (net of deferred tax) which is transferred directly to equity.

4.8.3 Capital work-in-progress

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

4.9 Lease liability and right-of-use assets

The Bank enters into leasing arrangements for its office premises, branches, ATMs and warehouses. Rental contracts are typically for a fixed period and may have extension options as described below. At inception of a contract, the Bank assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Bank's incremental borrowing rate.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

Lease payments include fixed payments less any lease incentive receivable, variable lease payments that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Bank under residual value guarantees, the exercise price of a purchase option if the Bank is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. The extension and termination options are incorporated in determination of lease term only when the Bank is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification.

The lease liability is remeasured when the Bank reassesses the reasonable certainty of exercise of extension or termination option upon occurrence of either a significant event or a significant change in circumstance, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in unconsolidated statement of profit and loss account if the carrying amount of right-to-use asset has been reduced to zero.

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently measured at cost model. The right of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

4.10 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment, if any. Intangible assets are amortised using the straight line method in accordance with the rates specified in note 12.1 to these unconsolidated financial statements, whereby the cost of the intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Bank. The useful life and amortisation method are reviewed and adjusted, if appropriate, annually.

Intangible assets having an indefinite useful life are carried at cost less any impairment in value and are not amortised. However, these are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

4.11 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are initially measured at settlement amount and upon revaluation, are carried at revalued amounts less accumulated depreciation and impairment losses, if any. The useful lives and depreciation method are reviewed annually and adjusted, if appropriate. As per SBP's requirement desktop valuation is carried out on annual basis and full-scope valuation after every three years by independent professionally qualified valuers to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of assets is credited to the 'surplus on revaluation of Non-banking assets acquired in satisfaction of claims' account and any deficit arising on revaluation is taken to unconsolidated statement of profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title of assets is charged to unconsolidated statement of profit and loss account and not capitalised. The policy for depreciation is stated in note 4.8.1 of these unconsolidated financial statements.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

4.11.1 Surplus / deficit on revaluation of non banking assets

Revaluation of non-banking assets acquired in satisfaction of claims under DPS transactions is carried out under criteria given in regulations for DPS issued by the State Bank of Pakistan (SBP) vide BPRD Circular 01 dated January 01, 2016 i.e. valuation of property shall be done on individual property basis and not on portfolio basis, whereas accounting treatment of revaluation is accounted for in accordance with applicable financial reporting standards i.e. International Accounting Standard (IAS) 16 as referred in note 4.8.2.

Furthermore, revaluation surplus on such assets shall not be admissible for calculating Bank's Capital Adequacy Ratio and exposure limits under the Prudential Regulations. However, the surplus can be adjusted upon realization of sale proceeds.

4.12 Borrowings / deposits and their cost

Borrowings / deposits are initially recorded at the amount of proceeds received. Costs of borrowings / deposits are recognised separately as part of other liabilities and is charged to the unconsolidated statement of profit and loss account over the period on an accrual basis.

4.13 Subordinated debts

Subordinated debts are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated debts is recognised separately as part of other liabilities and is charged to the unconsolidated statement of profit and loss account over the period on an accrual basis.

4.14 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or minimum tax on turnover, whichever is higher. The charge for current tax also includes adjustments, where considered necessary, relating to prior years arising from assessments made during the year.

Deferred

Deferred tax is recognised using the balance sheet approach on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in these unconsolidated financial statements. Deferred tax liability is recognised on taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any, only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax is calculated at the rates that are expected to apply to the period wherein the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss account.

Deferred tax, if any, on revaluation of investments is recognised as an adjustment to surplus / (deficit) arising on revaluation in accordance with the requirements of IAS-12, 'Income Taxes'.

4.15 Provisions

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

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

Provision against identified non-funded losses is recognised when intimated and reasonable certainty exists for the Bank to settle the obligation. The loss is charged to unconsolidated statement of profit and loss account net of expected recovery.

4.16 Staff retirement benefits

4.16.1 Defined contribution plan

The Bank has established a provident fund scheme for all permanent employees effective from January 01, 2007. Equal monthly contributions are made, both by the Bank and the employees, to the fund at the rate of 7.1 percent with effect from July 01, 2015 due to change in salary structure. Contribution by the Bank is charged to unconsolidated statement of profit and loss account.

4.16.2 Defined benefit plan

The Bank operates an approved funded gratuity scheme covering all its eligible employees who have completed minimum qualifying period. An actuarial valuation of defined benefit scheme is conducted at the end of every year or on occurrence of any significant change. The most recent valuation in this regard was carried out as at December 31, 2025, using the projected unit credit actuarial valuation method. Under this method cost of providing for gratuity is charged to unconsolidated statement of profit and loss account so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. Past-service costs are recognised immediately in unconsolidated statement of profit and loss account and actuarial gains and losses are recognised immediately in other comprehensive income.

4.17 Revenue recognition

Revenue is recognised to the extent that economic benefits will flow to the Bank and the revenue can be reliably measured. These are recognised as follows:

- Mark-up income / interest on performing advances and returns on debt securities are recognised on accrual basis except in case of classified advances where mark-up income is recognised on receipt basis. Mark-up / return / interest on rescheduled / restructured loans and advances and investments is recognised as permitted by the regulations of SBP.
- Where debt securities are purchased at premium or discount, such premium / discount is amortised through the unconsolidated statement of profit and loss account over the remaining period of maturity.
- Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognised as income when these are realised.
- The Bank earns fee and commission income from a banking service to retail and corporate customer. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services.
- Dividend income is recognised when the Bank's right to receive dividend is established.
- Gain / loss on sale of investments is credited / charged to unconsolidated statement of profit and loss account.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

4.18 Dividend and appropriation to reserves

Dividend and appropriation to reserves, except for statutory reserves, are recognised in the unconsolidated financial statements in the periods in which these are approved. The revaluation surplus related to Property and equipment and non-banking assets is not available for distribution of dividend.

4.19 Foreign currencies

4.19.1 Functional and presentation currency

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

4.19.2 Transactions and balances

Transactions in foreign currencies are translated into Pakistani rupees at the exchange rates prevailing on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the unconsolidated statement of profit and loss account.

Forward contracts relating to foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange contract. The forward cover received / paid on forward purchase / sale contracts relating to foreign currency deposits are realised / charged directly to unconsolidated statement of profit and loss account.

4.19.3 Foreign operations

Assets and liabilities of foreign operations are translated into rupees at the exchange rate prevailing at the reporting date. The results of foreign operations are translated at average rate of exchange for the year.

4.19.4 Translation gains and losses

Translation gains and losses arising on revaluations of net investment in foreign operations are taken to Exchange Translation Reserve in the statement of comprehensive income. These are recognised in the unconsolidated statement of profit and loss account on disposal.

4.19.5 Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these unconsolidated financial statements are translated at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the rates of exchange ruling on the balance sheet date.

4.20 Clients' assets

The Bank provides services that result in the holding of assets on behalf of its clients. Such assets are not reported in the unconsolidated financial statements, as they are not the assets of the Bank.



Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

4.21 Acceptances

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

4.22 Goodwill

Goodwill acquired in a business combination before July 01, 2009 is initially measured at cost, being the excess of the cost of the business combination over the Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Bank's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units or groups of units.

4.23 Earnings per share

The Bank presents basic and diluted earnings per share (EPS). Basis EPS is calculated by dividing the profit or loss attributable to equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year.

4.24 Segment reporting

A segment is a distinguishable component of the Bank that is subject to risks and rewards that are different from those of other segments. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment.

Segment information is presented as per the Bank's functional structure and the guidance given under International Financial Reporting Standard (IFRS) 8. For management purposes, the Bank has been organised into six operating segments based on products and services, as follows:

4.24.1 Business segments

Retail Banking

Retail banking includes branch banking, small and medium enterprises, direct sales, private banking, product management, branch distribution network and tele sales.

Corporate / Commercial Banking

This includes corporate banking, commercial banking and institutional sales related loans, deposits and other transactions.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

Treasury

This segment is responsible for asset / liability management and includes all treasury related products such as fixed income money market, FX and derivatives.

Investment, International and Institutional Banking

This segment includes international branch, financial institutions business, home remittances, cash management, employee banking, venture capital and green banking.

Zindigi

It is a digital platform catering branchless banking customers.

Others

This includes the head office related activities and other functions which cannot be classified in any of the above segments.

4.24.2 Geographical segment

The Bank operates in two geographic regions being:

- Pakistan
- Bahrain

		2025	2024
	Note	----- Rupees in '000 -----	
5. CASH AND BALANCES WITH TREASURY BANKS			
In hand:			
Local currency		10,038,043	10,992,806
Foreign currencies		1,350,949	1,384,081
		11,388,992	12,376,887
With State Bank of Pakistan in			
Local currency current account	5.1	21,864,209	22,942,481
Foreign currency current account	5.2	1,274,560	2,395,530
Foreign currency deposit accounts	5.3	3,257,492	4,965,343
		26,396,261	30,303,354
With National Bank of Pakistan in local currency current accounts		2,906,667	367,397
Prize Bonds		6,385	11,537
Less: Credit loss allowance held against cash and balances with treasury banks (stage 1)		(1,004)	(1,043)
Cash and balances with treasury banks - net of credit loss allowance		40,697,301	43,058,132

5.1 This represents local currency current account maintained under the Cash Reserve Requirement (CRR) of the SBP.

5.2 This represents foreign currency current account maintained with SBP under the CRR of the SBP.



Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

5.3 This includes :

- a foreign currency deposit account maintained under the Special Cash Reserve Requirement (SCRR) of the SBP which carried mark-up at rates ranging from 2.86% to 3.35% per annum (2024: 3.53% to 4.35% per annum); and
- a foreign currency settlement account which carried mark-up at a rate of 0.00% per annum (2024: 0.00% per annum).

		2025	2024
	Note	----- Rupees in '000 -----	
6. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		5,188	5,690
In deposit accounts		-	73
		5,188	5,763
Outside Pakistan			
In current accounts	6.1	5,194,224	3,614,967
		5,199,412	3,620,730
Less: Credit loss allowance held (stage 1)		(2,222)	(3,437)
Balances with other banks - net of credit loss allowance		5,197,190	3,617,293

6.1 This includes amount held in Automated Investment Plans. The Bank is entitled to earn interest from the foreign correspondent banks at agreed upon rates when the balance exceeds a specified amount which ranges between 3.09% to 4.00% per annum (2024: 3.58% to 4.08% per annum).

		2025	2024
	Note	----- Rupees in '000 -----	
7. LENDINGS TO FINANCIAL INSTITUTIONS			
Reverse repo agreements	7.2	15,944,886	2,000,000
Lending under margin trading system	7.3	3,898,296	-
Less: Credit loss allowance held against lending to financial institutions		(4,388)	(270)
Lending to financial institutions - net of credit loss allowance		19,838,794	1,999,730

7.1 Particulars of lendings - gross

In local currency	19,843,182	2,000,000
In foreign currencies	-	-
	19,843,182	2,000,000

7.2 This represents short term lending to financial institutions against investment securities. These carry mark-up rates ranging from 11.30% to 11.41% per annum (2024: 13.90% per annum) having maturities up to January 02, 2026 (2024: January 02, 2025).

7.3 These represent financing provided under the Margin Trading System (MTS) against eligible listed securities through NCCPL at mark-up rates ranging from 12.85% to 18.85% per annum (2024: NIL), having maturities up to March 05, 2026 (2024: NIL).

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

7.4 Securities held as collateral against Lending to financial institutions

	2025			2024		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	Rupees in '000					
Market Treasury Bills	6,444,886	-	6,444,886	-	-	-
Pakistan Investment Bonds	9,500,000	-	9,500,000	-	-	-
Shares	3,898,296	-	3,898,296	-	-	-
Ijarah Sukuk	-	-	-	2,000,000	-	2,000,000
Total	19,843,182	-	19,843,182	2,000,000	-	2,000,000

7.5 Lendings to Financial Institutions - Particulars of credit loss allowance

		2025		2024	
		Lending	Credit loss allowance held	Lending	Credit loss allowance held
		Rupees in '000			
Domestic					
Performing	Stage 1	19,843,182	(4,388)	2,000,000	(270)
Under-performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
Total		19,843,182	(4,388)	2,000,000	(270)

	2025			
	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000			
Balance at the start of the year				
Stage 1	(270)	-	-	(270)
Stage 2	-	-	-	-
Stage 3	-	-	-	-
Net remeasurement of credit loss allowance	(270)	-	-	(270)
New financial assets originated or purchased	(4,388)	-	-	(4,388)
Financial assets that have been derecognised	270	-	-	270
Write offs	-	-	-	-
Unwinding of discount	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-
Balance at the end of the year	(4,388)	-	-	(4,388)

	2024			
	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000			
Balance at the start of the year				
Stage 1	-	-	-	-
Stage 2	-	-	-	-
Stage 3	-	-	-	-
Net remeasurement of credit loss allowance	-	-	-	-
New financial assets originated or purchased	(270)	-	-	(270)
Financial assets that have been derecognised	-	-	-	-
Write offs	-	-	-	-
Unwinding of discount	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-
Balance at the end of the year	(270)	-	-	(270)

Notes to the Unconsolidated Financial Statements

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		2025				2024			
		Cost / Amortised cost	Credit loss allowance / Provision for Diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance / Provision for Diminution	Surplus / (Deficit)	Carrying Value
8.	INVESTMENTS	Note Rupees in '000							
8.1	Investments by type								
	Debt Instruments								
	Classified / Measured at amortised cost								
	Federal Government securities	33,636,907	-	-	33,636,907	121,391,803	-	-	121,391,803
	Classified / Measured at FVOCI								
	Federal Government securities	193,490,337	-	1,903,003	195,393,340	131,780,766	(25,316)	1,362,316	133,117,766
	Non Government debt securities	1,533,877	(559,486)	(23,659)	950,732	1,708,944	(559,488)	(28,810)	1,120,646
	Foreign securities	22,609,049	(197)	73,859	22,682,711	15,420,105	(178,244)	86,101	15,327,962
		217,633,263	(559,683)	1,953,203	219,026,783	148,909,815	(763,048)	1,419,607	149,566,374
	Classified / Measured at FVPL								
	Federal Government securities	1,236,244	-	1,654	1,237,898	5,005,240	-	7,442	5,012,682
	Foreign securities	363,201	-	(1,489)	361,712	915,419	-	(28,491)	886,928
		1,599,445	-	165	1,599,610	5,920,659	-	(21,049)	5,899,610
	Instruments mandatorily classified / measured at FVPL								
	Unlisted Preference Shares	-	-	-	-	695,647	-	(417,388)	278,259
	Equity instruments								
	Classified / Measured at FVOCI (Non-Reclassifiable)								
	Shares								
	Listed Companies								
	Ordinary shares	1,464,739	-	1,176,262	2,641,001	2,168,154	-	1,887,422	4,055,576
	Preference shares	88,353	-	(43,003)	45,350	136,589	-	24,151	160,740
	Unlisted Companies								
	Ordinary shares	11,000	-	26,308	37,308	11,000	-	-	11,000
	Foreign securities	6,768	-	11,710	18,478	5,965	-	-	5,965
	Preference shares	386,306	-	(386,306)	-	386,306	-	(386,306)	-
		1,957,166	-	784,971	2,742,137	2,708,014	-	1,525,267	4,233,281
	Subsidiaries								
	JS Global Capital Limited	8.8	1,357,929	-	1,357,929	1,357,929	-	-	1,357,929
	JS Investments Limited	8.9	561,192	-	561,192	561,192	-	-	561,192
	BankIslami Pakistan Limited	8.10	18,968,154	-	18,968,154	18,968,154	-	-	18,968,154
			20,887,275	-	20,887,275	20,887,275	-	-	20,887,275
	Associates								
	Omar Jilbran Engineering Industries Limited	8.11	180,000	(44,400)	135,600	180,000	-	-	180,000
	Veda Transit Solutions (Pvt) Ltd.	8.12	41,800	(41,800)	-	41,800	(41,800)	-	-
	Intercity Touring Company (Pvt) Ltd.	8.12	20,267	(20,267)	-	20,267	(20,267)	-	-
			242,067	(106,467)	135,600	242,067	(62,067)	-	180,000
	Total Investments	275,956,123	(666,150)	2,738,339	278,028,312	300,755,280	(825,115)	2,506,437	302,436,602

8.1.1 Investments include certain approved / government securities which are held by the Bank to comply with the Statutory Liquidity Requirement determined on the basis of the Bank's demand and time liabilities as set out under section 29 of the Banking Companies Ordinance, 1962.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

		2025				2024			
		Cost / Amortised cost	Credit loss allowance / Provision for Diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance / Provision for Diminution	Surplus / (deficit)	Carrying value
8.2	Investments by segments	Note ----- Rupees in '000 -----							
Federal Government Securities									
	Market Treasury Bills	28,623,356	-	68,144	28,691,500	84,886,152	-	916,467	85,802,619
	Pakistan Investment Bonds	199,119,749	-	1,836,513	200,956,262	172,107,830	-	465,437	172,573,267
	Islamic Naya Pakistan Certificates	620,383	-	-	620,383	883,141	-	-	883,141
	Government of Pakistan Eurobonds	-	-	-	-	300,686	(25,316)	(12,146)	263,224
		228,363,488	-	1,904,657	230,268,145	258,177,809	(25,316)	1,369,758	259,522,251
Shares									
	Listed Companies	1,553,092	-	1,133,259	2,686,351	2,304,743	-	1,911,573	4,216,316
	Unlisted Company	397,306	-	(359,998)	37,308	397,306	-	(386,306)	11,000
		1,950,398	-	773,261	2,723,659	2,702,049	-	1,525,267	4,227,316
Non Government Debt Securities									
	Listed Companies	543,469	(143,526)	(19,943)	380,000	718,536	(143,524)	(25,012)	550,000
	Unlisted Companies	990,408	(415,960)	(3,716)	570,732	1,686,055	(415,964)	(421,186)	848,905
		1,533,877	(559,486)	(23,659)	950,732	2,404,591	(559,488)	(446,198)	1,398,905
Foreign Securities									
	Government Debt Securities	20,404,814	(43)	21,046	20,425,817	14,113,358	(178,122)	72,691	14,007,927
	Non Government Debt Securities	2,567,436	(154)	51,324	2,618,606	2,222,166	(122)	(15,081)	2,206,963
	Equity securities	6,768	-	11,710	18,478	5,965	-	-	5,965
		22,979,018	(197)	84,080	23,062,901	16,341,489	(178,244)	57,610	16,220,855
Subsidiaries									
	JS Global Capital Limited	8.8	1,357,929	-	1,357,929	1,357,929	-	-	1,357,929
	JS Investments Limited	8.9	561,192	-	561,192	561,192	-	-	561,192
	BankIslami Pakistan Limited	8.10	18,968,154	-	18,968,154	18,968,154	-	-	18,968,154
			20,887,275	-	20,887,275	20,887,275	-	-	20,887,275
Associates									
	Omar Jilbran Engineering Industries Limited	8.11	180,000	(44,400)	-	180,000	-	-	180,000
	Veda Transit Solutions (Private) Limited	8.12	41,800	(41,800)	-	41,800	(41,800)	-	-
	Intercity Touring Company (Private) Limited	8.12	20,267	(20,267)	-	20,267	(20,267)	-	-
			242,067	(106,467)	-	135,600	(62,067)	-	180,000
Total Investments		275,956,123	(666,150)	2,738,339	278,028,312	300,755,280	(825,115)	2,506,437	302,436,602

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

8.3	Investments given as collateral	2025		2024		
		Cost	Market value	Cost	Market value	
		----- Rupees in '000 -----				
	Federal Government Securities					
	Market Treasury Bills	484,782	485,489	375,757	384,678	
	Pakistan Investment Bonds	3,452,225	3,484,055	-	-	
	Total	3,937,007	3,969,544	375,757	384,678	
8.4	Particulars of credit loss allowance	2025				
		Stage 1	Stage 2	Stage 3	Total	
		----- Rupees in '000 -----				
8.4.1	Investments - exposure					
	Opening balance	15,622,567	773,314	1,033,854	17,429,735	
	New investments	20,257,736	-	-	20,257,736	
	Investments derecognised or repaid	(12,791,003)	(780,496)	-	(13,571,499)	
	Transfer to stage 1	-	-	-	-	
	Transfer to stage 2	-	-	-	-	
	Transfer to stage 3	-	-	-	-	
		7,466,733	(780,496)	-	6,686,237	
	Amounts written off / charged Off	-	-	-	-	
	Exchange adjustments	56,988	7,182	-	64,170	
	Changes in risk parameters (PDs/LGDs/EADs)	(37,216)	-	-	(37,216)	
	Closing balance	23,109,072	-	1,033,854	24,142,926	
			2024			
			Stage 1	Stage 2	Stage 3	Outstanding amount
		----- Rupees in '000 -----				
	Opening balance	-	-	-	22,886,773	22,886,773
	Impact of adoption of IFRS 9	20,029,611	1,853,745	866,828	(22,886,773)	(136,589)
	Balance as at January 01 after adopting IFRS 9	20,029,611	1,853,745	866,828	-	22,750,184
	New investments	14,780,672	472,628	-	-	15,253,300
	Investments derecognised or repaid	(17,999,163)	(977,186)	(695,649)	-	(19,671,998)
	Transfer to stage 1	-	-	-	-	-
	Transfer to stage 2	-	-	-	-	-
	Transfer to stage 3	(862,675)	-	862,675	-	-
		(4,081,166)	(504,558)	167,026	-	(4,418,698)
	Amounts written off / charged Off	-	-	-	-	-
	Changes in risk parameters (PDs/LGDs/EADs)	(325,878)	(575,873)	-	-	(901,751)
	Closing balance	15,622,567	773,314	1,033,854	-	17,429,735

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

8.4.2 Investments - Credit loss allowance	2025			
	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000			
Opening balance	260	203,405	559,383	763,048
New investments	58	-	-	58
Investments derecognised or repaid	(4)	(205,293)	-	(205,297)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
	54	(205,293)	-	(205,239)
Amounts written off / charged off	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	(15)	-	-	(15)
Exchange rate adjustments	1	1,888	-	1,889
Closing balance	300	-	559,383	559,683

	2024				
	Stage 1	Stage 2	Stage 3	Provision held	Total
	Rupees in '000				
Opening balance	-	-	-	753,496	753,496
Impact of adoption of IFRS 9	3,263	124,557	492,292	(753,496)	(133,384)
Balance as at January 01 after adopting IFRS 9	3,263	124,557	492,292	-	620,112
New investments	148	178,063	-	-	178,211
Investments derecognised or repaid	(8)	(42,412)	(318,865)	-	(361,285)
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	(3,119)	-	3,119	-	-
	(2,979)	135,651	(315,746)	-	(183,074)
Charge for the year against provision for diminution	-	-	-	-	-
Reversal for the year against provision for diminution	-	-	-	-	-
Amounts written off / charged off	-	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	(23)	(55,352)	385,085	-	329,710
Exchange rate adjustments	(1)	(1,451)	(2,248)	-	(3,700)
Closing balance	260	203,405	559,383	-	763,048

8.4.3 Credit loss allowance / provision for diminution in value of investments	2025	2024
	Rupees in '000	
Opening balance - provision for diminution other than associates	781,970	753,496
Opening balance - provision for diminution on associates	43,145	43,145
	825,115	796,641
Impact of adoption of IFRS 9	-	(133,384)
Balance as at January 01 after adopting IFRS 9	825,115	663,257
Exchange rate adjustments	1,889	(3,700)
Charge for the year other than associates	58	388,204
Provision for diminution on associates	44,400	18,922
Reversals for the year	(205,312)	(241,568)
	(160,854)	165,558
Closing balance	666,150	825,115

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

8.4.4 Particulars of credit loss allowance against debt securities

		2025		2024	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
----- Rupees in '000 -----					
Domestic					
Performing	Stage 1	500,023	103	675,090	105
Under-performing	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	862,675	388,204
Loss		1,033,854	559,383	171,179	171,179
		<u>1,033,854</u>	<u>559,383</u>	<u>1,033,854</u>	<u>559,383</u>
Total		<u>1,533,877</u>	<u>559,486</u>	<u>1,708,944</u>	<u>559,488</u>
Overseas					
Performing	Stage 1	22,609,049	197	14,947,477	155
Under-performing	Stage 2	-	-	773,314	203,405
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		<u>22,609,049</u>	<u>197</u>	<u>15,720,791</u>	<u>203,560</u>

8.4.5 Debt securities amounting to Rs. 227,127.244 million (2024: Rs. 252,871.833 million) relate to government securities that are exempt from the calculation of ECL by the SBP.

8.5 Quality of Securities

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

		2025	2024
		Cost	
		----- Rupees in '000 -----	
8.5.1	Federal Government Securities - Government guaranteed		
	Market Treasury Bills	28,024,846	33,742,130
	Pakistan Investment Bonds	165,465,491	97,737,950
	Government of Pakistan Eurobonds	-	300,686
		193,490,337	131,780,766
8.5.2	Shares		
	Listed Companies		
	Ordinary Shares		
	Paper, Board and Packaging	-	25,053
	Oil and gas exploration companies	-	399,824
	Technology and Communication	566,875	566,875
	Insurance	897,864	897,864
	Fertilizer	-	249,007
	Pharmaceutical	-	29,531
		1,464,739	2,168,154
	Preference Shares		
	Chemical	-	48,236
	Textile composite	88,353	88,353
		88,353	136,589

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

	2025		2024	
	Cost	Fair value	Cost	Breakup value
	----- Rupees in '000 -----			
Unlisted companies - Ordinary shares				
ISE Towers REIT Management Limited	11,000	37,308	11,000	25,956
Unlisted companies - Preference shares				
Apothecare Pvt. Limited	74,724	-	74,724	-
Augmentcare Pvt. Limited	74,724	-	74,724	-
Innovarge Technologies Pvt. Limited	236,858	-	236,858	-
	397,306	37,308	397,306	25,956

8.5.3 Non Government Debt Securities

Listed

AAA
AA-
A+
Unrated

Unlisted

A
BB
Unrated

2025	2024
Cost	
----- Rupees in '000 -----	
100,023	200,090
-	375,000
300,000	-
143,446	143,446
543,469	718,536
100,000	100,000
-	862,675
890,408	27,733
990,408	990,408
1,533,877	1,708,944

8.5.4 Foreign Securities

Government securities

Republic of Sri Lanka
State of Qatar
United Arab Emirates
United States of America

2025		2024	
Cost	Rating	Cost	Rating
----- Rupees in '000 -----		----- Rupees in '000 -----	
-		472,628	CCC+
414,088	AA	410,474	AA
745,463	AA	278,550	AA-
19,245,263	AA+	12,951,706	AA+
20,404,814		14,113,358	



Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

	2025	2024
	Cost	
	----- Rupees in '000 -----	
Non Government debt securities		
Listed		
AA	619,766	833,455
A	981,496	417,881
A-	602,973	55,411
	2,204,235	1,306,747
Equity securities		
Unlisted		
Society for Worldwide Interbank Financial Telecommunication (SWIFT)	6,768	5,965
	6,768	5,965

8.6 Particulars relating to securities classified Under "Held to Collect" model

8.6.1 Federal Government Securities - Government guaranteed

Market Treasury Bills	-	48,740,508
Pakistan Investment Bonds	33,636,907	72,651,295
	33,636,907	121,391,803

8.7 The market value of securities classified as hold-to-collect as at December 31, 2025 amounted to Rs. 33,709.882 million (2024: Rs. 121,590.686 million).

8.8 The Bank acquired effective controlling interest in JS Global Capital Limited (JSGCL) on December 21, 2011, April 15, 2016, October 01, 2019 and June 02, 2021 of 51.05%, 16.11%, 16.37% and 9.37% respectively. The ownership interest has increased by 41.85%, without any change in the cost of investment, due to the fact that JSGCL has bought back its 11,993,000 shares on April 15, 2016, 7,450,000 shares on October 02, 2019 and 27,477,297 shares on June 02, 2021.

8.9 The Bank acquired effective controlling interest of 52.24% in JS Investments Limited (JSIL) on November 01, 2012. The ownership interest has further increased by 32.32% without any change in the cost of investment, due to the fact that JSIL has bought back its 19,828,182 shares on December 22, 2015 and 18,397,562 shares on August 31, 2019.

8.10 The Bank acquired effective controlling interest of 50.24% in BankIslami Pakistan Limited (BIPL) on August 18, 2023 and accordingly, BIPL became a subsidiary of the Bank. The ownership interest further increased by 24.88% on August 25, 2023 by way of public offer. Post-acquisition, the shareholding of the Bank in BIPL increased to 75.12%.

8.11 Subsequent to the year end, the Bank entered into an agreement for the disposal of its investment in Omar Jibran Engineering Industries Limited for a consideration of Rs. 135.600 million. In view of the finalised sale consideration, the Bank has recognised a provision for diminution in the value of investment amounting to Rs. 44.400 million. The investment has been measured at the lower of its carrying amount and fair value less cost to sell. However, the investment has not been presented separately as 'held for sale' in these financial statements as the amount is neither quantitatively nor qualitatively material to these financial statements.

8.12 The investment in Intercity Touring and Veda Transit Solutions company classified as associates are fully provided as of the reporting date.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

8.13 Particulars of Assets and Liabilities of Subsidiaries and Associates

2025								
As at	Country of Incorporation	Holding (%)	Assets	Liabilities	Revenue	Profit / (loss)	Total comprehensive Income	
Rupees in '000								
Subsidiaries								
JS Global Capital Limited	December 31, 2025	Pakistan	92.90%	12,005,571	8,414,493	2,662,121	608,568	645,834
JS Investments Limited	December 31, 2025	Pakistan	84.73%	3,360,892	766,022	1,195,955	483,284	483,284
BankIslami Pakistan Limited	December 31, 2025	Pakistan	75.12%	771,342,878	722,728,970	45,165,817	6,002,782	3,353,566
Associates								
Omar Jibran Engineering Industries Limited	June 30, 2023	Pakistan	9.60%	5,372,772	2,430,640	2,345,882	(145,624)	231,702
Veda Transit Solutions Private Limited	June 30, 2024	Pakistan	3.92%	3,223,156	3,823,614	3,235,181	(1,235,269)	(1,245,683)
2024								
As at	Country of Incorporation	Holding (%)	Assets	Liabilities	Revenue	Profit / (loss)	Total comprehensive Income	
Rupees in '000								
Subsidiaries								
JS Global Capital Limited	December 31, 2024	Pakistan	92.90%	9,283,402	6,338,158	1,642,250	454,556	493,533
JS Investments Limited	December 31, 2024	Pakistan	84.73%	3,581,217	1,469,631	567,860	448,923	448,923
BankIslami Pakistan Limited	December 31, 2024	Pakistan	75.12%	737,834,025	689,524,749	50,977,162	11,833,541	14,895,494
Associates								
Omar Jibran Engineering Industries Limited	June 30, 2023	Pakistan	9.60%	5,372,772	2,430,640	2,345,882	(145,624)	231,702
Veda Transit Solutions (Private) Limited	June 30, 2023	Pakistan	3.92%	3,771,523	3,318,137	3,185,247	(549,172)	(552,470)

		Performing		Non-Performing		Total	
		2025	2024	2025	2024	2025	2024
Rupees in '000							
9. ADVANCES							
Note							
Loans, cash credits, running finances, etc.							
Bills discounted and purchased							
Advances - gross		233,345,653	216,440,019	22,850,299	20,991,920	256,195,952	237,431,939
		17,979,708	9,946,392	371,067	336,069	18,350,775	10,282,461
		251,325,361	226,386,411	23,221,366	21,327,989	274,546,727	247,714,400
Credit loss allowance against advances							
- Stage 1		(579,313)	(245,926)	-	-	(579,313)	(245,926)
- Stage 2		(361,027)	(436,156)	-	-	(361,027)	(436,156)
- Stage 3		-	-	(17,948,051)	(15,083,720)	(17,948,051)	(15,083,720)
		(940,340)	(682,082)	(17,948,051)	(15,083,720)	(18,888,391)	(15,765,802)
Fair value adjustment		(5,881,966)	(6,417,298)	-	-	(5,881,966)	(6,417,298)
Advances - net of credit loss allowance		244,503,055	219,287,031	5,273,315	6,244,269	249,776,370	225,531,300

9.1 This includes net investment in finance lease as disclosed below:

	2025				2024			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	----- Rupees in '000 -----							
Lease rentals receivable	4,789,451	8,102,908	-	12,892,359	1,965,927	1,716,467	-	3,682,394
Residual value	623,463	4,188,870	-	4,812,333	505,707	960,140	-	1,465,847
Minimum lease payments	5,412,914	12,291,778	-	17,704,692	2,471,634	2,676,607	-	5,148,241
Finance charges for future periods	(1,000,413)	(1,968,961)	-	(2,969,374)	(379,417)	(238,982)	-	(618,399)
Present value of minimum lease payments	4,412,501	10,322,817	-	14,735,318	2,092,217	2,437,625	-	4,529,842



Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

	2025	2024
	----- Rupees in '000 -----	
9.2 Particulars of Advances (Gross)		
In local currency	265,866,682	235,917,966
In foreign currencies	8,680,045	11,796,434
	274,546,727	247,714,400

9.2.1 Advances to Women, Women-owned and Managed Enterprises (Gross)		
Women	7,891,003	6,391,888
Women Owned and Managed Enterprises	1,295,905	1,013,031
	9,186,908	7,404,919

9.2.2 Gross loans disbursed to women, women-owned and managed enterprises during the current and previous financial years		
Women, Women Owned and Managed Enterprises	5,106,986	4,141,958
	5,106,986	4,141,958

9.3 Particulars of credit loss allowance

9.3.1 Advances - Exposure	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	----- Rupees in '000 -----							
Gross carrying amount - opening	196,056,339	30,330,072	21,327,989	247,714,400	169,204,649	28,397,687	16,184,450	213,786,786
New advances	140,009,283	13,190,652	402,693	153,602,628	127,345,520	10,356,202	2,120,270	139,821,992
Advances derecognised or repaid	(97,952,943)	(12,414,771)	(1,536,853)	(111,904,567)	(85,551,318)	(9,750,661)	(3,460,979)	(98,762,958)
Transfer to stage 1	3,236,146	(3,213,585)	(22,561)	-	1,625,966	(1,613,010)	(12,956)	-
Transfer to stage 2	(7,604,877)	8,680,544	(1,075,667)	-	(8,252,974)	10,042,399	(1,789,425)	-
Transfer to stage 3	(644,725)	(4,589,506)	5,234,231	-	(2,447,976)	(5,273,228)	7,721,204	-
	37,042,884	1,653,334	3,001,843	41,698,061	32,719,218	3,761,702	4,578,114	41,059,034
Amounts written off / charged off	-	-	(453,126)	(453,126)	-	-	(183,699)	(183,699)
Changes in risk parameters (PDs/LGDs/EADs)	(11,532,035)	(2,251,625)	(655,340)	(14,439,000)	(5,829,646)	(1,828,452)	749,124	(6,908,974)
Exchange adjustments	19,484	6,908	-	26,392	(37,882)	(865)	-	(38,747)
Gross carrying amount - closing	221,586,672	29,738,689	23,221,366	274,546,727	196,056,339	30,330,072	21,327,989	247,714,400

Notes to the Unconsolidated Financial Statements

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9.3.2 Advances - credit loss allowance

	2025			
	Stage 1	Stage 2	Stage 3	Total
----- Rupees in '000 -----				
Opening balance	245,926	436,156	15,083,720	15,765,802
New Advances	247,634	75,235	247,799	570,668
Advances derecognised or repaid	(51,839)	(252,165)	(942,999)	(1,247,003)
Transfer to stage 1	39,182	(39,182)	-	-
Transfer to stage 2	(14,988)	1,044,990	(1,030,002)	-
Transfer to stage 3	(2,536)	(40,410)	42,946	-
	217,453	788,468	(1,682,256)	(676,335)
Amounts written off / charged off	-	-	(453,126)	(453,126)
Transfer in / (out)	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	115,913	(865,338)	4,999,713	4,250,288
Exchange adjustments	21	1,741	-	1,762
Closing balance	579,313	361,027	17,948,051	18,888,391

	2024					
	Stage 1	Stage 2	Stage 3	General Provision	Specific Provision	Total
----- Rupees in '000 -----						
Opening balance	-	-	-	399,344	9,660,542	10,059,886
Impact of adoption of IFRS 9	584,548	209,424	10,732,593	(399,344)	(9,660,542)	1,466,679
Balance as at January 01 after adopting IFRS 9	584,548	209,424	10,732,593	-	-	11,526,565
New Advances	120,322	40,135	1,019,298	-	-	1,179,755
Advances derecognised or repaid	(445,048)	(59,215)	(762,381)	-	-	(1,266,644)
Transfer to stage 1	19,219	(19,219)	-	-	-	-
Transfer to stage 2	(29,448)	1,360,837	(1,331,389)	-	-	-
Transfer to stage 3	(5,205)	(36,408)	41,613	-	-	-
	(340,160)	1,286,130	(1,032,859)	-	-	(86,889)
Amounts written off / charged off	-	-	(183,699)	-	-	(183,699)
Transfer in / (out)	(2,371)	-	147,781	-	-	145,410
Changes in risk parameters (PDs/LGDs/EADs)	4,131	(1,059,421)	5,419,904	-	-	4,364,614
Exchange adjustments	(222)	23	-	-	-	(199)
Closing balance	245,926	436,156	15,083,720	-	-	15,765,802

9.4 Advances include Rs. 23,221.366 million (2024: Rs. 21,327.989 million) which have been placed under non-performing / stage 3 status as detailed below:

Category of classification in stage 3	2025		2024	
	Non-Performing Loans	Credit loss allowance	Non-Performing Loans	Credit loss allowance
----- Rupees in '000 -----				
Domestic				
Other Assets Especially Mentioned (OAE)*	317,035	29,459	368,424	24,072
Substandard	887,288	177,256	2,294,802	856,265
Doubtful	730,318	249,121	4,250,239	1,922,798
Loss	21,286,725	17,492,215	14,414,524	12,280,585
Total	23,221,366	17,948,051	21,327,989	15,083,720
Overseas	-	-	-	-

* The Other Assets Especially Mentioned category pertains to agriculture, housing and small enterprises financing.

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9.5 Particulars of credit loss allowance against advances

		2025			2024					
		Stage 1 and 2	Stage 3	Total	Stage 1 and 2	Stage 3	Specific	General	Provision under IFRS 9 (Overseas)	Total
Note		Rupees in '000								
Opening balance		682,082	15,083,720	15,765,802	-	-	9,660,542	377,450	21,894	10,059,886
Impact of adoption of IFRS 9		-	-	-	793,972	10,732,593	(9,660,542)	(377,450)	(21,894)	1,466,679
Balance as at January 01 after adopting IFRS		682,082	15,083,720	15,765,802	793,972	10,732,593	-	-	-	11,526,565
Exchange adjustments		1,762	-	1,762	(199)	-	-	-	-	(199)
Charge for the year		1,782,507	5,610,219	7,392,726	1,896,936	6,755,034	-	-	-	8,651,970
Reversal for the year	9.5.2	(1,526,011)	(2,292,762)	(3,818,773)	(2,006,256)	(2,367,989)	-	-	-	(4,374,245)
	33	256,496	3,317,457	3,573,953	(109,320)	4,387,045	-	-	-	4,277,725
Transfer in / (out)		-	-	-	(2,371)	147,781	-	-	-	145,410
Amounts written off	9.6	-	(171,009)	(171,009)	-	(90,400)	-	-	-	(90,400)
Amounts charged off - credit card	9.6	-	(125,855)	(125,855)	-	-	-	-	-	-
Amounts charged off - agricultural financing	9.6	-	(156,262)	(156,262)	-	(93,299)	-	-	-	(93,299)
Closing balance		940,340	17,948,051	18,888,391	682,082	15,083,720	-	-	-	15,765,802

9.5.1 Particulars of credit loss allowance against advances

	2025			2024		
	Stage 1 and 2	Stage 3	Total	Stage 1 and 2	Stage 3	Total
Rupees in '000						
In local currency	929,850	17,812,184	18,742,034	478,228	14,948,561	15,426,789
In foreign currencies	10,490	135,867	146,357	203,854	135,159	339,013
	940,340	17,948,051	18,888,391	682,082	15,083,720	15,765,802

9.5.2 This includes reversal of Stage 3 credit loss allowance of Rs. NIL (2024: Rs. 406.907 million) against reduction in non-performing loans of NIL (2024: Rs. 2,189.151 million) of certain borrowers under 'Debt Property Swap' transactions.

9.5.3 The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum of five years from the date of classification. As at December 31, 2025, the Bank has availed a cumulative FSV benefit under the directives of the State Bank of Pakistan (SBP) amounting to Rs. 4,098.908 million (2024: Rs. 2,489.350 million).

The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 1,967.476 million (2024: Rs. 1,145.101 million). The additional impact on profitability arising from availing the benefit of FSV shall not be available for payment of cash or stock dividend to shareholders or bonus to employees under the requirement of Regulation R-8 of Corporate / Commercial Banking of SBP.

9.5.4 This includes deferred fair value loss arising from the restructuring of Pakistan International Airlines Corporation Limited (PIACL). SBP through its letter dated August 01, 2024 has allowed staggering of such fair value impact over the period of 6 years at rates of 5%, 10%, 15%, 20%, 25%, and 25% from year 1 to year 6. Further, SBP vide BPRD Circular Letter No.16 of 2024 dated July 29, 2024 has allowed to take such fair value adjustment with effect from October 01, 2024.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

9.5.5 This also includes fair valuation adjustment on modified loans and concessional rate loans (staff loans and TERF loans) considered in accordance with the requirements of IFRS 9.

	2025	2024
	----- Rupees in '000 -----	----- Rupees in '000 -----
9.6 Particulars of write offs / charged off:		
9.6.1 Against credit loss allowance		
- Written off	171,009	90,400
- Charged off	282,117	93,299
Directly charged to profit and loss account	-	-
	453,126	183,699
9.6.2 Write offs of Rs.500,000 and above		
- Domestic	170,973	1,460
- Overseas	-	-
Write offs of below Rs.500,000	36	88,940
	171,009	90,400

9.6.3 Details of loan write off of Rs. 500,000 and above

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962 the Statement in respect of written-off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended is given in Annexure - I.

		2025	2024
		----- Rupees in '000 -----	----- Rupees in '000 -----
10. PROPERTY AND EQUIPMENT	Note		
Capital work-in-progress	10.1	882,594	596,439
Property and equipment	10.2	11,911,353	11,490,454
		12,793,947	12,086,893
10.1 Capital work-in-progress			
Civil works		401,591	367,513
Equipment		376,126	227,774
Advance to suppliers		104,877	1,152
		882,594	596,439

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

10.2 Property and equipment

		2025						
		Leasehold land	Building on leasehold land	Leasehold improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
Note		Rupees in '000						
At January 1, 2025								
Cost / Revalued amount		1,777,579	5,242,596	3,014,307	1,006,348	6,150,138	341,360	17,532,328
Accumulated depreciation		-	(927)	(1,224,033)	(535,293)	(4,189,256)	(92,365)	(6,041,874)
Net book value		1,777,579	5,241,669	1,790,274	471,055	1,960,882	248,995	11,490,454
Year ended December 2025								
Opening net book value	10.2.1	1,777,579	5,241,669	1,790,274	471,055	1,960,882	248,995	11,490,454
Additions		-	-	863,315	114,352	920,941	7,942	1,906,550
Movement in surplus on assets revalued during the year - net		-	-	-	-	-	-	-
Disposals - cost		-	-	(31,049)	(31,770)	(145,644)	(6,560)	(215,023)
Disposals - accumulated depreciation		-	-	27,678	29,549	134,723	1,603	193,553
Depreciation charge		-	(179,622)	(317,067)	(97,065)	(839,320)	(31,250)	(1,464,324)
Exchange rate adjustments		-	-	58	1	10	19	88
Other adjustments / transfers		-	67	(37)	(60)	86	(1)	55
Closing net book value		1,777,579	5,062,114	2,333,172	486,062	2,031,678	220,748	11,911,353
At December 31, 2025								
Cost / Revalued amount		1,777,579	5,242,596	3,846,852	1,089,017	6,925,519	342,790	19,224,353
Accumulated depreciation		-	(180,482)	(1,513,680)	(602,955)	(4,893,841)	(122,042)	(7,313,000)
Net book value		1,777,579	5,062,114	2,333,172	486,062	2,031,678	220,748	11,911,353
Rate of depreciation (%)		-	1 - 5	10	12.5	12.5 - 33.3	20	
		2024						
		Leasehold land	Building on leasehold land	Leasehold improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
		Rupees in '000						
At January 1, 2024								
Cost / Revalued amount		1,728,122	2,993,162	2,366,850	866,662	5,534,922	288,087	13,777,805
Accumulated depreciation		-	(520,939)	(1,038,364)	(482,620)	(3,478,694)	(80,745)	(5,601,362)
Net book value		1,728,122	2,472,223	1,328,486	384,042	2,056,228	207,342	8,176,443
Year ended December 2024								
Opening net book value		1,728,122	2,472,223	1,328,486	384,042	2,056,228	207,342	8,176,443
Additions		-	2,090,750	708,827	181,420	763,485	98,096	3,842,578
Movement in surplus on assets revalued during the year		49,457	158,617	-	-	-	-	208,074
Reversal of depreciation on revaluation		-	637,420	-	-	-	-	637,420
Disposals - cost		-	-	(61,073)	(42,310)	(146,033)	(45,048)	(294,464)
Disposals - accumulated depreciation		-	-	44,759	37,771	113,669	16,613	212,812
Depreciation charge		-	(117,408)	(230,939)	(89,809)	(826,221)	(28,294)	(1,292,671)
Exchange rate adjustments		-	-	(144)	(15)	9	(39)	(189)
Other adjustments / transfers		-	67	358	(44)	(255)	325	451
Closing net book value		1,777,579	5,241,669	1,790,274	471,055	1,960,882	248,995	11,490,454
At December 31, 2024								
Cost / Revalued amount		1,777,579	5,242,596	3,014,307	1,006,348	6,150,138	341,360	17,532,328
Accumulated depreciation		-	(927)	(1,224,033)	(535,293)	(4,189,256)	(92,365)	(6,041,874)
Net book value		1,777,579	5,241,669	1,790,274	471,055	1,960,882	248,995	11,490,454
Rate of depreciation (%)		-	1 - 5	10	12.5	12.5 - 33.3	20	

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

10.2.1 This includes transfer from capital work-in-progress during the year amounting to Rs. 1,103.545 million (2024: Rs. 885.895 million) and transfers from non-banking assets acquired in satisfaction of claim amounting to NIL (2024: Rs. 2,000.000 million).

10.2.1.1 The cost of fully depreciated property and equipment still in use

	2025	2024
	----- Rupees in '000 -----	
Leasehold improvements	439,191	356,442
Furniture and fixture	292,490	256,393
Electrical, office and computer equipment	2,924,305	2,383,761
Vehicles	84,489	86,142
	<u>3,740,475</u>	<u>3,082,738</u>

10.2.2 The carrying amount of idle properties still in use

Leasehold land	1,173,700	1,173,700
Building on leasehold land	2,771,168	2,922,099
	<u>3,944,868</u>	<u>4,095,799</u>

10.2.3 The details of disposals of assets to related parties are given in Annexure II to these unconsolidated financial statements.

10.2.4 The properties of the Bank were revalued by independent professional valuers as at December 31, 2024. The revaluation was carried out by M/s. Pakistan Inspection Co. (Pvt) Ltd. on the basis of professional assessment of present market values which resulted in increase in surplus by Rs. 845.494 million. The total surplus against revaluation of Property and equipment as at December 31, 2025 amounts to Rs. 2,126.106 million (2024: Rs. 2,202.331 million).

Had there been no revaluation, the carrying amount of the revalued assets at December 31, would have been as follows:

	Note	2025	2024
		----- Rupees in '000 -----	
Leasehold land		1,014,912	1,014,912
Building on leasehold land		3,698,675	3,802,005
		<u>4,713,587</u>	<u>4,816,917</u>

11 RIGHT-OF-USE ASSETS

		2025	2024
		Buildings	Buildings
		----- Rupees in '000 -----	
At January 01,			
Cost		5,946,075	6,819,329
Accumulated Depreciation		(3,335,982)	(4,679,751)
Net carrying amount at January 01,		2,610,093	2,139,578
Additions during the year		2,122,775	1,820,891
Deletions during the year		(68,005)	(32,520)
Depreciation charge for the year	30	(1,590,929)	(1,343,769)
Exchange rate adjustments		(112)	(216)
Other adjustments		-	26,129
Net Carrying amount at December 31,		3,073,822	2,610,093

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

12. INTANGIBLE ASSETS

	Note	2025 ----- Rupees in '000 -----	2024 ----- Rupees in '000 -----
Capital work-in-progress - computer software		816,532	2,153,190
Computer software	12.1	4,249,506	3,189,462
Goodwill	12.1 and 12.3	1,463,624	1,463,624
		6,529,662	6,806,276

		2025		
		Computer software	Goodwill	Total
		----- Rupees in '000 -----		
12.1 Intangible Assets				
		</		

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

- 12.1.1** This includes transfer from capital work-in-progress during the year of Rs. 1,567.914 million (2024: Rs. 961.412 million).
- 12.2** The cost of fully amortised intangible assets that are still in the Bank's use amounted to Rs. 468.887 million (2024: Rs. 359.825 million).
- 12.3** Goodwill is recorded by the Bank upon the event fully disclosed in note 1.2. For impairment testing, goodwill has been allocated to 'Trading and Sales' Segment as Cash Generating Unit (CGU), which is also a reportable segment.

Key assumptions used in value in use calculation

The recoverable amount of the CGU has been determined based on value in use calculation, using cash flow projections based on business plan approved by the Board of Directors of the Bank covering a five year period, duly adjusted for changes based on latest forecasts. The discount rates applied to cash flows beyond five years are extrapolated using a terminal growth rate. The following rates are used by the Bank:

	2025	2024
	----- Percentages -----	
- Discount rate	16.57	14.97
- Terminal growth rate	6.00	12.00

The calculation of value in use is most sensitive to following assumptions:

a) Interest margins

Interest margins are based on prevailing industry trends and anticipated market conditions.

b) Discount rates

Discount rates reflect management estimates of the rate of return required for each business and are calculated after taking into account the prevailing risk free rate, industry risk and business risk. Discount rates are calculated by using cost of equity of the Bank.

c) Key business assumptions

The assumptions are important as they represent management assessment of how the unit's position might change over the projected period. Based on the expansion plans, management expects aggressive growth in advances, investments and deposits during the projected periods and thereafter stabilisation in line with industry trends.

Management believes that any significant change in key assumptions, on which CGU's recoverable amount is based, may impact the carrying amount to further exceed its recoverable amount. Value in use calculation of the CGU are sensitive to changes in assumptions for interest rate spreads, Non Funded Income (NFI), long term growth rates and discount rates.

d) Sensitivity to changes in assumption

The estimated recoverable amount of the 'Trading and Sales' CGU exceeds its carrying amount by approximately Rs. 10,642.773 million (2024: Rs. 6,563.429 million). Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

		Changes required for carrying amount to equal recoverable amount	
		2025	2024
		----- Percentages -----	
- Discount rate		3.69	0.41
- Terminal growth rate		-6.78	-0.47
13. OTHER ASSETS	Note	2025	2024
		----- Rupees in '000 -----	
Mark-up / return / interest accrued in local currency	13.1	11,382,384	14,390,871
Mark-up / return / interest accrued in foreign currencies	13.1	88,324	94,087
Advances, deposits, advance rent and other prepayments		4,298,504	4,964,160
Acceptances		4,881,615	3,581,183
Advance taxation (payments less provision)		3,874,577	1,506,206
Stationery and stamps in hand		12,186	18,370
Receivable in respect of home remittance		11,376	20,357
Receivable against bancassurance / bancatakaful		13,208	-
Due from State Bank of Pakistan		2,179,874	1,200,456
Fair value adjustment on advances	9.5.4	2,728,769	3,049,801
Non-banking assets acquired in satisfaction of claims	13.2	4,882,960	5,047,988
Mark to market gain on forward foreign exchange contracts		156,440	141,651
Mark to market gain on forward government securities transaction		-	26,426
Advance against investments in securities		792,000	792,000
Branchless banking fund settlement		-	370,945
Inter bank fund transfer settlement		2,131,870	1,025,298
Credit card settlement		77,438	296,903
Clearing and settlement accounts		1,038,710	526,245
Insurance claims receivable		61,597	31,111
Receivable from Subsidiary		459,000	-
Others		181,724	350,872
		39,252,556	37,434,930
Less: Credit loss allowance held against other assets	13.3	(153,957)	(23,914)
Other assets - net of credit loss allowance		39,098,599	37,411,016
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22.2	602,334	549,933
Other assets - total		39,700,933	37,960,949
13.1	This includes mark up accrued on facilities availed by stage 1 and stage 2 customers amounting to Rs. 5,930.210 million (2024: Rs. 6,785.577 million) and Rs. 877.595 million (2024: Rs. 1,376.243 million) respectively.		
13.2	Non-banking assets acquired in satisfaction of claims	2025	2024
		----- Rupees in '000 -----	
Market value of non-banking assets acquired in satisfaction of claims		5,485,294	5,597,921

Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuers as at December 31, 2025. The revaluation was carried out by M/s Pakistan Inspection Co. (Private) Limited on the basis of professional assessment of present market values. The revaluation resulted in an increase in revaluation surplus by Rs. 65.442 million (2024: Rs. 31.272 million).

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

		2025	2024
		----- Rupees in '000 -----	
13.2.1 Non-banking assets acquired in satisfaction of claims	Note		
Opening balance		5,597,921	5,296,256
Additions		-	2,300,000
Revaluation		65,442	31,272
Disposal		(131,916)	-
Depreciation	30	(40,148)	(35,612)
Transfer to property and equipment		-	(2,000,000)
Others		(6,005)	6,005
		<u>5,485,294</u>	<u>5,597,921</u>
13.2.2	During the year, the Bank has acquired properties of NIL (2024: Rs. 2,300.000 million) against debt swap transactions with borrowers resulting in reversal of provision of NIL (2024: Rs. 406.907 million) against reduction in non-performing loans of NIL (2024: Rs. 2,189.151 million).		
13.2.3 Gain on disposal of non-banking assets acquired in satisfaction of claims		2025	2024
		----- Rupees in '000 -----	
Disposal proceeds		157,500	-
less			
- Cost		(145,412)	-
- Impairment / Depreciation		13,427	-
		(131,985)	-
Gain		<u>25,515</u>	<u>-</u>
13.3 Credit loss allowance against other assets			
Mark-up / return / interest accrued		15,360	12,673
Advances, deposits, advance rent and other prepayments		126,371	10,184
Advance against investments in securities		8,803	-
Insurance claim receivable		8	-
Others		3,415	1,057
		<u>153,957</u>	<u>23,914</u>
13.3.1 Movement in credit loss allowance against other assets			
Opening balance		23,914	11,241
Impact of adoption of IFRS 9		-	17,099
Balance as at January 01 after adopting IFRS 9		<u>23,914</u>	<u>28,340</u>
Exchange rate adjustments		1	(1)
Charge for the year		140,541	11,134
Reversal for the year		(10,499)	(15,559)
		130,042	(4,425)
Amount written off		-	-
Closing balance		<u>153,957</u>	<u>23,914</u>



Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

14. BILLS PAYABLE	Note	2025	2024
		----- Rupees in '000 -----	
In Pakistan		7,516,630	7,765,203
Outside Pakistan		322,737	360,638
		7,839,367	8,125,841
15. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan under:			
Export refinancing scheme	15.1	5,762,946	13,713,392
Long-term finance facility	15.2	1,018,633	1,489,495
Financing facility for storage of agricultural produce	15.3	275,929	133,137
Financing facility for renewable energy projects	15.4	707,729	1,118,670
Refinance for women entrepreneurs	15.5	125,052	136,486
Refinance facility for modernization of Small and Medium Enterprises (SMEs)	15.6	223,147	286,107
Refinance facility for combating COVID-19	15.7	15,521	74,660
Temporary economic refinance facility (TERF)	15.8	3,037,394	4,007,327
Small enterprise financing and credit guarantee scheme for special persons	15.9	67	770
Refinance facility for working capital of SMEs	15.10	5,383,440	75,000
Refinance facility for SME Asaan Finance (SAAF) scheme	15.11	4,540,447	5,266,032
Repurchase agreement borrowings	15.12	2,962,005	-
		24,052,310	26,301,076
Fair value adjustment on TERF borrowings	15.13	(705,181)	(995,713)
Borrowing from financial institutions:			
Refinancing facility for mortgage loans	15.14	2,341,365	1,929,971
Repurchase agreement borrowings	15.15	-	384,547
Total secured		25,688,494	27,619,881
Unsecured			
Call borrowings	15.16	-	700,000
Overdrawn nostro accounts		439,586	378,624
Total unsecured		439,586	1,078,624
		26,128,080	28,698,505

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

- 15.1** The Bank has entered into agreement with the SBP for extending export finance to customers. These borrowings are repayable on a quarterly basis and have maturities up to June 2026. These carry mark-up rates ranging from 1.00% to 7.00% per annum (2024: 1.00% to 16.50% per annum) .
- 15.2** These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These borrowings have maturities up to February 2033. These carry mark-up rates ranging from 2.00% to 11.00% per annum (2024: 2.00% to 11.00% per annum).
- 15.3** These borrowings have been obtained from the SBP under a scheme to provide financing facilities to encourage private sector to establish silos, warehouses and cold storages to enhance storage capacity and develop agricultural produce marketing. These carry mark-up at a rate of 2.00% per annum (2024: 2.00% to 2.50% per annum) and have maturities up to December 2029.
- 15.4** These borrowings have been obtained from the SBP for providing financing facilities to address challenges of energy shortage and climate change through promotion of renewable energy. These carry mark-up at a rate of 2.00% per annum (2024: 2.00% per annum) and have maturities up to December 2031.
- 15.5** These borrowings have been obtained from the SBP under a scheme to provide refinance for women entrepreneurs in the underserved areas of the country. These carry mark-up rates ranging from 0.00% to 2.00 per annum (2024: 0.00% per annum) and have maturities up to July 2030.
- 15.6** These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises by providing financing facilities for setting up new units, purchase of new plant and machinery for Balancing, Modernization and Replacement (BMR) of existing units and financing for import / local purchase of new generators up to a maximum capacity of 500 KVA. These carry mark-up at rates of 2.00% per annum (2024: 2.00% per annum) and have maturities up to June 2030.
- 15.7** These borrowings have been obtained from the SBP under a scheme to provide the emergency refinance facility to hospitals and medical center to develop capacity for the treatment of COVID-19 patients. These carry mark-up at 0.00% per annum (2024: 0.00% per annum) and have maturities up to July 2026.
- 15.8** These borrowings have been obtained from the SBP under a scheme to provide concessionary refinance for setting up of new industrial units in the backdrop of challenges being faced by industries post pandemic scenario. These carry mark-up at 1.00% per annum (2024: 1.00% per annum) and have maturities up to August 2032.
- 15.9** These borrowings have been obtained from the SBP under a scheme to provide financing facilities to special persons to meet credit needs for setting up of new business enterprises or for expansion of existing ones. These carry mark-up at 0.00% per annum (2024: 0.00% per annum) and have maturities up to March 2026.
- 15.10** These borrowings have been obtained from the SBP under a scheme to fulfil the working capital requirements of selective SME sectors. These carry mark-up at 2.00% per annum (2024: 2.00% per annum) and have maturities up to July 2030.
- 15.11** These borrowings have been obtained from the SBP under a scheme to fulfil the financing requirements of SMEs. These carry mark-up at rates ranging from 1.00% to 3.00% per annum (2024: 1.00% to 3.00% per annum) on a rollover basis.
- 15.12** This repurchase agreement borrowing is secured by a Pakistan Investment Bond and carries a mark-up rate of 11.50% per annum (2024: NIL) and is due to mature on January 2, 2026.
- 15.13** This represents fair value adjustment on temporary economic relief finance from SBP under note 15.8 as required under IFRS 9.
- 15.14** The Bank has entered into an agreement with the Pakistan Mortgage Refinance Company Limited (PMRC) for extending housing finance facilities to the Bank's customers on the agreed terms and conditions. The borrowing carries mark-up rates ranging from 6.50% to 11.83% per annum (2024: 6.50% to 14.07% per annum) and have maturities up to June 2031.

Notes to the Unconsolidated Financial Statements

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15.15 This repurchase agreement borrowing was secured by market treasury bills and carried a mark-up rate of NIL per annum (2024: 13.30% per annum), and matured on January 2, 2025.

15.16 This carries a mark up rate of NIL per annum (2024: 12.60% per annum) per annum and is due to matured on January 2, 2025.

	2025	2024
	----- Rupees in '000 -----	
15.17 Particulars of borrowings (with respect to currencies)		
In local currency	25,688,494	28,319,881
In foreign currencies	439,586	378,624
	<u>26,128,080</u>	<u>28,698,505</u>

16. DEPOSITS AND OTHER ACCOUNTS

	2025			2024		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- Rupees in '000 -----					
Customers						
Current deposits	183,720,414	10,621,727	194,342,141	158,211,393	11,029,355	169,240,748
Savings deposits	182,050,071	8,130,654	190,180,725	153,269,696	7,715,268	160,984,964
Term deposits	81,905,046	19,240,992	101,146,038	104,815,500	47,482,231	152,297,731
Margin deposits	21,565,499	17,288	21,582,787	24,136,000	6,269	24,142,269
	<u>469,241,030</u>	<u>38,010,661</u>	<u>507,251,691</u>	<u>440,432,589</u>	<u>66,233,123</u>	<u>506,665,712</u>
Financial Institutions						
Current deposits	5,513,362	682,985	6,196,347	4,796,717	228,865	5,025,582
Savings deposits	14,048,557	41,977	14,090,534	11,845,498	6,375	11,851,873
Term deposits	2,081,979	13,881,500	15,963,479	1,591,209	-	1,591,209
	<u>21,643,898</u>	<u>14,606,462</u>	<u>36,250,360</u>	<u>18,233,424</u>	<u>235,240</u>	<u>18,468,664</u>
	<u>490,884,928</u>	<u>52,617,123</u>	<u>543,502,051</u>	<u>458,666,013</u>	<u>66,468,363</u>	<u>525,134,376</u>

	2025	2024
	----- Rupees in '000 -----	
16.1 Composition of deposits		
- Individuals	243,365,934	232,791,600
- Government (Federal and Provincial)	102,958,327	67,914,291
- Public Sector Entities	2,078,859	10,487,118
- Banking Companies	318,531	1,113,325
- Non-Banking Financial Institutions	35,931,829	17,355,339
- Private Sector	158,848,571	195,472,703
	<u>543,502,051</u>	<u>525,134,376</u>

16.2 Deposits include eligible deposits of Rs. 181,849.578 million (2024: Rs. 159,546.658 million) protected under Depositors Protection Mechanism introduced by State Bank of Pakistan.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

17. LEASE LIABILITIES	Note	2025 ----- Rupees in '000 -----	2024 -----
Outstanding amount as at January 01		2,788,429	2,234,115
Additions during the year		1,442,945	1,820,891
Lease payments including interest		(1,366,323)	(1,656,950)
Interest expense	26	435,839	396,228
Terminations		(92,719)	(36,842)
Exchange difference		(118)	(208)
Others		(14,522)	31,195
Outstanding amount as at December 31		3,193,531	2,788,429

17.1 Contractual maturity of lease liabilities

Short-term lease liabilities - within one year	650,855	134,561
Long-term lease liabilities		
- 1 to 5 years	1,959,047	1,640,169
- 5 to 10 years	583,629	1,013,699
	2,542,676	2,653,868
Total lease liabilities	3,193,531	2,788,429

17.2 This carries average effective rate of 15.26% per annum (2024: 15.73%)

18. SUBORDINATED DEBT	Note	2025 ----- Rupees in '000 -----	2024 -----
Term Finance Certificates - Fifth Issue	18.1	3,497,900	3,498,833
Term Finance Certificates - Fourth Issue	18.2	2,496,000	2,497,000
Term Finance Certificates - Third Issue	18.3	2,500,000	2,500,000
		8,493,900	8,495,833

18.1 In 2023, the Bank issued Rs. 3.5 billion of rated, privately placed and listed, unsecured and subordinated term finance certificates (TFCs or the Issue) as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD Circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose	To contribute towards the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum and Articles of Association.
Issue date	August 30, 2023
Tenure	Up to ten years from the issue date.
Maturity date	August 30, 2033
Rating	AA- (Double A Minus)
Security	The Issue is unsecured

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

Profit rate	Floating rate of return at Base Rate + 2 percent per annum; Base rate is defined as the average three months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the issue date and subsequently on the immediately preceding business day before the start of each three monthly period.
Mark-up payment frequency	Quarterly
Redemption	The instrument is structured to redeem 0.24% of the issue amount during the first nine years after the issue date and the remaining issue amount of 99.76% in four equal quarterly instalments of 24.94% each in the last year.
Subordination	The issue is subordinated all other indebtedness of the Bank including depositors, however, senior to the claims of investors in instruments eligible for inclusion in Tier I Capital.
Call option	Exercisable in part or in full on or after five years from the issue date, subject to SBP's approval.
Lock-in-clause	Principal and mark-up will be payable subject to compliance with MCR or CAR or Leverage Ratio set by SBP.
Loss absorbency clause	Upon the occurrence of a Point of Non-Viability (PONV) event as defined under SBP BPRD Circular No. 06 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of PONV as declared by SBP, subject to a cap of 924,772,179 shares.

- 18.2** In 2021, the Bank issued Rs. 2.5 billion of rated, privately placed and listed, unsecured and subordinated term finance certificates (TFCs or the Issue) as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan (SBP) under the BPRD Circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose	To contribute towards the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date	December 28, 2021.
Tenure	Up to Seven years from the issue date.
Maturity date	December 28, 2028.
Rating	AA - (Double A Minus).
Mark-up rate	Floating rate of return at Base Rate + 2 percent per annum. Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the issue date and subsequently on the immediately preceding business day before the start of each six monthly period.
Mark-up payment frequency	Semi-annually.
Redemption	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the issue date and the remaining Issue amount of 99.76% in two equal semi-annual instalments of 49.88% each in the last year.
Security	The issue is unsecured.
Subordination	The Issue is subordinated all other indebtedness of the Bank including depositors, however, senior to the claims of investors in instruments eligible for inclusion in Tier I Capital

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

Call option	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.
Lock-in-clause	Payment of mark-up will be made from current year's earning and subject to compliance with MCR and / or CAR or LR set by SBP.
Loss absorbency clause	Upon the occurrence of a Point of Non-Viability (PONV) event as defined under SBP BPRD Circular No. 06 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of PONV as declared by SBP, subject to a cap of 400,647,739 shares.

- 18.3** In 2018, the Bank issued Rs. 2.5 billion of rated, privately placed, unsecured, subordinated, perpetual and non-cumulative term finance certificates (TFCs or the Issue) as an instrument of redeemable capital under Section 66(1) of the Companies Act, 2017 and as outlined by the State Bank of Pakistan (SBP) under the BPRD Circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose:	To contribute towards the Bank's Tier I Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date	December 31, 2018.
Maturity date	Perpetual.
Rating	A+ (Single A plus).
Mark-up rate	Floating rate of return at Base Rate + 2.25 percent per annum. Base Rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the issue date and subsequently on the immediately preceding business day before the start of each six monthly period.
Mark-up payment frequency	Semi-annually on a non-cumulative basis.
Redemption	Not applicable
Security	The Issue is unsecured
Subordination	The Issue is subordinated as to payment of Principal and profit to all other claims except common shares.
Call option	Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause	Payment of profit will be made from current year's earning and subject to compliance with MCR and / or CAR or LR set by SBP.



Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

Loss absorbency clause: Pre-Specified Trigger (PST)	Upon the occurrence of a PST as defined under SBP BPRD Circular No. 06 dated August 15, 2013 which stipulates that if an Issuer's Common Equity Tier 1 (CET 1) ratio falls to or below 6.625% of Risk Weighted Assets (RWAs), the Issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Bank will be able to exercise this discretion subject to: If and when Bank's CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWAs (if possible); The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWAs (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%); and In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the Issuer.
Loss absorbency clause: Point of Non-Viability (PONV)	Upon the occurrence of a PONV event as defined under SBP BPRD Circular No. 06 dated August 15, 2013, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Bank's common / ordinary share on the date of the PONV trigger event as declared by SBP, subject to the cap specified below: The PONV trigger event is the earlier of: A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable; The decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by SBP; The maximum number of shares to be issued to TFC holders at the PST and / or PONV (or otherwise as directed by SBP) will be subject to a specified cap of 329,595,476 ordinary shares, or such other number as may be agreed to in consultation with SBP.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

		2025					
		At January 01, 2025	Impact of adoption of IFRS 9	Balance after adoption of IFRS 9	Recognised in profit and loss account	Recognised in OCI	At December 31, 2025
19. DEFERRED TAX LIABILITIES							
Note		Rupees in '000					
Deductible Temporary Differences on							
	Credit loss allowance against advances	(3,296,568)	-	(3,296,568)	90,682	-	(3,205,886)
	Credit loss allowance - others	(51,863)	-	(51,863)	(110,542)	-	(162,405)
	Right-of-use assets	-	-	-	(4,077,360)	-	(4,077,360)
		(3,348,431)	-	(3,348,431)	(4,097,220)	-	(7,445,651)
Taxable Temporary Differences on							
	Credit loss allowance against investments	(30,612)	-	(30,612)	83,644	-	53,032
	Surplus on revaluation of property and equipments	748,625	-	748,625	(39,637)	-	708,988
22	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	39,318	-	39,318	2,969	215,446	257,733
22	Surplus on revaluation of investments	1,531,335	14,209	1,545,544	-	(121,693)	1,423,851
22	Accelerated tax depreciation	1,050,416	-	1,050,416	(136,819)	-	913,597
	Lease liabilities	-	-	-	3,965,055	-	3,965,055
	Fair value adjustment	(80,597)	-	(80,597)	137,230	-	56,633
	Unrealized gain on FVPL investments	-	-	-	87	-	87
	Goodwill	761,084	-	761,084	-	-	761,084
		4,019,569	14,209	4,033,778	4,012,529	93,753	8,140,060
		671,138	14,209	685,347	(84,691)	93,753	694,409
		2024					
		At January 01, 2024	Impact of adoption of IFRS 9	Balance after adoption of IFRS 9	Recognised in profit and loss account	Recognised in OCI	At December 31, 2024
Note		Rupees in '000					
Deductible Temporary Differences on							
	Credit loss allowance against investments	(80,009)	69,359	(10,650)	(19,962)	-	(30,612)
	Credit loss allowance against advances	(734,869)	(771,567)	(1,506,436)	(1,790,132)	-	(3,296,568)
	Credit loss allowance - others	-	(10,167)	(10,167)	(41,696)	-	(51,863)
	Fair value adjustment	-	(191,140)	(191,140)	110,543	-	(80,597)
		(814,878)	(903,515)	(1,718,393)	(1,741,247)	-	(3,459,640)
Taxable Temporary Differences on							
	Surplus on revaluation of property and equipments	333,501	-	333,501	(19,233)	434,357	748,625
22	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22,633	-	22,633	(963)	17,648	39,318
22	Surplus on revaluation of investments	385,918	(71,026)	314,892	-	1,216,443	1,531,335
22	Accelerated tax depreciation	671,758	-	671,758	378,658	-	1,050,416
	Goodwill	717,176	-	717,176	43,908	-	761,084
		2,130,986	(71,026)	2,059,960	402,370	1,668,448	4,130,778
		1,316,108	(974,541)	341,567	(1,338,877)	1,668,448	671,138

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

20. OTHER LIABILITIES	Note	2025	2024
		----- Rupees in '000 -----	-----
Mark-up / return / interest payable in local currency		1,313,491	5,343,116
Mark-up / return / interest payable in foreign currencies		162,628	388,756
Unearned income on guarantees		526,400	487,456
Accrued expenses		1,973,583	1,809,477
Acceptances		4,881,615	3,581,183
Unclaimed dividends		4,214	4,214
Mark to market loss on forward foreign exchange contracts		441,137	713,482
Defined benefit obligation	38.5	124,732	270,154
Withholding taxes payable		2,218,038	1,856,153
Donation payable		123,812	120,291
Security deposits against leases, lockers and others		4,883,358	1,525,993
Workers' welfare fund	31	622,485	498,674
Payable in respect of home remittance		1,185	313,579
Retention money payable		86,852	92,431
Insurance payable		476,937	383,072
Payable to vendors against SBS goods		-	159,103
BLB fund settlement		106,276	-
Debit card settlement		363,128	374,348
Credit loss allowance against off-balance sheet obligations	20.1	270,587	190,889
Others		543,827	374,141
		19,124,285	18,486,512

20.1 Credit loss allowance against off-balance sheet obligations

Opening balance		190,889	-
Impact of adoption of IFRS 9		-	16,578
Balance as at January 01 after adopting IFRS 9		190,889	16,578
Transfer in		-	2,371
Exchange rate adjustments		25	(28)
Charge for the year		128,680	186,699
Reversal for the year		(49,007)	(14,731)
	33	79,673	171,968
Closing balance		270,587	190,889

20.2 Particulars of credit loss allowance against off balance sheet obligations

Stage 1		59,032	24,520
Stage 2		43,628	1,062
Stage 3		167,927	165,307
		270,587	190,889

20.2.1 Credit loss allowance against off balance sheet obligations include ECL in respect of letter of credit, letter of guarantees and acceptances.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

21. SHARE CAPITAL

21.1 Authorised capital

21.1.1 Ordinary shares

2025	2024		2025	2024
----- Number of shares -----			----- Rupees in '000 -----	
<u>3,850,000,000</u>	<u>3,850,000,000</u>	Ordinary shares of Rs.10 each	<u>38,500,000</u>	<u>38,500,000</u>

21.1.2 Preference shares

2025	2024		2025	2024
----- Number of shares -----			----- Rupees in '000 -----	
<u>150,000,000</u>	<u>150,000,000</u>	Convertible preference shares of Rs.10 each	<u>1,500,000</u>	<u>1,500,000</u>

21.2 Issued, subscribed and paid-up capital

2025	2024		2025	2024
----- Number of shares -----			----- Rupees in '000 -----	
		Ordinary shares		
<u>984,127,890</u>	<u>984,127,890</u>	Fully paid in cash	<u>9,841,279</u>	<u>9,841,279</u>
<u>1,066,534,646</u>	<u>1,066,534,646</u>	Issued for consideration other than cash	<u>10,665,346</u>	<u>10,665,346</u>
<u>2,050,662,536</u>	<u>2,050,662,536</u>		<u>20,506,625</u>	<u>20,506,625</u>
-	-	Less: Discount on issue of shares	-	-
<u>2,050,662,536</u>	<u>2,050,662,536</u>		<u>20,506,625</u>	<u>20,506,625</u>

21.3 As at December 31, 2025, Jahangir Siddiqui & Co. Ltd. (the parent company) held 1,460,232,712 (2024: 1,460,232,712) ordinary shares of Rs.10 each i.e. 71.21% holding (2024: 71.21%).

22. SURPLUS ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of:

- Securities measured at FVOCI - debt
- Securities measured at FVOCI - equity
- Property and equipment
- Non-banking assets acquired in satisfaction of claims

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

8.1	<u>1,953,203</u>	<u>1,419,607</u>
8.1	<u>784,971</u>	<u>1,525,267</u>
22.1	<u>2,126,106</u>	<u>2,202,331</u>
22.2	<u>602,334</u>	<u>549,933</u>
	<u>5,466,614</u>	<u>5,697,138</u>

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

- Securities measured at FVOCI - debt
- Securities measured at FVOCI - equity
- Property and equipment
- Non-banking assets acquired in satisfaction of claims

<u>(1,015,666)</u>	<u>(738,196)</u>
<u>(408,185)</u>	<u>(793,139)</u>
<u>(708,988)</u>	<u>(748,625)</u>
<u>(257,733)</u>	<u>(39,318)</u>
<u>(2,390,572)</u>	<u>(2,319,278)</u>
<u>3,076,042</u>	<u>3,377,860</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

	2025	2024
	----- Rupees in '000 -----	
22.1 Surplus on revaluation of property and equipment		
Surplus on revaluation of property and equipment as at January 01	2,202,331	1,393,824
Recognised during the year	-	845,494
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(76,225)	(36,987)
Surplus on revaluation of property and equipment as at December 31	2,126,106	2,202,331
Less: related deferred tax liability on:		
- revaluation as at January 01	(748,625)	(333,501)
- effect of change in tax rate	-	(20,418)
- revaluation recognised during the year	-	(413,939)
- incremental depreciation charged during the year	39,637	19,233
	(708,988)	(748,625)
	1,417,118	1,453,706
22.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims		
Surplus on revaluation as at January 01	549,933	520,513
Recognised during the year	65,442	31,272
Realised on disposal during the year	(9,588)	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(3,453)	(1,852)
Surplus on revaluation as at December 31	602,334	549,933
Less: Related deferred tax liability on:		
- revaluation as at January 01	(39,318)	(22,633)
- revaluation recognised during the year	(215,446)	(16,261)
- surplus realised on disposal during the year	(4,765)	-
- Effect of change in tax rate	-	(1,387)
- Incremental depreciation charged during the year	1,796	963
	(257,733)	(39,318)
	344,601	510,615

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

		2025	2024
		----- Rupees in '000 -----	
23.	CONTINGENCIES AND COMMITMENTS	Note	
	Guarantees	23.1	114,322,261
	Commitments	23.2	108,452,698
	Other contingent liabilities	23.3	1,204,016
			223,978,975
23.1	Guarantees:		
	Financial guarantees		22,275,534
	Performance guarantees		51,690,524
	Other guarantees		40,356,203
			114,322,261
23.2	Commitments:		
	Documentary credits and short-term trade-related transactions		
	- Letters of credit		40,537,796
	Commitments in respect of:		
	- forward foreign exchange contracts	23.2.1	67,437,910
	- forward government securities transactions	23.2.2	-
	- forward lending	23.2.3	52,000
	Commitments for acquisition of:		
	- property and equipment	23.2.3.2	337,483
	- intangible assets	23.2.3.2	87,509
			108,452,698
23.2.1	Commitments in respect of forward foreign exchange contracts		
	Purchase		40,462,368
	Sale		26,975,542
			67,437,910
23.2.1.1	The Bank utilises foreign exchange instruments to meet the needs of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk. At year end, all foreign exchange contracts have a remaining maturity of less than one year.		
		2025	2024
		----- Rupees in '000 -----	
23.2.2	Commitments in respect of forward government securities transaction		
	Purchase		-
23.2.3	Commitments in respect of forward lending		
	Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.3.1	52,000



Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

23.2.3.1 This represents commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense. Further, the Bank makes commitments to extend credit in the normal course of business but these being revocable commitments do not attract any significant penalty or expense if the facilities are unilaterally withdrawn.

23.2.3.2 During the year, the Bank entered into an underwriting agreement in respect of an Initial Public Offering (IPO), committing to underwrite the public portion of the issue up to Rs. 437.640 million (minimum commitment Rs. 312.600 million).

Subsequent to the year end, the IPO was oversubscribed and accordingly no shares were required to be taken up by the Bank under the underwriting arrangement.

23.2.4 This represents commitments related to purchase of leasehold improvements, furniture and fixtures, hardware and network equipments and electrical equipment and computer software.

		2025	2024
	Note	----- Rupees in '000 -----	
23.3 Other contingent liabilities			
	23.3.1	<u>1,204,016</u>	<u>506,904</u>

23.3.1 These mainly represent counter claims filed by borrowers for damages, claims by former employees of the Bank and other claims relating to banking transactions.

Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour.

23.3.2 Tax related contingencies are disclosed in notes 34.2 to 34.5.

24. DERIVATIVE INSTRUMENTS

Derivative instruments, such as Futures, Cross Currency Swaps and Options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business also provides risk solutions for the existing and potential customers of the Bank.

The Bank also enters into Foreign Currency and Commodity Options from its Wholesale Banking Branch Bahrain for market making activities.

The Bank held no derivative instruments as at December 31, 2025 (2024: Nil).

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

25. MARK-UP / RETURN / INTEREST EARNED	Note	2025	2024
		----- Rupees in '000 -----	----- Rupees in '000 -----
Loans and advances		25,452,865	35,720,956
Investments		44,713,619	70,800,203
Lendings to financial institutions		378,343	385,116
Balances with other banks		277,839	381,673
Securities purchased under repurchase agreements		629,316	1,252,448
		<u>71,451,982</u>	<u>108,540,396</u>
25.1 Interest income recognised on:			
Financial assets measured at amortised cost		10,935,390	27,754,343
Financial assets measured at FVOCI		26,497,541	29,818,261
Financial assets measured at FVPL		9,358,493	16,534,965
Financial assets measured at cost		24,660,558	34,432,827
		<u>71,451,982</u>	<u>108,540,396</u>
26. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		32,496,775	61,221,952
Borrowings		8,501,662	14,136,721
Subordinated debts		1,164,102	1,908,815
Cost of foreign currency swaps against foreign currency deposits / borrowings		1,704,490	3,526,095
Finance charges on leased assets	17	435,839	396,228
		<u>44,302,868</u>	<u>81,189,811</u>
27. FEE AND COMMISSION INCOME			
Branch banking customer fees		147,979	153,067
Finance related fees		629,188	478,015
Card related fees (debit and credit cards)		1,457,638	1,197,681
Investment banking fees		44,867	21,761
Commission on trade		1,027,102	1,139,541
Commission on guarantees		819,031	702,408
Commission on cash management		46,973	36,109
Commission on remittances including home remittances		118,934	332,448
Commission on bancassurance		114,324	93,770
Commission on distribution of mutual funds		9,125	6,452
Commission on online services		138,795	190,264
Rebate income		399,034	496,305
		<u>4,952,990</u>	<u>4,847,821</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

	Note	2025 ----- Rupees in '000 -----	2024 ----- Rupees in '000 -----
28. GAIN ON SECURITIES - NET			
Realised	28.1	3,295,055	1,193,097
Unrealised - measured at FVPL		165	(438,437)
		<u>3,295,220</u>	<u>754,660</u>
28.1 Realised gain / (loss) on:			
Federal government securities		2,895,942	1,350,701
Shares - Listed companies		312,108	-
Shares - Unlisted companies		171,671	-
Mutual fund units		2,233	1,078
Foreign securities		(86,899)	(158,682)
		<u>3,295,055</u>	<u>1,193,097</u>
28.2 Net gain / (loss) on financial assets:			
Measured at FVPL:			
Designated upon initial recognition		567,214	415,183
Mandatorily measured at FVPL		173,905	1,078
		<u>741,119</u>	<u>416,261</u>
Measured at FVOCI		2,553,936	776,836
		<u>3,295,055</u>	<u>1,193,097</u>
29. OTHER INCOME			
Rent on property		21,413	30,732
Gain on sale of property and equipment - net		18,973	17,815
Gain on sale of non-banking asset - net		25,515	-
Gain on termination of leases - net		24,714	4,322
Charges recovered on account of internal audit services to subsidiary		3,104	6,400
Scrap sales		169	2,940
Liabilities no longer required written back		13,252	1,590
Auction charges recovered		2,221	-
Charges recovered on account of consultancy services to subsidiary		425,000	-
Charges recovered		15,000	-
Others		1,722	-
		<u>551,083</u>	<u>63,799</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

30. OPERATING EXPENSES	Note	2025	2024
		----- Rupees in '000 -----	-----
Total compensation expense	30.1	11,207,185	10,008,056
Property expense			
Rent and taxes		92,581	82,024
Insurance		7,201	8,961
Utilities cost		900,012	978,721
Security (including guards)		519,470	517,086
Repair and maintenance (including janitorial charges)		424,230	579,238
Depreciation		496,689	348,347
Depreciation on right-of-use assets	11	1,590,929	1,343,769
Depreciation on non banking assets	13.2.1	40,148	35,612
		4,071,260	3,893,758
Information technology expenses			
Software maintenance		2,622,075	1,764,577
Hardware maintenance		451,587	567,886
Depreciation		518,655	535,532
Amortisation	12.1	507,610	363,634
Network charges		295,025	270,997
		4,394,952	3,502,626
Other operating expenses			
Directors' fees and allowances		17,000	13,300
Legal and professional charges		365,717	336,108
Insurance		282,924	362,042
Outsourced services costs		1,363,923	504,927
Travelling and conveyance		420,861	281,000
NIFT clearing charges		88,702	66,315
Depreciation		448,980	408,792
Training and development		79,340	62,623
Postage and courier charges		94,078	129,693
Communication		481,193	601,281
Stationery and printing		446,613	497,707
Marketing, advertisement and publicity		1,625,620	2,398,292
Donations	30.3	123,811	127,322
Auditor's remuneration	30.4	37,631	33,574
Staff Auto fuel and maintenance		606,939	633,500
Bank charges		92,096	92,206
Stamp Duty		43,162	30,720
Online verification charges		106,471	107,790
Brokerage, fee and commission		127,528	64,081
Card related fees (debit and credit cards)		2,156,154	1,722,918
CDC and other charges		16,619	8,856
Consultancy fee		75,497	116,570
Deposit protection premium		255,275	205,191
Entertainment expenses		225,567	214,188
Repair and maintenance		87,149	94,529
Cash handling charges		391,834	409,377
Fee and subscription		208,220	166,966
Employees social security		9,175	10,899
Generator fuel and maintenance		191,309	216,469
Others		26,481	24,561
		10,495,869	9,941,797
		30,169,266	27,346,237

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

30.1 Total compensation expense	Note	2025	2024
		----- Rupees in '000 -----	----- Rupees in '000 -----
Fees and Allowances etc.		180,359	177,381
Managerial Remuneration			
i) Fixed		7,110,427	6,149,217
ii) Variable			
a) Cash Bonus / Awards etc.		808,102	985,383
b) Commission		510,257	442,940
Charge for defined benefit plan	38.8	186,546	157,116
Contribution to defined contribution plan	39	436,559	366,562
Leaving indemnity		16,956	14,877
Medical		686,033	586,917
Conveyance		682,007	653,152
Insurance staff		202,950	157,179
Others	30.2	372,436	302,502
		11,192,632	9,993,226
Sign-on bonus		5,200	7,500
Severance allowance		9,353	7,330
		<u>11,207,185</u>	<u>10,008,056</u>
No. of Persons			
		2025	2024
Sign-on bonus		2	1
Severance allowance		38	28

30.2 This represents amortisation of prepaid employee benefit arising from fair valuation of concessional rate on staff loans.

30.3 This represents amount set aside as donation out of bank's profits in accordance with the bank's approved policy. During the year 2025, the Bank paid an amount of Rs. 120.291 million to Future Trust.

30.4 Auditor's remuneration	2025			2024		
	Pakistan	Bahrain	Total	Pakistan	Bahrain	Total
	----- Rupees in '000 -----					
Audit fee	8,571	3,925	12,496	7,619	3,888	11,507
Half - yearly review	1,941	-	1,941	1,725	-	1,725
Fee for other statutory certifications	6,865	-	6,865	2,487	-	2,487
Special certification and sundry advisory services	6,630	2,025	8,655	9,394	2,259	11,653
Out of pocket expenses and sales tax	7,039	635	7,674	5,500	702	6,202
	<u>31,046</u>	<u>6,585</u>	<u>37,631</u>	<u>26,725</u>	<u>6,849</u>	<u>33,574</u>

30.5 The material outsourcing arrangements along with nature of services are as follows:

Name of Service Provider	Type of services	2025	2024
		----- Rupees in '000 -----	----- Rupees in '000 -----
Mustang HRMs (Pvt.) Ltd.	Human Resource Management Services	296,682	262,607
Dagia Innovative Warehousing	Record Management Services	8,770	11,033
Constellation Printing Company (Pvt.) Ltd.	Cheque book Printing Services	73,664	55,462
Security Organization System (Pvt.) Ltd.	Cash Sorting Services	4,715	30,127
		<u>383,831</u>	<u>359,229</u>

31. WORKERS' WELFARE FUND

The Bank has made provision for Workers' Welfare Fund (WWF) based on profit for the respective years.

32. OTHER CHARGES	2025	2024
	----- Rupees in '000 -----	----- Rupees in '000 -----
Penalties imposed by State Bank of Pakistan	<u>243,588</u>	<u>100,787</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

		2025	2024
	Note	----- Rupees in '000 -----	-----
33. CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET			
Credit loss allowance against cash and balances with treasury banks		(39)	1,043
Credit loss allowance against balances with other banks		(1,214)	388
Credit loss allowance against lending to financial institutions	7.5	4,118	270
Credit loss allowance / provision for diminution in value of investments	8.4.3	(160,854)	165,558
Credit loss allowance against loans and advances	9.5	3,573,953	4,277,725
Credit loss allowance against other assets	13.3.1	130,042	(4,425)
Credit loss allowance against off balance sheet	20.1	79,673	171,968
Bad debts written off directly		-	125
Recovery of written off / charged off bad debts		(72,264)	(9,439)
Modification (gain) / loss		(1,833)	51,599
Other provisions and write offs		34,128	48,298
		<u>3,585,710</u>	<u>4,703,110</u>
34. TAXATION			
Current		3,412,167	4,901,211
Prior years		67,517	(44,723)
Deferred		(84,691)	(1,338,877)
		<u>3,394,993</u>	<u>3,517,611</u>
34.1 Relationship between tax expense and accounting profit			
Profit before taxation		<u>6,190,563</u>	<u>6,366,077</u>
Tax on income @ 53% (2024: 54%)		3,280,998	3,437,682
Effect of permanent differences		129,102	54,425
Effect of change in tax rates		1,629	51,495
Prior years charge		67,517	(44,723)
Others		(84,253)	18,732
Tax charge for the year		<u>3,394,993</u>	<u>3,517,611</u>

34.1.1 The effective tax rate for the year is 54.84% (2024: 55.25%).

34.1.2 By virtue of the Income Tax (Amendment) Ordinance, 2024 issued on December 29, 2024, the Federal Government has raised the corporate tax rate for banking companies to 43%. The current year overall tax rate is 53% which includes 10% super tax.

34.2 Income Tax

The Bank has filed income tax returns under Section 114 of the Income Tax Ordinance, 2001 for the tax years 2007 through 2025. The returns so filed considered as deemed assessment order under Section 120(1) of the Income Tax Ordinance, 2001 (the Ordinance). Later, the return of income for tax years 2008 to 2024 were amended by the Officers of Inland Revenue (OIR) by taking recourse of tax audit or alternatively through amendment the assessment contending that certain matters in the deemed assessments were allegedly not conforming to the law and prejudiced the interest of revenue.

The Bank contested the disallowances before the Commissioner Inland Revenue Appeals [CIR(A)] and the Appellate Tribunal Inland Revenue [ATIR].

For tax year 2008, both the CIR(A) and ATIR annulled the OIR's action of amending the assessment being barred by time limitation following the judgments of Honourable Supreme Court of Pakistan.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

For tax years 2009 to 2017, where aggregate demand was raised amounting to Rs.518.095 million, the appeals were decided by ATIR through combined Appellate Order dated January 31, 2022. Though the AO, except for the levy of surcharge under section 4A, minimum tax under section 113 and deduction of Sindh WWF all of the issues involved in the appeal either decided in Bank's favour (including the issue of goodwill, amortization of which was claimed over the period of 10 years) or set-aside for re-examination by the ATIR.

The Bank as well as the tax department have filed Income Tax Reference Applications before Sindh High Court against above-mentioned order of ATIR, which are pending. The management feels that there would be no additional liability arising out of such matters and that the provision made in respect of these years is adequate.

For the tax year 2018, The Bank filed an appeal before the Commissioner Inland Revenue (Appeals) [CIRA] vide letter AT-3295 dated January 27, 2021, challenging the order issued by the Additional Deputy Commissioner Inland Revenue [ADCIR], where an additional demand of Rs.292.855 million including Super tax was raised. CIRA, through its order dated May 10, 2024, upheld the ADCIR's order. Subsequently, an appeal was filed before the Appellate Tribunal Inland Revenue [ATIR], which, through its order ITA No.100/KB/2024 dated October 27, 2025, remanded the matter back to CIRA with directions to decide the case afresh on merits. Therefore, no additional amount has been ascertained through any Appeal Affect Order till date.

For the tax year 2020, the ATIR, through its order ITA No. 1002/KB/2024 (5A), remanded certain matters back to the learned officer while deciding other issues in favour of the Bank in relation to the First Amended Assessment Order.

Subsequently, the Second Amended Assessment Order was passed on December 30, 2025, raising a fresh demand of Rs. 50.677 million which was paid by the Bank. However, appeal has been filed before the Commissioner Inland Revenue (Appeals) [CIRA], as the Bank expects a favourable outcome on these matters as well, and accordingly, no provision has been made in this regard.

For tax year 2021, First amended order was passed on December 30, 2025, raising a demand of Rs. 340.185 million which has also been paid by the Bank. However, appeal has been filed before the Commissioner Inland Revenue (Appeals) [CIRA], as the Bank expects a favourable outcome on these matters as well, and accordingly, no provision has been made in this regard.

For the tax year 2022, the First Amended Order dated December 7, 2022 was challenged through an appeal filed before the Commissioner Inland Revenue (Appeals) [CIRA]. The CIR(A), through appellate order dated May 10, 2022, disposed of the appeal by setting aside the tax demand raised on account of non banking assets. However, the tax demand on other issues was confirmed by the CIR(A). An appeal against the appeal effect order was filed before the Appellate Tribunal Inland Revenue [ATIR] vide our letter AT 22 dated July 5, 2023, which is presently pending adjudication. A Second Amended Assessment Order was passed on December 30, 2025, establishing a refund of Rs. 64.770 million in favour of the Bank as against a refund of Rs. 251.79 million as claimed in the return of income. However, the Bank has also filed an appeal on certain matters before the Commissioner Inland Revenue (Appeals) [CIRA], and expects a favourable outcome on such matters as well.

For tax year 2023, Appeal against first amended assessment order dated April 18, 2024 was filed before CIRA through letter AT 4898 dated May 10, 2024 and proceedings are pending. Subsequently, the Second Amended Assessment Order was passed on December 30, 2025, establishing a refund of Rs. 315.990 million in favour of the Bank as against a refund of Rs. 1,658.835 million as claimed in the return of income. However, the Bank has also filed an appeal on certain matters before the Commissioner Inland Revenue (Appeals) [CIRA], and expects a favourable outcome on such matters as well.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

For tax year 2024, Appeal against first amended assessment order was filed before ATIR through letter AT 3174 dated December 24, 2024 and proceedings are pending. Subsequently, the Second Amended Assessment Order was passed on December 30, 2025, raising a demand of Rs. 531.363 million which has been paid by the Bank. However, appeal has been filed before the Commissioner Inland Revenue (Appeals) [CIRA], as the Bank expects a favourable outcome on these matters, and accordingly, no provision has been made in this regard.

In respect of WWF, the Supreme Court of Pakistan has held in Judgement, PLD 2017 SC 28, that the amendments made in the WWF Ordinance through Finance Act, 2006 and 2008 were illegal and without lawful authority i.e. the banks do not fall into definition of Industrial Undertaking and thus, not liable to pay WWF. Based on that, the Appellate Tribunal through combined Appellate order dated January 31, 2022 has also annulled the OIR's action of levying WWF on Bank under Worker's Welfare Fund Ordinance, 1971 in tax years 2009, 2012 and 2013.

As a consequence of the 18th amendment to the Constitution, levy for the WWF was introduced by the Government of Sindh, Punjab and Balochistan through the Sindh WWF Act, 2014 (the Act), the Punjab Workers Welfare Fund Act, 2019 and the Balochistan Workers Welfare Fund Act, 2022, respectively. As per these Acts, the Bank is liable to pay WWF in these provinces. However, in this respect:

- the Bank has challenged the issue of jurisdiction claimed by Sindh Revenue Board before the Honourable High Court of Sindh (SHC) on grounds that banking companies cannot be considered as industrial establishment and that the Act cannot be applied to trans-provincial entities. The Court has restrained the Sindh Revenue Board to collect / recover Sindh WWF. For TY 2018 to TY 2023 the Court granted stay from recovery of Sindh WWF upon submission of Bank Guarantee to Nazir of Court.
- the Bank has also received notices regarding the recovery of Balochistan WWF for which the Bank has hired legal counsel to challenge in the court of law on same grounds as in case of Sindh WWF.

In 2018, Based on decision of the Supreme Court of Pakistan, the Bank had reassessed the provision of WWF which was previously held on the entire operating results of the Bank (including all provinces, part of Pakistan, AJK and Bahrain Operations) and maintained WWF only to the extent of its operations within Sindh Province till 2019. In 2020 after promulgation of Punjab WWF, the Bank has again decided prudently to maintain provision on the entire results of the Bank.

The Sindh High Court has dismissed the Bank's petitions for tax years 2016 through 2022 wherein the Bank along with other taxpayers challenged the levy of super tax on constitutional grounds. Based on the opinion of legal counsel, the Bank has filed appeal before the Supreme Court against the decision of the Sindh High Court. The Supreme Court has allowed interim relief to the taxpayers subject to the payment of 50% of the super tax liability. However, the Bank has adjusted full amount of super tax liability for Tax year 2016 and 2019 against the available tax refunds. Further, the bank has obtained stay from the Sindh High Court on other technical grounds regarding the levy of Super Tax for tax years 2017 and 2018, paying an amount of Rs. 55.607 million for tax year 2017. Amounts for the tax years 2020 and onwards have been paid.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

In pursuance of SRO 1588(I)/2023 dated November 21, 2023 banking companies have been designated to the 'sector' for the purpose of section 99D of the Income Tax Ordinance, 2021 for the years 2022 and 2023. Tax authorities issued a recovery notice to the Bank thereby creating a demand. The Bank through its legal council challenged the levy, and the High Court of Sindh, decided the case against the Bank. The Bank decided to file an instant petition before the honorable Supreme Court and the matter is pending adjudication. An amount of Rs. 820 million was paid by the Bank, and the Bank's Legal counsel is pursuing our case. In a recent judgement, the Federal Constitution Court has held that the Constitutional Bench of the High Court of Sindh which had dismissed the earlier petitions, had no jurisdiction to hear cases involving constitutionality of statutes. In the opinion of the Bank's legal counsel, it is probable that this judgement will be set aside and the cases would be remanded back to the High Court of Sindh for decision afresh. Based on advice of its legal counsel, the management is confident that the Bank has a good chance to succeed on the basis of various grounds taken in the petition, therefore no provision has been made in this regard.

34.3 Withholding tax monitoring

Withholding tax monitoring was initiated against the Bank for tax years 2014 to 2021. Orders in respect of tax years 2014, 2015, 2016, 2018, 2020 and 2021 have been passed against which appeals have been filed before the CIR(A). CIR(A) has remanded back the matters for rectification in respect of tax years 2014 and 2015 against which rectified orders have been passed and demands have been reduced. The ATIR through order dated February 07, 2022 refused Department's appeal and maintained CIR(A)'s order for tax year 2014. Tax demands for tax years 2016, 2018 and 2020 were also set-aside by CIR(A).

34.4 Sales tax

The Bank as a registered person under Sindh Sales Tax on Services Act, 2011 has been issued a Sales Tax Order from the Sindh Revenue Board (SRB) creating a demand of Rs.193.44 million (besides Rs. 7.2 million is charged as penalty) against the Bank for alleged non-payment of Sindh sales tax on certain 'presumed non-taxable services / incomes'(i.e. Bancassurance, Home Remittances under Pakistan Remittance Initiative Scheme, SBP rebates on Government securities, Rebates from foreign correspondent Banks, and FX gain on remittance by Western Union)' for the tax periods July 2011 to December 2013, 2015 to 2017 and 2019 to 2020. Bank has filed appeals before Commissioner (Appeals) Sindh Revenue Board (CA-SRB) against the order of AC-SRB, which is pending.

After the year ended December 31, 2023, Punjab Revenue Authority (PRA) passed an Order for tax periods January to December 2017 raising tax demand of Rs. 157.4 million on alleged short withholding of Punjab Sales Tax. The amount along with default surcharge and penalty is confirmed by the commissioner inland revenue appeal through his order no 136/2024 dated 05 November 2024. The ATIR has confirmed the order of CIRA vide order dated January 8, 2026. The bank has engaged legal counsel to obtain stay and file reference application in LHC.

The Hon'ble Sindh High Court, in ST/STRA No. 421 of 2019 (Order dated October 22, 2024), adjudicated the taxability of interbank fund transfers, home remittances, and Bancassurance services under the Sindh Sales Tax on Services Act, 2011 for the period July 2011 to December 2013. The Court set aside the Tribunal's ruling and upheld the validity of Show Cause Notices issued by SRB, subject to limitation and procedural compliance. The matter was remanded for reconsideration, with directions allowing the taxpayer to submit additional responses and claim exemptions where applicable. The issue remains contingent pending final adjudication.

For TY 2017, an order under Sections 3, 9, 8, 17, 22, 23, 43, and 44, bearing Reference No. 2740 of 2025, was passed on April 29, 2025. Through this order, a total tax demand of Rs. 25.163 million was raised. An appeal and stay against the said order have subsequently been filed before CIRA.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

34.5 Azad Jammu and Kashmir Operations

The Bank has commenced operations in Azad Jammu and Kashmir from tax year 2009 and has filed returns for the tax years 2009 to 2024 with the tax authorities of AJK region. The Bank is currently engaged in multiple tax proceedings relating to amended assessments issued by the Commissioner Inland Revenue (CIR) for tax years 2013 to 2024. These proceedings involve matters such as income from surplus funds, allocation of head office expenses, interest income on local advances, super tax and education cess. While partial payments have been made under protest, the Bank has filed an appeal before Commissioner Appeals and the Appellate Tribunal Inland Revenue, several of which remain pending adjudication. In certain cases, appellate orders have resulted in partial relief, while other grounds remain unaddressed. The Bank's management remain confident that the appeals will ultimately be decided in its favour.

The management of the Bank is confident that the appeals filed in respect of the above tax years will be decided in the Bank's favour and accordingly no demand for payment would arise.

		2025	2024
35. BASIC AND DILUTED EARNINGS PER SHARE	Note	----- Rupees in '000 -----	
Profit for the year		<u>2,795,570</u>	<u>2,848,466</u>
		----- Numbers -----	
Weighted average number of ordinary shares		<u>2,050,662,536</u>	<u>2,050,662,536</u>
		----- Rupees -----	
Basic and diluted earnings per share	35.1	<u>1.36</u>	<u>1.39</u>

35.1 There were no convertible / dilutive potential ordinary shares outstanding as at December 31, 2025 and December 31, 2024, therefore diluted earning per share has not been presented separately.

		2025	2024
36. CASH AND CASH EQUIVALENTS	Note	----- Rupees in '000 -----	
Cash and balances with treasury banks - gross	5	<u>40,698,305</u>	<u>43,059,175</u>
Balances with other banks - gross	6	<u>5,199,412</u>	<u>3,620,730</u>
Overdrawn nostro accounts	15	<u>(439,586)</u>	<u>(378,624)</u>
		<u>45,458,131</u>	<u>46,301,281</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

36.1 Reconciliation of movement in liabilities and equity to cash flows arising from financing activities

		2025			
Liabilities		Equity			
Subordinated debt	Other liabilities including lease liabilities	Share Capital	Reserves	Unappropriated Profit	
----- Rupees in '000 -----					
Balance as at January 01	8,495,833	21,274,941	20,506,625	7,113,683	12,708,466
Changes from financing cash flows					
Proceeds from subordinated debt	-	-	-	-	-
Repayment of subordinated debt	(1,933)	-	-	-	-
Payment of lease liability against right-of-use assets	-	(2,046,153)	-	-	-
Issuance of share capital (right shares)	-	-	-	-	-
	(1,933)	(2,046,153)	-	-	-
Other changes					
Liability related					
Changes in other liabilities					
cash based	-	4,592,824	-	-	-
non-cash based	-	(1,503,796)	-	-	-
Transfer of profit to statutory reserve	-	-	-	559,114	(559,114)
Total liability related other changes	-	3,089,028	-	559,114	(559,114)
Equity related	-	-	-	7,982	3,247,910
Balance as at December 31	8,493,900	22,317,816	20,506,625	7,680,779	15,397,262

		2024			
Liabilities		Equity			
Subordinated debt	Other liabilities including lease liabilities	Share Capital	Reserves	Unappropriated Profit	
----- Rupees in '000 -----					
Balance as at January 01	8,497,767	20,122,537	20,506,625	6,563,243	11,292,332
Changes from financing cash flows					
Proceeds from subordinated debt	-	-	-	-	-
Repayment of subordinated debt	(1,934)	-	-	-	-
Payment of lease liability against right-of-use assets	-	(1,656,950)	-	-	-
Issuance of share capital (right shares)	-	-	-	-	-
	(1,934)	(1,656,950)	-	-	-
Other changes					
Liability related					
Changes in other liabilities					
cash based	-	865,656	-	-	-
non-cash based	-	1,943,698	-	-	-
Transfer of profit to statutory reserve	-	-	-	569,693	(569,693)
Total liability related other changes	-	2,809,354	-	569,693	(569,693)
Equity related	-	-	-	(19,253)	1,985,827
Balance as at December 31	8,495,833	21,274,941	20,506,625	7,113,683	12,708,466

Notes to the Unconsolidated Financial Statements

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37. STAFF STRENGTH	Note	2025	2024
		----- Number -----	
Permanent		4,294	4,138
On Bank's contract		540	540
Outsourced	37.2	466	464
Bank's own staff strength at the end of the year		5,300	5,142
37.1 Geographical segment analysis			
Pakistan		5,293	5,134
Bahrain		7	8
		5,300	5,142

37.2 This excludes employees of outsourcing services companies assigned to the Bank to perform services of security guards and janitorial staff.

38. DEFINED BENEFIT PLAN

38.1 General description

The Bank operates a recognised gratuity fund for all employees who opted for this scheme introduced by the management with effect from January 01, 2007.

Permanent employees are eligible for the gratuity fund after 10 years of continuous service. Gratuity is payable at 65% of the last drawn basic salary per completed year of service.

The defined benefit is administered by a separate fund that is legally separate from the Bank. The plan is governed by the trust deed dated September 01, 2007. The trustees of the gratuity fund consist of representatives from both the employer and the employees. The trustees of the gratuity fund are required by the trust deed to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees and employers. The trustees of the gratuity fund are responsible for the investment policy with regard to the assets of the fund.

The present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as applied in calculating the defined benefit obligation liability recognised in this unconsolidated statement of financial position.

38.2 The plan in Pakistan typically exposes the Bank to actuarial risks such as: salary risk, discount rate risk, mortality risk and investment risk defined as follow:

- Salary increase risk:

The risk that the final salary at the time of cessation of services is greater than assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

- Discount rate risk

The discount rate is based on the yield on government bonds. If the market yield of bonds varies, the discount rate would vary in the same manner and would affect the present value of obligation and fair value of assets.

- Demographic Risks

Withdrawal risk:

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.



Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

Longevity Risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

- Investment risk

This is the risk that the assets are under-performing and are not sufficient to meet the liabilities.

38.3 Number of employees under the schemes

The number of employees covered under the gratuity scheme are: 4,248 (2024: 4,131).

38.4 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2025 using the following significant assumptions:

		2025	2024
Discount rate	per annum	11.00%	12.25%
Expected rate of return on plan assets	per annum	12.25%	16.00%
Expected rate of salary increase	per annum	11.00%	12.25%
The average duration of the defined benefit obligation	years	7	7

38.5 Reconciliation of payable to defined benefit plans

	Note	2025 ----- Rupees in '000 -----	2024
Present value of obligations		1,368,509	1,109,561
Fair value of plan assets		(1,243,777)	(839,407)
Payable		<u>124,732</u>	<u>270,154</u>

38.6 Movement in defined benefit obligations

Obligations at the beginning of the year	1,109,561	941,231
Current service cost	170,147	147,339
Interest cost	130,894	141,220
Benefits paid by the bank	(82,077)	(117,214)
Re-measurement loss / (gain)	39,984	(3,015)
Obligations at the end of the year	<u>1,368,509</u>	<u>1,109,561</u>

38.7 Movement in fair value of plan assets

Fair value at the beginning of the year	839,407	808,040
Interest income on plan assets	114,495	131,443
Contribution by the bank - net	188,077	15,977
Re-measurements: Net return on plan assets over interest income gain / (loss)	38.9.2 <u>101,798</u>	<u>(116,053)</u>
Fair value at the end of the year	<u>1,243,777</u>	<u>839,407</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

		2025	2024
	Note	----- Rupees in '000 -----	
38.8 Movement in (receivable) / payable under defined benefit schemes			
Opening balance		270,154	133,191
Charge for the year		186,546	157,116
Contribution by the bank - net		(270,154)	(133,191)
Re-measurement loss / (gain) recognised in OCI during the year	38.9.2	(61,814)	113,038
Closing balance		124,732	270,154
38.9 Charge for defined benefit plan			
38.9.1 Cost recognised in profit and loss			
Current service cost		170,147	147,339
Net interest on defined benefit asset / liability		16,399	9,777
		186,546	157,116
38.9.2 Re-measurements recognised in OCI during the year			
Loss / (gain) on obligation		-	-
Demographic assumptions		(3,557)	(8,624)
Financial assumptions		43,541	5,609
Experience adjustment		(101,798)	116,053
Return on plan assets over interest income		(61,814)	113,038
Total re-measurements recognised in OCI		(61,814)	113,038
38.10 Components of plan assets			
Cash and cash equivalents - net		44,631	13,761
Government securities		274,498	70,788
Ordinary and preference shares		1,012,027	1,049,827
		1,331,156	1,134,376

38.10.1 Investment in term finance certificates are subject to credit risk and interest rate risks, while equity securities and mutual funds are subject to price risk. Cash and cash equivalents include balances maintained with the Bank which are subject to credit risk. These risks are regularly monitored by Trustees of the fund.



Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

38.11 Sensitivity analysis

38.11.1 Significant actuarial assumptions for the determination of the defined obligation are discount rate, and expected rate of salary increase. The sensitivity analysis below has been determined based on reasonably possible changes in one respective assumption occurring at the end of the reporting period, while holding all other assumptions constant:

	2025 -- Rupees in '000--
1% increase in discount rate	1,273,136
1% decrease in discount rate	1,475,893
1% increase in expected rate of salary increase	1,477,878
1% decrease in expected rate of salary increase	1,269,606
38.12 Expected contributions to be paid to the funds in the next financial year	124,732
38.13 Expected charge for the next financial year	197,488

38.14 Maturity profile

The weighted average duration of the obligation (in years): 7

38.15 Funding policy

The Bank endeavours to ensure that liabilities under the funded gratuity scheme is covered by the assets of the fund on any valuation date, based on actuarial assumptions.

38.16 The plan in Pakistan typically exposes the Bank to actuarial risks such as: salary risk, discount rate risk, mortality risk and investment risk defined as follow:

- Salary increase risk:

The risk that the final salary at the time of cessation of services is greater than assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

- Discount rate risk

The discount rate is based on the yield on government bonds. If the market yield of bonds varies, the discount rate would vary in the same manner and would affect the present value of obligation and fair value of assets.

- Demographic Risks

Withdrawal risk:

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

Longevity Risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

- Investment risk

This is the risk that the assets are under-performing and are not sufficient to meet the liabilities.

39. DEFINED CONTRIBUTION PLAN

The Bank operates a contributory provident fund for all permanent employees. The employer and employee both contribute 7.1% (2024: 7.1%) of the basic salaries to the funded scheme every month. Number of employees covered under this plan are 3,707 (2024: 3,448). During the year, the Bank has made a contribution of Rs.436.559 million (2024: Rs. 366.562 million) to the fund. The employees have also made a contribution of equal amount to the fund.

40. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

40.1 Total compensation expense

Items	Directors		2025		
	Chairman	Non-Executives	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
----- Rupees in '000 -----					
Fees and Allowances etc.	2,100	14,900	-	-	-
Managerial Remuneration					
i) Fixed	-	-	67,870	520,590	499,357
ii) Variable					
a) Cash Bonus / Awards	-	-	55,000	120,511	131,658
Charge for defined benefit plan	-	-	2,080	13,358	14,853
Contribution to defined contribution plan	-	-	4,926	31,396	35,023
Medical	-	-	6,787	45,006	49,936
Conveyance	-	-	1,613	32,193	73,267
Car allowance	-	-	-	53,492	98,443
Others	-	-	623	9,127	12,048
Total	2,100	14,900	138,899	825,673	914,585
Number of persons	1	6	1	27	113

Items	Directors		2024		
	Chairman	Non-Executives	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
----- Rupees in '000 -----					
Fees and Allowances etc.	1,700	11,600	-	-	-
Managerial Remuneration					
i) Fixed	-	-	58,796	383,898	561,360
ii) Variable					
a) Cash Bonus / Awards	-	-	45,000	123,730	112,360
Charge for defined benefit plan	-	-	1,706	9,984	14,746
Contribution to defined contribution plan	-	-	4,283	25,188	37,174
Medical	-	-	5,880	36,494	52,778
Conveyance	-	-	1,555	32,720	86,803
Car allowance	-	-	-	52,425	110,898
Others	-	-	543	4,241	14,996
Total	1,700	11,600	117,763	668,680	991,115
Number of persons	1	6	1	36	100

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

- 40.1.1** The CEO and COO are provided with free use of Bank maintained cars in accordance with their entitlement.
- 40.1.2** Managerial remuneration includes joining related payments made to certain Executives in line with their terms of employment.
- 40.1.3** The SBP, vide its BPRD Circular No. 01 dated January 25, 2017, issued Guidelines on Remuneration Practices, where the Bank is required to defer a certain portion of variable compensation of the Material Risk Takers (MRTs) and Material Risk Controllers (MRCs) subject to mandatory deferrals for a defined period. In this respect, deferral amount shall be withheld for a period of three years whereas remaining portion of the variable compensation shall be paid upfront to the MRTs and MRCs. The deferred remuneration shall vest proportionately over the deferral period following the year of variable remuneration award. The deferred portion of the variable remuneration shall be paid to the MRTs and MRCs on vesting, proportionally through yearly instalments, during the deferred period, in case no malus triggers are applicable. Details of MRTs and MRCs are given below:

	2025	2024
	----- Numbers -----	
Employees Covered under:		
Material Risk Takers (MRTs)	70	80
Material Risk Controllers (MRCs)	43	56
	<u>113</u>	<u>136</u>

	2025	2024
	----- Rupees '000 -----	
Movement of deferred remuneration		
Opening	113,770	34,158
Deferred during the year	94,131	99,147
Paid during the year	(43,750)	(19,535)
Closing	<u>164,151</u>	<u>113,770</u>

40.2 Remuneration paid to Directors for participation in board and committee meetings

2025							
Sr. No.	Name of Director	Meeting Fees and Allowances Paid					
		For Board Meetings	For Board Committees				Total Amount Paid
			Board Audit Committee (BAC)	Board Human Resource, Remuneration and Nomination Committee (BHRRNC)	Board Risk Management Committee (BRMC)	Board IT Committee (BITC)	
----- Rupees in '000 -----							
1	Mr. Adil Matcheswala	1,500	-	600	-	-	2,100
2	Mr. Sadiq Ali	1,500	600	-	600	-	2,700
3	Ms. Nargis Ali Akber Ghaloo	1,500	600	600	-	-	2,700
4	Mr. Khalilullah Shaikh	1,500	600	-	600	-	2,700
5	Mr. Qasier Noor*	500	-	150	-	150	800
6	Mr. Saad Ali Bhimjee	1,500	-	-	600	900	3,000
7	Mr. Usman Yousaf Mobin	1,500	-	600	-	900	3,000
	Total amount paid	9,500	1,800	1,950	1,800	1,950	17,000

* Mr. Qasier Noor was appointed as Independent Director of the Bank on September 22, 2025.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

2024							
Sr. No.	Name of Director	Meeting Fees and Allowances Paid					
		For Board Meetings	For Board Committees				Total Amount Paid
			Board Audit Committee (BAC)	Board Human Resource, Remuneration and Nomination Committee (BHRNC)	Board Risk Management Committee (BRMC)	Board IT Committee (BITC)	
----- Rupees in '000 -----							
1	Mr. Adil Matcheswala	1,250	-	450	-	-	1,700
2	Mr. Sadiq Ali	1,250	900	-	600	-	2,750
3	Ms. Nargis Ali Akber Ghaloo	1,250	900	-	-	600	2,750
4	Syed Mumtaz Ali Shah*	500	-	150	300	-	950
5	Mr. Khalilullah Shaikh	1,250	900	-	450	-	2,600
6	Mr. Saad Ali Bhimjee **	250	-	-	-	-	250
7	Mr. Usman Yousaf Mobin	1,250	-	450	-	600	2,300
	Total amount paid	7,000	2,700	1,050	1,350	1,200	13,300

* Mr. Syed Mumtaz Ali Shah resigned with effect from June 14, 2024.

** Mr. Saad Ali Bhimjee was appointed as Non-Executive Director of the Bank on August 27, 2024.

41. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements. Fair value of unquoted debt securities, fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for assets and liabilities and reliable data regarding market rates for similar instruments.

41.1 Fair value of financial assets

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

- Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3:** Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

2025				
	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	196,631,238	-	196,631,238
Shares	2,686,351	18,478	37,308	2,742,137
Non Government Debt Securities	-	476,261	-	476,261
Foreign Securities	-	23,044,423	-	23,044,423
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	33,709,882	-	33,709,882
Off balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	40,052,102	-	40,052,102
Forward sale of foreign exchange	-	26,850,111	-	26,850,111

2024				
	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	138,130,448	-	138,130,448
Shares	4,216,316	-	-	4,216,316
Non Government Debt Securities	-	1,398,905	-	1,398,905
Foreign Securities	-	16,214,890	-	16,214,890
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	121,590,686	-	121,590,686
Off balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	46,351,027	-	46,351,027
Forward sale of foreign exchange	-	17,208,402	-	17,208,402
Forward agreements for lending	-	15,018,080	-	15,018,080

Notes to the Unconsolidated Financial Statements

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Valuation techniques

Item	Valuation approach and input used
Units of mutual funds	Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.
Market Treasury Bills (MTB), Pakistan Investment Bonds (PIB) and GoP Sukuks	Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV, PKFRV and PKISRV rates.
Debt Securities (TFCs) and Sukuk other than Government	Investments in debt securities (comprising of Term Finance Certificates, Bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP.
Overseas Government Sukuks, Overseas and Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas Bonds are valued on the basis of price available on Bloomberg.
Ordinary shares - listed	The fair value of investments in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - unlisted	The fair value of the investment in SWIFT shares has been determined using a market based approach, based on the share value annually calculated and published by SWIFT for all shareholders. The fair value of ISE REIT shares has been determined using a market based approach, applying price to book multiples of comparable listed REITs to the net asset value, adjusted for discounts for lack of control and lack of marketability.
Forward foreign exchange contracts	The valuation has been determined by interpolating the foreign exchange revaluation rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.
Property and Equipment - Land and buildings	Land and buildings and Non-banking assets under satisfaction of claims are carried at revalued amounts determined by professional valuers based on their assessment of the market values as disclosed in note 10 and 13 of these unconsolidated financial statements. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used 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.
Non-banking assets acquired in satisfaction of claims	

Notes to the Unconsolidated Financial Statements

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The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements of investments:

Description	Fair value as at December 31, 2025	Unobservable inputs	Sensitivity of inputs
Rupees in '000			
Ordinary shares - unlisted	37,308	- Price to book (P/B) multiple - Discount for lack of control - Discount for lack of marketability	A 10% increase / decrease in the P/B multiple would result in an increase / decrease of Rs 3.731 million in the fair value. A 5.0 percentage point change in either the discount for lack of control or the discount for the lack of marketability would result in a change of Rs 3.109 million in the fair value

The following table shows reconciliation of investment fair value movement:

	2025
	Rupees in ' 000
Opening balance	289,259
Impact of adoption of IFRS 9	18,634
Remeasurement recognised in Profit and Loss	(278,259)
Remeasurement recognised in OCI	7,674
Closing balance	37,308

- 41.2** 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 year.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

42. SEGMENT INFORMATION

42.1 Segment details with respect to business activities:

	2025						
	Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International and Institutional Banking	Zindigi	Others	Total
	Rupees in '000						
Profit and Loss							
Net mark-up / return / profit	(12,122,192)	2,896,920	35,953,300	1,410,689	(142,030)	(847,573)	27,149,114
Inter segment revenue - net	29,397,433	2,505,905	(29,882,607)	539,415	600,714	(3,160,860)	-
Non mark-up / return / income	2,615,612	1,788,285	4,251,864	847,446	651,111	3,009,506	13,163,824
Total income / (loss)	19,890,853	7,191,110	10,322,557	2,797,550	1,109,795	(998,927)	40,312,938
Segment direct expenses	14,003,148	735,863	282,395	1,742,588	5,036,162	8,736,509	30,536,665
Inter segment expense allocation	3,843,568	1,213,787	267,213	385,808	793,675	(6,504,051)	-
Total expenses	17,846,716	1,949,650	549,608	2,128,396	5,829,837	2,232,458	30,536,665
Credit loss allowance and write offs - net	1,214,022	(191,824)	2,888	(339,392)	30,602	2,869,414	3,585,710
Profit / (loss) before tax	830,115	5,433,284	9,770,061	1,008,546	(4,750,644)	(6,100,799)	6,190,563
Balance sheet							
Cash and bank balances	12,644,273	322,712	28,235,095	3,620,660	1,071,751	-	45,894,491
Investments	620,383	-	229,440,755	24,198,917	-	23,768,257	278,028,312
Net inter segment lending	303,747,371	14,631,581	-	-	6,777,709	-	325,156,661
Lendings to financial institutions	-	-	19,838,794	-	-	-	19,838,794
Advances - performing	88,326,523	102,967,350	-	48,473,939	40,830	4,694,413	244,503,055
Advances - non-performing	3,228,590	1,952,665	-	1,240	2,446	88,374	5,273,315
Others	-	-	-	792,000	-	61,306,364	62,098,364
Total Assets	408,567,140	119,874,308	277,514,644	77,086,756	7,892,736	89,857,408	980,792,992
Borrowings	14,280,581	8,445,908	3,401,591	-	-	-	26,128,080
Subordinated debt	-	-	-	-	-	8,493,900	8,493,900
Deposits and other accounts	382,000,537	111,110,987	-	42,497,791	7,892,736	-	543,502,051
Net inter segment borrowing	-	-	274,113,053	31,566,405	-	19,477,203	325,156,661
Others	12,286,022	317,413	-	3,022,560	-	15,225,597	30,851,592
Total liabilities	408,567,140	119,874,308	277,514,644	77,086,756	7,892,736	43,196,700	934,132,284
Equity	-	-	-	-	-	46,660,708	46,660,708
Total Equity and liabilities	408,567,140	119,874,308	277,514,644	77,086,756	7,892,736	89,857,408	980,792,992
Contingencies and Commitments	28,599,261	111,535,314	67,437,910	14,777,482	-	1,629,008	223,978,975

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

	2024						
	Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International and Institutional Banking	Zindigi	Others	Total
	Rupees in '000						
Profit and Loss							
Net mark-up / return / profit	(25,224,686)	(3,791,516)	56,358,032	1,223,352	(98,233)	(1,116,364)	27,350,585
Inter segment revenue - net	43,896,776	8,106,564	(51,070,186)	1,236,421	521,310	(2,690,885)	-
Non mark-up / return / income	2,185,152	1,947,002	3,772,807	1,086,274	335,187	1,966,526	11,292,948
Total income / (loss)	20,857,242	6,262,050	9,060,653	3,546,047	758,264	(1,840,723)	38,643,533
Segment direct expenses	12,958,635	743,864	226,182	1,446,439	3,945,674	8,253,552	27,574,346
Inter segment expense allocation	4,335,714	1,052,214	231,565	257,223	596,484	(6,473,200)	-
Total expenses	17,294,349	1,796,078	457,747	1,703,662	4,542,158	1,780,352	27,574,346
Credit loss allowance and write offs - net	2,439,971	1,708,071	6,209	488,169	38,869	21,821	4,703,110
Profit / (loss) before tax	1,122,922	2,757,901	8,596,697	1,354,216	(3,822,763)	(3,642,896)	6,366,077
Balance sheet							
Cash and bank balances	12,044,527	421,951	32,972,488	1,199,620	36,839	-	46,675,425
Investments	-	-	260,209,051	17,803,843	-	24,423,708	302,436,602
Net inter segment lending	269,135,658	64,452,654	-	-	6,666,406	-	340,254,718
Lendings to financial institutions	-	-	1,999,730	-	-	-	1,999,730
Advances - performing	66,514,103	100,980,505	-	48,229,715	12,584	3,550,124	219,287,031
Advances - non-performing	2,943,758	3,218,190	-	630	25,914	55,777	6,244,269
Others	-	-	-	464,920	-	58,999,291	59,464,211
Total Assets	350,638,046	169,073,300	295,181,269	67,698,728	6,741,743	87,028,900	976,361,986
Borrowings	10,160,671	17,074,664	1,463,170	-	-	-	28,698,505
Subordinated debt	-	-	-	-	-	8,495,833	8,495,833
Deposits and other accounts	331,341,960	151,596,312	-	35,454,361	6,741,743	-	525,134,376
Net inter segment borrowing	-	-	293,718,099	30,133,918	-	16,402,701	340,254,718
Others	9,135,415	402,324	-	2,110,449	-	18,423,732	30,071,920
Total liabilities	350,638,046	169,073,300	295,181,269	67,698,728	6,741,743	43,322,266	932,655,352
Equity	-	-	-	-	-	43,706,634	43,706,634
Total Equity and liabilities	350,638,046	169,073,300	295,181,269	67,698,728	6,741,743	87,028,900	976,361,986
Contingencies and Commitments	21,531,623	104,827,389	78,520,444	9,970,239	-	1,063,437	215,913,132

Notes to the Unconsolidated Financial Statements

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42.2 Segment details with respect to geographical locations

Geographical segment analysis

	2025	
	Pakistan	Bahrain
	Total	
	Rupees in '000	
Profit and loss		
Net mark-up / return / profit	26,960,792	188,322
Inter segment revenue - net	(470,474)	470,474
Non mark-up / return / interest income	12,962,942	200,882
Total Income	39,453,260	859,678
Segment direct expenses	30,129,465	407,200
Inter segment expense allocation	(82,998)	82,998
Total expenses	30,046,467	490,198
Credit loss allowance and write offs - net	3,976,681	(390,971)
Profit before tax	5,430,112	760,451
Balance Sheet		
Cash and bank balances	42,391,998	3,502,493
Lendings to financial institutions	19,838,794	-
Investments	254,983,890	23,044,422
Net inter segment lendings	3,087,687	-
Advances - performing	240,928,727	3,574,328
Advances - non-performing	5,273,315	-
Others	61,733,695	364,669
Total Assets	628,238,106	30,485,912
Borrowings	26,128,080	-
Deposits and other accounts	516,491,330	27,010,721
Subordinated debts	8,493,900	-
Net inter segment borrowing	-	3,087,687
Others	30,464,088	387,504
Total liabilities	581,577,398	30,485,912
Equity	46,660,708	-
Total Equity and liabilities	628,238,106	30,485,912
Contingencies and Commitments	204,339,091	19,639,884



Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

	2024		
	Pakistan	Bahrain	Total
	Rupees in '000		
Profit and Loss			
Net mark-up / return / profit	27,175,096	175,489	27,350,585
Inter segment revenue - net	(676,776)	676,776	-
Non mark-up / return / interest income	11,183,229	109,719	11,292,948
Total Income	37,681,549	961,984	38,643,533
Segment direct expenses	27,142,418	431,928	27,574,346
Inter segment expense allocation	(59,428)	59,428	-
Total expenses	27,082,990	491,356	27,574,346
Credit loss allowance and write offs - net	4,632,742	70,368	4,703,110
Profit before tax	5,965,817	400,260	6,366,077
Balance Sheet			
Cash and bank balances	45,726,752	948,673	46,675,425
Investments	285,958,494	16,478,108	302,436,602
Net inter segment lending	2,465,044	-	2,465,044
Lendings to financial institutions	1,999,730	-	1,999,730
Advances - performing	215,245,230	4,041,801	219,287,031
Advances - non-performing	6,244,269	-	6,244,269
Others	59,217,308	246,903	59,464,211
Total Assets	616,856,827	21,715,485	638,572,312
Borrowings	28,698,505	-	28,698,505
Subordinated debts	8,495,833	-	8,495,833
Deposits and other accounts	506,044,586	19,089,790	525,134,376
Net inter segment borrowing	-	2,465,044	2,465,044
Others	29,911,269	160,651	30,071,920
Total liabilities	573,150,193	21,715,485	594,865,678
Equity	43,706,634	-	43,706,634
Total Equity and liabilities	616,856,827	21,715,485	638,572,312
Contingencies and Commitments	206,865,107	9,048,025	215,913,132

Notes to the Unconsolidated Financial Statements

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43. TRUST ACTIVITIES

The Bank undertakes Trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Bank and, therefore, are not included as such in these unconsolidated financial statements. Assets held under trust are shown in the table below:

2025						
Category	Number of IPS Accounts	Securities Held (Face Value)				Total
		Market Treasury Bills	Pakistan Investment Bonds	Naya Pakistan Certificates	Government Ijara Sukuk	
Rupees in '000						
Charitable Institutions	2	282,000	-	-	-	282,000
Assets Management Companies	12	11,890,000	30,502,500	-	30,000	42,422,500
Companies	27	12,555,280	42,951,000	-	-	55,506,280
Employees Funds	39	22,882,810	29,813,300	-	859,000	53,555,110
Individuals	238	15,076,745	339,900	1,749,043	6,600	17,172,288
Insurance Companies	8	74,086,655	117,678,300	-	28,894,400	220,659,355
Others	11	8,036,195	9,066,000	-	801,000	17,903,195
Total	337	144,809,685	230,351,000	1,749,043	30,591,000	407,500,728

2024						
Category	Number of IPS Accounts	Securities Held (Face Value)				Total
		Market Treasury Bills	Pakistan Investment Bonds	Naya Pakistan Certificates	Government Ijara Sukuk	
----- Rupees in '000 -----						
Charitable Institutions	4	445,000	-	-	-	445,000
Assets Management Companies	5	6,000,000	17,387,500	-	-	23,387,500
Companies	20	25,602,935	32,730,400	-	-	58,333,335
Employees Funds	42	19,625,515	36,803,900	-	1,646,840	58,076,255
Individuals	203	14,750,755	299,600	2,315,229	27,600	17,393,184
Insurance Companies	8	131,316,925	79,524,700	-	26,967,600	237,809,225
Others	14	8,926,885	123,682,000	-	168,000	132,776,885
Total	296	206,668,015	290,428,100	2,315,229	28,810,040	528,221,384

44. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, subsidiaries, associates, joint ventures, employee benefit plans and its directors and Key Management Personnel.

The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans 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.

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Details of transactions with related parties during the year are as follows:

	2025					2024					
Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
Rupees in '000											
Lendings to financial institutions											
Opening balance	-	-	2,000,000	-	-	-	-	-	-	-	-
Addition during the year	-	-	50,000,000	-	-	-	-	-	141,000,000	-	-
Repaid during the year	-	-	(52,000,000)	-	-	-	-	-	(139,000,000)	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	2,000,000	-	-
Investments											
Opening balance	-	-	20,887,275	269,800	2,573,385	-	-	-	20,887,275	269,800	2,637,210
Investment made during the year	-	-	-	-	1,350,000	-	-	-	-	-	1,986,306
Investment redeemed / disposed off during the year	-	-	-	-	(1,350,000)	-	-	-	-	-	(1,600,000)
Surplus / (Deficit) on Investments	-	-	-	-	67,616	-	-	-	-	-	(450,131)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	20,887,275	269,800	2,641,001	-	-	-	20,887,275	269,800	2,573,385
Credit loss allowance for diminution in value of investments	-	-	-	134,200	-	-	-	-	-	89,800	-
Advances											
Opening balance	-	635,459	664,841	185,733	2,557,962	-	247	482,029	-	185,733	1,922,929
Addition during the year	520	418,151	815,475	-	10,097,574	-	2,204	448,993	664,841	-	10,961,246
Repaid during the year	(395)	(418,131)	(682,101)	(22,185)	(9,616,003)	-	(1,885)	(178,653)	-	-	(10,142,668)
Transfer in / (out) - net	-	54,660	-	-	150	-	(566)	(116,910)	-	-	(203,545)
Closing balance	-	125	690,139	798,215	3,039,693	-	-	635,459	664,841	185,733	2,557,962
Credit loss allowance held against advances	-	10	3,621	-	1,964	-	15	462	143	185,733	3,468
Other Assets											
Interest mark-up accrued	-	902	26,798	-	37,028	-	-	670	1,024	-	23,168
Receivable against bancassurance	-	-	-	-	2,069	-	-	-	-	-	9,430
Prepaid insurance	-	-	-	-	187,786	-	-	-	-	-	58,277
Receivable from subsidiaries	-	-	459,000	-	-	-	-	-	-	-	-
Advance against investment in securities	-	-	-	-	792,000	-	-	-	-	-	792,000
Mark to market gain on forward foreign exchange contracts	-	-	-	-	-	-	-	-	3,417	-	-
Credit loss allowance against other assets	-	-	6	62	8,830	-	-	-	-	-	26
Deposits and other accounts											
Opening balance	112,836	9,446	56,248	2,482,318	20,592	5,268,164	80,689	369	41,934	1,004,208	16,685
Received during the year	8,332,480	43,689	1,357,201	305,606,943	325,648	325,465,583	11,025,819	20,298	871,091	314,043,171	445,341
Withdrawn during the year	(8,386,650)	(26,259)	(1,264,794)	(305,046,603)	(329,283)	(323,221,466)	(10,983,672)	(11,221)	(844,234)	(312,566,061)	(441,644)
Transfer in / (out) - net	-	-	(27,660)	-	-	50,499	-	-	(12,534)	-	82,083
Closing balance	58,666	27,056	121,035	3,040,658	16,957	7,562,780	112,836	9,446	56,248	2,482,318	5,268,164
Subordinated debt											
Opening balance	-	-	-	-	-	109,976	-	-	-	-	20,000
Purchased / issued during the period / year	-	-	-	-	-	(50)	-	-	-	-	90,000
Redemption / sold during the year	-	-	-	-	-	-	-	-	-	-	(24)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	109,946	-	-	-	-	109,976
Other Liabilities											
Interest / return / mark-up payable on deposits	-	-	579	-	1,025	-	-	-	-	-	1,795
Interest / return / mark-up payable on subordinated loans	-	-	-	-	1,074	-	-	-	-	-	1,173
Payable to defined benefit plan	-	-	-	-	124,732	-	-	-	-	-	270,154
Mark to market loss on forward foreign exchange contracts	-	-	-	-	470	-	-	-	54	-	-
Others Payable	-	-	-	1,050	-	-	-	-	-	-	-
Contingencies and Commitments											
Letter of Guarantee	-	-	-	-	88,170	-	-	-	-	-	15,369
Letter of Credit	-	-	-	-	441,360	-	-	-	-	-	79,352
Commitment in respect of forward foreign exchange contracts	-	-	-	-	160,911	-	-	-	3,217,123	-	-

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	2025					2024						
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees in '000											
Income												
Mark-up / return / interest earned	-	-	36,626	95,120	-	301,153	-	93	24,943	82,161	35,619	642,334
Fee and commission income	300	90	2,263	10,895	-	118,257	-	173	2,827	7,458	-	102,837
Dividend income	-	-	-	2,290,233	-	72,401	-	-	-	2,082,030	-	72,401
Gain on sale of securities - Net	-	-	-	1,882	-	47,670	-	-	16	-	-	216,394
Gain / (loss) on sale of property and equipments	-	-	22	-	-	-	-	-	(239)	8,071	-	-
Services rendered to subsidiaries	-	-	-	428,104	-	-	-	-	-	6,400	-	-
Rent Income	-	-	-	11,734	-	-	-	-	-	3,398	-	-
Other Income	40	20	520	193	-	-	-	-	-	-	-	-
Credit loss allowance on:												
Investments	-	-	-	-	44,400	-	-	-	-	-	18,922	-
Advances	-	(5)	3,159	(143)	(22,184)	(1,504)	-	15	307	143	-	2,815
Other Assets	-	-	6	62	-	8,804	-	-	-	-	-	(11)
Expense												
Mark-up / return / interest expensed	5,826	888	4,887	177,545	1,894	518,896	23,254	-	2,940	260,782	3,619	1,068,038
Operating expenses	-	-	964,572	-	-	-	-	-	786,443	-	-	-
Compensation	-	-	-	-	-	436,559	-	-	-	-	-	366,562
Charge for defined contribution plans	-	-	-	-	-	186,546	-	-	-	-	-	157,116
Charge for defined benefit plans	-	-	-	-	-	11,276	-	-	-	-	-	9,942
Rent	-	-	-	-	-	15,270	-	-	-	-	-	1,272
Software Maintenance	-	-	-	-	-	-	-	13,300	-	-	-	-
Directors' fee and allowances	-	17,000	-	-	-	-	-	-	-	-	-	223,004
Insurance	-	-	-	-	-	236,510	-	-	-	-	-	-
Training and development	-	-	12,709	-	-	-	-	-	19,071	-	-	21,142
Marketing, advertisement and publicity	-	-	-	-	-	-	-	-	-	-	-	60,907
Consultancy fee	-	-	-	-	-	49,061	-	-	-	-	-	1,042
Other expenses	2,180	1,519	-	3,307	-	3,628	3,053	-	-	2,417	-	-
Payments made during the year												
Insurance premium paid	-	-	-	-	-	424,296	-	-	-	-	-	259,062
Insurance claims settled	-	-	-	-	-	142,440	-	-	-	-	-	126,134
Donation Paid	-	-	-	-	-	120,291	-	-	-	-	-	169,813
Other Transactions												
Sale of Government Securities	-	-	12,134	1,321,784	-	203,636,123	-	-	13,425	-	-	182,570,938
Purchase of Government Securities	-	-	-	453,505	-	9,373,785	-	-	3,148	4,943	-	133,385,331



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45. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

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

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

20,506,625 20,506,625

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

20,978,779 19,500,976

Eligible Additional Tier 1 (ADT 1) Capital

2,500,000 2,500,000

Total Eligible Tier 1 Capital

23,478,779 22,000,976

Eligible Tier 2 Capital

7,275,853 6,767,800

Total Eligible Capital (Tier 1 + Tier 2)

30,754,632 28,768,776

Risk Weighted Assets (RWAs):

Credit Risk

161,741,570 157,270,277

Market Risk

5,255,606 2,333,654

Operational Risk

67,451,656 57,613,121

Total

234,448,832 217,217,052

Common Equity Tier 1 Capital Adequacy ratio

Tier 1 Capital Adequacy Ratio

8.95% 8.98%

Total Capital Adequacy Ratio

10.01% 10.13%

13.12% 13.24%

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of accumulated losses) for banks to be raised to Rs.10,000 million by the year ending December 31, 2013. The paid-up capital of the Bank as at December 31, 2025 stood at Rs. 20,506.525 million (2024: Rs. 20,506.525 million) and is in compliance with SBP requirements.

The Banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.0% plus capital conservation buffer of 1.5% of the risk weighted exposures of the Bank. Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 7.5% and 9.0%, respectively (inclusive of Capital Conservation Buffer). As at December 31, 2025 the Bank is fully compliant with prescribed ratios, as the Bank's CAR is 13.12% whereas CET 1 and Tier 1 ratios stood at 8.95% and 10.01% respectively. The Bank has complied with all capital requirements throughout the year.

Under the current capital adequacy regulations, credit risk and market risk exposures are measured using the Standardized Approach and operational risk is measured using the Basic Indicator Approach. Credit risk mitigants are also applied against the Bank's exposures based on eligible collateral under comprehensive approach.

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

Leverage Ratio (LR):

Eligible Tier 1 Capital

23,478,779 22,000,976

Total Exposures

720,521,074 728,556,636

Leverage Ratio

3.26% 3.02%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

303,483,999 220,358,493

Total Net Cash Outflow

107,163,784 85,890,721

Liquidity Coverage Ratio

283.20% 256.56%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

484,703,363 483,536,202

Total Required Stable Funding

288,156,867 269,567,322

Net Stable Funding Ratio

168.21% 179.37%

Notes to the Unconsolidated Financial Statements

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45.1 The link to the full disclosure is available at <https://jsbl.com/knowledge-centre/investor-information/>.

45.2 In order to mitigate the impact of expected credit loss (ECL) provisioning on capital, SBP has allowed transitional arrangement to absorb the impact on regulatory capital. Accordingly, transitional arrangement is applied. If Transition wasn't applied Capital Position would have been as below

	Transition Arrangement	Full ECL Impact
CET1 to TRWAs	8.95%	8.76%
T1 Capital to TRWAs	10.01%	9.83%
Total eligible capital to TRWAs	13.12%	12.85%
Leverage	3.26%	3.19%

46. RISK MANAGEMENT

Risk Management is a discipline at the core of every financial institution and encompasses all the activities that affect its risk profile. At the Bank, it involves identification, measurement, monitoring and controlling risks to ensure that:

- a) The individuals who take or manage risks clearly understand it;
- b) The Bank's Risk exposure is within the limits established by Board of Directors (BoD);
- c) Risk taking decisions are in line with the business strategy and objectives set by BoD;
- d) The expected payoffs compensate for the risks taken;
- e) Risk taking decisions are explicit and clear;
- f) Sufficient capital as a buffer is available to take risk; and
- g) Risk management function is independent of risk taking unit.

The Bank has a comprehensive set of Risk Management policies, practices and procedures which enable the Bank to take into consideration, in an appropriate manner, all major kinds of risks mainly credit, market, liquidity, operational, Digital and IT security risks. Keeping in view the dynamics of internal and external environment, we regularly review and update our Risk Management policies and procedures in accordance with regulatory environment and international standards.

Risk Management activities remain at the forefront of all activities of the Bank which places the highest priority on conducting its business in a prudent manner in line with the relevant laws and regulatory requirements.

Risk management framework of the Bank includes:

- a) Clearly defined risk management policies and procedures covering risk identification, acceptance, measurement, monitoring, reporting and control;

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

- b) Well constituted organizational structure, defining clearly roles and responsibilities of individuals involved in risk taking as well as managing it. The Bank, in addition to risk management functions for various risk categories, has instituted a Risk Management Committee (RMC), Operational Risk Management Committee (ORMC) as well as Central Credit Committee (CCC). RMC oversees the overall credit risk management at the Bank and provides guidance in setting strategic targets as well as concentration limits and monitors progress related to earnings growth, keeping in view the capital constraints and also adheres to the concentration limits. The RMC monitors aggregate exposure at the Business Group level and concentration limits (by industry, geography, size, tenor and consider environmental and social impact within each industry segment) so that one category of assets or dimension of risk cannot materially harm the performance of the Bank. RMC also monitors the advances portfolio, concentrations limits, aggregate limits at business level and various house keeping elements under Credit Administration. The committee also reviews Environmental Risk (ERR) concentration in 'advances' portfolio as part of inherent environmental risks in the Bank's portfolio. Risk Management Committee also oversees the progress of non performing loans and cases under litigation along with the recommendation of transferring of any NPL to Corporate Restructuring Company (CRC). ORMC oversees the effectiveness of operational risk management for maintenance and implementation of operational risk management framework. It also monitors the Business Continuity Planning and reviews findings of any other management or board's sub committee. Whereas, Central Credit Committee (CCC) is entrusted with the responsibility of monitoring lending risk profile of the Bank. CCC meets regularly to actively supervise credit risk across its lending portfolio;
- c) An effective management information system that ensures flow of information from operational level to top management and a system to address any exceptions observed; and
- d) A mechanism to ensure an ongoing review of systems, policies and procedures for risk management and procedures to adopt changes.

While the overall responsibility of risk management rests with the BoD, it is the duty of Senior Management to devise risk management strategy by setting up well defined policies and procedures for mitigating / controlling risks, duly approved by the Board.

Giving due consideration to the above, the Bank has put in place the following hierarchy of Risk Management:

- Board Risk Management Committee (BRMC);
- Risk Management Committee (RMC) comprises of the President / Chief Executive Officer (CEO), Chief Risk Officer, Chief Operating Officer, Chief Credit Officer, Chief Financial Officer, Group Head Corporate and Commercial Banking, Group Head Centralized Operations, Country Head SME and Head Products and Analytics.
- Asset - Liability Committee (ALCO) comprises of the President / CEO, Treasurer, Chief Risk Officer, Chief Credit Officer, Group Head Investment Banking, Fis and International, Chief Financial Officer and attended by Other Business Heads;
- Central Credit Committee (CCC) comprising of the President / CEO, Chief Operating Officer, Chief Credit Officer, Chief Risk Officer, Group Head Centralized Operations, Group Head Corporate and Commercial Banking and Country Head - SME.
- Operational Risk Management Committee (ORMC) comprises of the President / CEO, Chief Operating Officer, Chief Risk Officer, Chief Compliance Officer, Chief Information Officer, Chief Financial Officer, Head of Distribution Retail Products, Head of Products and Analytics, Group Head Centralized Operations, Head Branch Banking Operations, Chief Digital Officer and Head Operational Risk;
- IT Steering Committee (ITSC) comprises of President / CEO, Chief Operating Officer, Chief Risk Officer, Chief Financial Officer, Chief Information Officer, Chief Information Security Officer, Chief Officer-Zindigi, Chief Digital Officer, Chief Compliance Officer and Head Centralized Operations;

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- Risk Management Group (RMG), a dedicated and independent set-up headed by Chief Risk Officer (CRO) and comprises of Heads of Portfolio Management and Risk Policies, Market and Liquidity Risks, Operational Risk and BCP, Consumer Risk, Agri Credit and Program Lending Risk and Digital and Information Security Risk.
- Credit Risk Group (CRG) is also an independent function to business and is headed by Chief Credit Officer (CCO). Credit Risk Heads dealing in corporate, Commercial, small and medium enterprises, financial institutions and international operations are reporting into CCO.

Risk Matrix / Categories

The Bank, in common with other banks, generates its revenues by accepting Country, Credit, Liquidity, Interest Rate Risk in the Banking Book, Market, Operational and other risks. Effective management of these risks is the decisive factor in the Bank's profitability.

Risk Appetite

The Bank's risk appetite is reflected in its endeavours to maintain a favourable credit rating and encompasses the following:

- The business strategy
- The expectations of stakeholders at different time horizons
- The characteristics of the risk-bearing entities
- The nature and characteristics of the risks undertaken
- The possible spread of risk situations across organizational units, assets-at-risk, and future time horizons.

Risk appetite drives business activity. It combines anticipations in risk and profitability with management preferences to control capital and resource allocation, as well as the distribution of exposure across activities and portfolios.

The Bank's hedging strategy is embedded in its risk management practices for addressing material categories of risk.

46.1 Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Credit risk is managed in terms of credit policies, approved by the BoD and regulations issued by the SBP. The Bank is exposed to credit risk on loans and advances, fund placements with financial institutions and certain investments.

Credit risk management is an ongoing process. The overall credit policy and the credit risk instructions are issued by the Board of Directors. In this regards, a Central Credit Committee (CCC) is entrusted with the responsibility of monitoring lending risk profile of the bank. In order to maintain healthy growth of the credit portfolio, the Bank's Credit Risk Management processes are consistently upgraded and improved to meet future challenges.

The Bank's strategy is to minimize credit risk through product, geography, industry and customer diversification. Credit limits are established for all counter-parties after a careful assessment of their credit worthiness. An effective credit granting procedure, which requires pre-sanction evaluation of credit proposal, adequacy of security and pre-disbursement examination of charge documents is in place and managed by Credit Risk Group (CRG), Risk Management Group (RMG) and Credit Administration Department (CAD). The Bank maintains a sound portfolio diversified in nature to counter the risk of credit concentration and further confines risk through diversification of its assets by geographical and industrial sector. For managing impaired assets in the portfolio, the Bank follows the Prudential Regulations and Risk Management guidelines issued by SBP and the Credit related policies approved by the Board.

Notes to the Unconsolidated Financial Statements

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46.1.1 Credit risk: Standardised approach

The Bank has adopted the Standardised Approach of Basel II for risk weighing its Credit Risk Exposures.

The following table illustrates the approved External Credit Assessment Institutions (ECAIs) whose ratings are being utilised by the Bank with respect to material categories of exposures:

Exposures	VIS	PACRA	MOODY'S	FITCH	S&P
Corporate	√	√	-	-	-
Banks	√	√	√	√	√
SME's (retail exposures)	√	√	-	-	-
Sovereigns	√	√	√	√	√
Securitisations	N/A	N/A	N/A	N/A	N/A

The Bank has used Issue Specific Ratings for rating / risk weighing Issue Specific Exposures and Entity Ratings for rating / risk weighing claims against specific counterparties. Both short and long term ratings have been used to rate corresponding short and long term exposures. For this purpose, Mapping Grid provided by SBP as given below:

Long - Term Ratings Grades Mapping

SBP Rating Grade	PACRA	VIS	Fitch	Moody's	S&P	ECA Scores
1	AAA AA+ AA AA-	AAA AA+ AA AA-	AAA AA+ AA AA-	Aaa Aa1 Aa2 Aa3	AAA AA+ AA AA-	1
2	A+ A A-	A+ A A-	A+ A A-	A1 A2 A3	A+ A A-	2
3	BBB+ BBB BBB-	BBB+ BBB BBB-	BBB+ BBB BBB-	Baa1 Baa2 Baa3	BBB+ BBB BBB-	3
4	BB+ BB BB-	BB+ BB BB-	BB+ BB BB-	Ba1 Ba2 Ba3	BB+ BB BB-	4
5	B+ B B-	B+ B B-	B+ B B-	B1 B2 B3	B+ B B-	5, 6
6	CCC+ and below	CCC+ and below	CCC+ and below	Caa1 and below	CCC+ and below	7

Short - Term Ratings Grades Mapping

SBP Rating Grade	PACRA	VIS	Fitch	Moody's	S&P
S1	A-1	A-1	F1	P-1	A-1+, A-1
S2	A-2	A-2	F2	P-2	A-2
S3	A-3	A-3	F3	P-3	A-3
S4	Others	Others	Others	Others	Others

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46.1.2 Policies and processes for collateral valuation and management as regards Basel II;

For Credit Risk Mitigation purposes the Bank uses only the eligible collaterals under Comprehensive Approach of Credit Risk Mitigation under Standardised Approach as prescribed by SBP under Circular No. 08 dated June 27, 2006, which includes Cash and Cash Equivalent Securities including Government Securities like Cash Margins, Lien on Bank Accounts, Foreign Deposit Receipts, Term Deposit Receipts, Pledge of Defence Saving Certificates, Regular Income Certificates, Special Saving Certificates, Market Treasury Bills and Pakistan Investment Bonds etc. and Shares, Term Finance Certificates (TFCs) and Mutual Funds Listed on the Main Index.

Under the Bank's policy all collaterals are subject to periodic valuations to monitor the adequacy of margins held. Shares / Marketable securities are valued by the Bank on daily basis to calculate the Drawing Power (DP). In case of any shortfall in the requisite margins, the DP is adjusted to the appropriate level and the business units are informed to take appropriate action as per the agreement with the customer.

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

46.1.3 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Credit loss allowance		
	2025	2024	2025	2024	2025	2024	2024
					Stage 1	Stage 2	Stage 3
					Rupees in '000		
Public / Government	-	-	-	-	-	-	-
Private	19,843,182	2,000,000	-	-	(4,388)	-	-
	19,843,182	2,000,000	-	-	(4,388)	-	-

46.1.4 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Credit loss allowance		
	2025	2024	2025	2024	2025	2024	2024
					Stage 1	Stage 2	Stage 3
					Rupees in '000		
Chemical and pharmaceuticals	-	686,647	-	-	-	-	-
Financial	251,735,737	274,356,088	-	-	286	203,415	-
Transport, storage and communication	143,446	143,446	143,446	-	-	-	143,446
Others	990,432	1,722,743	890,408	890,408	14	-	415,937
	252,869,615	276,917,924	1,033,854	1,033,854	300	203,415	559,383

Credit risk by public / private sector

	Gross investments		Non-performing investments		Credit loss allowance		
	2025	2024	2025	2024	2025	2024	2024
					Stage 1	Stage 2	Stage 3
					Rupees in '000		
Public / Government	249,360,372	273,484,252	-	-	-	-	-
Private	3,509,243	3,433,672	1,033,854	1,033,854	300	203,415	559,383
	252,869,615	276,917,924	1,033,854	1,033,854	300	203,415	559,383

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46.1.5 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Credit loss allowance					
					Stage 1		Stage 2		Stage 3	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Rupees in '000										
Agriculture, forestry, hunting and fishing	6,791,606	6,434,413	373,875	581,975	39,967	4,574	5,821	519	211,546	314,974
Air transport	21,906,163	21,906,163	-	-	-	-	-	-	-	-
Chemical and pharmaceuticals	8,845,666	6,232,806	343,457	963,069	5,089	1,234	7,162	1,085	289,921	888,588
Construction	7,805,156	13,760,050	2,352,099	1,963,179	11,548	4,220	7,848	203,339	1,443,622	1,040,510
Education and medical	1,003,100	1,303,280	76,782	119,566	1,942	424	1,390	2,367	61,676	78,855
Electronics and electrical appliances	387,774	372,590	6,997	-	597	335	1,208	3,485	4,562	-
Financial	47,014,017	48,073,251	-	-	3,594	2,427	2,883	2,330	-	-
Food, tobacco and beverages	18,982,139	22,015,562	3,207,984	3,718,436	28,020	16,843	23,640	18,228	2,725,571	3,251,562
Hotel and tourism	2,339,265	416,988	9,202	11,022	8,108	655	3,818	270	3,035	4,400
Individuals	36,679,172	34,296,372	2,508,482	1,908,292	232,445	174,929	195,431	117,612	939,510	584,853
Information and communication	29,088,866	18,648,052	3,677,660	1,000,335	91,543	11,668	16,034	2,386	3,511,789	866,295
Leather and related products	594,749	705,461	3,163	1,163	323	176	1,387	1,700	1,497	638
Metal and allied industries	8,741,153	10,108,824	4,625,126	4,535,112	5,699	1,671	8,994	5,068	4,105,371	3,164,693
Mining and quarrying	778,196	828,844	15,000	27,835	582	21	7,179	1,060	15,000	27,835
Plastic and Non Metallic Products	3,735,155	2,318,850	718,408	719,941	6,088	529	4,935	15,976	682,165	665,612
Power (electricity), gas, water, sanitary	1,729,081	845,080	422,483	553,043	1,330	14	668	1,680	328,994	434,041
Printing and Publication activities	1,458,256	1,656,837	21,813	19,638	3,513	355	2,634	6,071	2,033	5,364
Services	9,790,216	4,115,758	36,816	33,442	19,218	746	10,163	9,432	30,592	26,174
Textile	21,321,192	24,819,202	1,398,372	1,630,790	23,565	9,079	7,362	29,562	1,217,864	1,404,547
Transport, storage and communication	6,825,926	6,173,285	278,524	442,647	24,361	5,010	5,276	2,958	275,829	436,289
Wholesale and retail trade	35,975,378	19,156,939	2,844,387	2,980,099	67,008	9,610	24,355	6,642	1,828,128	1,824,029
Others	2,784,501	3,525,793	300,736	118,415	4,173	1,406	22,839	4,386	269,346	64,461
	274,546,727	247,714,400	23,221,366	21,327,989	579,313	245,926	361,027	436,156	17,948,051	15,083,720

Credit risk by public / private sector

	Gross advances		Non-performing advances		Credit loss allowance					
					Stage 1		Stage 2		Stage 3	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Rupees in '000										
Public / Government	21,906,163	21,906,163	-	-	-	-	-	-	-	-
Private	252,640,564	225,808,237	23,221,366	21,327,989	579,313	245,926	361,027	436,156	17,948,051	15,083,720
	274,546,727	247,714,400	23,221,366	21,327,989	579,313	245,926	361,027	436,156	17,948,051	15,083,720

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46.1.6 Contingencies and commitments

Credit risk by industry sector

	2025	2024
	----- Rupees in '000 -----	
Agriculture, forestry, hunting and fishing	5,262,834	8,824,219
Chemical and pharmaceuticals	6,791,619	5,452,540
Construction	79,645,971	67,383,615
Education and medical	163,891	80,948
Electronics and electrical appliances	1,057,726	785,658
Financial	62,847,248	72,396,415
Food, tobacco and beverages	8,694,652	13,861,170
Hotel and tourism	4,652	6,673
Individuals	1,281,543	1,226,205
Information and communication	1,779,220	6,845,273
Leather and related products	239,016	20,246
Metal and allied industries	4,937,185	5,690,568
Oil and Allied	1,487,412	2,470,440
Paper and Allied	741,911	655,800
Power (electricity), gas, water, sanitary	3,744,947	82,883
Real estate activities	10,746,232	3,473,370
Textile	11,517,183	13,882,265
Transport, storage and communication	1,045	2,319,857
Wholesale and retail trade	20,719,044	8,478,413
Others	2,315,644	1,976,574
	<u>223,978,975</u>	<u>215,913,132</u>

Credit risk by public / private sector

	2025	2024
Public / Government	15,853,046	14,461,819
Private	<u>208,125,929</u>	<u>201,451,313</u>
	<u>223,978,975</u>	<u>215,913,132</u>

46.1.7 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 112,702.860 million (2024: Rs. 111,459.037 million) are as following:

	2025	2024
	----- Rupees in '000 -----	
Funded	71,673,932	75,066,413
Non Funded	41,028,928	36,392,624
Total Exposure	<u>112,702,860</u>	<u>111,459,037</u>

46.1.7.1 The sanctioned limits against these top 10 exposures aggregated to Rs. 125,020.838 million (2024: Rs. 111,999.525 million).

Total funded classified therein

	2025	2024
	Amount	Credit loss allowance held
	----- Rupees in '000 -----	
OAEM	-	-
Substandard	-	-
Doubtful	-	-
Loss	-	-
Total	<u>-</u>	<u>-</u>

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46.1.8 Advances - Province / Region-wise Disbursement and Utilization

Province / Region	Disbursements	2025						
		Utilization						
		Punjab	Sindh	KPK and FATA	Balochistan	Islamabad	AJK and Gilgit-Baltistan	Bahrain
		----- Rupees in '000 -----						
Punjab	115,029,836	115,029,836	-	-	-	-	-	-
Sindh	202,851,457	-	202,851,457	-	-	-	-	-
KPK and FATA	6,608,151	-	-	6,608,151	-	-	-	-
Balochistan	139,920	-	-	-	139,920	-	-	-
Islamabad	70,564,280	-	-	-	-	70,564,280	-	-
AJK and Gilgit-Baltistan	640,751	-	-	-	-	-	640,751	-
Bahrain	20,021,971	-	-	-	-	-	-	20,021,971
Total	415,856,366	115,029,836	202,851,457	6,608,151	139,920	70,564,280	640,751	20,021,971

		2024						
		Utilization						
Province / Region	Disbursements	Punjab	Sindh	KPK and FATA	Balochistan	Islamabad	AJK and Gilgit-Baltistan	Bahrain
----- Rupees in '000 -----								
Punjab	43,515,109	43,515,109	-	-	-	-	-	-
Sindh	116,336,581	-	116,336,581	-	-	-	-	-
KPK and FATA	1,342,280	-	-	1,342,280	-	-	-	-
Balochistan	49,216	-	-	-	49,216	-	-	-
Islamabad	58,147,536	-	-	-	-	58,147,536	-	-
AJK and Gilgit-Baltistan	189,173	-	-	-	-	-	189,173	-
Bahrain	26,862,279	-	-	-	-	-	-	26,862,279
Total	246,442,174	43,515,109	116,336,581	1,342,280	49,216	58,147,536	189,173	26,862,279

46.1.9 Sensitivity of ECL to Future Economic Conditions

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

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

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	2025						
	Improved			Base		Worst	
	Total ECL as per FS	As per sensitivity	Increase / decrease in %	As per sensitivity	Increase / decrease in %	As per sensitivity	Increase / decrease in %
	----- Rupees in '000 -----						
Corporate and commercial	9,718,972	9,649,247	-0.72%	9,713,052	-0.06%	9,816,322	1.00%
Medium enterprise	6,355,356	6,289,023	-1.04%	6,350,891	-0.07%	6,442,523	1.37%
Small enterprise	1,198,620	1,121,250	-6.45%	1,187,424	-0.93%	1,328,242	10.81%
Consumer	1,112,738	1,047,423	-5.87%	1,090,055	-2.04%	1,140,065	2.46%
Agriculture	227,790	211,863	-6.99%	226,994	-0.35%	247,428	8.62%
Credit Card	251,864	218,240	-13.35%	250,886	-0.39%	290,053	15.16%
Staff	32,375	26,152	-19.22%	31,334	-3.22%	37,144	14.73%
Overseas Operations	6,036	4,794	-20.58%	5,919	-1.94%	7,827	29.67%
	----- Rupees in '000 -----						
	2024						
	Improved			Base		Worst	
	Total ECL as per FS	As per sensitivity	Increase / decrease in %	As per sensitivity	Increase / decrease in %	As per sensitivity	Increase / decrease in %
	----- Rupees in '000 -----						
Corporate and commercial	10,295,547	10,264,354	-0.30%	10,294,204	-0.01%	10,332,996	0.36%
Medium enterprise	3,102,096	3,090,088	-0.39%	3,101,704	-0.01%	3,115,931	0.45%
Small enterprise	1,043,376	1,037,153	-0.60%	1,042,937	-0.04%	1,051,649	0.79%
Consumer	659,847	634,018	-3.91%	659,123	-0.11%	689,059	4.43%
Agriculture	265,580	264,238	-0.51%	265,519	-0.02%	267,202	0.61%
Credit Card	218,710	188,465	-13.83%	217,910	-0.37%	252,687	15.54%
Staff	816	816	0.00%	816	0.00%	816	0.00%
Overseas Operations	192,503	155,396	-19.28%	191,847	-0.34%	232,674	20.87%

46.2 Market Risk

Market Risk is the risk of loss in earnings and capital due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. Thus market risk can be further described into Interest Rate Risk, Foreign Exchange Risk and Equity Position Risk.

The Bank has an approved market risk policy wherein the governance structure for managing market risk, measurement tools used and the market risk exposure limits have been addressed. The Bank's strategy for managing market risk is to relate the level of risk exposures to their risk appetite and the capital at hand.

The Board of Directors (BoD) and the Asset and Liability Committee (ALCO) are responsible for addressing market risk from a strategic perspective and are assisted by the market risk function in meeting these objectives.

The Market Risk Unit is responsible for ensuring the implementation of market risk policy in line with the Bank's strategy.

Risk reporting undertaken by the market risk function includes:

- Portfolio Reports
- Limit monitoring reports
- Sensitivity analysis; and
- Stress testing of the portfolio

Currently, the Bank is using the market risk standardised approach for the purpose of computing regulatory capital, the details of which are set out above.

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46.2.1 Balance sheet split by trading and banking books

	2025			2024		
	Banking book	Trading book	Total	Banking book	Trading book	Total
----- Rupees in '000 -----						
Cash and balances with treasury banks	40,697,301	-	40,697,301	43,058,132	-	43,058,132
Balances with other banks	5,197,190	-	5,197,190	3,617,293	-	3,617,293
Lendings to financial institutions	19,838,794	-	19,838,794	1,999,730	-	1,999,730
Investments	205,392,392	72,635,920	278,028,312	296,258,733	6,177,869	302,436,602
Advances	249,776,370	-	249,776,370	225,531,300	-	225,531,300
Property and equipment	12,793,947	-	12,793,947	12,086,893	-	12,086,893
Right-of-use assets	3,073,822	-	3,073,822	2,610,093	-	2,610,093
Intangible assets	6,529,662	-	6,529,662	6,806,276	-	6,806,276
Deferred tax assets	-	-	-	-	-	-
Other assets	39,700,933	-	39,700,933	37,960,949	-	37,960,949
	583,000,411	72,635,920	655,636,331	629,929,399	6,177,869	636,107,268

46.2.2 Foreign Exchange Risk

Main objective of foreign exchange risk management is to ensure that the foreign exchange exposure of the Bank lies within the defined appetite of the Bank.

Daily reports are generated to monitor the internal and regulatory limits with respect to the overall foreign currency exposures. The overall net open position, whether short or long has the potential to negatively impact the profit and loss depending upon the direction of movement in foreign exchange rates.

Foreign exchange open and mismatched positions are marked to market on a daily basis.

Currency risk arises where the value of financial instruments changes due to changes in foreign exchange rates. In order to manage currency risk exposure, the bank enters into ready / spot, forward and swap transactions with the State Bank of Pakistan (SBP) and in the inter bank market. The Bank's foreign exchange exposure comprises of forward contracts, foreign currencies cash in hand, balances with banks abroad, foreign placement with SBP and foreign currencies assets and liabilities. The net open position is managed within the statutory limits, as fixed by SBP. Counter parties' limits are also fixed to limit risk concentration. Appropriate segregation of duties exists between the front and back-office functions while compliance with the net open position limit is independently monitored on an ongoing basis.

	2025				2024			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
----- Rupees in '000 -----								
United States Dollar	40,793,276	49,329,327	8,613,905	77,854	38,394,601	62,969,982	24,890,935	315,554
Great Britain Pound Sterling	793,839	5,200,519	4,412,910	6,230	512,583	4,655,040	4,151,702	9,245
Euro	989,625	1,048,228	128,537	69,934	1,481,392	1,214,198	(283,030)	(15,836)
United Arab Emirates Dirham	378,876	252,104	(152,552)	(25,780)	393,825	696,480	-	(302,655)
Bahraini Dinar	26,700	-	-	26,700	27,260	-	-	27,260
Singapore Dollar	10,936	-	-	10,936	1,786	-	-	1,786
Saudi Riyal	23,373	-	-	23,373	6,662	-	-	6,662
Other currencies	68,623	32,049	(19,410)	17,164	13,428	740	-	12,688
	43,085,248	55,862,227	12,983,390	206,411	40,831,537	69,536,440	28,759,607	54,704

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	2025		2024	
	Banking book	Trading book	Banking book	Trading book
	----- Rupees in '000 -----			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	-	2,064	-	547
- Other comprehensive income	-	-	-	-

46.2.3 Equity position Risk

Equity positions in the banking book include Investment in equities that are available-for-sale or held for strategic investment purposes. These investments are generally regarded as riskier relative to fixed income securities owing to the inherent volatility of stock market prices. The Bank mitigates these risks through diversification and capping maximum exposures in a single company, compliance with regulatory requirement, and following the guidelines laid down in the Bank's Investment Policy as set by the Board of Directors (BoD). The Bank follows a delivery versus payment settlement system thereby minimizing risk available in relation to settlement risk.

Equity price risk is managed by applying Portfolio level limits and scrip-wise stop loss monitoring

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
	----- Rupees in '000 -----			
Impact of 5% change in equity prices on				
- Profit and loss account	-	-	-	-
- Other comprehensive income	134,318	-	202,779	-

46.2.4 Yield / Interest rate risk in the banking book (IRRBB)-Basel II Specific

Yield / Interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date. This also refers to the non-trading market risk. The gap analysis between the market rate sensitive assets and liabilities is given below:

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
	----- Rupees in '000 -----			
Impact of 1% change in interest rates on				
- Profit and loss account	426,920	4,718	309,015	-
- Other comprehensive income	(843,990)	(266,615)	(284,818)	(72,650)

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46.3 Mismatch of interest rate sensitive assets and liabilities

Effective yield / interest rate %	Exposed to Yield / Interest risk										Non-interest bearing financial instruments	
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
On-balance sheet financial instruments												
Rupees in '000												
Assets												
2.89%	40,697,301	3,257,492	-	-	-	-	-	-	-	-	37,439,809	
3.03%	5,197,190	-	-	-	-	-	-	-	-	-	5,197,190	
11.99%	19,838,794	16,687,944	3,150,850	-	-	-	-	-	-	-	-	
12.62%	278,028,312	17,762,353	64,242,136	138,143,800	5,231,535	17,054,418	4,734,634	4,986,046	1,487,995	-	24,385,395	
13.14%	249,776,370	76,254,716	25,403,302	8,243,475	87,861,795	7,844,926	8,557,237	6,862,607	25,359,889	3,388,423	-	
-	29,889,368	-	-	-	-	-	-	-	-	-	29,889,368	
	623,427,335	113,962,505	92,796,288	146,387,275	93,093,330	24,899,344	13,291,871	11,848,653	26,847,884	3,388,423	96,911,762	
Liabilities												
-	7,839,367	-	-	-	-	-	-	-	-	-	7,839,367	
9.95%	26,128,080	4,816,302	3,649,970	1,594,588	5,414,152	2,581,915	3,514,689	2,855,130	1,701,324	-	-	
9.52%	543,502,051	239,065,788	30,895,819	19,324,261	31,391,611	294,241	125,330	283,726	-	-	222,121,275	
15.26%	3,193,531	520,232	6,272	8,235	116,116	439,396	686,744	832,907	583,629	-	-	
13.70%	8,493,900	-	3,497,900	4,996,000	-	-	-	-	-	-	-	
-	15,809,888	-	-	-	-	-	-	-	-	-	15,809,888	
	604,966,817	244,402,322	38,049,961	25,923,094	36,921,879	3,315,552	4,326,763	3,971,763	2,284,953	-	245,770,530	
On-balance sheet gap												
	18,460,518	(130,439,817)	54,746,327	120,464,181	56,171,451	21,583,792	8,965,108	7,876,890	24,562,931	3,388,423	(148,858,768)	
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions												
	-	-	-	-	-	-	-	-	-	-	-	
Commitments in respect of:												
- forward foreign exchange contracts	13,486,826	(7,743,524)	9,314,829	10,932,871	982,650	-	-	-	-	-	-	
- forward government securities transactions	-	-	-	-	-	-	-	-	-	-	-	
- derivatives	-	-	-	-	-	-	-	-	-	-	-	
- forward lending	52,000	-	-	52,000	-	-	-	-	-	-	-	
	13,538,826	(7,743,524)	9,314,829	10,984,871	982,650	-	-	-	-	-	-	
Off-balance sheet gap												
	(138,183,341)	(138,183,341)	64,061,156	131,449,052	57,154,101	21,583,792	8,965,108	7,876,890	24,562,931	3,388,423	(148,858,768)	
Total yield / interest risk sensitivity gap												
	(138,183,341)	(74,122,185)	57,326,867	57,326,867	114,480,968	136,064,760	145,029,868	152,906,758	177,469,689	180,858,112		
Cumulative yield / interest risk sensitivity gap												

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		2024												
Effective yield / interest rate %	Total	Exposed to Yield / Interest risk									Non-interest bearing financial instruments			
		Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		Rupees in '000		

On-balance sheet financial instruments														
Assets														
Cash and balances with treasury banks	3.53%	43,058,132	4,965,343	-	-	-	-	-	-	-	-	-	38,092,789	
Balances with other banks	4.06%	3,617,293	-	-	-	-	-	-	-	-	-	-	3,617,293	
Lendings to financial institutions	10.99%	1,999,730	1,999,730	-	-	-	-	-	-	-	-	-	-	
Investments	18.66%	302,436,602	46,062,340	64,524,330	114,453,722	42,918,152	518,583	2,331,173	3,632,882	1,368,073	175,383	26,461,964		
Advances	18.27%	225,531,300	102,742,902	13,591,876	77,090,470	7,777,214	6,827,728	7,424,121	6,391,823	2,618,335	1,066,831	27,071,910		
Other assets	-	27,071,910	-	-	-	-	-	-	-	-	-	-	-	
		603,714,967	155,760,315	78,116,206	191,544,192	50,886,366	7,346,311	9,755,294	10,024,705	3,986,408	1,242,214	95,243,956		
Liabilities														
Bills payable	-	8,125,841	-	-	-	-	-	-	-	-	-	-	8,125,841	
Borrowings	15.02%	28,698,505	2,536,798	4,087,991	8,880,494	1,516,211	1,633,554	4,241,986	1,754,516	4,046,955	-	-		
Deposits and other accounts	11.90%	525,134,376	222,064,191	19,983,163	36,288,921	47,203,824	810,278	139,573	225,827	-	-	198,408,599		
Lease Liabilities	15.73%	2,788,429	2,680	18,182	32,361	81,438	506,717	564,386	569,066	1,013,699	-	-		
Subordinated debt	22.46%	8,495,833	-	3,498,833	4,987,000	-	-	-	-	-	-	-		
Other liabilities	-	15,624,549	-	-	-	-	-	-	-	-	-	15,624,549		
		588,867,533	224,603,569	27,588,169	50,198,776	48,801,473	2,950,549	4,945,945	2,549,403	5,060,654	-	222,158,999		
On-balance sheet gap														
		14,847,434	(68,843,254)	50,518,037	141,345,416	1,893,893	4,385,762	4,809,349	7,475,296	(1,074,246)	1,242,214	(126,915,033)		
Off-balance sheet financial instruments														
Documentary credits and short-term trade-related transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	
Commitments in respect of:														
- forward foreign exchange contracts	-	29,714,456	7,615,827	9,523,393	13,162,236	(587,000)	-	-	-	-	-	-	-	
- forward government securities transactions	-	14,991,654	14,991,654	-	-	-	-	-	-	-	-	-	-	
- derivatives	-	-	-	-	-	-	-	-	-	-	-	-	-	
- forward lending	-	51,495	-	51,495	-	-	-	-	-	-	-	-	-	
Off-balance sheet gap														
		44,757,605	22,607,481	9,523,393	13,213,731	(587,000)	-	-	-	-	-	-	-	
Total yield / interest risk sensitivity gap														
		(46,235,773)	60,041,430	154,559,147	1,306,893	4,395,762	4,809,349	7,475,296	(1,074,246)	1,242,214	(126,915,033)	-	-	
Cumulative yield / interest risk sensitivity gap														
		(46,235,773)	13,805,657	169,394,804	169,671,697	174,067,459	178,876,808	186,352,104	185,277,858	186,520,072	-	-	-	
46.3.1 Reconciliation of Assets and Liabilities exposed to yield / interest rate risk with Total Assets and Liabilities														
		2025									2024			
		----- Rupees in '000 -----									----- Rupees in '000 -----			
Total financial assets as per note 46.3		623,427,335									604,966,817		588,867,533	
		603,714,967									604,966,817		588,867,533	
Add: Non financial assets														
Property and equipment		12,793,947									694,409		671,138	
Intangible assets		6,529,662									3,314,397		2,861,963	
Right-of-use assets		3,073,822												
Other assets		9,811,565									608,975,623		592,400,634	
		32,208,996												
Total assets as per statement of financial position		655,636,331												
		636,107,268												
Total financial liabilities as per note 46.3		623,427,335									604,966,817		588,867,533	
		603,714,967									604,966,817		588,867,533	
Add: Non financial liabilities														
Deferred tax liabilities - net		12,086,893									694,409		671,138	
Other liabilities		6,806,276									3,314,397		2,861,963	
		2,610,093												
		10,889,039									608,975,623		592,400,634	
		32,392,301												
		636,107,268												



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46.3.2 Operational risk

The Bank currently uses the Basic Indicator Approach (BIA) to calculate Operational Risk for regulatory capital requirements, in line with State Bank of Pakistan (SBP) guidelines.

A comprehensive Operational Risk Management (ORM) Framework, approved by the Board of Directors, is in place to address all significant aspects of operational risk. The operational risk identification and assessment tools utilized by the Bank include Risk and Control Self-Assessments (RCSAs), Key Risk Indicators (KRIs), Internal Loss Data Collection (ILDC), and robust Incident Management.

To ensure effective implementation at the business level, Operational Risk Champions have been nominated across all departments. These champions are responsible for implementing the Framework in close coordination with the ORM department. Furthermore, an Operational Risk Management Committee (ORMC) actively monitors and oversees operational risk issues, providing strategic direction and reporting to the Board Risk Management Committee (BRMC).

To inculcate a strong operational risk management culture, the ORM function conducts awareness sessions for all new employees during induction. Additionally, mandatory operational risk training is rolled out for all existing employees via the Bank's online learning portal.

A robust Business Continuity Management (BCM) framework is established. Business Continuity Plans (BCPs) plans are regularly tested to ensure that the Bank's critical functions can seamlessly transition to and operate from alternate processing sites in the event that primary operating sites become inaccessible or unavailable.

46.4 Liquidity risk

Liquidity risk is the risk that the Bank will not be able to raise funds to meet its commitments. The Bank's Asset and Liability Committee (ALCO) manages the liquidity position on a continuous basis.

The Bank's policy for liquidity management is to maintain adequate liquidity at all times and in all currencies under both normal and stress conditions, to meet its contractual and potential payment obligations without incurring additional and unacceptable cost to the business.

Treasury is responsible for the managing liquidity risk under the guidance of Asset-Liability Committee of the Bank. The Bank's liquidity risk management approach starts at the intraday level (operational liquidity) managing the daily payments queue and factoring in our access to the qualifying securities of State Bank of Pakistan. It then covers tactical liquidity risk management dealing with the access to unsecured funding sources and the liquidity characteristics of our asset inventory (asset liquidity). Finally, the strategic perspective comprises the maturity profile of all assets and liabilities on our statement of financial position.

For monitoring and controlling liquidity risk, the Bank generates a scenario sensitive maturity statement of financial position, and run controlled mismatches that are monitored and discussed by ALCO members regularly. The Bank prepares various types of reports and analysis for assisting ALCO in taking necessary strategic actions for managing liquidity risk in the Bank. These include liquidity ratios, Concentration analysis, Gap reports, Stress testing, Liquidity Coverage ratio and Net Stable Funding Ratio analysis etc.

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The Bank calculates Liquidity Coverage Ratio (LCR) on a monthly basis. Based on December 31, 2025 numbers LCR is 266.82% against SBP minimum requirement of 100%, with Total Stock of High-Quality Liquid Assets (HQLA) of Rs. 312,310.021 million and Net Cash Outflows of Rs. 117,044.774 million. On monthly basis during the year, LCR has remained well over the minimum threshold ranging from 224.18% to 327.12% during the year.

Furthermore, Based on December 31, 2025 numbers the NSFR is 168.21% against SBP minimum requirement of 100%, with Total Available Stable Funding of Rs. 484,703.363 million and Total Required Stable Funding of Rs. 288,156.867 million.

The Bank strategically emphasizes diversification and stability in its funding approach. Its funding base is varied, encompassing stable sources like equity, subordinated loans, retail and small business deposits, and less stable forms such as deposits from larger entities. It is fully compliant with Basel III Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), ensuring an ample supply of high-quality liquidity assets relative to liabilities.

The Bank employs stress testing to assess its balance sheet's vulnerability to hypothetical stress events. Liquidity risk factors undergo significant shocks, and their impact on the balance sheet is quantified. Stress testing encompasses scenarios defined by both regulatory standards and internally identified risks. Results are communicated to senior management, the Board of Directors, and regulators.

A Contingency Funding Plan (CFP) is in place to address liquidity challenges during crises. CFP identifying stress scenarios and corresponding funding plans, incorporating early warning indicators. Three Contingency Levels are defined in CFP with varying action Plans for each.

The Liquidity Coverage Ratio's (LCR) key drivers include High-Quality Liquid Assets (HQLA) and Net Cash Outflow, determined by asset liquidity quality and liability profile volatility. The composition of HQLA as of December 31, 2025, is detailed as below:

Level 1 Assets: Rs. 308,710.633 million

Level 2 Assets: Rs. 3,033.638 million

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2025									
Assets and Liabilities - based on contractual maturities									
Total	Up to 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year
Rupees in '000									
Assets									
Cash and balances with treasury banks	40,697,301	-	-	-	-	-	-	-	-
Balances with other banks	5,197,190	-	-	-	-	-	-	-	-
Lendings to financial institutions	19,888,794	16,050,402	85,503	469,813	2,976,043	174,807	-	-	-
Investments	278,028,312	820,383	10,090,782	5,598,120	124,613	1,621,432	27,799,886	4,078,442	798,454
Advances	249,776,370	65,960,828	42,903,878	2,532,091	5,463,045	11,241,018	10,433,990	9,383,104	11,866,058
Property and equipment	12,793,947	-	-	135,508	-	748,418	388,011	726,782	1,296,446
Intangible assets	6,529,662	50,660	506,604	202,642	455,943	709,245	253,302	506,604	759,906
Right-of-use assets	3,073,822	-	-	642,610	-	15,952	10,342	-	157,729
Deferred tax assets	-	-	-	-	-	-	-	-	-
Other assets	39,700,933	486,236	510,783	6,746,629	2,790,403	2,824,343	17,327,436	7,040	4,123,103
	655,636,331	112,628,388	70,027,882	8,827,818	25,493,085	11,830,047	17,335,215	56,212,957	18,452,032
Liabilities									
Bills payable	7,839,367	-	-	-	-	-	-	-	-
Borrowings	26,128,080	2,963,996	81,828	735,968	1,202,849	2,447,321	1,594,598	5,243,299	170,853
Deposits and other accounts	549,502,051	426,977,952	3,685,943	7,160,822	18,272,403	12,623,417	19,324,261	7,030,144	24,361,467
Lease liabilities	3,193,531	-	-	-	-	6,272	8,225	-	116,116
Subordinated debt	8,493,900	-	-	-	233	-	733	233	733
Deferred tax liabilities	694,409	-	-	-	-	-	-	-	347,205
Other liabilities	19,124,285	485,199	341,637	1,330,746	1,286,932	9,187,171	698,632	-	5,624,178
	606,975,623	435,995,595	7,195,138	7,584,287	25,949,290	20,762,217	24,284,181	21,626,459	30,820,552
Net assets	46,660,708	(323,366,807)	62,892,744	(1,243,531)	(8,932,170)	(6,928,966)	34,586,488	12,273,676	(12,168,920)
Share capital	20,506,625								
Reserves	7,680,779								
Unappropriated profit	15,397,262								
Surplus on revaluation of assets	3,076,042								
	46,660,708								

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For the year ended December 31, 2025

2024													
Total	Up to 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Rupees in '000													
Assets													
Cash and balances with treasury banks	43,058,132	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	3,617,293	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	1,999,730	1,999,730	-	-	-	-	-	-	-	-	-	-	-
Investments	302,436,602	883,150	12,111,639	280,352	426,968	642,264	88,044,425	38,460,385	4,457,767	5,006,982	2,942,132	124,700,401	23,373,026
Advances	225,531,300	55,507,632	2,029,375	19,701,206	7,660,819	6,859,252	79,393,325	5,278,161	4,705,696	11,004,299	9,955,004	8,623,697	12,812,494
Property and equipment	12,086,893	-	-	128,019	-	707,057	366,568	-	686,617	1,224,798	1,018,936	1,684,225	6,270,673
Intangible assets	6,806,276	53,427	534,265	213,706	480,839	747,971	267,133	534,265	801,398	1,088,530	160,280	373,986	1,463,623
Right-of-use assets	2,610,093	-	-	27,645	-	152,685	79,158	-	148,271	264,488	220,033	363,698	1,354,115
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	37,960,949	10,120	1,982,193	4,290,314	3,985,994	1,794,472	15,579,214	311	4,391,676	7,015	1,452	5,035,035	20,167
	636,107,268	103,129,754	18,657,202	3,077,310	12,554,620	10,903,701	184,729,823	44,273,122	15,191,425	18,576,092	14,297,837	140,781,042	45,294,098
Liabilities													
Bills payable	8,125,841	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	28,698,505	442,592	1,372,634	621,597	1,386,692	2,701,299	8,880,494	80,893	1,435,318	1,633,554	4,241,966	1,754,516	4,046,955
Deposits and other accounts	525,134,376	371,771,376	15,533,614	15,816,678	15,821,173	4,171,991	36,288,921	21,661,786	25,542,037	810,278	139,573	225,827	-
Lease Liabilities	2,788,429	-	-	29,534	-	163,117	84,567	-	158,401	282,559	235,067	388,548	1,446,636
Subordinated debt	8,495,833	-	-	-	233	-	733	233	733	1,933	1,933	2,495,867	5,994,168
Deferred tax liabilities	671,138	-	-	-	-	-	-	-	349,501	321,637	-	-	-
Other liabilities	18,486,512	559,807	775,403	815,967	1,069,995	8,055,196	602,836	-	5,631,222	110,075	18,892	5,662	-
	592,400,634	380,899,616	17,681,651	17,283,776	18,278,083	15,091,603	45,857,551	21,742,912	33,117,212	3,160,036	4,637,451	4,870,420	11,487,759
Net assets	43,706,634	(277,769,862)	975,551	(15,215,254)	(5,723,463)	(4,187,902)	138,872,272	22,530,210	(17,925,787)	15,416,056	9,660,386	135,910,622	33,806,339
Share capital													
Reserves	20,506,625	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	7,113,683	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	12,708,466	-	-	-	-	-	-	-	-	-	-	-	-
	3,377,860	-	-	-	-	-	-	-	-	-	-	-	-
	43,706,634	-	-	-	-	-	-	-	-	-	-	-	-

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46.4.2 Assets and Liabilities - based on expected maturities

For assets and liabilities that have a contractual maturity, the expected maturity is considered to be the same as contractual maturity. Assets and liabilities that do not have a contractual maturity have been categorised on the basis of expected maturities as determined by ALCO.

2025									
Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years
Rupees in '000									
Assets									
Cash and balances with treasury banks	40,697,301	40,697,301	-	-	-	-	-	-	-
Balances with other banks	5,197,190	5,197,190	-	-	-	-	-	-	-
Lendings to financial institutions	19,838,794	16,687,944	3,150,850	-	-	-	-	-	-
Investments	278,028,312	17,417,336	1,746,044	27,799,886	4,876,896	20,495,240	71,396,068	110,651,112	2,758,455
Advances	249,776,370	70,361,430	16,737,460	10,450,996	78,469,939	13,881,118	12,361,788	11,214,488	25,451,876
Property and equipment	12,793,947	135,507	748,418	388,011	726,782	1,296,446	1,078,541	1,782,748	2,011,503
Intangible assets	6,529,662	50,660	2,229,057	101,321	202,642	455,943	405,283	709,245	911,887
Right-of-use assets	3,073,822	642,610	15,952	10,342	157,729	400,745	712,609	723,032	410,803
Deferred tax assets	-	-	-	-	-	-	-	-	-
Other assets	39,700,933	7,745,648	5,614,746	17,327,436	4,130,143	-	4,882,960	-	-
	655,636,331	158,935,626	30,242,527	56,077,992	88,564,131	36,529,492	85,954,289	129,963,585	31,544,524
									37,824,165
Liabilities									
Bills payable	7,839,367	7,839,367	-	-	-	-	-	-	-
Borrowings	26,128,080	4,816,302	3,649,970	1,594,598	5,414,152	2,581,915	3,514,689	2,855,130	1,701,324
Deposits and other accounts	543,502,051	50,388,830	49,904,753	63,269,095	54,370,284	27,931,992	26,635,794	271,001,303	-
Lease Liabilities	3,193,531	520,231	6,272	8,235	116,116	439,396	686,744	832,908	583,629
Subordinated debt	8,493,900	-	233	733	967	1,933	2,494,933	1,867	3,493,234
Deferred tax liabilities	694,409	-	-	-	347,205	347,204	-	-	-
Other liabilities	19,124,285	2,301,148	10,474,102	698,632	5,624,179	11,873	6,077	8,274	-
	608,975,623	65,865,878	64,035,330	65,571,293	65,872,903	31,314,313	33,338,237	274,699,482	5,778,187
									2,500,000
Net assets	46,660,708	93,069,748	(33,792,803)	(9,493,301)	22,691,228	5,215,179	52,616,052	(144,735,897)	25,766,337
									35,324,165
Share capital	20,506,625								
Reserves	7,680,779								
Unappropriated profit	15,397,262								
Surplus on revaluation of assets	3,076,042								
	46,660,708								

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	2024									
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years
	----- Rupees in '000 -----									
Assets										
Cash and balances with treasury banks	43,058,132	43,058,132	-	-	-	-	-	-	-	-
Balances with other banks	3,617,293	3,617,293	-	-	-	-	-	-	-	-
Lending to financial institutions	1,999,730	1,999,730	-	-	-	-	-	-	-	-
Investments	302,436,602	13,382,272	1,069,232	89,044,425	42,918,152	5,006,962	2,942,132	124,700,401	2,310,369	21,062,657
Advances	225,531,300	27,080,597	17,181,191	83,651,117	55,222,900	11,004,299	9,955,004	8,623,697	1,807,821	11,004,674
Property and equipment	12,086,893	128,018	707,057	366,568	686,617	1,224,798	1,018,936	1,684,225	1,900,337	4,370,337
Intangible assets	6,806,276	53,427	2,350,766	106,853	213,706	480,839	427,412	747,971	961,677	1,463,625
Right-of-use assets	2,610,093	27,645	152,685	79,158	148,271	264,488	220,033	363,698	1,354,115	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	37,960,949	7,145,612	5,780,466	15,579,214	4,392,045	7,015	1,452	5,034,977	20,168	-
	636,107,268	96,492,726	27,241,397	188,827,335	103,581,691	17,988,401	14,564,969	141,154,969	8,354,487	37,901,293
Liabilities										
Bills payable	8,125,841	8,125,841	-	-	-	-	-	-	-	-
Borrowings	28,698,505	2,536,798	4,087,991	8,880,494	1,516,211	1,633,554	4,241,986	1,754,516	4,046,955	-
Deposits and other accounts	525,134,376	54,665,047	28,901,888	69,339,914	62,354,029	18,179,731	23,170,717	30,675,618	237,847,432	-
Lease Liabilities	2,788,429	29,534	163,117	84,567	158,401	282,559	235,067	388,548	1,446,636	-
Subordinated debt	8,495,833	-	233	733	967	1,933	1,933	2,495,867	3,494,167	2,500,000
Deferred tax liabilities	671,138	-	-	-	349,500	321,638	-	-	-	-
Other liabilities	18,486,512	2,992,645	9,125,181	602,836	5,631,222	110,074	18,892	5,662	-	-
	592,400,634	68,349,865	42,278,410	78,908,544	70,010,330	20,529,489	27,668,595	35,320,211	246,835,190	2,500,000
Net assets	43,706,634	28,142,861	(15,037,013)	109,918,791	33,571,361	(2,541,088)	(13,103,626)	105,834,758	(238,480,703)	35,401,293
Share capital	20,506,625									
Reserves	7,113,683									
Unappropriated profit	12,708,466									
Surplus on revaluation of assets	3,377,860									
	43,706,634									



Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2025

47. DERIVATIVE RISK

The policy guidelines for taking derivative exposures are approved by the Board of Directors (BOD). Bank's Asset and Liability Committee (ALCO) is responsible for reviewing and managing associated risks of the transactions.

The nature, scope and purpose of derivatives business, for trading purposes or hedging purpose and the types of derivative in which they deal.

The overall responsibility for offering derivative products and sustaining profitability lies with the Treasurer and in his absence with his delegate. The Market Risk Unit / Treasury Middle Office of the Bank responsible for measurement and monitoring of the market risk exposures, analysis of present and potential risk factors.

The Market Risk Unit also monitors associated Credit, Market and Liquidity Risk in line with Board of Directors approved limit framework. The unit coordinates with the business regarding approvals for derivatives risk limits and produces various reports / analysis for ALCO / BRMC on periodic basis. These reports provide details of outstanding un-hedged positions, profitability and status of compliance with limits. Treasury Operations records derivatives activity in the Bank's books and is responsible for reporting to the SBP.

The derivative transaction such as Cross Currency Swaps carries credit risk which is the risk that a party to a derivative contract will fail to perform its obligation. There are two types of credit risk associated with derivative transactions: 1) settlement, and 2) pre-settlement risk. Bank's Central Credit Committee is responsible for reviewing and managing associated Counterparty Credit Risks of the transaction.

The Bank also enters into Foreign Currency and Commodity Options from its Wholesale Banking Branch Bahrain for market making activities. The Bank can hedge its risk by taking on and off-balance sheet position in interbank market, where available.

48. GENERAL

48.1 Corresponding figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current year. However, there are no material re-arrangements / re-classifications to report.

48.2 The figures in these unconsolidated financial statements have been rounded off to the nearest thousand.

49. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on February 24, 2026.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Annexure - I

Statement showing written-off loans or any other financial relief of Rupees Five Hundred Thousand or above provided during the year ended December 31, 2025

S. No.	Name and address of the borrower	Name of individuals/ partners/ directors (with CNIC No.)	Father's/ Husband's name	Outstanding Liabilities at beginning of year				Principal	Interest	Other financial Other than	Total
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total	written-off	Mark-up written-off/ waived	Interest/ Mark-up	
----- Rupees in '000 -----											
1	ZAHOOR AHMAD GALI KHAJJOOR WALI MO,HALLAH ALI TOWN HAFIZABAD, HAFIZABAD	ZAHOOR AHMAD 34301-2129995-7	MUHAMMAD MANZOOR	2,615	-	-	2,615	-	2,340	1	2,341
2	CHOUDHRY MAZHAR SALEEM HOUSE NO 128 A BVII, IQBAL ROAD OPPOSITE DCO HOUSE, SAHIWAL	CHOUDHRY MAZHAR SALEEM 36502-1316702-5	CH M SALEEM AKHTER	-	3,950	-	3,950	-	3,950	-	3,950
3	SHAHMIR KHAN SE OFFCERS COLONY SL, M MULTAN, MULTAN	SHAHMIR KHAN 36302-7393696-1	SARDAR ANYAT ULLAH	1,712	1,017	-	2,729	-	855	-	855
4	MUHAMMAD HAMZA KIBRIA SHOP NO 13 B GHALLAH, MANDI ARIFWALA, ARIFWALA	MUHAMMAD HAMZA KIBRIA 36401-7059001-5	MUHAMMAD KIBRIYA	3,992	827	1,369	6,188	-	496	821	1,317
5	ALI RAZA KHAN H NO 1 ST NO 6 MOH, ALLA BLOCK K SANDA BHATYAN, WALA BAND ROAD, LAHORE	ALI RAZA KHAN 35202-9411654-5	SHAH NAWAZ KHAN	24,269	6,160	883	31,312	-	5,425	883	6,308
6	SAIMA ZAKA MADHARIAN WALA ROAD, MOHALLAH TAJPURA, HAFIZABAD	SAIMA ZAKA 34301-4581558-4	MUHAMMAD ASLAM	1,903	1,651	104	3,658	-	541	-	541
7	HENNA AZIZ ZEESHAN HOUSE NO 209 U BLOCK, STREET 6 PHASE II DHA LAHORE CANTT, LAHORE	HENNA AZIZ ZEESHAN 91400-0360597-8	ZEESHAN AHMAD ALI RANJHA	4,672	4,277	186	9,135	-	1,209	186	1,395
8	ABDUL REHMAN GOTH MOHAMMAD HALEPO TO HALEPOTANI PO PHULADIO TALU, KO KHIPRO DISTRICT SANGHAR	ABDUL REHMAN 44202-9226469-7	NOOR MUHAMMAD	2,000	888	45	2,933	-	687	-	687
9	MUNAWAR ALI MITHANI HOUSE GAJAN PUR, LARKANA	MUNAWAR ALI 43203-9780849-5	ALI GOHAR MITHANI	-	911	-	911	-	911	-	911
10	HUMZA BUTT MODEL TOWN LINK ROAD OPPSIT TO RAJA SAHAB, Lahore	HUMZA BUTT 35202-3031926-1	MUHAMMAD ASIF BUTT	4,108	3,306	-	7,414	-	1,895	-	1,895
11	NADEEM AHMAD CHOUDHRY KHAN PUR PO, DHANOT T D TEHSIL, LODHRAN	NADEEM AHMAD CHOUDHRY 36203-1779116-9	HAJI ABDUL HAKEEM CH	600	703	30	1,333	-	503	-	503
12	IFTKHAR AHMED KOREJO VILLAGE MUHAMMAD MUR, AD KOREJO PO MUHAMMAD MURAD KOREJO TALUKA MORO DISTRICT NAUSHERO FEROZE	IFTKHAR AHMED KOREJO 45303-8171722-9	HAJI ALI MUHAMMD KOREJO	497	815	20	1,332	-	658	-	658
13	MUHAMMAD USMAN KHAN BANGLOW NO A 26, MUNIR FOUNTAIN EXT, GULISTAN E JOHAR BLOCK 19, Karachi	MUHAMMAD USMAN KHAN 42201-0407347-9	RIAZ AHMED KHAN	10,422	5,036	-	15,458	-	3,195	-	3,195

Annexure - I

S. No.	Name and address of the borrower	Name of individuals/ partners/ directors (with CNIC No.)	Father's/ Husband's name	Outstanding Liabilities at beginning of year				Principal	Interest	Other financial Other than	Total
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total	written-off	Mark-up written-off/ waived	Interest/ Mark-up	
----- Rupees in '000 -----											
14	MUHAMMAD SHAHBAZ House 40A Neelam Block Madina Street Clifton Colony Near Ibrahim Masjid Lahore	MUHAMMAD SHAHBAZ 35202-0506972-1	Muhammad Sardar	31,870	7,550	-	39,420	-	5,420	-	5,420
15	MUHAMMAD ASIF BASTI SARDAR, SHAH WALO WAHI SALAMAT, RAY PO KHAS TEH DIST, LODHRAN	MUHAMMAD ASIF 36203-6229971-3	MUHAMMAD YASIN	753	776	18	1,547	-	504	-	504
16	JAN MUHAMMAD DAHRI VILLAGE WASIPUR PO DAUR KUNDAH NANDHU TEH QAZIAHMED DISTT SHAHEED BENAZIRABAD, BENAZIRABAD	JAN MUHAMMAD DAHRI 45401-8513037-1	KANDO KHAN	750	969	2	1,721	-	579	-	579
17	MUHAMMAD RIAZ CHAH AADH WALA, PO QURESHI WALA, MALIK PUR TEH DIST, LODHRAN	MUHAMMAD RIAZ 36203-0221235-5	GHAUS BUKHUSH	3,949	3,668	100	7,717	-	2,627	-	2,627
18	IMTIAZ AHMAD RANGIL PUR PO SHER, GARH TEHSIL DEPALPUR	IMTIAZ AHMAD 35301-5069462-5	MUHAMMAD YAR	8,995	6,421	358	15,774	-	3,419	-	3,419
19	GHULAM QADIR MOHALA WARD 01 JHOO, TEH SINJHORO DIST SANGHAR	GHULAM QADIR 44205-6074225-5	QAMBEER	1,000	740	10	1,750	-	539	-	539
20	AL-ABID SILK MILLS LTD. A39 MANGHOPIR ROAD, SITE, KARACHI	NASEEM AHMED SATTAR 42301-0840043-1 AZEEM AHMED 42301-0912143-9 MUHAMMAD SAJID HAFEEZ 42101-3124729-3 QAMAR MASHKOOR 42201-6780761-7 SADAF NADEEM 42301-0878886-8 SYED RAZA ABBAS JAFFERY 42201-0215685-1	SHAIKH ABDUL SATTAR NASEEM AHMED NADEEM YOUNUS SYED SHABIT HUSSAIN	170,973	306,774	-	477,747	170,973	306,774	-	477,747
21	NOOR FATIMA FABRICS (PVT) LTD. RAMZANABAD JHUMRA ROAD, FAISALABAD	AJMAL FAROOQ (33100-2966254-3) MUHAMMAD ALI SHAHID (33100-9910974-3)	ABDUL GHANI MUHAMMAD SHAHID IQBAL	64,595	55,409	-	120,004	-	55,409	-	55,409
TOTAL:				339,675	411,848	3,125	754,648	170,973	397,936	1,891	570,800

Annexure - II

Details of disposal of property and equipment to related parties for the year ended December 31, 2025

	Cost	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of Buyer
----- Rupees in '000 -----						
Electrical, office and computer equipment						
Mobile phone	72	-	7	7	Buyback	Yameen Ghani
Mobile phone	56	54	54	-	Buyback	Sadeed Barlas
Mobile phone	50	-	5	5	Buyback	Waqas Anis
Mobile phone	40	-	4	4	Buyback	Sohaib Kamran
Mobile phone	54	18	20	2	Buyback	Jafar Raza
Mobile phone	38	-	4	4	Buyback	Iftikhar Imtiaz
Total	310	72	94	22		



CONSOLIDATED FINANCIAL STATEMENTS

THE FINANCIAL WEIGH-IN

Step on the money scale: track income, expenses, savings, and debt to reveal your baseline.

Fitness Challenge: Weigh yourself, and start walking every day.





DIRECTORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

On behalf of the Board of Directors, we are pleased to present the audited consolidated financial statements of JS Bank Limited (the 'Bank) and its subsidiaries and the auditors' report thereon for the year ended December 31, 2025.

Consolidated financial highlights	2025	2024
	(PKR Million)	
Profit before taxation	19,301	30,679
Taxation	11,762	17,319
Profit after taxation	7,539	13,360
Profit attributable to non-controlling interest	1,712	3,051
Profit attributable to equity holders of the Bank	5,827	10,309
Earnings per share - Basic and Diluted (Rupees)	2.84	5.03
Investments – net	581,459	629,466
Advances – net	542,342	521,272
Total assets	1,415,624	1,359,043
Deposits	1,199,432	1,081,826
Shareholders' equity	81,124	76,797

Subsidiary Companies

BankIslami Pakistan Limited

Bank Islami Pakistan Limited (BIPL) is a full-service Islamic Bank in Pakistan. It operates in compliance with the principles of Islamic Shariah. As an Islamic bank, BankIslami places a significant emphasis on ensuring that its operations and financial products adhere to Shariah principles. In August 2023, JS Bank acquired the majority of shares, making BIPL its subsidiary with 75.12 percent shareholding. During the year 2025, Bank Islami has incorporated BIPL Exchange Company (Pvt) Limited, a wholly owned exchange subsidiary, having an authorised capital of PKR 1.2 billion. The principal business of the subsidiary would be to provide foreign exchange services.

Summarized results of the Bank are set out below:

PKR Million

Particulars	2025	2024
Profit before tax	13,964	25,530
Profit after tax	6,003	11,834
EPS (Rupees)	5.41	10.67

JS Global Capital Limited

JS Global Capital Limited is one of the largest securities brokerage and investment banking firms in Pakistan, with a leadership position in the domestic capital markets. It is in the business of equity, fixed income, currencies, and commodities brokerage and investment banking. It was incorporated in Pakistan on June 28, 2000, and is the successor to the securities business of Jahangir Siddiqui & Co. Ltd. and Bear Stearns Jahangir Siddiqui Limited. JS Bank has 92.90 percent ownership of the company.

JS Global has a paid-up capital of PKR 275 million and shareholder equity of PKR 3,591 million as of December 31, 2025. It is listed on the Pakistan Stock Exchange.

PACRA has assigned long-term and short-term entity ratings to JS Global of “AA” (Double A) and “A1+” (A One plus), respectively. The ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments. The firm has a Broker Fiduciary Rating (BFR) of BFR1 and a Broker Management Rating (BMR) of BMR1.

The summarized results of the company are set out below:

PKR Million

Particulars	2025	2024
Profit Before Tax	828	518
Profit After Tax	609	455
EPS (Rupees)	22.15	16.54

JS Investments Limited

JS Investments Limited (JSIL) has a paid-up capital of PKR 616 million and shareholder equity of PKR 2,595 million as of December 31, 2025. It is listed on the Pakistan Stock Exchange. JS Bank has 84.73 percent ownership of the company.

The company is a licensed Investment Adviser and Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, JSIL also has a license for Pension Fund Manager under the Voluntary Pension System Rules 2005 and a Private Equity and Venture Capital Fund Management Services license from the Securities and Exchange Commission of Pakistan.

PACRA has upgraded the rating of the management company to “AM2++” with outlook assigned as ‘Stable’. The rating underscores the company’s dedication to maintaining high quality management standards, reflecting positively on the overall performance and outlook of its operations.

Summarized results of the Company are set out below:

PKR Million

Particulars	2025	2024
Profit Before Tax	649	464
Profit After Tax	483	449
EPS (Rupees)	7.82	7.27

For and on behalf of the Board,

Basir Shamsie

President and CEO

February 24, 2026

Adil Matcheswala

Chairman

جے ایس انویسٹمنٹ لمیٹڈ

31 دسمبر 2025 تک جے ایس انویسٹمنٹ لمیٹڈ (جے ایس آئی ایل) کا ادا شدہ سرمایہ 616 ملین روپے جبکہ حصص یافتگان کا سرمایہ 2,595 ملین روپے ہے۔ یہ پاکستان اسٹاک ایکسچینج میں درج ہے۔ جے ایس بینک کمپنی کی 84.73 فیصد کی ملکیت رکھتی ہے۔

جے ایس انویسٹمنٹ لائسنس یافتہ انویسٹمنٹ ایڈوائزر اور ایسیٹ مینجمنٹ کمپنی ہے جو نان بینکنگ فنانس کمپنیز (اسٹیلٹھمنٹ اینڈ ریگولیشنز) قواعد 2003 (این بی ایف سی قواعد) اور نان بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اینٹی ٹریڈ ریگولیشنز 2008 (این بی ایف سی ریگولیشنز) کے تحت کام کرتی ہے۔ اس کے علاوہ جے ایس آئی ایل کے پاس والٹری پنشن سسٹم رولز 2005 کے تحت پنشن فنڈ منیجر اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان سے پرائیویٹ ایکویٹی اینڈ وینچر کیپیٹل فنڈ مینجمنٹ سروسز کا بھی لائسنس ہے۔

پاکستان کریڈٹ ریٹنگ ایجنسی (پی اے سی آر اے) نے انتظامی کمپنی کی ریٹنگ کو بڑھا کر "AM2++" (اے ایم ٹو پلس پلس) کر دیا ہے اور اس کا آؤٹ لک "مستحکم" رکھا ہے۔ یہ درجہ بندی اس بات کی عکاسی کرتی ہے کہ کمپنی اعلیٰ معیاری انتظامی اصولوں کو برقرار رکھنے کیلئے پرعزم ہے جو اس کی مجموعی کارکردگی اور مستقبل کے امکانات پر مثبت اثر ڈالتی ہے۔

کمپنی کے نتائج کا خلاصہ درج ذیل ہے:

روپے ملین میں

تفصیلات	2025	2024
قبل از ٹیکس منافع	649	464
بعد از ٹیکس منافع	483	449
فی حصص آمدنی (روپے)	7.82	7.27

از طرف بورڈ

عادل ماچس والا

چیرمین

باصر سہسی

صدر اینڈ سی ای او

24 فروری 2026ء

کمپنی کے نتائج کا خلاصہ درج ذیل ہے:

روپے ملین میں

2024	2025	تفصیلات
25,530	13,964	قبل از ٹیکس منافع
11,834	6,003	بعد از ٹیکس منافع
10.67	5.41	فی حصص آمدنی (روپے)

جے ایس گلوبل کمپنیل لمیٹڈ:

جے ایس گلوبل کمپنیل لمیٹڈ مقامی کمپنیل مارکیٹ میں قائدانہ پوزیشن کے ساتھ پاکستان کی سب سے بڑی سیکورٹیز بروکرز اور انویسٹمنٹ فرموں میں سے ایک فرم ہے جو ایکویٹی، فکسڈ آمدن، کرنسیوں اور کموڈٹیز بروکرز اور انویسٹمنٹ بینکنگ کے کاروبار سے منسلک ہے۔ جے ایس گلوبل کمپنیل لمیٹڈ 28 جون 2000 کو پاکستان میں قائم کی گئی اور یہ جہانگیر صدیقی اینڈ کمپنی لمیٹڈ اور بیڑا سٹرنز جہانگیر صدیقی لمیٹڈ کے سیکورٹیز کاروبار کا جانشین ہے۔ جے ایس بینک کے پاس کمپنی کے 92.90 فیصد کی ملکیت ہے۔

جے ایس گلوبل کے پاس 31 دسمبر 2025 تک ادا شدہ سرمایہ 275 ملین روپے ہے اور شیئر ہولڈر سرمایہ 3,591 ملین روپے ہے۔ یہ پاکستان اسٹاک ایکسچینج میں درج ہے۔

پاکستان کریڈٹ ریٹنگ ایجنسی (پی اے سی آر اے) نے جے ایس گلوبل کو طویل مدتی اور مختصر مدتی ریٹنگ بالترتیب "AA" (ڈبل اے) A1+ (اے ون پلس) تفویض کی ہے۔ یہ درجہ بندی مالیاتی وعدوں کی بروقت ادائیگی کیلئے انتہائی مضبوط صلاحیت سے پیدا ہونے والے کریڈٹ رسک کی بہت کم توقع کی نشاندہی کرتی ہے۔ کمپنی کو بروکر فیڈ وٹھری ریٹنگ (BFR) میں BFR1 اور بروکر مینجمنٹ ریٹنگ (BMR) میں BMR1 حاصل ہے۔

کمپنی کے نتائج کا خلاصہ درج ذیل ہے:

روپے ملین میں

2024	2025	تفصیلات
518	828	قبل از ٹیکس منافع
455	609	بعد از ٹیکس منافع
16.54	22.15	فی حصص آمدنی (روپے)

حتمی مالیاتی نتائج پُر ڈائریکٹرز کا جائزہ برائے سال ختمہ 31 دسمبر 2025ء

بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 دسمبر 2025ء کو اختتام پذیر ہونے والے سال کیلئے جے ایس بینک لمیٹڈ (دی ”بینک“) اور اس کی ذیلی کمپنیوں کے پڑتا ہل شدہ حتمی مالیاتی نتائج اور آڈیٹرز رپورٹ پیش کرنے میں مسرت محسوس کرتے ہیں۔

حتمی مالیاتی نتائج کا خلاصہ:

پاکستانی روپے ملین میں

2024	2025	
30,679	19,301	قبل از ٹیکس منافع
17,319	11,762	ٹیکس کی ادائیگی
13,360	7,539	بعد از ٹیکس منافع
3,051	1,712	نان کنٹرولنگ انٹریسٹ سے منسوب منافع
10,309	5,827	بینک کے ایجوئیٹ ہولڈرز سے منسوب منافع
5.03	2.84	فی حصص منافع (روپے)
629,466	581,459	سرمایہ کاریاں - خالص
521,272	542,342	ایڈوانسز - خالص
1,359,043	1,415,624	کل اثاثہ جات
1,081,826	1,199,432	ڈپازٹس
76,797	81,124	حصص یافتگان کی ایجوئیٹ

ذیلی کمپنیاں:

بینک اسلامی پاکستان لمیٹڈ:

بینک اسلامی پاکستان لمیٹڈ (بی آئی پی ایل) پاکستان میں ایک مکمل سروس فراہم کنندہ اسلامی بینک ہے۔ یہ اسلامی شریعت کے اصولوں کے مطابق آپریٹ کرتا ہے۔ بطور ایک اسلامی بینک، بینک اسلامی اس بات کو یقینی بنانے پر خاص زور دیتا ہے کہ اس کے آپریشنز اور مالیاتی پروڈکٹس شرعی اصولوں کے مطابق ہوں۔ اگست 2023 میں، جے ایس بینک نے 75.12 فیصد شیئر ہولڈنگ کے ساتھ بی آئی پی ایل کو اپنا ذیلی ادارہ بناتے ہوئے حصص کی اکثریت حاصل کی۔ سال 2025 کے دوران، بینک اسلامی نے بی آئی پی ایل کیپچل کمپنی (پرائیویٹ) لمیٹڈ کے نام سے ایک مکمل ملکیتی ذیلی ایکسچینج کمپنی قائم کی، جس کا مجاز سرمایہ 1.2 بلین پاکستانی روپے ہے۔ اس ذیلی ادارے کا بنیادی کاروبار غیر ملکی زرمبادلہ کی خدمات فراہم کرنا ہوگا۔



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

To the members of JS Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **JS Bank Limited** (the Bank) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flow statement for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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Following is the Key Audit Matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Valuation of Advances (Refer note 9, 14.2 & 20 to the consolidated financial statements) As at 31 December 2025, the Group's Credit loss allowance against advances including mark-up / return / interest / profit accrued and off-balance sheet items are amounting to Rs. 44,032.61 million and Rs. 530.98 million respectively. The Group recognizes estimation of expected credit losses ("ECL") in accordance with the application instruction issued by SBP on advances and off balance sheet exposure. The estimation of ECL on advances including off balance sheet exposure, involves judgement and complexity. The key areas which are subject to management judgement in the estimation of ECL are: - Model estimations – judgmental modelling and assumption are used to estimate ECL which involves determining Probability of Default ("PD"), Loss Given Default ("LGD"), and Exposure at Default ("EAD"). Respective model assumption is a key driver of complexity and uncertainty and are required in the application of these model for calculation of the ECL estimate. - Economic scenarios – IFRS 9 requires the Bank to measure ECL on an unbiased forward-looking basis	Our audit procedures, amongst others, included the following: - Performing risk assessment procedures over the credit loss allowance against advances and off-balance sheet exposure within the Group's consolidated financial statement. As part of these risk assessment procedures, identifying the portfolios associated with a risk of material misstatement including those arising from judgements over the estimation of ECL either due to inputs, methods or assumptions. - Assessing the design, implementation and operating effectiveness of key controls established by the Group over measurement of ECL and provision calculated as per PR; - We involved in-house specialist who assisted in the following: - Evaluating the Group's impairment methodologies for compliance with application instruction issued by SBP for IFRS 9; - Assessing the reasonableness of the Group's methodology and models for determining the economic scenarios used and the probability weightings applied to them by independently validating and challenging the



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S. No.	Key Audit Matter	How the matter was addressed in our audit
	reflecting a range of future economic conditions. Management's judgement is applied in determining the forward-looking economic scenarios used as an input to calculate ECL, the associated scenario probability weightings, and the key economic variables that drive the scenarios. Qualitative criteria – the criteria selected to identify SICR involves judgment and can lead to unreliable ECL recognized for certain portfolios. In line with the applications instructions on IFRS 9, the Group must compare the ECL for Stage 3 advances with the provision determined under the Prudential Regulations (PR) issued by the SBP. The PR requires specific provisioning against the advances on the basis of time-based criteria which should be supplemented by a subjective evaluation of the Bank's credit portfolio. The determination of provision against advances, therefore, involves use of management's judgement, on a case-to-case basis, taking into account factors such as the economic and business conditions, borrowers' repayment behaviors and realizability of collateral held by the Group. Because of the high degree of estimation uncertainty and judgement involved in the calculation of ECL, we considered valuation of advances as a key audit matter.	assumptions, methodologies, and outputs of the models; - Assessing the reasonableness of macro-economic variable and economic forecasts by comparing these to external sourced data extracted; and - Performing independent testing of the Expected Credit Loss (ECL) allowance on a sample basis. - Performing testing on sample basis over key inputs into the ECL calculations with their respective source documents; - Performing sensitivity analysis on the key assumption, that is probability weighted economic scenarios, to assess reasonableness and the risk of biasness by changing weights assigned to each economic scenario; - In accordance with the PR, we sampled at least sixty percent of the total advances portfolio and performed credit review through the following substantive procedures: - verifying repayments of advances/ mark-up installments and checked that non-performing advances have been correctly classified and categorized based on the number of days overdue; - examining watch list accounts and, based on review of the individual facts and circumstances, discussions with management and our assessment of financial conditions of the borrowers, formed a judgement as to whether



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S. No.	Key Audit Matter	How the matter was addressed in our audit
		classification of these accounts as performing was appropriate. - Assessing the accuracy of specific provision made against non-performing advances in accordance with the criteria prescribed under the PR by performing recalculation; • Assessing the appropriateness of SICR criteria applied by the Group by ensuring that the SICR criteria and staging methodology are consistent with the application instructions. • Assessing the higher of Expected Credit Loss (ECL) and provision as per Prudential Regulations (PR) to ensure appropriate recognition for stage 3 loans; and • Evaluating the adequacy of the disclosures, including disclosures of key assumptions, judgements and sensitivities in the consolidated financial statements.

Information other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The Other Information comprises the Review Report by the Chairman and Directors' Report but does not include the unconsolidated financial statements, consolidated financial statements and our auditor's reports thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

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

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

The Board of directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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

Date: 4 March 2026

Karachi

UDIN: AR202510106TIU74EHQV


KPMG Taseer Hadi & Co.
Chartered Accountants



Consolidated Statement of Financial Position

As at December 31, 2025

2025	2024		Note	2025	2024
----- USD in '000 -----	----- USD in '000 -----			----- Rupees in '000 -----	----- Rupees in '000 -----
ASSETS					
401,676	300,412	Cash and balances with treasury banks	5	112,518,691	84,152,368
24,452	18,120	Balances with other banks	6	6,849,702	5,075,835
138,649	15,200	Lendings to financial institutions	7	38,838,746	4,257,928
2,075,725	2,247,106	Investments	8	581,458,618	629,466,174
1,936,084	1,860,869	Advances	9	542,341,772	521,272,420
140,091	100,582	Property and equipment	10	39,242,673	28,175,404
32,017	25,270	Right-of-use assets	11	8,968,662	7,078,577
44,501	43,766	Intangible assets	12	12,465,883	12,259,952
11,983	-	Deferred tax assets	13	3,356,645	-
248,399	240,267	Other assets	14	69,582,312	67,304,470
5,053,577	4,851,592	Total Assets		1,415,623,704	1,359,043,128
LIABILITIES					
63,310	78,178	Bills payable	15	17,734,525	21,899,370
145,440	408,251	Borrowings	16	40,741,188	114,360,666
4,281,802	3,861,967	Deposits and other accounts	17	1,199,431,741	1,081,826,269
35,895	28,006	Lease liabilities	18	10,055,035	7,845,190
41,021	41,027	Subordinated debt	19	11,490,890	11,492,708
-	8,754	Deferred tax liabilities	13	-	2,452,165
196,509	151,256	Other liabilities	20	55,046,690	42,370,206
4,763,977	4,577,439	Total Liabilities		1,334,500,069	1,282,246,574
289,600	274,153	NET ASSETS		81,123,635	76,796,554
REPRESENTED BY					
73,206	73,206	Share capital	21	20,506,625	20,506,625
39,580	34,336	Reserves		11,087,154	9,618,250
19,740	29,039	Surplus on revaluation of assets	22	5,529,752	8,134,496
111,691	93,249	Unappropriated profit		31,287,298	26,121,333
244,217	229,830			68,410,829	64,380,704
45,383	44,323	Non-controlling interest		12,712,806	12,415,850
289,600	274,153			81,123,635	76,796,554
CONTINGENCIES AND COMMITMENTS					
23					

The annexed notes 1 to 50 and annexures I and II form an integral part of these consolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Consolidated Statement of Profit and Loss Account

For the year ended December 31, 2025

2025	2024		Note	2025	2024
----- USD in '000 -----				----- Rupees in '000 -----	
520,656	790,691	Mark-up / return / interest / profit earned	25	145,847,787	221,490,780
295,553	526,512	Mark-up / return / interest / profit expensed	26	82,791,290	147,488,285
225,103	264,179	Net mark-up / interest / profit		63,056,497	74,002,495
NON MARK-UP / INTEREST INCOME					
41,288	31,932	Fee and commission income	27	11,565,719	8,944,939
1,987	1,613	Dividend income		556,713	451,838
11,757	16,528	Foreign exchange income		3,293,477	4,629,745
(320)	-	Income/ (Loss) from shariah compliant alternative of forward foreign exchange contracts		(89,758)	-
2	89	Income / (loss) from derivatives		651	24,937
27,314	5,339	Gain on securities - net	28	7,651,221	1,495,476
-	-	Net gains / (losses) on derecognition of financial assets measured at amortised cost		-	-
1,495	1,462	Share of profit / (loss) of associates		418,902	409,539
2,268	1,031	Other income	29	635,380	288,837
85,791	57,994	Total non mark-up / interest income		24,032,305	16,245,311
310,894	322,173	Total Income		87,088,802	90,247,806
NON MARK-UP / INTEREST EXPENSES					
228,727	183,313	Operating expenses	30	64,071,764	51,350,253
1,574	2,390	Workers' welfare fund	31	440,851	669,542
1,304	481	Other charges	32	365,358	134,606
231,605	186,184	Total non-mark-up / interest expenses		64,877,973	52,154,401
79,289	135,989	Profit before credit loss allowance		22,210,829	38,093,405
10,388	26,468	Credit loss allowance and write offs - net	33	2,909,863	7,414,240
68,901	109,521	Profit before taxation		19,300,966	30,679,165
41,988	61,827	Taxation	34	11,761,738	17,319,093
26,913	47,694	Profit after taxation		7,539,228	13,360,072
Attributable to:					
20,801	36,803	Equity holders of the Bank		5,826,980	10,309,369
6,112	10,891	Non-controlling interest		1,712,248	3,050,703
26,913	47,694			7,539,228	13,360,072
----- US Dollar -----				----- Rupees -----	
0.010	0.018	Earnings per share - basic and diluted	35	2.84	5.03

The annexed notes 1 to 50 and annexures I and II form an integral part of these consolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Director



Consolidated Statement of Comprehensive Income

For the year ended December 31, 2025

2025	2024		2025	2024
----- USD in '000 -----			----- Rupees in '000 -----	
26,913	47,694	Profit after taxation for the year	7,539,228	13,360,072
Other comprehensive income / (loss)				
Items that may be reclassified to profit and loss account in subsequent periods:				
28	(69)	Effect of translation of net investment in foreign branch	7,983	(19,253)
(16,109)	13,428	Movement in surplus on revaluation of debt investments through FVOCI - net of tax	(4,512,476)	3,761,382
(16,081)	13,359		(4,504,493)	3,742,129
Items that will not be reclassified to profit and loss account in subsequent periods:				
(9)	(338)	Remeasurement loss on defined benefit obligations - net of tax	(2,395)	(94,686)
2,789	593	Movement in surplus on revaluation of investments in equity - net of tax	781,369	166,011
5,034	2,457	Movement in surplus on revaluation of property and equipment - net of tax	1,410,268	688,289
(540)	115	Movement in surplus on revaluation of non-banking assets - net of tax	(151,311)	32,129
7,274	2,827		2,037,931	791,743
18,106	63,880	Total comprehensive income	5,072,666	17,893,944
Attributable to:				
14,340	50,259	Equity holders of the Bank	4,017,009	14,078,728
3,766	13,621	Non-controlling interest	1,055,657	3,815,216
18,106	63,880		5,072,666	17,893,944

The annexed notes 1 to 50 and annexures I and II form an integral part of these consolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2025

	Attributable to shareholders of the Bank										Non-controlling interest	Total
	Share capital		Capital Reserves		Statutory reserve	Surplus / (deficit) on revaluation of			Unappropriated profit	Sub-total		
	Issued, subscribed and paid up	Discount on issue of shares	Share premium	Exchange translation reserve		Investments	Property and Equipment	Non-Banking Assets				
	Rupees in '000											
Balance as at December 31, 2023	20,506,625	-	2,689,217	677,028	3,923,792	2,895,613	1,486,280	498,179	17,731,217	50,407,951	9,360,919	59,768,870
Impact of adoption of IFRS 9 - net of tax	-	-	-	-	-	(418,084)	-	-	312,109	(105,975)	(70,557)	(176,532)
Balance as at January 01, 2024 after adoption of IFRS 9	20,506,625	-	2,689,217	677,028	3,923,792	2,477,529	1,486,280	498,179	18,043,326	50,301,976	9,290,362	59,592,338
Profit after taxation	-	-	-	-	-	-	-	-	10,309,369	10,309,369	3,050,703	13,360,072
Other comprehensive income / (loss) - net of tax												
Effect of translation of net investment in foreign branch	-	-	-	(19,253)	-	-	-	-	-	(19,253)	-	(19,253)
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	3,060,570	-	-	-	3,060,570	700,812	3,761,382
Movement in surplus/(deficit) on revaluation of investment in equity instruments - net of tax	-	-	-	-	-	165,259	-	-	-	165,259	752	166,011
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	(84,063)	(84,063)	(10,623)	(94,686)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	619,322	-	-	619,322	68,967	688,289
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	27,524	-	27,524	4,605	32,129
	-	-	-	(19,253)	-	3,225,829	619,322	27,524	(84,063)	3,769,359	764,513	4,533,872
Transfer to statutory reserve	-	-	-	-	2,347,466	-	-	-	(2,347,466)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(193,619)	(1,819)	195,438	-	-	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	-	-	(4,729)	-	-	4,729	-	-	-
Final Cash dividend to NCI by subsidiary company @ Rs. 1 per share	-	-	-	-	-	-	-	-	-	-	(275,891)	(275,891)
First Interim Cash dividend to NCI by subsidiary company @ Rs. 1.5 per share	-	-	-	-	-	-	-	-	-	-	(413,837)	(413,837)
Balance as at December 31, 2024	20,506,625	-	2,689,217	657,775	6,271,258	5,698,629	1,911,983	523,884	26,121,333	64,380,704	12,415,850	76,796,554
Impact of adoption of IFRS 9 - net of tax (note 4.1)	-	-	-	-	-	13,116	-	-	-	13,116	-	13,116
Balance as at January 01, 2025 after adoption of IFRS 9	20,506,625	-	2,689,217	657,775	6,271,258	5,711,745	1,911,983	523,884	26,121,333	64,393,820	12,415,850	76,809,670
Profit after taxation	-	-	-	-	-	-	-	-	5,826,980	5,826,980	1,712,248	7,539,228
Other comprehensive income / (loss) - net of tax												
Effect of translation of net investment in foreign branch	-	-	-	7,983	-	-	-	-	-	7,983	-	7,983
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	(3,325,850)	-	-	-	(3,325,850)	(1,186,626)	(4,512,476)
Movement in surplus/(deficit) on revaluation of investment in equity instruments - net of tax	-	-	-	-	-	593,960	-	-	-	593,960	187,409	781,369
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	5,587	5,587	(7,982)	(2,395)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	1,059,335	-	-	1,059,335	350,933	1,410,268
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	(150,986)	-	(150,986)	(325)	(151,311)
	-	-	-	7,983	-	(2,731,890)	1,059,335	(150,986)	5,587	(1,809,971)	(656,591)	(2,466,562)
Transfer to statutory reserve	-	-	-	-	1,460,921	-	-	-	(1,460,921)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(327,930)	(36,833)	364,763	-	-	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	-	-	(429,556)	-	-	429,556	-	-	-
Final Cash dividend to NCI by subsidiary company @ Rs. 1 per share	-	-	-	-	-	-	-	-	-	-	-	-
First Interim Cash dividend to NCI by subsidiary company @ Rs. 1.5 per share	-	-	-	-	-	-	-	-	-	-	(758,701)	(758,701)
Balance as at December 31, 2025	20,506,625	-	2,689,217	665,758	7,732,179	2,550,299	2,643,388	336,065	31,287,298	68,410,829	12,712,806	81,123,635

The annexed notes 1 to 50 and annexures I and II form an integral part of these consolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Director



Consolidated Cash Flow Statement

For the year ended December 31, 2025

2025	2024		2025	2024
USD in '000			Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES			CASH FLOW FROM OPERATING ACTIVITIES	
68,902	109,520	Profit before taxation	19,300,966	30,679,165
(1,987)	(1,613)	Less: Dividend income	(556,713)	(451,838)
(1,495)	(1,462)	Share of profit / (loss) of associates	(418,902)	(409,539)
65,420	106,445		18,325,351	29,817,788
Adjustments:			Adjustments:	
(230,207)	(264,178)	Net mark-up / interest income	(64,486,258)	(74,002,495)
13,787	10,999	Depreciation on property and equipment	3,862,022	3,080,948
148	135	Depreciation on non-banking assets	41,444	37,939
12,283	9,688	Depreciation on right-of-use assets	3,440,858	2,713,926
3,890	2,867	Amortisation	1,089,552	803,164
10,646	26,468	Credit loss allowance and write offs - net	2,982,127	7,414,240
(526)	(220)	Gain on sale of property and equipment - net	(147,258)	(61,525)
(140)	-	Gain on sale of non-banking asset - net	(39,333)	-
(240)	-	Gain on termination of Islamic financing	(67,155)	-
(542)	(18)	Gain on termination of leases - net	(151,857)	(4,915)
5,104	4,418	Finance charges on leased assets	1,429,761	1,237,692
1,006	1,652	Charge for defined benefit plan	281,762	462,822
(93)	1,324	Unrealised (loss) / gain on revaluation of investments measured at FVPL - net	(26,182)	370,816
1,574	2,390	Provision for workers' welfare fund	440,851	669,542
-	-	Bargain purchase gain on acquisition of subsidiary	-	-
(183,310)	(204,475)		(51,349,666)	(57,277,846)
(117,890)	(98,030)		(33,024,315)	(27,460,058)
(Increase) / decrease in operating assets			(Increase) / decrease in operating assets	
(123,412)	43,722	Lendings to financial institutions	(34,570,674)	12,247,450
14,885	(17,570)	Securities measured at FVPL	4,169,734	(4,921,665)
(83,272)	(367,346)	Advances	(23,326,306)	(102,902,213)
(23,544)	(26,836)	Other assets (excluding advance taxation and markup receivable)	(6,594,339)	(7,517,286)
(215,343)	(368,030)		(60,321,585)	(103,093,714)
Increase / (decrease) in operating liabilities			Increase / (decrease) in operating liabilities	
(14,868)	39,645	Bills payable	(4,164,845)	11,105,472
(264,802)	104,534	Borrowings from financial institutions	(74,177,167)	29,282,478
419,835	264,194	Deposits	117,605,472	74,006,775
64,492	369	Other liabilities (excluding current taxation and markup payable)	18,065,586	103,364
204,657	408,742		57,329,046	114,498,089
(128,576)	(57,318)		(36,016,854)	(16,055,683)
548,104	840,251	Interest received	153,536,702	235,373,654
(310,070)	(531,685)	Interest paid	(86,857,909)	(148,937,271)
(71,155)	(80,959)	Income tax paid	(19,932,045)	(22,678,524)
38,303	170,289		10,729,894	47,702,176
Net cash flow generated from operating activities			Net cash flow generated from operating activities	
CASH FLOW FROM INVESTING ACTIVITIES			CASH FLOW FROM INVESTING ACTIVITIES	
313,273	(68,704)	Net investments in securities classified at amortised cost	87,754,896	(19,245,629)
(186,068)	(46,023)	Net investments in securities classified at FVOCI	(52,122,053)	(12,892,096)
3,953	(3,432)	Net investments in associates	1,107,204	(961,433)
1,987	1,621	Dividend received	556,713	454,208
(44,416)	(22,482)	Acquisition of property and equipment	(12,441,866)	(6,297,867)
28	(69)	Effect of translation of net investment in foreign branch	7,983	(19,253)
2,118	649	Proceeds from sale of property and equipment	593,303	181,705
1,316	-	Proceeds from sale of non-banking assets	368,717	-
240	-	Proceeds from termination of Islamic Financing	67,155	-
-	-	Investment in subsidiary net of cash acquired	-	-
(4,636)	(10,788)	Acquisition of intangible assets	(1,298,775)	(3,022,031)
87,795	(149,228)		24,593,277	(41,802,396)
Net cash flow generated from / (used in) investing activities			Net cash flow generated from / (used in) investing activities	
CASH FLOWS FROM FINANCING ACTIVITIES			CASH FLOWS FROM FINANCING ACTIVITIES	
-	535	Receipt of subordinated debt	-	150,000
(6)	(7)	Payments of subordinated debt	(1,818)	(1,963)
(15,704)	(14,363)	Payments of lease obligations against right-of-use assets	(4,399,116)	(4,023,523)
(2,708)	(2,462)	Dividend paid to NCI	(758,701)	(689,728)
(18,418)	(16,297)		(5,159,635)	(4,565,214)
Net cash flow used in financing activities			Net cash flow used in financing activities	
107,680	4,764		30,163,536	1,334,566
315,110	310,346		88,269,697	86,935,131
422,790	315,110		118,433,233	88,269,697
Increase in cash and cash equivalents			Increase in cash and cash equivalents	
Cash and cash equivalents at beginning of the year			Cash and cash equivalents at beginning of the year	
Cash and cash equivalents at end of the year			Cash and cash equivalents at end of the year	

The annexed notes 1 to 50 and annexures I and II form an integral part of these consolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

1. STATUS AND NATURE OF BUSINESS

1.1 The Group consists of:

Holding Company: JS Bank Limited

JS Bank Limited (the Bank) is a banking company incorporated in Pakistan as a public limited company on March 15, 2006. The Bank is a subsidiary company of Jahangir Siddiqui & Co. Ltd. (JSCL), and its shares are listed on Pakistan Stock Exchange Limited (PSX). The Bank commenced its banking operations on December 30, 2006 and its registered office is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi.

The Bank is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962 and is operating through 317 (2024: 314) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (2024: 1). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to "AA" (Double A) whereas short-term rating is maintained at "A1+" (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely repayment of financial commitments.

Jahangir Siddiqui Investment Bank Limited (JSIBL), formerly Citicorp Investment Bank Limited, was acquired by Jahangir Siddiqui & Co. Ltd. (JSCL) on February 01, 1999. JSIBL's holding company JSCL, entered into a Framework Agreement with American Express Bank Limited, New York (AMEX) on November 10, 2005 for acquisition of its American Express Bank Limited - Pakistan Branches, (AEBL). Consequently, a new banking company, JS Bank Limited (JSBL) was incorporated on March 15, 2006 and a restricted Banking License was issued by the State Bank of Pakistan (SBP) on May 23, 2006.

A Transfer Agreement was executed on June 24, 2006 between JSIBL and JSBL for transfer of the entire business and undertakings of JSIBL to JSBL and a separate Transfer Agreement was also executed on June 24, 2006, between AMEX and JSBL for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL business). The shareholders of JSIBL and JSBL, in their respective extra-ordinary general meetings held on July 31, 2006, approved a Scheme of Amalgamation (the Scheme) under Section 48 of the Banking Companies Ordinance, 1962. The Scheme was initially approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SC/NBFC(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by the SBP vide its order dated December 02, 2006 and, in accordance therewith, the effective date of amalgamation was fixed at December 30, 2006.

The ultimate parent of the Group is Jahangir Siddiqui & Co. Ltd. which holds 71.21% (2024: 71.21%) shares of the Bank.

1.2 Composition of the Group

Subsidiaries

	Effective Holding	
	2025	2024
JS Global Capital Limited	92.90%	92.90%
JS Investments Limited	84.73%	84.73%
BankIslami Pakistan Limited	75.12%	75.12%
My Solutions Corporation Limited (Sub-subsidiary)	75.12%	75.12%
BIPL Exchange Company Private Limited (Sub-subsidiary)	75.12%	-

1.3 Composition of the Associated Companies

Associates of the Bank

Omar Jibran Engineering Industries Limited	9.60%	9.60%
Veda Transit Solutions (Private) Limited	3.92%	3.92%
Intercity Touring Company (Private) Limited	9.12%	9.12%



Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

1.3.1 In addition to the above, funds managed by JS Investments Limited (JSIL) are also treated as associates of the group by virtue of the controlling interest of the Bank in JSIL. The names and holding percentages are disclosed in note no. 1.4.2 and 8.8.1 respectively of these consolidated financial statements.

1.3.2 At the time of the acquisition, there were investments in associates recorded in BIPL's books. However, since these investments were fully provided for as of the acquisition date, they are not included in this note.

1.4 Subsidiary Companies

1.4.1 JS Global Capital Limited (JSGCL)

JSGCL is principally owned by the Bank, holding 92.9% of its equity interest. JSGCL is a subsidiary of the Bank, which holds 92.9% of its equity interest as at December 31, 2025. JSGCL is a public listed company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). It's shares are listed on Pakistan Stock Exchange (PSX). JSGCL is also a corporate member of PSX and member of Pakistan Mercantile Exchange. The principal business of JSGCL includes share brokerage, money market, foreign exchange and commodity brokerage as well as advisory and consultancy services. Other activities comprise investment in a mix of listed and unlisted equity and debt securities and reverse repurchase transactions. The registered office of JSGCL is located at 17th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi, Pakistan. JSGCL operates with eleven branches (2024: eleven) across seven cities in Pakistan.

1.4.2 JS Investments Limited (JSIL)

JSIL is a subsidiary of the Bank, which holds 84.73% of its equity interest as at December 31, 2025. JSIL is a public listed company incorporated in Pakistan on February 22, 1995 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are listed on the Pakistan Stock Exchange (PSX). The registered office of JSIL is located at The Centre, 19th Floor, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi.

JSIL holds licenses as an "Investment Advisor" and an "Asset Management Company" (AMC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In addition, JSIL is registered to act as Pension Fund Manager under the Voluntary Pension System Rules, 2005.

JSIL is an asset management company, pension fund and private equity and venture capital manager for the following funds for the year ended December 31, 2025.

Collective Investment Scheme

- JS Growth Fund
- Unit Trust of Pakistan
- JS Income Fund
- JS Islamic Fund
- JS Fund of Funds
- JS Islamic Sarmaya Mehfooz Fund
- JS Islamic Premium Fund
- JS Islamic Income Fund
- JS Cash Fund
- JS Large Cap. Fund
- JS Money Market Fund
- JS Fixed Term Munafa Fund
- JS Fixed Term Munafa Fund - II
- JS Islamic Money Market Fund
(Formerly: JS Islamic Daily Dividend Fund)
- JS Momentum Factor Exchange Traded Fund
- JS Microfinance Sector Fund
- JS Government Securities Fund

Closed-end mutual funds:

- JS Rental REIT Fund
- JS Hotel REIT Fund

Private Equity and Venture Capital fund:

- JS Motion Picture Fund

Pension funds:

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund
- JS KPK Pension Fund
- JS KPK Islamic Pension Fund
- JS Punjab Pension Fund
- JS Punjab Islamic Pension Fund

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

1.4.3 BankIslami Pakistan Limited (BIPL)

1.4.3.1 Business Combination of BIPL

BIPL is a subsidiary of the Bank, which holds 75.12% for its equity interest as at December 31, 2025. BIPL is a public limited company to carry out the business of an Islamic Commercial Bank in accordance with the principles of Islamic Shariah. Its shares are listed on the Pakistan Stock Exchange (PSX). The registered office of the Bank is situated at 11th Floor, Executive Tower Dolmen City, Marine Drive, Block-4, Clifton, Karachi. The Bank is operating through 569 branches including 60 sub-branches as at December 31, 2025 (December 31, 2024: 540 branches including 60 sub-branches).

1.5 Associated Companies

Omar Jibran Engineering Industries Limited (OJEIL)

The Bank has invested in the shares of OJEIL, a public unlisted company. The Bank has classified the investment as an associate on account of its significant influence over the investee company. OJEIL was incorporated on June 25, 1987 in Pakistan as an unquoted public limited company under the repealed Companies Ordinance, 1984. The registered office of OJEIL is situated at DSU-10, Pakistan Steel Industries Estate Bin Qasim, Karachi. OJEIL is mainly engaged in manufacturing and sale of automotive parts and armouring of vehicles.

Veda Transit Solutions (Private) Limited (VEDA)

The Bank has invested in the shares of VEDA, a private limited company. The Bank has classified the investment as an associate on account of its significant influence over the investee company. VEDA was incorporated on June 10, 2016 in Pakistan as private limited company under the repealed Companies Ordinance, 1984. The registered office of VEDA is situated at Raaziq Logistics Centre 16 KM, Multan Road, Near Dina Nath Stop, Lahore. VEDA is mainly engaged in the rural / urban, intracity / intercity transportation of passenger and goods.

Intercity Touring Company (Private) Limited (ITC)

The Bank has invested in the shares of ITC, a private limited company. The Bank has classified the investment as an associate on account of its significant influence over the investee company. ITC was incorporated on April 25, 2014 in Pakistan as private limited company under the repealed Companies Ordinance, 1984. The registered office of ITC is situated at 147-P Gulberg III, Lahore. ITC is mainly engaged in the transportation, touring and logistics related services.

Funds managed by JS Investments Limited (JSIL)

In addition to the above, funds managed by JSIL as mentioned in note 1.4.2 are classified as associates of the Group by virtue of the subsidiary status of JSIL. Significant judgement pertaining to associates are disclosed in note 4.5 to these consolidated financial statements.

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02, dated February 09, 2023 with further addition made vide BPRD Circular Letter No. 13 of 2024, dated July 01, 2024 and accounting and financial reporting standards as applicable in Pakistan.

These consolidated financial statements include financial statements of JS Bank Limited and its subsidiary companies, (the Group) and share of the profit / reserves of associates.

These consolidated financial statements have been presented in Pakistani Rupees (PKR), which is the currency of the primary economic environment in which the Group operates and functional currency of the Group. The amounts are rounded off to the nearest thousand rupees except as stated otherwise.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

The US Dollar amounts shown on the consolidated statement of financial position, consolidated statement of profit and loss account, consolidated statement of comprehensive income and consolidated cash flow statement are stated as additional information solely for the convenience of readers and have not been subject to audit by the external auditors. For the purpose of conversion to US Dollars, the rate of Rs. 280.12 to 1 US Dollar has been used for 2025 and 2024 as it was the prevalent rate as on December 31, 2025.

There is no significant doubt on the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

2.1 Statement of Compliance

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

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of, directives and notifications issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;

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

The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies vide BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks vide its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

International Financial Reporting Standard (IFRS) 10, 'Consolidated Financial Statements' was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed through S.R.O56(I)/2016 dated January 28, 2016, that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS 10 is not applicable in case of investment by companies in mutual funds established under trust structure.

The Group has received deferment of recording income and expense at EIR via letter from SBP till December 31, 2025. Consequently, these deferred requirements of IFRS 9 have not been considered in the preparation of these annual consolidated financial statements. Nevertheless, the Group has performed a preliminary assessment of the potential impact of adoption of these deferred requirement based on its consolidated statement of financial position as at December 31, 2025. The impact of changes in accounting policy on adoption of EIR is disclosed in note 4.1.1 to these consolidated financial statements:

SBP through BPRD Circular Letter No. 01 of 2025 dated January 22, 2025 has clarified the followings:

- Islamic Banking Institutions (IBIs) are allowed to follow Islamic Financial Accounting Standards (IFAS) 1 and 2 where applicable and continue the existing accounting methodology on other Islamic products until issuance of further instruction in this regard.
- The treatment of charity should be in line with the existing practices as defined in SBP instructions issued via IBD Circular No. 02 dated March 25, 2008 and should not be recognised as income.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

2.2 Basis of Consolidation

2.2.1 Subsidiary

- The consolidated financial statements include the unconsolidated financial statements of the Bank and its subsidiary companies together - the Group.
- Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its investment with investee and has the ability to effect those return through its power over the investee except investment in mutual funds established under trust structure where IFRS 10 is not applicable in case of investment by companies in mutual funds established under Trust structure.
- These consolidated financial statements incorporate the financial statements of subsidiaries from the date that control commences until the date that control ceases.
- The unconsolidated financial statements of the subsidiary companies are prepared for the same reporting year as the Bank for the purpose of consolidation, using consistent accounting policies.
- The assets, liabilities, incomes and expenses of subsidiary companies have been consolidated on a line by line basis.
- Non-controlling interests are that part of the net results of operations and of net assets of subsidiaries attributable to interest which are not owned by the Group.
- Material intra-group balances and transactions are eliminated.

2.2.2 Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method as disclosed in note 4.5.

2.2.3 Acquisition Accounting

Acquisitions of businesses not under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in consolidated statement of profit and loss account as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Goodwill on acquisition is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the consolidated statement of profit and loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the Group's net assets in the event of liquidation is measured at proportionate share of net assets of the acquiree at the date of the acquisition.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

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

There are certain other amendments to existing accounting and reporting standards that have become applicable to the Group for accounting periods beginning on or after January 01, 2025. These are either considered to not be relevant or do not have any significant impact and accordingly have not been detailed in these consolidated financial statements.

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

Standards, interpretations and Amendments	Effective date (annual periods beginning on or after)
Amendments to Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	January 01, 2026
Annual improvement to IFRS Accounting Standards - Volume 11	January 01, 2026
IFRS S1 - General Requirements for Disclosure of Sustainability - related Financial Information	January 01, 2026
IFRS S2 - Climate - related disclosure	January 01, 2026
IFRS 18 – Presentation and disclosure in financial statements	January 01, 2027
Standard	IASB effective date (accounting periods beginning on or after)

IFRS 1 – First-time Adoption of International Financial Reporting Standards	January 01, 2004

The above standards are either not applicable to the Group or are not expected to have any material impact on the Group's financial statements. However, SECP vide S.R.O 742 (I)/2025 (dated 16 April 2025) notified that International Financial Reporting Standard (IFRS 7 - 'Financial Instruments: Disclosures' shall be followed by Banks, for the purpose of financial statements, from the annual reporting periods beginning on or after 01 January 2026 (earlier application is permitted).

2.5 Critical accounting estimates and judgements

The preparation of these consolidated financial statements in conformity with 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. It also requires management to exercise judgment in the application of its accounting policies. The estimates and 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.

- i) Valuation and impairment of financial instruments (notes 4.2.1.11, 8, 9, 42, and 47.1.9).
- ii) Classification of investment in associates (notes 4.5).
- iii) Valuation and depreciation of property and equipment (notes 4.8, and 10).
- vi) determination of lease term and the discount rate for recognition of lease liabilities and depreciation on related right-of-use assets (notes 4.9, 11, and 18).
- v) Valuation and amortisation of intangible assets including impairment of goodwill (notes 4.10, 4.23, and 12).
- vi) Valuation of non-banking assets acquired in satisfaction of claims (notes 4.11, and 14.1).
- vii) Defined benefit plans (notes 4.17.2, and 38).
- viii) Taxation (notes 4.15, 20, and 34).
- ix) Fair value of derivatives (notes 24).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

3. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except for:

- Certain classes of property and equipment and non-banking assets acquired in satisfaction of claims which are stated at revalued amounts less accumulated depreciation.
- Investments classified under Fair Value through Profit or Loss (FVPL) and Fair Value through Other Comprehensive Income (FVOCI) and derivative financial instruments, which are measured at fair value.
- Certain concessional rate advances and related borrowings (Staff Loans and Financing / Borrowing under SBP TERF Schemes).
- Net obligations in respect of defined benefit schemes which are carried at their present values.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, except as disclosed in note 4.1 below:

4.1 Changes in Accounting Policies

4.1.1 Impact of IFRS 9 - Financial Instruments

The Group has adopted IFRS 9 Financial Instruments with effect from January 1, 2024, applying the modified retrospective approach as permitted under the accounting and reporting standards as applicable in Pakistan. However, as per SBP vide BPRD Circular Letter No. 16 of 2024 has allowed banks to continue measuring unquoted equity securities at the lower of cost or break-up value up to December 31, 2024. Therefore, the Group was required to measure unquoted equity securities at fair value, as required under the IFRS 9 application instructions, with effect from January 1, 2025.

The Group has recognised the cumulative effect of initial application directly in opening retained earnings at the transition date which are as follows:

Description	Balance as at December 31, 2024 (Audited)	Impact of Adoption of IFRS 09	Balances as of January 01, 2025	Remeasurement during the year	Balance as at December 31, 2025
Equity securities - FVOCI	16,965	27,325	44,290	11,496	55,786
Related deferred tax	-	14,209	14,209	5,978	20,187
Related surplus on revaluation on investment	-	13,116	13,116	5,518	18,634

4.1.2 Mark-up / Profit / return earned and Mark-up / Profit / return expensed

The State Bank of Pakistan (SBP) has adopted requirements of IFRS 9, along with the application instructions through BPRD Circular No. 07 of 2023, dated April 13, 2023, but deferred certain requirements. Islamic banking institutions have been allowed to follow Islamic Financial Accounting Standards (IFAS) 1 and 2 where applicable and continue existing accounting practices for other Islamic products until further instructions. The impact of profit on financing in advance stages Rs. 286.924 million (net of tax) excluding any Effective profit rate (EPR) effect.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Mark-up / profit / return earned and Mark-up / profit / return expensed are recognised in consolidated statement of profit or loss account under the effective yield method (EIR). The 'effective yield rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

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

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

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

The Group is in the process of determining the impact of EIR method on its financial instruments and consequently, no quantitative disclosures were presented in these consolidated financial statements.

4.2 Financial Assets and Financial Liabilities

4.2.1 Classification and measurement

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

4.2.1.1 Recognition and initial measurement

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

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial asset on initial recognition is generally its transaction price. If the Group determines that the fair value on initial recognition differs from the transaction price, the financial instrument is initially measured at fair value. Where fair value is evidenced by a quoted price in an active market or based solely on observable market data, the difference is recognized immediately in consolidated statement of profit and loss account. Where fair value is not based solely on observable market data, the difference is deferred and recognized in consolidated statement of profit and loss account over the life of the instrument, or when the valuation becomes supported by observable market data, or upon derecognition. Advances other than staff loans and Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations are initially measured at transaction price i.e., the amount of loan disbursed at disbursement date.

Staff loans, Temporary Economic Refinance Facility (TERF) loans and advances pertaining to overseas operations are recognized at fair value at the time of disbursement. The fair value is determined by discounting the expected future cash flows using the prevailing market rates for instruments. For staff loans, the difference between the disbursed amount and the fair value at initial recognition is recorded as a prepayment.

4.2.1.2 Classification

(a) Financial Assets

On initial recognition, a financial asset other than advances except for staff loans and Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations is classified as measured at amortised cost, FVOCI or FVPL.

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A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVPL:

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

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

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

Advances are carried at cost, net of expected credit loss allowances, excluding staff loans, Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations, which are measured at amortised cost.

(b) Financial Liabilities

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

Derivatives embedded in contracts where the host is a financial asset in scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

4.2.1.3 Business model assessment

A financial asset is classified as either held-to-collect, held-to-collect and sale and others based on Business Model Assessment. the Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The assessment requires judgement based on facts and circumstances on the date of assessment. The information considered mainly includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual markup revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

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- how managers of the business are compensated (e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

Transfer of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group continuing recognition of the financial assets.

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

4.2.1.4 Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

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

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

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

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and markup on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

The Group holds a portfolio of long-term fixed-rate loan for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the financing at par without penalty. The Group has determined that the contractual cash flows of these loan are SPPI because the option varies the interest rate in a way that is in consideration for the time value of money, credit risk, other basic financing risks and costs associated with the principal amount outstanding.

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4.2.1.5 Subsequent measurement

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

Financial assets at FVPL	These assets are subsequently measured at fair value. Net gains and losses, including any markup or dividend income, are recognised in the consolidated statement of profit and loss account.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method in case of investments, lendings to financial institutions, cash and balances with treasury banks, balances with other banks, Temporary Economic Refinance Facility (TERF), staff loans, and advances pertaining to overseas operations and other financial assets. The amortised cost is reduced by impairment losses. Markup, foreign exchange gains and losses and impairment are recognised in consolidated statement of profit and loss account.
Debt investments at FVOCI	These assets are subsequently measured at fair value and is assessed for impairment under the ECL model. Markup income is calculated using the effective interest method and includes amortisation of premiums and accretion of discount, foreign exchange gains and losses and impairment are recognised in the consolidated statement of profit and loss account. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to consolidated statement of profit and loss account.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the consolidated statement of profit and loss account unless the dividend clearly represents a recovery of part of the cost of the investment, in which case they are adjusted from the carrying value of investment. Other net gains and losses are recognised in OCI and are never reclassified to consolidated statement profit and loss account.
Advances at cost	Advances are carried at cost, net of expected credit loss allowances, excluding staff loans, Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations, which are measured at amortised cost, net of expected credit loss allowances.

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4.2.1.6 Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

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

4.2.1.7 Calculation of markup income and expense

Income from performing advances of the domestic operations is recognised on accrual basis as per the terms of the contract. However, where debt securities, classified as investments in the financial statements, are purchased at premium or discount, such premium / discount including the transaction cost is amortised through the consolidated statement of profit and loss account over the remaining maturity of the debt security using the effective interest rate method. The interest income on staff loans and Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations is recognised in line with the EIR, while any expected credit losses are assessed and accounted for in accordance with the requirements of IFRS 9. Income from advances except for staff loans and TERF are recognised in consolidated statement of profit and loss account using contractual rate. Similarly, under the local regulatory requirement, income recoverable on classified domestic advances and investments (debt securities), is recognised on a receipt basis.

Income on rescheduled / restructured advances and investments is recognised as permitted by SBP regulations.

In case of overseas operations, income on the financial assets is recognised under the effective interest method or as prescribed by the regulatory authorities of the countries in which the Group operates.

Income / mark-up / profit accrued on financial assets are classified under "Other Assets and mark-up / return / interest payable on financial assets are classified under 'Other Liabilities', wherever applicable, in accordance with the format prescribed by SBP.

4.2.1.8 Derecognition

The Group derecognises a financial asset when:

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

On derecognition of a financial asset in its entirety, the difference between:

- the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised); and the consideration received (including any new asset obtained less any new liability assumed) and any
- cumulative gain or loss that had been recognised in OCI shall be recognised in consolidated statement of profit or loss account.

Any cumulative gain / loss recognised in OCI in respect of equity investment securities designated at FVOCI is not recognised in the consolidated statement of profit and loss account on derecognition of such securities. Any markup on transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

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The Group enters into transactions whereby it transfers assets recognised on its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured loan transaction similar to sale-and-repurchase transactions, because the Group retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the assets, the Group continues to recognise the assets to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred assets.

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

4.2.1.9 Modification

Financial Assets

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to its customers. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in consolidated statement of profit and loss account as part of the gain or loss on derecognition.

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

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

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognise the resulting adjustment as a modification gain or loss in the consolidated statement of profit and loss account. Any costs or fees incurred, and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

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

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4.2.1.10 Reclassification

Financial liabilities are not reclassified subsequent to initial recognition. Reclassifications of financial assets are made when, and only when, the business model for those assets changes. Such changes are expected to be infrequent and arise as a result of significant external or internal changes such as the termination of a line of business or the purchase of a subsidiary whose business model is to realise the value of pre-existing held for trading financial assets through a hold to collect model.

Financial assets are reclassified at their fair value on the date of reclassification and previously recognised gains and losses are not restated. Moreover, reclassifications of financial assets between financial assets held at amortised cost and financial assets held at FVOCI do not affect effective interest rate or expected credit loss computations.

Reclassified from fair value through other comprehensive income

Where debt securities held at FVOCI are reclassified to financial assets held at FVPL, the cumulative gain or loss previously recognised in comprehensive income is transferred to the consolidated statement of profit and loss account.

For debt securities held at FVOCI that are reclassified to financial assets held at amortised cost, the cumulative gain or loss previously recognised in comprehensive income is adjusted against the fair value of the financial asset such that the financial asset is recorded at a value as if it had always been held at amortised cost. In addition, the related cumulative expected credit losses held within comprehensive income are reversed against the gross carrying value of the reclassified assets at the date of reclassification.

4.2.1.11 Impairment

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

(a) Measurement of ECL

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

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

(b) Restructured financial assets

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

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- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

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

(c) Non-Performing financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

Under the IFRS 9 Application instructions, the Group is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency. The Group is required to calculate ECL on its non-performing financial assets as higher of provision under Prudential Regulations (PR) and ECL under IFRS 9. Further, the Groups are advised to recognize income on impaired assets (loans classified under PRs i.e., OAEM and Stage 3 loans) on a receipt basis in accordance with the requirements of Prudential Regulations issued by SBP.

The Group calculates the ECL against corporate, commercial and SME loan portfolios as higher of PR and ECL under IFRS 9 at borrower / facility level, whereas against the retail borrowers the Group will calculate ECL at higher of PR and ECL under IFRS 9 at segment / product basis as instructed under Annexure-A of BPRD Circular No. 16 dated July 29, 2024.

The Group performed ECL assessment considering the following key elements:

(a) Probability of default (PD)

The probability that a counterparty will default over the next 12 months from the reporting date (12 month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2). PD is estimated using internal rating classes and are based on the Group's internal risk rating. The Group has used Transition Matrix approach for estimation of PD for each internal rating. PD are then adjusted with forward looking information for calculation of ECL.



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(b) Exposure at default (EAD)

The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant. The Group estimates EAD for financial assets carried at an amortised cost equal to principal plus accrued interest. Each repayment date is assumed to be default point in the model and the ECL is calculated on EAD at each reporting date and discounted at the effective interest rate. Further, cash and cash equivalent collaterals the Group holds against the facilities are adjusted from the LGD.

(c) Loss given default (LGD)

An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Group expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.

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

Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- For advances measured at cost: as a deduction from the gross carrying amount of the advances.
- Loan commitments and financial guarantee contracts: as a provision in other liabilities.
- Where a financial instrument includes both a drawn and an undrawn component, and the Group does not identify the ECL on the loan commitment component separately from those on the drawn component and instead presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- Debt instruments measured at FVOCI: no loss allowance is recognised in the consolidated statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is recognized in consolidated statement of profit and loss account and presented in OCI without reducing the carrying amount of the asset.

4.2.1.12 Significant increase in credit risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. the Group used several qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or interest payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

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

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IFRS 9 includes a rebuttable presumption that a default does not occur later than 90 days past due and it also presumes that there is SICR if credit exposure is more than 30 days past due. In order to bring consistency, SBP has allowed the backstop to the rebuttable presumption of days past due of credit portfolio against a specific credit facility and its stage allocation under IFRS 9 as mentioned in Annexure-C of BPRD Circular No. 03 dated July 05, 2022. However, banks are free to choose more stringent days past due criteria. The Group aligns its policy with Annexure-C of BPRD Circular No. 3 of 2022; hence, SICR is considered if credit exposure exceeds 60 days past due.

4.2.1.13 Write-offs

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

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

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

4.2.1.14 Offsetting

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

4.2.1.15 Undrawn loan commitments and guarantees

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

Financial guarantees issued or commitments to provide a loan at a below-market profit rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

When estimating lifetime ECL for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the loans are drawn down, based on a probability-weighting of the three scenarios.

4.2.1.16 Governance, ownership and responsibilities

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

The Group's Credit Division performs credit risk assessment, monitors Significant Increase in Credit Risk of the borrowers, reviews Credit Ratings and obligor attributes.

The IT Division extracts the data required for ECL calculations. IT Division also provide support for system development and upgrades.

The Group's Finance Division takes ownership of ECL models and methodologies used in calculation of ECL. Finance Division assesses the financial impact, meet the financial reporting requirements and presents quarterly results to Board of Directors (BOD) / its Board Sub Committee.



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The Risk Management Division calculates impact of ECL on bank's capital adequacy, leverage ratio and Liquidity requirements.

As per the Group's policy, the Group's Internal Audit function carries out periodic review of IFRS 9 methodology and impacts calculated by the Management.

4.3 Cash and cash equivalents

Cash and cash equivalents represent cash and balances with treasury banks and balances with other banks net of any overdrawn nostro accounts.

4.4 Lendings to / borrowings from financial institutions

The Group enters into transactions of lendings to / borrowings from financial institutions at contracted rates for a specified period of time. These are recorded as under:

(a) Sale under repurchase obligation

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the consolidated statement of financial position and are measured in accordance with accounting policies for investments. Amounts received under these agreements are recorded as repurchase agreement borrowings. The difference between sale and repurchase price is amortised as expense over the term of the repo agreement. These are initially recognised at amount of funds received and subsequently reported as payable under the contractual terms.

(b) Purchase under resale obligation

Securities purchased with a corresponding commitment to resale at a specified future date (reverse repos) are not recognised as investments in the consolidated statement of financial position. Amounts paid under these arrangements are included in repurchase agreement lendings. The difference between purchase and resale price is accrued as income over the term of the reverse repo agreement. These are initially recognised at amount of funds disbursed and subsequently reported as receivable under the contractual terms.

(c) Other lendings

Other lendings include term lendings and unsecured lendings to financial institutions. These are stated net of Credit Loss allowance. Mark-up on such lendings is charged to the consolidated statement of profit and loss account over the period of lending except mark-up on impaired / delinquent lendings, which are recognized on receipt basis in accordance with the requirements of the Prudential Regulations of the SBP.

(d) Other borrowings

Other borrowings include borrowings from the SBP and unsecured call borrowings which are recorded at the proceeds received. Mark-up paid on such borrowings is charged to the consolidated statement of profit and loss account over the period of borrowings.

4.4.1 Due to / from financial and other institutions

4.4.1.1 Bai Muajjal

In Bai Muajjal transactions, the Group sells sukuk on deferred payment basis to financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the credit period.

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4.4.1.2 Musharakah

In Musharakah, the Group invests / accepts in the Shariah compliant business pools of / from the financial institutions as per the Shariah principles of profit and loss sharing.

4.4.1.3 Musharakah from State Bank of Pakistan under Islamic Export Refinance Scheme (IERS)

Under IERS, the Group accepts funds from the SBP under Shirkat-ul-Aqd to constitute a pool for investment in export refinance portfolio of the Group under the Shariah guidelines issued by the SBP. The profit of the pool is shared as per the agreed PSR between the partners.

4.4.1.4 Acceptances from State Bank of Pakistan for financial assistance

The Group has recorded Acceptances from State Bank of Pakistan for financial assistance at its fair value which is amortised over its agreed term.

4.4.1.5 Commodity Murabahah

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

4.4.1.6 Wakalah

In Wakalah, the Group accepts / places funds from / with financial institutions by entering into Investment Agency for the funds to be invested in profitable avenues as Wakeel / on behalf of the Muwakkil.

4.5 Investments

Associates

Associates are entities over which the Group has significant influence but not control. This influence is assessed based on the Group's potential voting rights that are currently exercisable in the entity that allow the Group to participate in but not control decision-making. Investment in associates are accounted for using the equity method of accounting.

Under the equity method, the investment in associates are initially recognised at cost and the carrying amount of investment is increased or decreased to recognise the investor's share of the post acquisition profits or losses, share of other comprehensive income or loss and share of the post acquisition movement in other reserves. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. However, in case where associates are considered as fully impaired and financial statements are not available these investments are stated at cost less provision.

In addition to above, certain mutual funds are managed by JS Investments Limited (JSIL), the subsidiary company of the Group. As stipulated under Regulation 38 of Non-Banking Finance Regulation, 2008, the Asset Management Company (AMC) is entrusted with fiduciary duties towards the unit holders of the funds. This fiduciary obligation requires AMC to act in the best interests of its unit holders, refraining from exploiting opportunities for its own benefit or that of its related parties, group companies, or employees, to the detriment of the unit holders. Therefore, the Group has significant influence over such mutual funds due to participation in the investee's policy-making processes via the JSIL and investment in such mutual funds is considered as investment in associates even if the holding is less than 20%.

These mutual funds are not considered subsidiary due to the legal trust structure of the entity, the Group does not have the ability to affect returns through its power over the investee. Further, under this trust structure, the trusteeship is separate from the management, and the independent trustees play a key role in overseeing the activities of the AMC.

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4.6 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using valuation techniques. In case of equity Shariah compliant futures, the fair value is calculated with reference to quoted market price. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to consolidated statement of profit and loss account.

4.7 Advances

4.7.1 Loan and advances

These are stated at cost less expected credit loss allowances except for staff loans, Temporary Economic Refinance Facility (TERF), and advances pertaining to overseas operations which are stated at amortised cost less credit loss allowances.

4.7.2 Finance lease

Leases, where the Group transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognised at an amount equal to the present value of the lease payment including any guaranteed residual value, if any. Net investment in finance lease is included in loans and advances to customers.

4.7.3 Islamic financing, related assets and advances

Islamic financing and related assets are financial products originated by the Group and principally comprise of Murabahah, Istisna, Ijarah, Salam, Muswammah, Diminishing Musharakah, Running Musharakah (Shirkat-ul-Aqd) and other Islamic modes of financing and the related assets.

As a general rule, funds disbursed under financing arrangements for purchase of goods / assets are recorded as advance. On culmination, financings are recorded at the deferred sale price net of profit. Goods purchased that remain unsold at the consolidated statement of financial position reporting date are recorded as inventories.

4.7.4 Ijarah Financing {Ijarah contracts where the Bank acts as Mujir (lessor)}

Ijarah financing executed on or before December 31, 2008 have been accounted for under finance method, thereafter all Ijarah financing are accounted for under IFAS-2.

- Under finance method, the present value of minimum Ijarah payments have been recognised and shown under Islamic financing and related assets. The unearned income (the excess of aggregate Ijarah rentals over the cost of the asset and documentation charges under Ijarah facility) is deferred and then amortised over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah. Gains / losses on termination of Ijarah contracts are recognised as income on a receipt basis. Income on Ijarah is recognised from the date of delivery of the respective assets to the Mustajir (lessee).
- Under IFAS-2 method, assets underlying Ijarah financing have been carried at cost less accumulated depreciation and impairment, if any, and are shown under Islamic financing and related assets. Rentals accrued from Ijarah financing net of depreciation charge are recognised in the consolidated statement of profit and loss account. Depreciation on Ijarah assets is charged by applying the straight line method over the Ijarah period which is from the date of delivery of respective assets to Mustajir up to the date of maturity / termination of Ijarah agreement.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

4.7.5 Murabahah

Murabahah is a sale transaction with the purchase ordered wherein the first party sells to the client / customer Shariah compliant assets / goods for cost plus a pre-agreed profit after getting title and possession of the same. In principle, on the basis of an undertaking (Promise-to-Purchase) from the client (the purchase ordered), the Group purchases the assets / goods subject of the Murabahah from a third party and takes the possession thereof. However, the Group can appoint the client as its agent to purchase and take possession of the assets / goods on its behalf. Thereafter, it sells it to the client at cost plus the profit agreed upon in the promise.

4.7.6 Istisna

Istisna is a contract where the buyer orders the client (seller / manufacturer) to manufacture and deliver specified goods at an agreed contract price upon completion. Istisna is used with Wakalah agreement to provide financing mainly to manufacturers. Thus the transaction consists of two stages:

- (i) Bai Istisna whereby the Group purchases goods from the client and
- (ii) Wakalah whereby the Group after receipt / possession of goods, appoints the client its agent to sell the goods in the market.

4.7.7 Diminishing Musharakah

Diminishing Musharakah represents an asset in joint ownership whereby a partner promises to buy the equity share of the other partner until the ownership of the asset is totally transferred to him. The partner using the asset pays the proportionate rental of such asset to the other partner (the Group).

4.7.8 Import Murabahah

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

4.7.9 Salam

Salam is a sale transaction where the seller undertakes to supply some specific goods to the buyer at a future date against an advance price fully paid on spot. In Salam financing, the transaction consists of two stages:

- (i) Bai Salam whereby the Group purchases goods from the client and
- (ii) Wakalah whereby the Group after receipt / possession of goods, appoints the client its agent to sell the goods in the market.

4.7.10 Musawamah / Tijarah

Under this product the Group purchases identified goods from client at an agreed purchase price on the basis of Musawamah. The Group then sells the goods in the market through an agent (Client) at a higher price to earn its desired profit.

4.7.11 Musharakah

Musharakah are different types of partnerships in business with distribution of profit in agreed ratio and distribution of loss in the ratio of capital invested.

4.7.12 Wakalah-tul-Istismar (Investment Agency Wakalah)

Wakalah-tul-Istismar means appointing another person to invest and grow one's wealth, with or without a fee. It covers contract for acquisition of services of a person or institution (Wakeel) for making investments of Wakalah Funds, and accomplishment of certain task on behalf of another person or institution (Muwakkil).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

4.7.13 Running Musharakah

In Running Musharakah financing, the Group enters into financing with the customer based on Shirkat-ul-Aqd (Business Partnership) in customer's operating business. Under this mechanism the customer can withdraw and return funds to the Group subject to its Running Musharakah Financing limit during the Musharakah period. At the end of each quarter / half year the customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly / half yearly / annual accounts of the customer and unclaimed profit above ceiling (if any).

4.7.14 Ijarah

Ijarah is a contract where the owner of an asset transfers its usufruct (i.e. the usage right) to another person for an agreed period, at an agreed consideration. The rentals received / receivable on Ijarah are recorded as income / revenue. Depreciation on Ijarah assets is charged by applying the straight line method over the Ijarah period which is from the date of delivery of respective assets to Mustajir up to the date of maturity / termination of Ijarah agreement.

4.8 Property and equipment, and depreciation

4.8.1 Property and equipment

Property and equipment except land and buildings are shown at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Leasehold land and buildings on leasehold land are stated at revalued amount less accumulated depreciation and impairment loss, if any.

Depreciation on property and equipment (excluding land which is not depreciated) is charged using the straight line method in accordance with the rates specified in note 10.2 to these consolidated financial statements after taking into account residual value. The asset's residual values and useful lives are reviewed and adjusted, if required, at each reporting date.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value. In case of buildings relevant portion of the revaluation reserve is transferred to retained earnings as the asset is depreciated on or its disposal. Valuation techniques and input used are disclosed in note 42 of these consolidated financial statements.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit and loss account during the period in which they are incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is recognised in the consolidated statement of profit and loss account in the year the asset is derecognised.

4.8.2 Surplus / deficit on revaluation of Property and Equipment

The surplus arising on revaluation is credited to other comprehensive income. However, the increase shall be recognised in the consolidated statement of profit and loss account to the extent that it reverses a revaluation decrease of the same asset previously recognised in the consolidated statement of profit and loss account.

The deficit arising on a particular property as a result of a revaluation is recognised in the consolidated statement of profit and loss account as an impairment. However, the decrease to be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Depreciation on buildings which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the consolidated statement of profit and loss account; and an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Property and equipment Account" to unappropriated profit through the consolidated Statement of Changes in Equity to record realisation of surplus to the extent of the incremental depreciation charge for the year.

Gains or losses on disposal of assets are included in the consolidated statement of profit and loss account currently, except for the related surplus on revaluation of Property and equipment (net of deferred tax) which is transferred directly to equity.

4.8.3 Capital work-in-progress

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

4.9 Lease liability and right-of-use assets

The Group enters into leasing arrangements for its office premises, branches, ATMs and warehouses. Rental contracts are typically for a fixed period and may have extension options as described below. At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The SBP, vide its BPRD Circular Letter No. 8 dated April 30, 2019 and BPRD Circular No. BPRD/RPD/2019/17 dated July 26, 2019 has directed all Islamic Banks to apply IFRS 16 - 'Leases' in all Ijarah (lease) contracts where the Islamic Banks acts in capacity of Mustajir (lessee).

The lease liability is initially measured at the present value of the lease payments to be made over the lease term, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the respective entity's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Group under residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification.

The lease liability is remeasured when the Group reassesses the reasonable certainty of exercise of extension or termination option upon occurrence of either a significant event or a significant change in circumstance, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in the consolidated statement of profit and loss account if the carrying amount of right-to-use asset has been reduced to zero.

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently measured at cost model. The right of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

4.10 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment, if any. Intangible assets are amortised using the straight line method in accordance with the rates specified in note 12.1 to these consolidated financial statements, whereby the cost of the intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Group. The useful life and amortisation method are reviewed and adjusted, if appropriate, annually.

Intangible assets having an indefinite useful life are carried at cost less any impairment in value and are not amortised. However, these are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

4.11 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are initially measured at settlement amount and upon revaluation, are carried at revalued amounts less accumulated depreciation and impairment losses, if any. The useful lives and depreciation method are reviewed annually and adjusted, if appropriate. As per SBP's requirement desktop valuation is carried out on annual basis and full-scope valuation after every three years by independent professionally qualified valuers to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of assets is credited to the 'surplus on revaluation of Non-banking assets acquired in satisfaction of claims' account and any deficit arising on revaluation is taken to consolidated statement of profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title of assets is charged to consolidated statement of profit and loss account and not capitalised. The policy for depreciation is stated in note 4.8.1 of these consolidated financial statements.

4.12 Surplus / deficit on revaluation of non banking assets

Revaluation of non-banking assets acquired in satisfaction of claims under DPS transactions is carried out under criteria given in regulations for DPS issued by the State Bank of Pakistan (SBP) vide BPRD Circular 01 dated January 01, 2016 i.e. valuation of property shall be done on individual property basis and not on portfolio basis, whereas accounting treatment of revaluation is accounted for in accordance with applicable financial reporting standards i.e. International Accounting Standard (IAS) 16 as referred in note 4.8.2.

Furthermore, revaluation surplus on such assets shall not be admissible for calculating Bank's Capital Adequacy Ratio and exposure limits under the Prudential Regulations. However, the surplus can be adjusted upon realization of sale proceeds.

4.13 Borrowings / deposits and their cost

Borrowings / deposits are initially recorded at the amount of proceeds received. Costs of borrowings / deposits are recognised separately as part of other liabilities and is charged to the consolidated statement of profit and loss account over the period on an accrual basis.

4.14 Subordinated debt

Subordinated debts are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated debts is recognised separately as part of other liabilities and is charged to the consolidated statement of profit and loss account over the period on an accrual basis.

4.15 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or minimum tax on turnover, whichever is higher. The charge for current tax also includes adjustments, where considered necessary, relating to prior years arising from assessments made during the year.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Deferred

Deferred tax is recognised using the balance sheet approach on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in these consolidated financial statements. Deferred tax liability is recognised on taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any, only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax is calculated at the rates that are expected to apply to the period wherein the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the consolidated statement of profit and loss account.

Deferred tax, if any, on revaluation of investments is recognised as an adjustment to surplus / (deficit) arising on revaluation in accordance with the requirements of IAS-12, 'Income Taxes'.

4.16 Provisions

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

Provision against identified non-funded losses is recognised when intimated and reasonable certainty exists for the Group to settle the obligation. The loss is charged to consolidated statement of profit and loss account net of expected recovery.

4.17 Staff retirement benefits

4.17.1 Defined contribution plan

The Group has established a provident fund scheme for all permanent employees effective from January 01, 2007. Equal monthly contributions are made, both by the Group and the employees, to the fund at the rate of 7.1 percent with effect from July 01, 2015 due to change in salary structure. Contribution by the Group is charged to consolidated statement of profit and loss account.

	Contribution basic salary
- JS Bank Limited (the Bank)	7.10%
- JS Global Capital Limited (Subsidiary)	7.33%
- JS Investment Limited (Subsidiary)	7.33%
- BankIslami Pakistan Limited (Subsidiary)	6.66%

4.17.2 Defined benefit plan

JS Bank Limited (the Bank)

The Bank operates an approved funded gratuity scheme covering all its eligible employees who have completed minimum qualifying period. An actuarial valuation of defined benefit scheme is conducted at the end of every year or on occurrence of any significant change. The most recent valuation in this regard was carried out as at December 31, 2025, using the projected unit credit actuarial valuation method. Under this method cost of providing for gratuity is charged to consolidated statement of profit and loss account so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. Past-service costs are recognised immediately in consolidated statement of profit and loss account and actuarial gains and losses are recognised immediately in other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

BankIslami Pakistan Limited (BIPL)

BIPL operates an approved funded gratuity scheme for its permanent employees. The liability recognised in the consolidated statement of financial position in respect of defined benefit gratuity scheme, is the present value of the defined benefit obligation at the consolidated statement of financial position date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations. The defined benefit obligation is calculated periodically by an independent actuary using the projected unit credit method. The last valuation was conducted as on December 31, 2025.

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

4.18 Revenue recognition

4.18.1 Revenue is recognised to the extent that economic benefits will flow to the Group and the revenue can be reliably measured. These are recognised as follows:

- Mark-up income / interest on performing advances and returns on debt securities are recognised on accrual basis except in case of classified advances where mark-up income is recognised on receipt basis. Mark-up / return / interest on rescheduled / restructured loans and advances and investments is recognised as permitted by the regulations of SBP.
- Where debt securities are purchased at premium or discount, such premium / discount is amortised through the consolidated statement of profit and loss account over the remaining period of maturity.
- Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognised as income when these are realised.
- The Group earns fee and commission income from a banking service to retail and corporate customer. Fee and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services.
- Dividend income is recognised when the Group's right to receive dividend is established.
- Gain / loss on sale of investments is credited / charged to the consolidated statement of profit and loss account.
- Profit on Murabahah and Commodity Murabahah is recognised over the financing stage of Murabahah on an accrual basis. Profit on Murabahah transactions for the period from the date of disbursement to the date of culmination of Murabahah is recognised immediately on the culmination date.
- Profit from Istisna, Salam and Muswammah / Tijarah are recorded on an accrual basis commencing from the time of sale of goods till the realisation of proceeds by the Group. Profit from Diminishing Musharakah are recognised on a time proportionate basis in the form of rentals.
- Finance method is used in accounting for income from Ijarah contracts written up to December 31, 2008. Under this method the unearned income i.e. excess of aggregate Ijarah rentals over the cost of the asset and documentation charges under Ijarah facility is deferred and then amortised over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah. Gains / losses on termination of Ijarah contracts are recognised as income on a receipt basis. Income on Ijarah is recognised from the date of delivery of the respective assets to the Mustajir (lessee).

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For the year ended December 31, 2025

- Rental from Ijarah contracts entered on or after January 01, 2009 is recognised in the consolidated profit and loss account over the term of the contract net of depreciation expense relating to the Ijarah assets.
- Provisional profit of Musharakah financing is recognised on an accrual basis. Actual profit / loss on Musharakah financing is adjusted after declaration of profit by Musharakah partner or on liquidation of Musharakah.
- Profit on Wakalah-tul-Istismar financings is booked on an accrual basis and is adjusted upon declaration of profit by the Wakeel.
- Profit on Running Musharakah financings is booked on an accrual basis and is adjusted upon declaration of profit by Musharakah partners.
- Profit on classified financing is recognised on a receipt basis.
- Profit on Sukuks is recognised on an accrual basis. Where Sukuks (excluding held for trading securities) are purchased at a premium or discount, the premiums / discounts are amortised through the consolidated profit and loss account over the remaining life of Sukuk, using the effective yield method.
- Remuneration for management services and asset investment advisory services are recognised on an accrual basis by applying pre-defined remuneration percentage on daily net asset value of the respective funds. The fee so charged does not exceed the limit prescribed in the NBFC Regulations / Voluntary Pension System Rules, 2005.
- Return on bank deposits, mark-up on term finance certificate, mark-up on letter of placements is accrued, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.
- Commission income from open end funds is recognised at the time of sale of units.
- Commission income and share of profit from management of discretionary and non discretionary client portfolios is recognised as services are rendered.
- Brokerage, consultancy, advisory fee, underwriting, book running fee, commission on foreign exchange dealings and debt securities etc. are recognised as and when such services are provided.
- Interest income on financial assets (including margin financing) is recognised on time proportionate basis taking into account effective / agreed rate of the instrument.
- Unrealised capital gains / losses arising from mark to market of investments classified as 'financial assets at fair value through profit or loss' are included in the consolidated statement of profit and loss account in the period in which they arise.
- Unrealised gains / losses arising from mark to market of investments classified as 'fair value through other comprehensive income' are taken directly to statement of comprehensive income in the period in which they arise.
- Gains / losses arising on revaluation of derivatives to fair value are taken to the consolidated statement of profit and loss account under other income / other expense in the period in which they arise.

4.19 Dividend and appropriation to reserves

Dividend and appropriation to reserves, except for statutory reserves, are recognised in the consolidated financial statements in the periods in which these are approved. The revaluation surplus related to Property and equipment and non-banking assets is not available for distribution of dividend.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

4.20 Foreign currencies

4.20.1 Functional and presentation currency

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

4.20.2 Transactions and balances

Transactions in foreign currencies are translated into Pakistani rupees at the exchange rates prevailing on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit and loss account.

Forward contracts relating to foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange contract. The forward cover received / paid on forward purchase / sale contracts relating to foreign currency deposits are realised / charged directly to consolidated statement of profit and loss account.

4.20.3 Foreign operations

Assets and liabilities of foreign operations are translated into rupees at the exchange rate prevailing at the reporting date. The results of foreign operations are translated at average rate of exchange for the year.

4.20.4 Translation gains and losses

Translation gains and losses arising on revaluations of net investment in foreign operations are taken to Exchange Translation Reserve in the consolidated statement of comprehensive income. These are recognised in the consolidated statement of profit and loss account on disposal.

4.20.5 Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these consolidated financial statements are translated at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the rates of exchange ruling on the balance sheet date.

4.21 Clients' assets

The Group provides services that result in the holding of assets on behalf of its clients. Such assets are not reported in the consolidated financial statements, as they are not the assets of the Group.

4.22 Acceptances

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

4.23 Goodwill

Goodwill acquired in a business combination before July 01, 2009 is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Notes to the Consolidated Financial Statements

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For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units or groups of units.

4.24 Earnings per share

The Group presents basic and diluted earnings per share (EPS). Basis EPS is calculated by dividing the profit or loss attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding during the year.

4.25 Segment reporting

A segment is a distinguishable component of the Group that is subject to risks and rewards that are different from those of other segments. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment.

Segment information is presented as per the Group's functional structure and the guidance given under International Financial Reporting Standard (IFRS) 8. For management purposes, the Group has been organised into six operating segments based on products and services, as follows:

4.25.1 Business segments

Retail Banking

Retail banking includes branch banking, small and medium enterprises, direct sales, private banking, product management, branch distribution network and tele sales.

Corporate / Commercial Banking

This includes corporate banking, commercial banking and institutional sales related loans, deposits and other transactions.

Treasury

This segment is responsible for asset / liability management and includes all treasury related products such as fixed income money market, FX and derivatives.

Investment, International and Institutional Banking

This segment includes international branch, financial institutions business, home remittances, cash management, employee banking, venture capital and green banking.

Zindigi

It is a digital platform catering branchless banking customers.

Islamic Banking

This segment includes Islamic Banking operations of the Group.

Brokerage

This includes brokerage commission earned on transactions in capital, money, foreign exchange and commodity markets.



Notes to the Consolidated Financial Statements

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Asset management

This includes fee for services rendered in connection with advisory and management of mutual funds.

Others

This includes the head office related activities and other functions which cannot be classified in any of the above segments.

4.25.2 Geographical segment

The Group operates in two geographic regions being:

- Pakistan
- Bahrain

4.26 Pool Management

The Islamic Banking Subsidiary of the Group - BankIslami Pakistan Limited (BIPL) operates general and specific pools for deposits and inter-bank funds accepted / acquired under Mudarabah, Musharakah and Wakalah modes.

Under the general deposit pools, BIPL accepts funds on Mudarabah basis from depositors (Rab-ul-Maal) where BIPL acts as Manager (Mudarib) and invests the funds in the Shariah compliant modes of financings, investments and placements. When utilizing investing funds, BIPL prioritizes the funds received from depositors over the funds generated from own sources after meeting the regulatory requirement relating to such deposits.

Specific pools are operated for funds acquired / accepted from the State Bank of Pakistan, high net worth customers and other banks for Islamic Export Refinance Scheme to BIPL's customers and liquidity management respectively under the Musharakah / Mudarabah modes. The profit of each deposit pool is calculated on all the remunerative assets booked by utilizing the funds from the pool after deduction of expenses directly incurred in earning the income of such pool. The directly related costs comprise of depreciation on ijarah assets and takaful premium. No expense of general or administrative nature of expense is charged to the pools. No provisions against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset. The profit of the pool is shared between equity and other members of the pool on the basis of Musharakah at gross level (before charging of mudarib share) as per the investment ratio of the equity. The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of mudarib share.

The risk characteristic of each pool mainly depends on the asset and liability profile of each pool. As per BIPL's policy, relatively low risk / secured financing transactions and assets are allocated to general depositors' pool of PKR, USD, GBP and Euro. BIPL maintains General Pools, FI Pools, IERS pool and Equity pool. The general pools are exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved.

4.26.1 General Pool

For General Pools, BIPL allocates PKR financing to Corporate, SME and Consumer Finance customers in diversified sectors and avenues of the economy / business. Investments in Sovereign Guarantee Sukuk, Bai Muajjal with State Bank of Pakistan and Bai Muajjal with Government of Pakistan and other financial institutions are also done through General Pools. All remunerative deposits are tagged to these general pools and their funds generated from the depositors are invested on priority basis. Due to limited investment options in USD, GBP and Euro pools, funds from FCY pools are invested in available International Sukuk, Shariah Complaint Nostro accounts and remaining funds are taken out and invested in PKR general pool as part of equity. In such cases return from PKR General Pool is given back to FCY pools, so that returns can be passed on to FCY pool customers accordingly.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

4.26.2 Special Mudarabah Pool

Special Mudarabah Pools are created to manage returns of High Net Worth depositors and Government institutions. The funds received against these deposits are invested in various Shariah compliant assets.

4.26.3 Specific Musharakah Pool

Islamic Export Refinance Scheme (IERS) Pool

The IERS pool assets comprise of Sovereign Guarantee Sukuks, and financings to / Sukuks of blue chip companies and exporters as allowed under the applicable laws and regulations, and are exposed to lower credit risk. The Musharakah with SBP under IERS is tagged to the IERS pool.

Other Specific Musharakah Pool

The Other Specific Musharakah Pool assets comprise of consumer housing finance portfolio, Sukuk and the related liability of the pool comprises of Musharakah Acceptance from a financial institution. This pool is created to fund the housing finance portfolio.

Financial Institution (FI) Pools

The FI pools assets generally comprise of Sovereign Guarantee Sukuks only and the related liability of the FI pools comprise of Musharakah / Mudarabah / Wakalah Acceptance from other banks and financial institutions. These pools are created to meet the liquidity requirements of BIPL.

5.	CASH AND BALANCES WITH TREASURY BANKS	Note	2025	2024
			----- Rupees in '000 -----	
	In hand:			
	Local currency		23,367,414	23,331,748
	Foreign currencies		1,796,258	2,228,158
			25,163,672	25,559,906
	With State Bank of Pakistan in:			
	Local currency current accounts	5.1	74,459,115	46,532,559
	Foreign currency current accounts	5.2	1,274,560	2,395,530
	Foreign currency deposit accounts	5.3	6,441,931	8,020,479
	US dollar clearing account		207,114	10,999
			82,382,720	56,959,567
	With National Bank of Pakistan in local currency current accounts		4,967,376	1,622,507
	Prize Bonds		6,385	11,620
	Less: Credit loss allowance held against cash and balances with treasury banks (Stage 1)		(1,462)	(1,232)
	Cash and balances with treasury banks - net of credit loss allowance		112,518,691	84,152,368

5.1 This represents local currency current account maintained under the Cash Reserve Requirement (CRR) of the SBP.

5.2 This represents foreign currency current account maintained with SBP under the CRR of the SBP.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

5.3 This includes :

- a foreign currency deposit account maintained under the Special Cash Reserve Requirement (SCRR) of the SBP which carried mark-up at rates ranging from 2.86% to 3.35% per annum (2024: 3.53% to 4.35% per annum); and
- a foreign currency settlement account which carried mark-up at a rate of 0.00% per annum (2024: 0.00% per annum).

6. BALANCES WITH OTHER BANKS

In Pakistan

In current accounts
In deposit accounts

Note	2025	2024
	----- Rupees in '000 -----	
	98,998	6,275
6.1	491,318	475,539
	590,316	481,814

Outside Pakistan

In current accounts
In deposit accounts

6.2	5,618,534	4,282,102
6.3	643,117	315,659
	6,851,967	5,079,575
	(2,265)	(3,740)
	6,849,702	5,075,835

Less: Credit loss allowance held (stage 1)

Balances with other banks - net of credit loss allowance

6.1 These represent deposits with various Islamic banks under Musharakah and Mudarabah arrangements. The profit rate on these arrangements is 3.5% (2024: 10.41% to 11.13%) per annum.

6.2 This includes amount held in Automated Investment Plans. The Bank is entitled to earn interest from the foreign correspondent banks at agreed upon rates when the balance exceeds a specified amount which ranges between 3.09% to 4.00% per annum (2024: 3.58% to 4.08% per annum).

6.3 These represent deposit placement outside Pakistan with an Islamic banking division of a foreign bank under Wakala arrangement. The profit rate on these arrangements is 4% (2024: 3% to 3.5%) per annum.

7. LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo)
Lending under margin trading system

Note	2025	2024
	----- Rupees in '000 -----	
7.2	15,944,886	-
7.3	3,898,296	-

Unsecured

Bai Muajjal Receivable
- with other Financial Institutions
Other placements

7.4	19,000,000	4,257,928
	-	14,580
	38,843,182	4,272,508
	(4,436)	(14,580)
	38,838,746	4,257,928

Less: credit loss allowance held against lending to financial institutions

Lending to financial institutions - net of credit loss allowance

7.1 Particulars of lendings - gross

In local currency
In foreign currencies

38,843,182	4,272,508
-	-
38,843,182	4,272,508

7.2 This represents short term lending to financial institutions against investment securities. These carry mark-up rates ranging from 11.30% to 11.41% per annum (2024: 13.90% per annum) having maturities up to January 02, 2026 (2024: January 02, 2025).

7.3 These represent financing provided under the Margin Trading System (MTS) against eligible listed securities through NCCPL at mark-up rates ranging from 12.85% to 18.85% per annum (2024: NIL), having maturities up to March 05, 2026 (2024: NIL).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

7.4 The average return on this product is 10.4% (2024: 19.6%) per annum. The balance has maturity in 20 days (2024: 24 days).

7.5 Securities held as collateral against Lending to financial institutions

	2025			2024		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	Rupees in '000					
Market Treasury Bills	6,444,886	-	6,444,886	-	-	-
Pakistan Investment Bonds	9,500,000	-	9,500,000	-	-	-
Shares	3,898,296	-	3,898,296	-	-	-
Ijarah Sukuk	-	-	-	2,000,000	-	2,000,000
Total	19,843,182	-	19,843,182	2,000,000	-	2,000,000

7.6 Lendings to Financial Institutions - Particulars of credit loss allowance

	2025		2024	
	Lending	Credit loss allowance held	Lending	Credit loss allowance held
	Rupees in '000			
Domestic				
Performing Stage 1	38,843,182	(4,436)	4,257,928	-
Under-performing Stage 2	-	-	-	-
Non-performing Stage 3				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	14,580	(14,580)
	-	-	14,580	(14,580)
Total	38,843,182	(4,436)	4,272,508	(14,580)

	2025			
	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000			
Balance at the start of the year	-	-	(14,580)	(14,580)
Stage 1	-	-	-	-
Stage 2	-	-	-	-
Stage 3	-	-	-	-
Net remeasurement of credit loss allowance	-	-	(14,580)	(14,580)
New financial assets originated or purchased	(4,436)	-	-	(4,436)
Financial assets that have been derecognised	-	-	14,580	14,580
Write offs	-	-	-	-
Unwinding of discount	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-
Balance at the end of the year	(4,436)	-	-	(4,436)



Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

	2024			
	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000			
Balance at the start of the year				
Stage 1	(20)	-	(17,820)	(17,840)
Stage 2	-	-	-	-
Stage 3	-	-	-	-
Net remeasurement of credit loss allowance	(20)	-	(17,820)	(17,840)
New financial assets originated or purchased	-	-	-	-
Financial assets that have been derecognised	20	-	3,240	3,260
Write offs	-	-	-	-
Unwinding of discount	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-
Balance at the end of the year	-	-	(14,580)	(14,580)

	2025				2024			
	Cost / Amortised cost	Credit loss allowance / Provision for Diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Credit loss allowance / Provision for Diminution	Surplus / (Deficit)	Carrying value
	Rupees in '000							
8. INVESTMENTS								
8.1 Investments by type								
Debt Instruments								
Classified / Measured at amortised cost								
Federal Government securities	33,636,907	-	-	33,636,907	121,391,803	-	-	121,391,803
Classified / Measured at FVOCI								
Federal Government securities	193,490,337	-	1,903,003	195,393,340	131,780,766	(25,316)	1,362,316	133,117,766
Federal Government Shariah Compliant Securities	312,555,038	-	2,181,201	314,736,239	299,226,475	-	11,799,026	311,025,501
Non-Government Shariah Compliant Securities	2,297,409	(35,934)	40,714	2,302,189	32,808,817	(35,883)	357,473	33,130,407
Non Government debt securities	1,762,884	(788,493)	(23,659)	950,732	2,072,382	(922,926)	(28,810)	1,120,646
Foreign securities	22,609,049	(197)	73,859	22,682,711	15,420,105	(178,244)	86,101	15,327,962
	532,714,717	(824,624)	4,175,118	536,065,211	481,308,545	(1,162,369)	13,576,106	493,722,282
Classified / Measured at FVPL								
Federal Government securities	1,444,974	-	12,588	1,457,562	5,005,240	-	7,442	5,012,682
Federal Government Shariah Compliant Securities	-	-	-	-	-	-	-	-
Non-Government Shariah Compliant Securities	50,000	-	-	50,000	50,000	-	-	50,000
Non Government debt securities	126,688	-	(1,688)	125,000	126,688	-	-	126,688
Foreign securities	363,201	-	(1,489)	361,712	915,419	-	(28,491)	886,928
	1,984,863	-	9,411	1,994,274	6,097,347	-	(21,049)	6,076,298
Instruments mandatorily classified / measured at FVPL								
Mutual Funds	90,934	-	41,548	132,482	-	-	-	-
Unlisted Preference Shares	-	-	-	-	695,647	-	(417,388)	278,259
	90,934	-	41,548	132,482	695,647	-	(417,388)	278,259
Equity instruments								
Classified / Measured at FVPL								
Shares								
Listed companies								
Ordinary shares	344,227	-	29,565	373,792	167,845	-	67,621	235,466
Preference shares	-	-	-	-	-	-	-	-
Unlisted companies								
Ordinary shares	265	-	-	265	-	-	-	-
Foreign securities	-	-	-	-	-	-	-	-
Preference shares	-	-	-	-	-	-	-	-
	344,492	-	29,565	374,057	167,845	-	67,621	235,466

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

	2025				2024			
	Cost / Amortised cost	Credit loss allowance / Provision for Diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Credit loss allowance / Provision for Diminution	Surplus / (Deficit)	Carrying value
Rupees in '000								
Classified / Measured at FVOCI (Non-Reclassifiable)								
Shares								
Listed companies								
Ordinary shares	4,467,038	-	2,654,912	7,121,950	2,876,959	-	1,953,491	4,830,450
Preference shares	88,353	-	(43,003)	45,350	136,589	-	24,151	160,740
Foreign securities	-	-	-	-	-	-	-	-
Unlisted companies								
Ordinary shares	11,000	-	26,308	37,308	11,265	-	-	11,265
Foreign securities	13,588	-	23,367	36,955	386,306	-	(386,306)	-
Preference shares	386,306	-	(386,306)	-	12,785	-	-	12,785
	4,966,285	-	2,275,278	7,241,563	3,423,904	-	1,591,336	5,015,240
Associates								
Omar Jibran Engineering Industries Limited	135,600	-	-	135,600	184,354	-	-	184,354
Intercity Touring Company (Private) Limited	-	-	-	-	-	-	-	-
Veda Transit Solutions (Private) Limited	-	-	-	-	-	-	-	-
Shakarganj Food Products Limited	627,942	(627,942)	-	-	627,942	(627,942)	-	-
KASB Capital Limited	-	-	-	-	41,867	(41,867)	-	-
KASB Funds Limited	432,302	(432,302)	-	-	432,302	(432,302)	-	-
JS Motion Picture Fund	82,060	-	-	82,060	81,920	-	-	81,920
JS KPK Islamic Pension Fund - Equity Sub Fund	500	-	-	500	500	-	-	500
JS KPK Islamic Pension Fund - Equity Index Sub Fund	500	-	-	500	500	-	-	500
JS KPK Pension Fund - Equity Sub Fund	500	-	-	500	500	-	-	500
JS KPK Pension Fund - Equity Index Sub Fund	500	-	-	500	500	-	-	500
JS Microfinance Sector Fund	233,117	-	-	233,117	-	-	-	-
JS Government Securities Fund	37,723	-	-	37,723	-	-	-	-
JS Money Market Fund	118,970	-	-	118,970	-	-	-	-
JS Cash Fund	4,356	-	-	4,356	1,550,942	-	-	1,550,942
JS KPK Islamic Pension Fund - MM Sub Fund	40,850	-	-	40,850	37,124	-	-	37,124
JS KPK Pension Fund - MM Sub Fund	41,562	-	-	41,562	37,274	-	-	37,274
JS KPK Islamic Pension Fund - Debt Sub Fund	500	-	-	500	500	-	-	500
JS KPK Pension Fund - Debt Sub Fund	500	-	-	500	500	-	-	500
JS Fund of Funds	-	-	-	-	423,005	-	-	423,005
JS Growth Fund	-	-	-	-	127,317	-	-	127,317
Unit Trust of Pakistan	40,132	-	-	40,132	-	-	-	-
JS Income Fund	580,309	-	-	580,309	-	-	-	-
JS Islamic Fund	48,968	-	-	48,968	-	-	-	-
JS Fixed Term Munafa Plan-10	-	-	-	-	301,890	-	-	301,890
JS Punjab Islamic Pension Fund - MM Sub Fund	500	-	-	500	-	-	-	-
JS Punjab Pension Fund - MM Sub Fund	500	-	-	500	-	-	-	-
JS Large Cap Fund	259,340	-	-	259,340	-	-	-	-
JS Rental REIT Fund	129,638	-	-	129,638	-	-	-	-
JS Momentum Factor Exchange Traded Fund	257,499	-	-	257,499	-	-	-	-
	3,074,368	(1,060,244)	-	2,014,124	3,848,937	(1,102,111)	-	2,746,826
Total Investments	576,812,566	(1,884,868)	6,530,920	581,458,618	616,934,028	(2,264,480)	14,796,626	629,466,174



Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

8.1.1 Investments include certain approved / government securities which are held by the Bank to comply with the Statutory Liquidity Requirement determined on the basis of the Bank's demand and time liabilities as set out under section 29 of the Banking Companies Ordinance, 1962.

	2025				2024			
	Cost / Amortised cost	Credit loss allowance / Provision for Diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Credit loss allowance / Provision for Diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000								
8.2 Investments by segment								
Federal Government Securities								
Market Treasury Bills	28,623,356	-	68,144	28,691,500	84,886,152	-	916,467	85,802,619
Pakistan Investment Bonds	199,328,479	-	1,847,447	201,175,926	172,107,830	-	465,437	172,573,267
Islamic Naya Pakistan Certificates	620,383	-	-	620,383	883,141	-	-	883,141
Government of Pakistan Eurobonds	-	-	-	-	300,686	(25,316)	(12,146)	263,224
Shariah Compliant Securities	312,555,038	-	2,181,201	314,736,239	299,226,475	-	11,799,026	311,025,501
	541,127,256	-	4,096,792	545,224,048	557,404,284	(25,316)	13,168,784	570,547,752
Shares								
Listed Companies	4,899,618	-	2,641,474	7,541,092	3,181,393	-	2,045,263	5,226,656
Unlisted Companies	397,571	-	(359,998)	37,573	397,571	-	(386,306)	11,265
	5,297,189	-	2,281,476	7,578,665	3,578,964	-	1,658,957	5,237,921
Mutual Funds	90,934	-	41,548	132,482	-	-	-	-
Non Government Debt Securities								
Listed Companies	618,076	(218,133)	(19,943)	380,000	922,957	(218,131)	(24,988)	679,838
Unlisted Companies	3,464,505	(451,894)	35,310	3,047,921	1,974,886	(704,795)	(421,186)	848,905
Listed Companies - Shariah compliant	154,400	(154,400)	-	-	30,532,621	-	346,979	30,879,600
Unlisted Companies - Shariah compliant	-	-	-	-	2,323,070	(35,883)	10,470	2,297,657
	4,236,981	(824,427)	15,367	3,427,921	35,753,534	(958,809)	(88,725)	34,706,000
Foreign Securities								
Government Debt Securities	20,404,814	(43)	21,046	20,425,817	14,113,358	(178,122)	72,691	14,007,927
Non Government Debt Securities	2,567,436	(154)	51,324	2,618,606	2,222,166	(122)	(15,081)	2,206,963
Equity securities	13,588	-	23,367	36,955	12,785	-	-	12,785
	22,985,838	(197)	95,737	23,081,378	16,348,309	(178,244)	57,610	16,227,675
Associates								
Omar Jibran Engineering Industries Limited	135,600	-	-	135,600	184,354	-	-	184,354
Intercity Touring Company (Private) Limited	-	-	-	-	-	-	-	-
Veda Transit Solutions (Private) Limited	-	-	-	-	-	-	-	-
Shakarganj Food Products Limited	627,942	(627,942)	-	-	627,942	(627,942)	-	-
KASB Capital Limited	-	-	-	-	41,867	(41,867)	-	-
KASB Funds Limited	432,302	(432,302)	-	-	432,302	(432,302)	-	-
JS Motion Picture Fund	82,060	-	-	82,060	81,920	-	-	81,920
JS KPK Islamic Pension Fund - Equity Sub Fund	500	-	-	500	500	-	-	500
JS KPK Islamic Pension Fund -Equity Index Sub Fund	500	-	-	500	500	-	-	500
JS KPK Pension Fund - Equity Sub Fund	500	-	-	500	500	-	-	500
JS KPK Pension Fund -Equity Index Sub Fund	500	-	-	500	500	-	-	500
JS Microfinance Sector Fund	233,117	-	-	233,117	-	-	-	-
JS Government Securities Fund	37,723	-	-	37,723	-	-	-	-
JS Money Market Fund	118,970	-	-	118,970	-	-	-	-
JS Cash Fund	4,356	-	-	4,356	1,550,942	-	-	1,550,942
JS KPK Islamic Pension Fund - MM Sub Fund	40,850	-	-	40,850	37,124	-	-	37,124
JS KPK Pension Fund - MM Sub Fund	41,562	-	-	41,562	37,274	-	-	37,274
JS KPK Islamic Pension Fund - Debt Sub Fund	500	-	-	500	500	-	-	500
JS KPK Pension Fund - Debt Sub Fund	500	-	-	500	500	-	-	500
JS Fund of Funds	-	-	-	-	423,005	-	-	423,005
JS Growth Fund	-	-	-	-	127,317	-	-	127,317
Unit Trust of Pakistan	40,132	-	-	40,132	-	-	-	-
JS Income Fund	580,309	-	-	580,309	-	-	-	-
JS Islamic Fund	48,968	-	-	48,968	-	-	-	-
JS Fixed Term Munafa Plan-10	-	-	-	-	301,890	-	-	301,890
JS Punjab Islamic Pension Fund - MM Sub Fund	500	-	-	500	-	-	-	-
JS Punjab Pension Fund - MM Sub Fund	500	-	-	500	-	-	-	-
JS Large Cap Fund	259,340	-	-	259,340	-	-	-	-
JS Rental REIT Fund	129,638	-	-	129,638	-	-	-	-
JS Momentum Factor Exchange Traded Fund	257,499	-	-	257,499	-	-	-	-
	3,074,368	(1,060,244)	-	2,014,124	3,848,937	(1,102,111)	-	2,746,826
Total Investments	576,812,566	(1,884,868)	6,530,920	581,458,618	616,934,028	(2,264,480)	14,796,626	629,466,174

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

8.2.1	Investments given as collateral	2025		2024	
		Cost	Market value	Cost	Market value
		----- Rupees in '000 -----			
	Federal Government Securities:				
	Market Treasury Bills	484,782	485,489	375,757	384,678
	Pakistan Investment Bonds	3,452,225	3,484,055	-	-
	Government of Pakistan Ijarah Sukuks	5,261,800	5,261,800	57,565,700	57,565,700
	Total	9,198,807	9,231,344	57,941,457	57,950,378

8.3	Particulars of credit loss allowance	2025				2024				
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Outstanding amount	Total
		----- Rupees in '000 -----								
8.3.1	Investments - exposure									
	Opening balance	347,395,728	773,314	1,420,592	349,589,634	-	-	-	330,684,216	330,684,216
	Impact of adoption of IFRS 9	-	-	-	-	327,198,311	1,853,745	1,495,571	(330,684,216)	(136,589)
	Balance as at January 01 after adopting IFRS 9	347,395,728	773,314	1,420,592	349,589,634	327,198,311	1,853,745	1,495,571	-	330,547,627
	New investments	115,151,672	-	154,400	115,306,072	175,893,176	472,628	-	-	176,365,804
	Investments derecognised or repaid	(124,917,784)	(780,496)	-	(125,698,280)	(154,507,206)	(977,186)	(937,654)	-	(156,422,046)
	Transfer to stage 1	-	-	-	-	-	-	-	-	-
	Transfer to stage 2	-	-	-	-	-	-	-	-	-
	Transfer to stage 3	-	-	-	-	(862,675)	-	862,675	-	-
		(9,766,112)	(780,496)	154,400	(10,392,208)	20,523,295	(504,558)	(74,979)	-	19,943,758
	Amounts written off / charged Off	-	-	-	-	-	-	-	-	-
	Exchange adjustments	56,988	7,182	-	64,170	-	-	-	-	-
	Changes in risk parameters (PDs/LGDs/EADs)	(37,216)	-	-	(37,216)	(325,878)	(575,873)	-	-	(901,751)
	Closing balance	337,649,388	-	1,574,992	339,224,380	347,395,728	773,314	1,420,592	-	349,589,634

8.3.2	Investments - Credit loss allowance	2025				2024				
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Provision held	Total
		----- Rupees in '000 -----								
	Opening Balance	263	203,405	958,701	1,162,369	-	-	-	3,154,380	3,154,380
	Impact of adoption of IFRS 9	-	-	-	-	3,395	124,557	1,146,146	(3,154,380)	(1,880,282)
	Balance as at January 01 after adopting IFRS 9	263	203,405	958,701	1,162,369	3,395	124,557	1,146,146	-	1,274,098
	New investments	87	-	-	87	148	178,063	-	-	178,211
	Investments derecognised or repaid	(4)	(205,292)	-	(205,296)	(8)	(42,411)	(560,870)	-	(603,289)
	Transfer to stage 1	-	-	-	-	-	-	-	-	-
	Transfer to stage 2	-	-	-	-	-	-	-	-	-
	Transfer to stage 3	-	-	-	-	(3,119)	-	3,119	-	-
		83	(205,292)	-	(205,209)	(2,979)	135,652	(557,751)	-	(425,078)
	Charge for the year against provision for diminution	-	-	-	-	-	-	-	-	-
	Reversal for the year against provision for diminution	-	-	-	-	-	-	-	-	-
	Amounts written off / charged off	-	-	-	-	-	-	-	-	-
	Changes in risk parameters (PDs/LGDs/EADs)	7	-	(134,431)	(134,424)	(152)	(55,352)	372,554	-	317,050
	Exchange rate adjustments	1	1,887	-	1,888	(1)	(1,452)	(2,248)	-	(3,701)
	Closing balance	354	-	824,270	824,624	263	203,405	958,701	-	1,162,369

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

8.4	Credit loss allowance / provision for diminution in value of investments	Note	2025	2024
			----- Rupees in '000 -----	
	Opening balance - provision for diminution		2,264,480	4,256,491
	Impact of adoption of IFRS 9		-	(1,880,282)
	Exchange rate adjustments		1,889	(3,701)
	Charge for the year other than associates		109	375,673
	Provision for diminution on associates		127,656	-
	Reversals for the year		(339,743)	(483,701)
		33	(211,978)	(108,028)
	Amounts written off		(169,523)	-
	Closing balance		1,884,868	2,264,480

8.4.1 Particulars of credit loss allowance against debt securities

Category of classification		2025		2024	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
----- Rupees in '000 -----					
Domestic					
Performing	Stage 1	315,040,339	157	332,448,251	108
Under-performing	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	862,675	388,204
Loss		1,574,992	824,270	557,917	570,497
		1,574,992	824,270	1,420,592	958,701
Total		316,615,331	824,427	333,868,843	958,809
Overseas					
Performing	Stage 1	22,609,049	197	14,947,477	155
Under-performing	Stage 2	-	-	773,314	203,405
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		22,609,049	197	15,720,791	203,560
Total		22,609,049	197	15,720,791	203,560

8.4.2 Debt securities amounting to Rs. 539,683.282 million relate to government securities that are exempt from the calculation of ECL by the SBP.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

8.5 Quality of securities

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

	2025	2024
	Cost	
	----- Rupees in '000 -----	
8.5.1 Federal Government Securities - Government guaranteed		
Market Treasury Bills	28,024,846	33,742,130
Pakistan Investment Bonds	165,465,491	97,737,950
Government of Pakistan Eurobonds	-	300,686
Islamic Naya Pakistan Certificate	-	-
Government of Pakistan Ijarah Sukuks	312,555,038	299,226,475
	506,045,375	431,007,241

8.5.2 Shares

Listed Companies

Ordinary Shares

Paper, Board and Packaging	124,318	70,493
Oil and gas exploration companies	626,068	453,006
Textile Composite	5,660	-
Real Estate Investment Trust	52,179	-
Cement	397,973	-
Chemical	187,034	-
Engineering	51,905	-
Food and Personal Care Products	5,815	-
Glass and Ceramics	49,530	-
Leather and allied products	103,974	46,470
Technology and Communication	590,385	567,564
Power Generation and Distribution	6,339	68,397
Insurance	897,864	897,864
Fertilizer	800,889	521,077
Financial	997,910	203,622
Pharmaceutical	4,356	48,466
	4,902,199	2,876,959

Preference Shares

Chemical	-	48,236
Textile composite	88,353	88,353
	88,353	136,589

	2025		2024	
	Cost	Fair Value	Cost	Breakup Value
	----- Rupees in '000 -----			
Unlisted companies - Ordinary shares				
ISE Towers REIT Management Limited	11,000	37,308	11,000	25,956
Mutual Funds Association of Pakistan	-	-	265	-
Unlisted companies - Preference shares				
Apothecare Pvt. Limited	74,724	-	74,724	-
Augmentcare Pvt. Limited	74,724	-	74,724	-
Innovarge Technologies Pvt. Limited	236,858	-	236,858	-
	397,306	37,308	397,571	25,956



Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

8.5.3 Non Government Debt Securities

Listed

AAA
AA-
A+
Unrated

Unlisted

AAA
AA-
A+, A
BB
Unrated

2025	2024
Cost	
----- Rupees in '000 -----	
100,023	200,090
-	375,000
300,000	-
143,446	30,679,193
543,469	31,254,283
1,460,763	1,383,439
154,667	179,166
519,848	440,000
-	862,675
1,431,546	761,636
3,566,824	3,626,916
4,110,293	34,881,199

8.5.4 Foreign Securities

Government debt securities

Republic of Sri Lanka
State of Qatar
United Arab Emirates
United States of America

2025	2024
Cost	Cost
Rating	Rating
----- Rupees in '000 -----	
-	472,628
414,088	410,474
745,463	278,550
19,245,263	12,951,706
20,404,814	14,113,358

Non Government debt securities

Listed

AA
A
A-

2025	2024
Cost	
----- Rupees in '000 -----	
619,766	833,455
981,496	417,881
602,973	55,411
2,204,235	1,306,747

Equity securities

Unlisted

Society for Worldwide Interbank
Financial Telecommunication (SWIFT)

13,588	12,785
13,588	12,785

8.6 Particulars relating to securities classified Under "Held to Collect" model

Details regarding quality of securities classified Under "Held to Collect" model are as follows:

8.6.1 Federal Government Securities - Government guaranteed

Market Treasury Bills
Pakistan Investment Bonds

2025	2024
Cost	
----- Rupees in '000 -----	
-	48,740,508
33,636,907	72,651,295
33,636,907	121,391,803

8.7 The market value of securities classified as hold-to-collect as at December 31, 2025 amounted to Rs. 33,709.882 million (2024: Rs. 121,590.686 million).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

8.8 Investment in associates

8.8.1 Movement of Investment in associates

		2025						
Country of incorporation	Holding (%)	Investment at the beginning of the year	Reclassified during the year	Investment / (redemption) during the year	Share of loss	Dividend received	Share of other comprehensive income	Investment at the end of the year
Rupees in '000								
Omar Jibran Engineering Industries Limited	Pakistan	9.60%	184,354	-	(48,754)	-	-	135,600
Veda Transit Solutions Private Limited	Pakistan	3.92%	-	-	-	-	-	-
JS Motion Picture Fund	Pakistan	100.00%	81,920	-	7,692	(7,552)	-	82,060
JS KPK Islamic Pension Fund - Equity Sub Fund	Pakistan	100.00%	500	-	-	-	-	500
JS KPK Islamic Pension Fund - Equity Index Sub Fund	Pakistan	100.00%	500	-	-	-	-	500
JS KPK Pension Fund - Equity Sub Fund	Pakistan	100.00%	500	-	-	-	-	500
JS KPK Pension Fund - Equity Index Sub Fund	Pakistan	100.00%	500	-	-	-	-	500
JS Islamic Income Fund	Pakistan	0.00%	-	(1,704)	1,704	-	-	-
JS Microfinance Sector Fund	Pakistan	0.69%	-	219,797	13,339	(19)	-	233,117
JS Government Securities Fund	Pakistan	0.40%	-	(8,007)	46,764	(1,034)	-	37,723
JS Money Market Fund	Pakistan	3.94%	-	115,000	3,970	-	-	118,970
JS Cash Fund	Pakistan	0.03%	1,550,943	(1,580,786)	34,320	(121)	-	4,356
JS KPK Islamic Pension Fund - MM Sub Fund	Pakistan	15.51%	37,124	-	3,726	-	-	40,850
JS KPK Pension Fund - MM Sub Fund	Pakistan	58.53%	37,274	-	4,288	-	-	41,562
JS KPK Islamic Pension Fund - Debt Sub Fund	Pakistan	100.00%	500	-	-	-	-	500
JS KPK Pension Fund - Debt Sub Fund	Pakistan	100.00%	500	-	-	-	-	500
JS Fund of Funds	Pakistan	0.00%	423,005	(418,358)	(4,647)	-	-	-
JS Islamic Money Market Fund (Formerly: JS Islamic Daily Dividend Fund)	Pakistan	0.00%	-	(1,090)	1,090	-	-	-
JS Growth Fund	Pakistan	0.00%	127,316	(192,957)	65,953	(312)	-	-
Unit Trust of Pakistan	Pakistan	1.41%	-	(36,311)	76,443	-	-	40,132
JS Income Fund	Pakistan	12.79%	-	547,329	34,636	(1,656)	-	580,309
JS Islamic Fund	Pakistan	8.48%	-	43,066	5,980	(77)	-	48,969
JS Fixed Term Munafa Plan-10	Pakistan	0.00%	301,890	(322,230)	20,340	-	-	-
JS Punjab Islamic Pension Fund - MM Sub Fund	Pakistan	100.00%	-	500	-	-	-	500
JS Punjab Pension Fund - MM Sub Fund	Pakistan	100.00%	-	500	-	-	-	500
JS Large Cap Fund	Pakistan	7.36%	-	168,855	90,485	-	-	259,340
JS Rental REIT Fund	Pakistan	5.62%	-	130,000	(362)	-	-	129,638
JS Momentum Factor Exchange Traded Fund	Pakistan	23.55%	-	225,641	61,935	(30,078)	-	257,498
			2,746,826	(1,110,755)	418,902	(40,849)	-	2,014,124



Notes to the Consolidated Financial Statements

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		2024						
Country of incorporation	Holding (%)	Investment at the beginning of the year	Reclassified during the year	Investment / (redemption) during the year	Share of loss	Dividend received	Share of other comprehensive income	Investment at the end of the year
----- Rupees in '000 -----								
Omar Jibran Engineering Industries Limited	Pakistan	9.60%	204,619	-	-	(20,265)	-	184,354
Veda Transit Solutions Private Limited	Pakistan	3.92%	11,389	-	-	(11,389)	-	-
JS Motion Picture Fund	Pakistan	100.00%	-	74,830	-	20,370	(13,280)	81,920
JS KPK Islamic Pension Fund - Equity Sub Fund	Pakistan	100.00%	-	500	-	-	-	500
JS KPK Islamic Pension Fund - Equity Index Sub Fund	Pakistan	100.00%	-	500	-	-	-	500
JS KPK Pension Fund - Equity Sub Fund	Pakistan	100.00%	-	500	-	-	-	500
JS KPK Pension Fund - Equity Index Sub Fund	Pakistan	100.00%	-	500	-	-	-	500
JS Islamic Income Fund	Pakistan	0.00%	-	190,833	(191,323)	490	-	-
JS Microfinance Sector Fund	Pakistan	0.00%	-	15,303	(16,327)	1,024	-	-
JS Government Securities Fund	Pakistan	0.00%	-	78,285	(82,114)	3,886	(57)	-
JS Money Market Fund	Pakistan	0.00%	-	275,578	(277,495)	1,917	-	-
JS Cash Fund	Pakistan	6.83%	-	135,177	1,397,723	18,071	(29)	1,550,942
JS KPK Islamic Pension Fund - MM Sub Fund	Pakistan	41.76%	-	30,819	-	6,305	-	37,124
JS KPK Pension Fund - MM Sub Fund	Pakistan	74.97%	-	30,819	-	6,455	-	37,274
JS KPK Islamic Pension Fund - Debt Sub Fund	Pakistan	100.00%	-	500	-	-	-	500
JS KPK Pension Fund - Debt Sub Fund	Pakistan	100.00%	-	500	-	-	-	500
JS Islamic Pension Savings Fund Debt	Pakistan	0.00%	-	7,494	(7,983)	489	-	-
JS Islamic Pension Savings Fund MM	Pakistan	0.00%	-	603	(644)	41	-	-
JS Pension Savings Fund Debt	Pakistan	0.00%	-	386	(415)	29	-	-
JS Pension Savings Fund MM	Pakistan	0.00%	-	4,180	(4,491)	311	-	-
JS Fund of Funds	Pakistan	92.76%	-	387,369	(255,500)	291,136	-	423,005
JS Growth Fund	Pakistan	3.53%	-	-	121,481	5,836	-	127,317
Unit Trust of Pakistan	Pakistan	0.00%	-	-	(8,184)	8,184	-	-
JS Income Fund	Pakistan	0.00%	-	-	(73,551)	74,759	(1,208)	-
JS Fixed Term Munafa Plan-10	Pakistan	2.06%	-	-	300,000	1,890	-	301,890
			<u>216,008</u>	<u>1,234,676</u>	<u>901,177</u>	<u>409,539</u>	<u>(14,574)</u>	<u>2,746,826</u>

8.8.2 The investments in Funds under management of JSIL are classified as associates.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

8.8.3 Summary of financial position and performance of associates

	2025					2024			
	As at	Assets	Liabilities	Revenue	Profit / (loss)	Assets	Liabilities	Revenue	Profit / (loss)
	Rupees in '000								
Omar Jibran Engineering Industries Limited	Jun 30, 2023	5,372,772	2,430,640	2,345,882	(145,624)	5,372,772	2,430,640	2,345,882	(145,624)
Veda Transit Solutions (Private) Limited	Jun 30, 2022	4,242,630	3,236,774	2,468,979	(80,262)	4,242,630	3,236,774	2,468,979	(80,262)
Shakarganj Food Products Limited	Sep 30, 2023	10,335,484	6,782,556	15,068,704	166,682	10,335,484	6,782,556	15,068,704	166,682
KASB Funds Limited	Dec 31, 2015	46,465	32,465	23,640	(66,241)	46,465	32,465	23,640	(66,241)
JS Motion Picture Fund	Dec 31, 2025	82,247	183	4,284	3,939	81,920	-	-	-
JS KPK Islamic Pension Fund - Equity Sub Fund	Dec 31, 2025	635	135	-	-	635	135	-	-
JS KPK Islamic Pension Fund -Equity Index Sub Fund	Dec 31, 2025	635	135	-	-	635	135	-	-
JS KPK Islamic Pension Fund - MM Sub Fund	Dec 31, 2025	264,066	622	10,963	9,997	-	-	-	-
JS Rental REIT Fund	Dec 31, 2025	2,468,744	162,579	33,432	(56,580)	-	-	-	-
JS Islamic Income Fund	Dec 31, 2025	2,056,893	3,043	56,171	48,426	-	-	-	-
JS Microfinance Sector Fund	Dec 31, 2025	33,858,882	145,335	1,290,845	151,252	-	-	-	-
JS Government Securities Fund	Dec 31, 2025	9,596,218	65,827	594,426	507,647	-	-	-	-
JS Money Market Fund	Dec 31, 2025	3,022,956	6,146	114,854	108,986	-	-	-	-
JS Momentum Factor Exchange Traded Fund	Dec 31, 2025	1,096,928	3,653	288,127	269,193	-	-	-	-
Unit Trust of Pakistan	Dec 31, 2025	2,863,596	26,316	856,717	807,762	-	-	-	-
JS Income Fund	Dec 31, 2025	4,615,120	78,148	424,222	352,337	-	-	-	-
JS Islamic Fund	Dec 31, 2025	589,971	12,794	157,928	143,804	-	-	-	-
JS Large Cap Fund	Dec 31, 2025	3,560,402	37,515	1,089,715	1,022,623	-	-	-	-
JS KPK Pension Fund - Equity Sub Fund	Dec 31, 2025	635	135	-	-	635	135	-	-
JS KPK Pension Fund -Equity Index Sub Fund	Dec 31, 2025	635	135	-	-	635	135	-	-
JS Cash Fund	Dec 31, 2025	13,118,970	43,465	402,447	364,891	22,760,510	52,689	1,857,180	1,720,809
JS KPK Islamic Pension Fund - MM Sub Fund	Dec 31, 2024	-	-	-	-	89,317	416	6,439	6,361
JS KPK Pension Fund - MM Sub Fund	Dec 31, 2025	71,581	568	4,223	3,618	50,124	407	4,059	4,004
JS KPK Islamic Pension Fund - Debt Sub Fund	Dec 31, 2025	635	135	-	-	635	135	-	-
JS KPK Pension Fund - Debt Sub Fund	Dec 31, 2025	635	135	-	-	635	135	-	-
JS Fund of Funds	Dec 31, 2025	2,375,582	2,867	128,731	124,678	458,909	2,902	208,765	204,121
JS Growth Fund	Dec 31, 2025	4,486,549	170,633	1,594,487	1,506,816	3,844,785	235,124	1,000,164	932,083
JS Fixed Term Munafa Plan-10	Dec 31, 2025	-	-	-	-	14,643,608	6,206	98,012	91,238
USD in '000									
KASB Capital Limited	Dec 31, 2016	653	135	-	(34)	653	135	-	(34)

Notes to the Consolidated Financial Statements

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9.	ADVANCES	Note	Performing		Non-Performing		Total	
			2025	2024	2025	2024	2025	2024
			----- Rupees in '000 -----					
	Loans, cash credits, running finances, etc.	9.1	234,958,013	217,306,072	27,231,091	25,872,505	262,189,104	243,178,577
	Bills discounted and purchased		17,979,708	9,946,392	1,052,359	684,295	19,032,067	10,630,687
	Islamic financing and related assets	9.2	299,514,421	301,683,052	16,922,520	19,037,947	316,436,941	320,720,999
	Advances - gross		552,452,142	528,935,516	45,205,970	45,594,747	597,658,112	574,530,263
	Credit loss allowance against advances							
	- Stage 1		(3,793,938)	(3,003,698)	-	-	(3,793,938)	(3,003,698)
	- Stage 2		(1,302,475)	(895,572)	-	-	(1,302,475)	(895,572)
	- Stage 3	9.5	-	-	(38,842,682)	(37,330,232)	(38,842,682)	(37,330,232)
			(5,096,413)	(3,899,270)	(38,842,682)	(37,330,232)	(43,939,095)	(41,229,502)
	Modification loss due to IFRS 9		(67,991)	-	-	-	(67,991)	-
	Fair value adjustment	9.6.4 and 9.6.5	(11,309,254)	(12,028,341)	-	-	(11,309,254)	(12,028,341)
	Advances - net of credit loss allowance		535,978,484	513,007,905	6,363,288	8,264,515	542,341,772	521,272,420

9.1 This includes particulars of net investment in finance lease as disclosed below

	2025				2024			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
Rupees in '000								
Lease rentals receivable	5,367,693	8,102,908	-	13,470,601	2,558,332	1,716,467	-	4,274,799
Residual value	696,791	4,188,870	-	4,885,661	579,035	960,140	-	1,539,175
Minimum lease payments	6,064,484	12,291,778	-	18,356,262	3,137,367	2,676,607	-	5,813,974
Finance charges for future periods	(1,044,659)	(1,968,961)	-	(3,013,620)	(423,663)	(238,982)	-	(662,645)
Present value of minimum lease payments	5,019,825	10,322,817	-	15,342,642	2,713,704	2,437,625	-	5,151,329

9.2

Islamic financing and related assets

	Performing		Non-Performing		Total	
	2025	2024	2025	2024	2025	2024
	Rupees in '000					
Running Musharakah	75,864,281	77,460,146	1,444,955	1,444,955	77,309,236	78,905,101
Diminishing Musharakah financing and related assets - Others	90,955,249	57,762,978	4,039,670	5,863,442	94,994,919	63,626,421
Diminishing Musharakah - Housing	21,446,826	20,731,082	1,756,203	2,120,603	23,203,029	22,851,685
Istisna financing and related assets	29,391,392	27,767,369	3,533,832	3,663,174	32,925,224	31,430,543
Diminishing Musharakah financing and related assets - Auto	26,385,709	16,734,243	678,921	642,621	27,064,630	17,376,864
Murabahah financing and related assets	27,888,608	85,092,279	958,175	753,869	28,846,783	85,846,148
Musawamah financing and related assets / Tijarah	8,611,822	7,894,372	3,905,606	3,945,758	12,517,428	11,840,130
Investment Agency Wakalah	3,233,383	4,273,450	-	-	3,233,383	4,273,450
Murabahah against Bills	1,107,066	285,574	192,048	192,062	1,299,114	477,636
Ijarah financing under IFAS 2 and related assets	12,145,748	590,135	43,394	53,902	12,189,142	644,037
Financing against Bills	2,137,622	2,694,138	-	-	2,137,622	2,694,138
Qardh-e-Hasana	49,527	27,577	124,338	123,378	173,865	150,955
Musharakah financing	-	-	160,000	160,000	160,000	160,000
Past Due Acceptance	212,146	164,607	27,128	27,128	239,274	191,735
Net investment in Ijarah financing in Pakistan	15,040	28,055	42,425	39,969	57,465	68,024
Housing finance portfolio - others	-	-	15,825	7,086	15,825	7,086
Salam	70,002	177,047	-	-	70,002	177,047
Islamic financing and related assets - gross	299,514,421	301,683,052	16,922,520	19,037,947	316,436,941	320,720,999
Provision against Islamic financing and related assets						
Stage 1	(3,123,208)	(2,793,600)	-	-	(3,123,208)	(2,793,600)
Stage 2	(941,448)	(515,292)	-	-	(941,448)	(515,292)
Stage 3	-	-	(15,891,111)	(17,076,658)	(15,891,111)	(17,076,658)
	(4,064,656)	(3,308,892)	(15,891,111)	(17,076,658)	(19,955,767)	(20,385,550)
Modification loss due to IFRS 9	(67,991)	-	-	-	(67,991)	-
Fair value adjustment	(5,427,288)	-	-	-	(5,427,288)	-
Islamic financing and related assets - net of provision	289,954,486	298,374,160	1,031,409	1,961,289	290,985,895	300,335,444

Notes to the Consolidated Financial Statements

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9.3 Particulars of Advances (Gross)	2025	2024
	----- Rupees in '000 -----	
In local currency	576,640,318	558,426,848
In foreign currencies	21,017,794	16,103,415
	597,658,112	574,530,263

9.3.1 Advances to Women, Women-owned and Managed Enterprises (Gross)

Women	11,180,129	9,234,583
Women Owned and Managed Enterprises	3,604,656	6,695,432
	14,784,785	15,930,015

9.3.2 Gross loans disbursed to women, women-owned and managed enterprises during the current and previous financial years

	9,408,413	9,982,189
Women, Women Owned and Managed Enterprises	9,408,413	9,982,189

9.4 Particulars of credit loss allowance

9.4.1 Advances - Exposure	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	----- Rupees in '000 -----							
Gross carrying amount - opening	489,407,039	39,528,477	45,594,747	574,530,263	377,803,746	51,475,049	39,075,092	468,353,887
New advances	286,808,370	13,719,345	517,988	301,045,703	265,741,574	13,611,930	2,148,754	281,502,258
Advances derecognised or repaid	(246,190,102)	(13,559,511)	(3,302,507)	(263,052,120)	(151,590,979)	(11,031,269)	(5,561,955)	(168,184,203)
Transfer to stage 1	10,637,374	(10,395,670)	(241,704)	-	16,933,204	(16,744,943)	(188,261)	-
Transfer to stage 2	(10,597,385)	13,048,417	(2,451,032)	-	(9,973,674)	12,579,651	(2,605,977)	-
Transfer to stage 3	(1,128,310)	(5,068,634)	6,196,944	-	(3,646,333)	(8,525,595)	12,171,928	-
	39,529,947	(2,256,053)	719,689	37,993,583	117,463,792	(10,110,226)	5,964,489	113,318,055
Amounts written off / charged off	-	-	(453,126)	(453,126)	-	-	(183,699)	(183,699)
Changes in risk parameters (PDs/LGDs/EADs)	(11,532,035)	(2,251,625)	(655,340)	(14,439,000)	(5,822,617)	(1,835,481)	738,865	(6,919,233)
Exchange adjustments	19,484	6,908	-	26,392	(37,882)	(865)	-	(38,747)
Gross carrying amount - closing	517,424,435	35,027,707	45,205,970	597,658,112	489,407,039	39,528,477	45,594,747	574,530,263

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

9.4.2 Advances - credit loss allowance

	2025			
	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000			
Opening balance	3,003,698	895,572	37,330,232	41,229,502
Impact of adoption of IFRS 9	-	-	-	-
Balance as at January 01 after adopting IFRS 9	3,003,698	895,572	37,330,232	41,229,502
New Advances	1,540,327	98,584	257,509	1,896,420
Advances derecognised or repaid	(259,055)	(288,915)	(1,686,876)	(2,234,846)
Transfer to stage 1	334,225	(144,421)	(189,804)	-
Transfer to stage 2	(41,400)	1,826,452	(1,785,052)	-
Transfer to stage 3	(24,017)	(70,838)	94,855	-
	1,550,080	1,420,862	(3,309,368)	(338,426)
Amounts written off / charged off	-	-	(453,126)	(453,126)
Transfer in / (out)	94,870	9,364	-	104,234
Changes in risk parameters (PDs/LGDs/EADs)	(854,731)	(1,025,064)	5,274,944	3,395,149
Exchange adjustments	21	1,741	-	1,762
Closing balance	3,793,938	1,302,475	38,842,682	43,939,095

	2024					
	Stage 1	Stage 2	Stage 3	General Provision	Specific Provision	Total
	Rupees in '000					
Opening balance	-	-	-	4,790,803	29,109,710	33,900,513
Impact of adoption of IFRS 9	2,062,485	1,648,726	32,192,381	(4,790,803)	(29,109,710)	2,003,079
Balance as at January 01 after adopting IFRS 9	2,062,485	1,648,726	32,192,381	-	-	35,903,592
New Advances	1,162,725	74,679	947,736	-	-	2,185,140
Advances derecognised or repaid	(985,845)	(869,547)	(5,125,596)	-	-	(6,980,988)
Transfer to stage 1	495,307	(487,653)	(7,654)	-	-	-
Transfer to stage 2	(289,691)	1,631,462	(1,341,771)	-	-	-
Transfer to stage 3	(939,176)	(2,116,679)	3,055,855	-	-	-
	(556,680)	(1,767,738)	(2,471,430)	-	-	(4,795,848)
Amounts written off / charged off	-	-	(183,699)	-	-	(183,699)
Transfer in / (out)	(2,371)	-	147,781	-	-	145,410
Changes in risk parameters (PDs/LGDs/EADs)	1,500,486	1,014,566	7,645,199	-	-	10,160,251
Exchange adjustments	(222)	18	-	-	-	(204)
Closing balance	3,003,698	895,572	37,330,232	-	-	41,229,502

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

- 9.5** Advances include Rs. 45,205.970 million (2024: Rs. 45,594.747 million) which have been placed under non-performing / stage 3 status as detailed below:

Category of classification	2025		2024	
	Non-Performing Loans	Credit loss allowance	Non-Performing Loans	Credit loss allowance
----- Rupees in '000 -----				
Domestic				
Other Assets Especially Mentioned (OAEM)*	478,644	84,786	633,357	71,555
Substandard	1,321,997	376,023	4,061,864	1,837,633
Doubtful	1,530,795	719,623	5,161,315	2,396,965
Loss	41,874,534	37,662,250	35,738,211	33,024,079
Total	45,205,970	38,842,682	45,594,747	37,330,232
Overseas	-	-	-	-

* The Other Assets Especially Mentioned category pertains to agriculture, housing and small enterprises financing.

- 9.6** Particulars of credit loss allowance against advances

		2025			2024					
		Stage 1 and 2	Stage 3	Total	Stage 1 and 2	Stage 3	Specific	General	Provision under IFRS 9 (Overseas)	Total
Note		----- Rupees in '000 -----								
Opening balance		3,899,270	37,330,232	41,229,502	-	-	29,109,710	4,768,909	21,894	33,900,513
Impact of adoption of IFRS 9		-	-	-	3,619,650	32,192,381	(29,109,710)	(4,768,909)	(21,894)	1,911,518
Balance as at January 01 after adopting IFRS 9		3,899,270	37,330,232	41,229,502	3,619,650	32,192,381	-	-	-	35,812,031
Exchange adjustments		1,762	-	1,762	(199)	-	-	-	-	(199)
Charge for the year		4,502,414	6,606,252	11,108,666	3,544,116	8,562,190	-	-	-	12,106,306
Reversal for the year	9.6.2	(3,411,267)	(4,640,676)	(8,051,943)	(3,261,926)	(3,388,421)	-	-	-	(6,650,347)
	33	1,091,147	1,965,576	3,056,723	282,190	5,173,769	-	-	-	5,455,959
Transfer in / (out)		104,234	-	104,234	(2,371)	147,781	-	-	-	145,410
Amounts written off	9.7	-	(171,009)	(171,009)	-	(90,400)	-	-	-	(90,400)
Amounts charged off - credit card	9.7	-	(125,855)	(125,855)	-	-	-	-	-	-
Amounts charged off - agricultural financing	9.7	-	(156,262)	(156,262)	-	(93,299)	-	-	-	(93,299)
Closing balance		5,096,413	38,842,682	43,939,095	3,899,270	37,330,232	-	-	-	41,229,502

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9.6.1 Particulars of credit loss allowance against non-performing advances

	2025			2024		
	Stage 1 and Stage 2	Stage 3	Total	Stage 1 and stage 2	Stage 3	Total
	----- Rupees in '000 -----					
In local currency	5,085,923	38,842,682	43,928,605	37,330,232	3,706,767	41,036,999
In foreign currencies	10,490	-	10,490	-	192,503	192,503
	<u>5,096,413</u>	<u>38,842,682</u>	<u>43,939,095</u>	<u>37,330,232</u>	<u>3,899,270</u>	<u>41,229,502</u>

9.6.2 This includes reversal of Stage 3 credit loss allowance of Rs. NIL (2024: Rs. 406.907 million) against reduction in non-performing loans of NIL (2024: Rs. 2,189.151 million) of certain borrowers under 'Debt Property Swap' transactions.

9.6.3 The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum of five years from the date of classification. As at December 31, 2025, the Group has availed cumulative FSV benefit under the directives of the State Bank of Pakistan (SBP) of Rs. 4,335.108 million (2024: Rs. 2,841.257 million).

The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 2,076.128 million (2024: Rs. 1,306.978 million). The additional impact on profitability arising from availing the benefit of FSV shall not be available for payment of cash or stock dividend to shareholders or bonus to employees under the requirement of Regulation R-8 of Corporate / Commercial Banking of the SBP.

9.6.4 This includes deferred fair value loss arising from the restructuring of Pakistan International Airlines Corporation Limited (PIACL). SBP through its letter dated August 01, 2024 has allowed staggering of such fair value impact over the period of 6 years at rates of 5%, 10%, 15%, 20%, 25%, and 25% from year 1 to year 6. Further, SBP vide BPRD Circular Letter No.16 of 2024 dated July 29, 2024 has allowed to take such fair value adjustment with effect from October 01, 2024.

9.6.5 This also includes fair valuation adjustment on modified loans and concessional rate loans (staff loans and TERF loans) considered in accordance with the requirements of IFRS 9.

9.7 Particulars of write offs: 2025 2024 ----- Rupees in '000 -----

9.7.1 Against credit loss allowance

- Written off	171,009	90,400
- Charged off	282,117	93,299
Directly charged to profit and loss account	76	-
	<u>453,202</u>	<u>183,699</u>

9.7.2 Write offs of Rs.500,000 and above

- Domestic	170,973	1,460
- Overseas	-	-
Write offs of below Rs.500,000	112	88,940
	<u>171,085</u>	<u>90,400</u>

9.8 Details of loan write off of Rs. 500,000 and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the Statement in respect of written-off loans or any other financial relief of rupees five hundred thousand and above allowed to a person(s) during the year ended is given in Annexure-I to these consolidated financial statements. However, these write-offs do not affect the Group's right to recover debts from these customers.

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For the year ended December 31, 2025

10. PROPERTY AND EQUIPMENT	Note	2025 ----- Rupees in '000 -----	2024 -----
Capital work-in-progress	10.1	4,668,083	2,288,894
Property and equipment	10.2	34,574,590	25,886,510
		39,242,673	28,175,404

10.1 Capital work-in-progress

Civil works	401,591	367,513
Equipment	376,126	227,774
Advance to supplier	516,889	502,884
Advance for acquiring properties and office premises	3,373,477	1,190,723
	4,668,083	2,288,894

10.2 Property and equipment

Property and equipment		2025						
		Leasehold land	Building on leasehold land	Leasehold Improvements	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Total
	Note	----- Rupees in '000 -----						
At January 01, 2025								
Cost / Revalued amount		4,651,079	10,522,920	3,389,519	7,686,414	13,648,348	770,520	40,668,800
Accumulated depreciation		-	(964,880)	(1,423,281)	(3,241,367)	(8,934,770)	(217,992)	(14,782,290)
Net book value		4,651,079	9,558,040	1,966,238	4,445,047	4,713,578	552,528	25,886,510
Year ended December 2025								
Opening net book value		4,651,079	9,558,040	1,966,238	4,445,047	4,713,578	552,528	25,886,510
Additions	10.2.1	3,133,173	72,500	877,858	1,822,698	4,599,894	67,566	10,573,689
Movement in surplus on assets revalued during the year - net		1,566,091	247,597	-	-	-	-	1,813,688
Other adjustments / transfers		-	(435,416)	-	-	-	-	(435,416)
Reversal of depreciation on revaluation		-	-	-	-	-	-	-
Disposals		(451,000)	-	(31,049)	(50,445)	(305,029)	(35,593)	(873,116)
Write off		-	-	-	(75,596)	-	-	(75,596)
Depreciation charge	30	-	(432,283)	(354,554)	(755,340)	(2,202,479)	(117,366)	(3,862,022)
Reversal of Depreciation on revaluation		-	679,459	-	-	-	-	679,459
Reversal of depreciation on disposal		-	-	27,678	43,419	290,359	28,904	390,360
Reversal of depreciation on write off		-	-	-	39,744	-	-	39,744
Exchange rate adjustments		-	-	58	2	9	19	88
Other adjustments / transfers		-	435,483	(38)	(69)	86	1,740	437,202
Closing net book value		8,899,343	10,125,380	2,486,191	5,469,460	7,096,418	497,798	34,574,590
At December 31, 2025								
Cost / Revalued amount		8,899,343	10,407,599	4,236,607	9,383,152	17,943,296	802,541	51,672,538
Accumulated depreciation		-	(282,219)	(1,750,416)	(3,913,692)	(10,846,878)	(304,743)	(17,097,948)
Net book value		8,899,343	10,125,380	2,486,191	5,469,460	7,096,418	497,798	34,574,590
Rate of depreciation (%)		-	1 - 5	10	5 - 20	12.5 - 33.3	20	

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

	2024						
	Leasehold land	Building on leasehold land	Leasehold Improvements	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Total
	Rupees in '000						
At January 01, 2024							
Cost / Revalued amount	4,601,622	8,273,484	2,727,159	5,601,098	11,373,193	502,680	33,079,236
Accumulated depreciation	-	(1,109,961)	(1,201,537)	(2,828,624)	(7,532,698)	(155,770)	(12,828,590)
Net book value	<u>4,601,622</u>	<u>7,163,523</u>	<u>1,525,622</u>	<u>2,772,474</u>	<u>3,840,495</u>	<u>346,910</u>	<u>20,250,646</u>
Year ended December 2024							
Opening net book value	4,601,622	7,163,523	1,525,622	2,772,474	3,840,495	346,910	20,250,646
Additions	-	2,090,750	723,730	2,268,670	2,577,960	338,818	7,999,928
Movement in surplus on assets revalued during the year - net	49,457	158,617	-	-	-	-	208,074
Reversal of depreciation on revaluation	-	637,420	-	-	-	-	637,420
Disposals	-	-	(61,073)	(90,757)	(300,570)	(71,202)	(523,602)
Write off	-	-	-	(93,172)	-	-	(93,172)
Depreciation charge	-	(492,338)	(267,014)	(570,546)	(1,671,578)	(79,472)	(3,080,948)
Reversal of depreciation on disposal	-	-	44,759	78,596	267,517	25,881	416,753
Reversal of depreciation on write off	-	-	-	79,840	-	-	79,840
Exchange rate adjustments	-	-	(144)	(15)	9	(39)	(189)
Other adjustments / transfers	-	68	358	(43)	(255)	(8,368)	(8,240)
Closing net book value	<u>4,651,079</u>	<u>9,558,040</u>	<u>1,966,238</u>	<u>4,445,047</u>	<u>4,713,578</u>	<u>552,528</u>	<u>25,886,510</u>
At December 31, 2024							
Cost / Revalued amount	4,651,079	10,522,920	3,389,519	7,686,414	13,648,348	770,520	40,668,800
Accumulated depreciation	-	(964,880)	(1,423,281)	(3,241,367)	(8,934,770)	(217,992)	(14,782,290)
Net book value	<u>4,651,079</u>	<u>9,558,040</u>	<u>1,966,238</u>	<u>4,445,047</u>	<u>4,713,578</u>	<u>552,528</u>	<u>25,886,510</u>
Rate of depreciation (%)	-	1 - 5	10	5 - 20	12.5 - 33.3	20	

10.2.1 This includes transfer from capital work-in-progress during the year amounting to Rs. 1,103.545 million (2024: Rs. 885.895 million) and transfers from non-banking assets acquired in satisfaction of claim amounting to NIL (2024: Rs. 2,000 million).

10.2.2 Cost of fully depreciated properties and equipment that are still in the Bank's use, as at December 31, 2025, amounted to Rs. Rs.5,109.155 million (2024: Rs.10,489.007 million).

10.2.3 The details of disposals of assets to related parties are given in Annexure-II to these consolidated financial statements.

Notes to the Consolidated Financial Statements

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10.2.4 The carrying amount of idle properties still in use

	2025	2024
	----- Rupees in '000 -----	
Leasehold land	1,173,700	1,173,700
Building on leasehold land	2,771,168	2,922,099
	3,944,868	4,095,799

10.2.5 The properties of the Holding company were revalued by independent professional valuers as at December 31, 2024. The revaluation was carried out by M/s. Pakistan Inspection Co. (Pvt) Ltd. on the basis of professional assessment of present market values which resulted in increase in surplus by Rs. 845.494 million. The total surplus against revaluation of Property and equipment as at December 31, 2025 amounts to Rs. 2,126.106 million (2024: Rs. 2,202.331 million).

During the year ended December 31, 2025, BIPL's land and buildings on leasehold land were revalued by Pakistan Inspection Co Pvt Ltd and Sadruddin Associates (Private) Limited on the basis of their professional assessment of the present market value. As a result of revaluation the market value of land and buildings on leasehold land were determined at Rs. 11,447.540 million. The total surplus arising against revaluation of fixed assets as of December 31, 2025 amounts to Rs. 4,672.710 million.

Had there been no revaluation, the carrying amount of revalued assets of the Group at December 31, would have been as follows:

	Note	2025	2024
		----- Rupees in '000 -----	
Leasehold land		6,521,281	3,654,223
Building on leasehold land		4,967,138	5,617,759
		11,488,419	9,271,982

11. RIGHT-OF-USE ASSETS

		2025	2024
		Buildings	Buildings
		----- Rupees in '000 -----	
At January 1,			
Cost		16,045,257	14,799,906
Accumulated Depreciation		(8,966,680)	(8,951,626)
Net Carrying amount at January 1, 2025		7,078,577	5,848,280
Additional impact upon acquisition of subsidiary		-	-
Modification Impact		1,151,946	-
Additions during the year		4,353,864	4,216,562
Deletions during the year		(174,753)	(298,252)
Depreciation charge for the year	30	(3,440,858)	(2,713,926)
Exchange rate adjustments		(112)	(216)
Other adjustments		(2)	26,129
Net Carrying amount at December 31, 2025		8,968,662	7,078,577

12. INTANGIBLE ASSETS

Capital work-in-progress - Computer software		818,386	2,153,190
Computer software	12.1	5,954,365	4,236,584
Goodwill	12.1, 12.3 and 12.4	4,407,921	4,407,921
Core Deposits Intangible on Acquisition		1,250,030	1,396,646
Others		35,181	65,611
		12,465,883	12,259,952

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		2025				
		Computer software	Goodwill	Core Deposits Intangible on acquisition	Others	Total
		Rupees in '000				
12.1	Intangible Assets					
	Note					
	At January 01, 2025					
	Cost	6,878,634	4,407,921	1,627,160	110,877	13,024,592
	Accumulated amortisation	(2,642,050)	-	(230,514)	(45,266)	(2,917,830)
	Net book value	4,236,584	4,407,921	1,396,646	65,611	10,106,762
	Year ended December 2025					
	Opening net book value	4,236,584	4,407,921	1,396,646	65,611	10,106,762
	Additional impact upon acquisition of subsidiary	-	-	-	-	-
	Additions - directly purchased	2,630,759	-	-	2,820	2,633,579
	Disposals	-	-	-	(5,600)	(5,600)
	Amortisation charge	(912,719)	-	(164,961)	(11,872)	(1,089,552)
	Amortisation on Disposal	-	-	-	2,567	2,567
	Exchange rate adjustments	(263)	-	-	-	(263)
	Other adjustments / transfers	4	-	18,345	(18,345)	4
	Closing net book value	5,954,365	4,407,921	1,250,030	35,181	11,647,497
	At December 31, 2025					
	Cost	9,509,182	4,407,921	1,627,160	108,097	15,652,360
	Accumulated amortisation and impairment	(3,554,817)	-	(377,130)	(72,916)	(4,004,863)
	Net book value	5,954,365	4,407,921	1,250,030	35,181	11,647,497
	Rate of amortisation (%)	10 - 20		10		
	Useful life (years)	10 - 20		10		
		2024				
		Computer software	Goodwill	Core Deposits Intangible on acquisition	Others	Total
		Rupees in '000				
	At January 1, 2024					
	Cost	5,227,415	4,407,921	1,627,160	94,851	11,357,347
	Accumulated amortisation	(2,014,123)	-	(67,798)	(30,864)	(2,112,785)
	Net book value	3,213,292	4,407,921	1,559,362	63,987	9,244,562
	Year ended December 2024					
	Opening net book value	3,213,292	4,407,921	1,559,362	63,987	9,244,562
	Additional impact upon acquisition of subsidiary	-	-	-	-	-
	Additions - directly purchased	1,651,089	-	-	33,600	1,684,689
	Disposals	-	-	-	(17,574)	(17,574)
	Amortisation charge	(626,046)	-	(162,716)	(14,402)	(803,164)
	Exchange rate adjustments	(35)	-	-	-	(35)
	Other adjustments / transfers	(1,716)	-	-	-	(1,716)
	Closing net book value	4,236,584	4,407,921	1,396,646	65,611	10,106,762
	At December 31, 2024					
	Cost	6,878,634	4,407,921	1,627,160	110,877	13,024,592
	Accumulated amortisation	(2,642,050)	-	(230,514)	(45,266)	(2,917,830)
	Net book value	4,236,584	4,407,921	1,396,646	65,611	10,106,762
	Rate of amortisation (%)	10 - 20		10		
	Useful life (years)	10 - 20		10		

Notes to the Consolidated Financial Statements

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- 12.1.1** This includes transfer from capital work in progress during the year of Rs. 1,800.886 million (2024: Rs. 1,651.089 million).
- 12.2** The cost of fully amortised intangible assets that are still in the Group's use amounted to Rs. 1,198.607 million (2024: Rs. 1,025.103 million).
- 12.3** Goodwill is recorded by the Holding Company upon the event fully disclosed in note 1.1. For impairment testing, goodwill has been allocated to 'Trading and Sales' Segment as a Cash Generating Unit (CGU), which is also a reportable segment.

Key assumptions used in calculation of value-in-use

The recoverable amount of the CGU has been determined based on value-in-use calculation, using cash flow projections based on business plan approved by the Board of Directors of the Bank covering a five year period, duly adjusted for changes based on latest forecasts. The discount rates applied to cash flows beyond five years are extrapolated using a terminal growth rate. The following rates are used by the Holding Company:

	2025	2024
	Percentages	Percentages
- Discount rate	16.57	14.97
- Terminal growth rate	6.00	12.00

The calculation of value-in-use is most sensitive to following assumptions:

a) Interest margin

Interest margins are based on prevailing industry trends and anticipated market conditions.

b) Discount rate

Discount rate reflect management estimates of the rate of return required for each business and is calculated after taking into account the prevailing risk free rate, industry risk and business risk. Discount rate is calculated by using cost of equity of the holding company.

c) Key business assumptions

The assumptions are important as they represent management assessment of how the unit's position might change over the projected period. Based on the expansion plans, management expects aggressive growth in advances, investments and deposits during the projected periods and thereafter stabilisation in line with industry trends.

Management believes that any significant change in key assumptions, on which CGU's recoverable amount is based, may impact the carrying amount to further exceed its recoverable amount. Value-in-use calculation of the CGU are sensitive to changes in assumptions for interest rate spreads, Non Funded Income (NFI), long term growth rates and discount rates.

The estimated recoverable amount of the 'Trading and Sales' CGU exceeds its carrying amount by approximately Rs. 14,665.848 million (2024: Rs. 6,563.429 million). Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

	Changes required for carrying amount to equal recoverable amount	
	2025	2024
	Percentages	Percentages
- Discount rate	3.61	0.41
- Terminal growth rate	-6.54	-0.47



Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

- 12.4** This includes goodwill recognised upon acquisition of defunct KASB Bank Limited Undertakings by BankIslami Pakistan Limited (BIPL) based on fair values of assets and liabilities. BIPL carried out Goodwill impairment testing as at December 31, 2025.

Key assumptions used in calculation of value-in-use

The recoverable amount of Goodwill has been determined based on value-in-use calculation, using cash flow projections based on financial projections approved by the management of BIPL covering a five year period. The discount rates applied to cash flows beyond five years are extrapolated using a terminal growth rate. The following rates are used by BIPL.

	2025	2024
	Percentages	Percentages
- Discount rate	16.69	15.82
- Terminal growth rate	5.00	5.00

The calculation of value-in-use is most sensitive to following assumptions:

a) Profit margins

Profit margins are based on prevailing industry trends and anticipated market conditions.

b) Discount rates

Discount rates reflect management estimates of the rate of return required for each business and are calculated after taking into account the prevailing risk free rate, industry risk and business risk. Discount rates are calculated by using cost of equity of BIPL.

c) Key business assumptions

The assumptions are important as they represent management assessment of how BIPL's financial position might change over the projected period. Based on the expansion plans, management expects aggressive growth in financing, investments and deposits during the projected periods and thereafter stabilization in line with industry trends.

Management believes that any significant change in key assumptions, on which Goodwill's recoverable amount is based, may impact the carrying amount to further exceed its recoverable amount. Value-in-use calculation of Goodwill are sensitive to changes in assumptions for profit rate spreads, Non-Funded Income (NFI), long term growth rates and discount rates.

d) Sensitivity to changes in assumption

The estimated recoverable amount of Goodwill exceeds its carrying amount by approximately Rs. 12,718.114 million. Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

	Changes required for carrying amount to equal recoverable amount	
	2025	2024
	Percentages	Percentages
- Discount rate	-16.49	5.18
- Terminal growth rate	-5.00	-11.79

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

		2025					
13.	DEFERRED TAX ASSET	At January 01, 2025	Impact of adoption of IFRS 9	Balance after adoption of IFRS 9	Recognised in profit and loss account	Recognised in OCI	At December 31, 2025
Note		Rupees in '000					
Deductible Temporary Differences on:							
	Credit loss allowance against advances	8,767,117	-	8,767,117	1,000,349	-	9,767,466
	Credit loss allowance - others	1,336,789	-	1,336,789	402,347	(82,874)	1,656,262
	Right-of-use assets	(49,146)	-	(49,146)	4,729,862	-	4,680,716
	Credit loss allowance against investments	171,659	-	171,659	425,716	-	597,375
	Ijarah financing and related assets	43,798	-	43,798	(170,912)	-	(127,114)
	Intangible assets	42	-	42	(10)	-	32
	Unabsorbed tax depreciation and Amortisation	81,052	-	81,052	4,381	-	85,433
	Pre-commencement expenditure	-	-	-	6,990	-	6,990
	Workers' Welfare Fund	9,700	-	9,700	6,095	-	15,795
	Accumulated tax losses	107,860	-	107,860	(72,282)	-	35,578
		10,468,871	-	10,468,871	6,332,536	(82,874)	16,718,533
Taxable Temporary Differences on:							
	Credit loss allowance against investments	30,612	-	30,612	(83,644)	-	(53,032)
22	Surplus on revaluation of property and equipments	(1,821,641)	-	(1,821,641)	17,386	(1,080,865)	(2,885,120)
22	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	(57,170)	-	(57,170)	(2,969)	(215,438)	(275,577)
22	Surplus on revaluation of investments	(7,924,621)	(14,209)	(7,938,830)	(10,251)	4,566,215	(3,382,866)
	Accelerated tax depreciation	(1,604,354)	-	(1,604,354)	441,764	-	(1,162,590)
	Lease liabilities	72,480	-	72,480	(3,932,911)	-	(3,860,431)
	Fair value adjustment and modification	(855,257)	-	(855,257)	(125,843)	-	(981,100)
	Unrealized gain on FVPL investments	-	-	-	(87)	-	(87)
	Goodwill	(761,085)	-	(761,085)	-	-	(761,085)
		(12,921,036)	(14,209)	(12,935,245)	(3,696,555)	3,269,912	(13,361,888)
		(2,452,165)	(14,209)	(2,466,374)	2,635,981	3,187,038	3,356,645
2024							
		At January 01, 2024	Impact of adoption of IFRS 9	Balance after adoption of IFRS 9	Recognised in profit and loss account	Recognised in OCI	At December 31, 2024
Rupees in '000							
Deductible Temporary Differences on:							
	Credit loss allowance against investments	48,192	(69,290)	(21,098)	29,798	-	8,700
	Credit loss allowance against advances	1,542,762	1,050,495	2,593,257	1,256,209	-	3,849,466
	Credit loss allowance - Others	-	83,998	83,998	829,690	-	913,688
	Fair value adjustment	-	140,507	140,507	(42,222)	-	98,285
	Other assets	230,253	4,508	234,761	630,679	2,834	868,274
	Accumulated tax losses	45,805	-	45,805	62,055	-	107,860
		1,867,012	1,210,218	3,077,230	2,766,209	2,834	5,846,273
Taxable Temporary Differences on:							
22	Surplus on revaluation of property and equipments	(234,884)	-	(234,884)	153,254	(245,755)	(327,385)
22	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	(23,015)	-	(23,015)	1,106	(2,170)	(24,079)
22	Surplus on revaluation of investments classified as measure at FVOCI	(3,286,120)	251,626	(3,034,494)	(2,639)	(4,652,434)	(7,689,567)
	Surplus on revaluation of investments classified as measured at FVPL	(17,639)	(180,600)	(198,239)	143,530	-	(54,709)
	Accelerated tax depreciation	(1,362,699)	-	(1,362,699)	(346,761)	-	(1,709,460)
	Goodwill	(717,176)	-	(717,176)	(43,908)	-	(761,084)
	Fair value adjustment on amalgamation	29,502	-	29,502	106,521	-	136,023
	Fair value adjustment upon acquisition	3,065,477	(974,740)	2,090,737	41,086	-	2,131,823
		(2,546,554)	(903,714)	(3,450,268)	52,189	(4,900,359)	(8,298,438)
		(679,542)	306,504	(373,038)	2,818,398	(4,897,525)	(2,452,165)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

14. OTHER ASSETS	Note	2025 ----- Rupees in '000 -----	2024 ----- Rupees in '000 -----
Mark-up / return / interest / profit accrued in local currency		23,481,851	32,044,168
Mark-up / return / interest / profit accrued in foreign currencies		194,277	125,569
Advances, deposits, advance rent and other prepayments		12,227,168	10,865,600
Receivable against First WAPDA Sukuk		50,000	50,000
Acceptances		8,293,474	5,229,956
Advance taxation (payments less provision)		5,161,159	92,185
Dividend receivable		-	3,182
Stationery and stamps on hand		12,186	18,370
Receivable in respect of home remittance		11,376	20,357
Due from State Bank of Pakistan		2,179,874	1,200,456
Fair value adjustment on advances		2,728,769	3,049,801
Non-banking assets acquired in satisfaction of claims	14.1	6,231,433	6,565,986
Mark to market gain on forward foreign exchange contracts		156,440	181,485
Mark to market gain on forward government securities transactions	24.2	-	26,426
Advance against investments in securities		792,000	792,000
Branchless banking fund settlement		-	370,945
Inter bank fund transfer settlement		2,131,870	1,025,298
Credit card settlement		77,438	296,903
Clearing and settlement accounts		1,038,710	1,715,925
Insurance claims receivable		858,711	66,416
Trade receivable from brokerage and advisory business - net		3,386,233	2,442,753
Balances due from funds under management		292,708	251,204
Others		1,391,967	1,902,197
		70,697,644	68,337,182
Less: Credit loss allowance held against other assets	14.2	(1,691,048)	(1,585,067)
Other assets - net of credit loss allowance		69,006,596	66,752,115
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22.2	575,716	552,355
Other assets - total		69,582,312	67,304,470

14.1 Non banking assets acquired in satisfaction of claims

Market value of non-banking assets acquired in satisfaction of claims	6,503,238	6,812,579

14.1.1 Non-banking assets acquired in satisfaction of claims

Opening balance		6,812,579	6,511,596
Additions	14.1.2	-	2,300,000
Revaluation		64,135	33,182
Disposal		(329,384)	-
Depreciation	30	(41,444)	(37,939)
Transfer to property and equipment		-	(2,000,000)
Others		(2,648)	5,740
		6,503,238	6,812,579

14.1.2 During the year, the Bank has acquired properties of NIL (2024: Rs. 2,300.000 million) against debt swap transactions with borrowers resulting in reversal of provision of NIL (2024: Rs. 406.907 million) against reduction in non-performing loans of NIL (2024: Rs. 2,189.151 million).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

14.1.3 Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuers as at December 31, 2025. The revaluation was carried out by M/s Pakistan Inspection Co. (Private) Limited on the basis of professional assessment of present market values. The revaluation resulted in an increase in revaluation surplus by Rs. 65.442 million (2024: Rs. 31.272 million)

The properties of BIPL have been revalued by Gandhara Consultants (Private) Limited and Sadruddin Associates (Private) Limited on the basis of their professional assessment of the present market value. As a result of revaluation the market value of freehold land and buildings on leasehold land were determined at Rs. 2,873.500 million and Rs. 4,078.179 million respectively. The revaluation resulted in surplus of Rs. 2,786.212 million over the book value of the respective properties.

14.1.4 Gain on disposal of non-banking assets acquired in satisfaction of claims

	2025	2024
	----- Rupees in '000 -----	
Disposal proceeds	301,250	-
less		
- Cost	(258,162)	-
- Revaluation surplus	(27,713)	-
- Impairment / Depreciation	23,958	-
	(261,917)	-
Gain	39,333	-

14.2 Credit loss allowance against other assets and Non banking assets acquired in satisfaction of claims

	2025	2024
	----- Rupees in '000 -----	
Mark-up / return / interest / profit accrued	93,518	91,560
Advances, deposits, advance rent and other prepayments	177,213	61,026
Trade receivable from brokerage and advisory business - net	420,587	444,288
Advance against investments in securities	8,803	-
Non-banking assets acquired in satisfaction of claims	303,911	305,762
Insurance claim receivable	8	-
Others	687,008	682,431
	1,691,048	1,585,067

14.2.1 Movement in credit loss allowance against other assets and Non banking assets acquired in satisfaction of claims

Opening balance	1,585,067	1,362,792
Impact of adoption of IFRS 9	-	127,898
Balance as at January 01 after adopting IFRS 9	1,585,067	1,490,690
Exchange rate adjustments	1	(1)
Charge for the year	153,392	188,846
Reversal for the year	(47,412)	(93,968)
	105,980	94,878
Amount written off	-	(500)
Closing balance	1,691,048	1,585,067

15. BILLS PAYABLE

In Pakistan	17,411,788	21,538,732
Outside Pakistan	322,737	360,638
	17,734,525	21,899,370



Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

		2025	2024
	Note	----- Rupees in '000 -----	
16. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan under:			
Export refinancing scheme	16.1	5,762,946	13,713,392
Long-term finance facility	16.2	1,790,735	2,391,966
Financing facility for storage of agricultural produce	16.3	413,836	209,921
Financing facility for renewable energy projects	16.4	1,174,746	1,674,570
Refinance for women entrepreneurs	16.5	306,710	248,243
Refinance facility for modernization of Small and Medium Enterprises (SMEs)	16.6	298,305	349,293
Refinance facility for combating COVID-19	16.7	65,521	191,327
Temporary Economic Refinance Facility (TERF)	16.8	8,750,775	10,922,250
Small enterprise financing and credit guarantee scheme for special persons	16.9	67	770
Refinance facility for working capital of SMEs	16.10	5,383,440	75,000
Refinance facility for SME Asaan Finance (SAAF) scheme	16.11	4,540,447	5,266,032
Acceptances from SBP under Mudaraba	16.12	-	21,096,917
Islamic Refinance Scheme for Working Capital Financing	16.12	50,000	-
Islamic Export Finance Scheme - Rupee based discounting	16.13	3,776,796	5,210,889
Acceptances under Islamic Export Refinance Scheme	16.14	-	1,053,000
Acceptances for financial assistance	16.15	-	4,827,290
Repurchase agreement borrowings	16.16	2,962,005	-
		35,276,329	67,230,860
Fair value adjustment on TERF borrowings		(2,057,376)	(2,639,656)
Borrowing from financial institutions:			
Repurchase agreement borrowings	16.17	-	384,547
Musharakah Acceptance	16.18	-	31,085,000
Refinancing facility for mortgage loans	16.19	2,341,365	1,929,971
Refinance facility for Islamic Mortgage	16.20	4,241,983	3,340,466
		6,583,348	36,739,984
Total secured		39,802,301	101,331,188
Unsecured			
Call borrowings	16.21	-	700,000
Overdrawn nostro accounts		938,887	963,478
Others		-	16,000
Musharakah Acceptance	16.18	-	11,350,000
Total unsecured		938,887	13,029,478
		40,741,188	114,360,666

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

- 16.1** The Holding Company has entered into agreement with the SBP for extending export finance to customers. These borrowings are repayable on a quarterly basis and have maturities up to June 2026. These carry mark-up rates ranging from 1.00% to 7.00% per annum (2024: 1.00% to 16.50% per annum) .
- 16.2** These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These borrowings have maturities up to February 2033. These carry mark-up rates ranging from 2.00% to 11.00% per annum (2024: 2.00% to 11.00% per annum).
- 16.3** These borrowings have been obtained from the SBP under a scheme to provide financing facilities to encourage private sector to establish silos, warehouses and cold storages to enhance storage capacity and develop agricultural produce marketing. These carry mark-up at a rate of 2.00% per annum (2024: 2.00% to 2.50% per annum) and have maturities up to December 2029.
- 16.4** These borrowings have been obtained from the SBP for providing financing facilities to address challenges of energy shortage and climate change through promotion of renewable energy. These carry mark-up at a rate of 2.00% per annum (2024: 2.00% per annum) and have maturities up to December 2031.
- 16.5** These borrowings have been obtained from the SBP under a scheme to provide refinance for women entrepreneurs in the underserved areas of the country. These carry mark-up rates ranging from 0.00% to 2.00% per annum (2024: 0.00% per annum) and have maturities up to July 2030.
- 16.6** These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises by providing financing facilities for setting up new units, purchase of new plant and machinery for Balancing, Modernization and Replacement (BMR) of existing units and financing for import / local purchase of new generators up to a maximum capacity of 500 KVA. These carry mark-up at rates of 2.00% per annum (2024: 2.00% per annum) and have maturities up to June 2030.
- 16.7** These borrowings have been obtained from the SBP under a scheme to provide the emergency refinance facility to hospitals and medical center to develop capacity for the treatment of COVID-19 patients. These carry mark-up at 0.00% per annum (2024: 0.00% per annum) and have maturities up to July 2026.
- 16.8** These borrowings have been obtained from the SBP under a scheme to provide concessionary refinance for setting up of new industrial units in the backdrop of challenges being faced by industries post pandemic scenario. These carry mark-up at 1.00% per annum (2024: 1.00% per annum) and have maturities up to August 2032.
- 16.9** These borrowings have been obtained from the SBP under a scheme to provide financing facilities to special persons to meet credit needs for setting up of new business enterprises or for expansion of existing ones. These carry mark-up at 0.00% per annum (2024: 0.00% per annum) and have maturities up to March 2026.
- 16.10** These borrowings have been obtained from the SBP under a scheme to fulfil the working capital requirements of selective SME sectors. These carry mark-up at 2.00% per annum (2024: 2.00% per annum) and have maturities up to July 2030.
- 16.11** These borrowings have been obtained from the SBP under a scheme to fulfil the financing requirements of SMEs. These carry mark-up at rates ranging from 1.00% to 3.00% per annum (2024: 1.00% to 3.00% per annum) on a rollover basis.
- 16.12** This represents acceptance of funds by the Group on Mudarabah basis which has been invested in special pools of the Bank and are secured against lien of the Bank's investment in Federal Government securities. The expected average return is NIL (2024: 13.12% per annum).
- 16.13** These acceptances are on a profit and loss sharing basis and are secured against demand promissory notes executed in favor of SBP. A limit of Rs. 5,234 million (2024: 5,234 million) was allocated to the Bank by the SBP under Islamic Export Refinance Scheme - Rupee Based Discounting for the financial year ended December 31, 2025.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

- 16.14** These acceptances are on a profit and loss sharing basis and are secured against demand promissory notes executed in favor of SBP. A limit of Rs. NIL (2024: Rs. 3,952 million) was allocated to the Bank by the SBP under Islamic Export Refinance Scheme for the financial year ended December 31, 2025.
- 16.15** This represented amortised cost of a 10 year financing facility of Rs. 5,000 million extended by SBP. The facility was secured against Federal Government securities. The 10 year facility was provided on the basis of Mudarabah to be remunerated at profit sharing ratio declared by the Bank on its remunerative current accounts on monthly basis. Accordingly, the profit Amortisation rate applied by the Bank in this respect is NIL. (2024: 0.01% per annum).
- 16.16** This repurchase agreement borrowing is secured by Pakistan investment bond and carries a markup rate of 11.50% per annum (2024: NIL) and is due to mature on January 2, 2026.
- 16.17** This repurchase agreement borrowing is secured by market treasury bills and carries a markup rate of NIL per annum (2024: 13.30% per annum), and is due to mature on January 2, 2025.
- 16.18** The expected profit rate on this agreement is NIL% per annum (2024: 12.50% to 13.25% per annum) and has maturity of NIL Days (2024: 1 to 15 Days).
- 16.19** The Bank has entered into an agreement with the Pakistan Mortgage Refinance Company Limited (PMRC) for extending housing finance facilities to the Bank's customers on the agreed terms and conditions. The borrowing carries mark-up rates ranging from 6.50% to 11.83% per annum (2024: 6.50% to 14.07% per annum) and have maturities up to June 2031.
- 16.20** The agreements are on a profit and loss sharing basis and are secured against housing finance portfolio. The profit rate on these agreements is ranging from 9% to 13.97% (2024: 8.50% to 13.97%) per annum.
- 16.21** This carries a mark up rate of NIL per annum (2024: 12.60% per annum) per annum and is due to matured on January 2, 2025.
- 16.22** Islamic finance facilities included above are mostly on profit and loss sharing basis and have been invested in general pool by BIPL and are secured against demand promissory notes executed in favor of State Bank of Pakistan (SBP).

	2025	2024
16.23 Particulars of borrowings (with respect to currencies)	----- Rupees in '000 -----	
In local currency	39,802,301	113,397,188
In foreign currencies	938,887	963,478
	40,741,188	114,360,666

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

17. DEPOSITS AND OTHER ACCOUNTS

	2025			2024		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
----- Rupees in '000 -----						
Customers						
Current deposits	449,976,623	21,446,907	471,423,530	356,712,911	19,668,955	376,381,866
Savings deposits	328,716,474	11,536,129	340,252,603	300,536,324	11,461,574	311,997,898
Term deposits	257,101,473	33,702,456	290,803,929	280,672,496	62,827,696	343,500,192
Margin deposits	30,983,270	118,795	31,102,065	29,340,744	101,259	29,442,003
	1,066,777,840	66,804,287	1,133,582,127	967,262,475	94,059,484	1,061,321,959
Financial Institutions						
Current deposits	4,482,579	699,970	5,182,549	4,235,504	242,644	4,478,148
Savings deposits	44,441,463	41,977	44,483,440	13,791,990	6,375	13,798,365
Term deposits	2,301,979	13,881,500	16,183,479	2,227,651	-	2,227,651
Margin deposits	146	-	146	146	-	146
	51,226,167	14,623,447	65,849,614	20,255,291	249,019	20,504,310
	1,118,004,007	81,427,734	1,199,431,741	987,517,766	94,308,503	1,081,826,269

17.1 Composition of deposits

	2025	2024
	----- Rupees in '000 -----	
- Individuals	403,678,168	404,948,917
- Government (Federal and Provincial)	121,972,183	82,454,852
- Public Sector Entities	21,088,717	23,717,101
- Banking Companies	658,043	1,118,235
- Non-Banking Financial Institutions	65,191,571	19,386,075
- Private Sector	586,843,059	550,201,089
	1,199,431,741	1,081,826,269

17.2 Deposits include eligible deposits of Rs.493,941.410 million (2024 Rs. 391,670.016 million) protected under Depositors Protection Mechanism introduced by State Bank of Pakistan.

18. LEASE LIABILITIES

	2025	2024
	----- Rupees in '000 -----	
Outstanding amount as at January 01	7,845,190	6,686,639
Additions during the year	3,480,206	4,216,562
Lease payments including interest	(3,947,363)	(4,023,522)
Interest expense	1,429,761	1,237,692
Terminations	(223,422)	(303,168)
Exchange difference	(118)	(208)
Modification Impact	1,485,305	-
Others	(14,524)	31,195
Outstanding amount as at December 31	10,055,035	7,845,190

18.1 Contractual maturity of lease liabilities

Short-term lease liabilities - within one year	995,380	525,631
Long-term lease liabilities		
- 1 to 5 years	8,476,026	6,305,860
- 5 to 10 years	583,629	1,013,699
- More than 10 years	-	-
Total lease liabilities	9,059,655	7,319,559
	10,055,035	7,845,190

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19. SUBORDINATED DEBT	Note	2025 ----- Rupees in '000 -----	2024
Term Finance Certificates - Fifth Issue	19.1	3,497,900	3,498,833
Term Finance Certificates - Fourth Issue	19.2	2,496,000	2,497,000
Term Finance Certificates - Third Issue	19.3	2,500,000	2,500,000
ADT-1 Sukuk Issue I	19.4.1	1,999,000	1,998,904
ADT-1 Sukuk Issue II	19.4.2	997,990	997,971
		11,490,890	11,492,708

- 19.1** In 2023, the Holding Company issued Rs. 3.5 billion of rated, privately placed and listed, unsecured and subordinated term finance certificates (TFCs or the Issue) as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD Circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the issue are:

Purpose:	To contribute towards the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum and Articles of Association.
Issue amount	Rs. 3.5 billion
Issue date	August 30, 2023
Maturity date	August 30, 2033
Rating	AA- (Double A Minus)
Security	The Issue is unsecured
Profit payment frequency	Quarterly
Redemption	The instrument is structured to redeem 0.24% of the Issue amount during the first nine years after the issue date and the remaining Issue amount of 99.76% in four equal quarterly instalments of 24.94% each in the last year.
Profit rate:	Floating rate of return at Base Rate + 2 percent per annum; Base rate is defined as the average three months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the issue date and subsequently on the immediately preceding business day before the start of each three monthly period.
Subordination:	The Issue is subordinated all other indebtedness of the Bank including depositors, however, senior to the claims of investors in instruments eligible for inclusion in Tier I Capital
Call option:	Exercisable in part or in full on or after five years from the issue date, subject to SBP's approval.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR or Leverage Ratio set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability (PONV) event as defined under SBP BPRD Circular No. 06 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of PONV as declared by SBP, subject to a cap of 924,772,179 shares.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

- 19.2** In 2021, the Holding Company issued Rs. 2.5 billion of rated, privately placed and listed, unsecured and subordinated term finance certificates (TFCs or the Issue) as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan (SBP) under the BPRD Circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the issue are:

Purpose:	To contribute towards the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum and Articles of Association.
Issue date	December 28, 2021
Tenure	Up to Seven years from the issue date.
Maturity date	December 28, 2028
Rating	AA - (Double A Minus)
Markup rate	Floating rate of return at Base Rate + 2 percent per annum. Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the issue date and subsequently on the immediately preceding business day before the start of each six monthly period.
Markup payment frequency	Semi-annually.
Redemption	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the issue date and the remaining Issue amount of 99.76% in two equal semi-annual instalments of 49.88% each in the last year.
Security	The issue is unsecured.
Subordination	The Issue is subordinated all other indebtedness of the Bank including depositors, however, senior to the claims of investors in instruments eligible for inclusion in Tier I Capital
Call option	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.
Lock-in-clause	Payment of markup will be made from current year's earning and subject to compliance with MCR and / or CAR or LR set by SBP.
Loss	Upon the occurrence of a Point of Non-Viability (PONV) event as defined under SBP BPRD Circular No. 06 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of PONV as declared by SBP, subject to a cap of 400,647,739 shares.

- 19.3** In 2018, the Holding Company issued Rs. 2.5 billion of rated, privately placed, unsecured, subordinated, perpetual and non-cumulative term finance certificates (TFCs or the Issue) as an instrument of redeemable capital under Section 66(1) of the Companies Act, 2017 and as outlined by the State Bank of Pakistan (SBP) under the BPRD Circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose:	To contribute towards the Bank's Tier I Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum and Articles of Association.
Issue date	December 31, 2018
Maturity date	Perpetual
Rating	A + (Single A Plus)

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Markup rate	Floating rate of return at Base Rate + 2.25 percent per annum. Base Rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the issue date and subsequently on the immediately preceding business day before the start of each six monthly period.
Markup payment frequency	Semi-annually on a non-cumulative basis.
Redemption	Not applicable
Security	The Issue is unsecured
Subordination	The Issue is subordinated as to payment of Principal and profit to all other claims except common shares.
Call option	Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause:	Payment of profit will be made from current year's earning and subject to compliance with MCR and / or CAR or LR set by SBP.
Loss absorbency clause: Pre-Specified Trigger (PST)	Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular No. 06 of 2013 dated August 15, 2013 which stipulates that if an issuer's Common Equity Tier 1 (CET 1) ratio falls to or below 6.625% of Risk Weighted Assets (RWA), the Issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Bank will be able to exercise this discretion subject to: If and when Bank's CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWA (if possible); The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWA (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%); and In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the issuer.

Notes to the Consolidated Financial Statements

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Loss absorbency clause: Point of Non-Viability (PONV)	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular No. 06 of 2013 dated August 15, 2013, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the Issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Issuer's common / ordinary share on the date of the PONV trigger event as declared by SBP, subject to the cap specified below: The PONV trigger event is the earlier of: A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable; The decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by SBP. The maximum number of shares to be issued to TFC holders at the Pre-Specified Trigger and / or Point of Non Viability (or otherwise as directed by SBP) will be subject to a specified cap of 329,595,476 ordinary shares, or such other number as may be agreed to in consultation with SBP.

- 19.4** BIPL has issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of sukuk under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I (ADT-1) Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013.

19.4.1 Salient features of the ADT-1 sukuk issue I are as follows:

Issued Amount	Rs. 2,000 million.
Issue date	April 21, 2020
Tenure	Perpetual (i.e. no fixed or final redemption date)
Instrument Rating	PACRA has rated this Sukuk at 'A'
Security	Unsecured
Profit payment	Profit shall be payable monthly in arrears, on a non-cumulative basis
Expected Profit Rate	The Sukuk carries a profit at the rate of 3 Months KIBOR + 2.75%. The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by BIPL inline with SBP's guidelines of pool management.
Call option	BIPL may, at its sole discretion, call the Sukuks, at any time after five years from the Issue Date subject to the prior approval of the SBP.
Lock-in-clause:	In the event where payment of profit results in breach of regulatory MCR/CAR requirements or SBP determines a bar on profit distribution, the monthly profit weightage of the Sukuk holders will be reduced to a minimum level e.g. 0.005, till the month in which such condition is withdrawn by SBP.
Loss absorbency clause:	The Sukuks shall, at the discretion of the SBP, be permanently converted into ordinary shares pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel-III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013.



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19.4.2 Salient features of the ADT-1 sukuk issue II are as follows:

Issued Amount	Rs. 1,000 million.
Issue Date	February 21, 2024
Tenor	Perpetual (i.e. no fixed or final redemption date)
Instrument Rating	PACRA has rated this Sukuk at 'A'
Security	Unsecured
Profit payment frequency	Profit shall be payable monthly in arrears, on a non-cumulative basis
Expected Profit Rate	The Sukuk carries a profit at the rate of 1 Month KIBOR + 2.5%. The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank inline with SBP's guidelines of pool management.
Call option	BIPL may, at its sole discretion, call the Sukuks, at any time after five years from the Issue Date subject to the prior approval of the SBP.
Lock-in clause	In the event where payment of profit results in breach of regulatory MCR/CAR requirements or SBP determines a bar on profit distribution, the monthly profit weightage of the Sukuk holders will be reduced to a minimum level e.g. 0.005, till the month in which such condition is withdrawn by SBP.
Loss absorbency clause	The Sukuks shall, at the discretion of the SBP, be permanently converted into ordinary shares pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel-III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

20. OTHER LIABILITIES	Note	2025	2024
		----- Rupees in '000 -----	----- Rupees in '000 -----
Mark-up / return / interest / profit payable in local currency		7,187,512	12,964,140
Mark-up / return / interest / profit payable in foreign currencies		383,962	685,994
Unearned income on guarantees		526,400	487,456
Accrued expenses		6,750,474	5,361,419
Current taxation (payments less provision)		71,633	-
Acceptances		8,293,474	5,229,956
Unclaimed dividends		12,444	12,446
Mark to market loss on derivative instruments		-	1,489
Mark to market loss on forward foreign exchange contracts		441,137	713,428
Defined benefit obligation - net		612,222	800,305
Payable to defined contribution plan		12,701	54,371
Withholding taxes payable		2,974,127	2,312,036
Donation payable		135,792	143,281
Security deposits against leases, lockers and others		5,305,595	1,989,062
Workers' Welfare Fund	31	2,320,750	1,879,900
Payable in respect of home remittance		1,185	313,579
Retention money payable		187,433	176,421
Insurance payable		476,937	383,072
Payable to vendors against SBS goods		-	159,103
Trade creditors		5,696,238	-
BLB fund settlement		106,276	-
Debit card settlement		363,128	374,348
Clearing and settlement accounts		3,076,931	-
Trade payable from brokerage and advisory business - net		12,307	4,512,756
Dividend payable		50,268	33,979
Deferred Murabahah income financing and IERS		5,169,867	643,923
Unrealized loss on Shariah compliant alternative of forward foreign exchange contracts		46,453	-
Sundry Creditors		1,179,285	903,578
Credit loss allowance against off-balance sheet obligations	20.1	530,976	571,959
Charity payable		161,109	95,696
Others		2,960,074	1,566,509
		55,046,690	42,370,206
20.1 Credit loss allowance against off-balance sheet obligations			
Opening balance		571,959	85,975
Impact of adoption of IFRS 9		-	149,877
Balance as at January 01 after adopting IFRS 9		571,959	235,852
Transfer in		(2,961)	2,371
Exchange rate adjustments		25	(28)
Charge for the period / year		191,878	348,495
Reversals for the period / year		(229,925)	(14,731)
	33	(38,047)	333,764
Closing balance		530,976	571,959



Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

			2025	2024
			----- Rupees in '000 -----	
20.2	Particulars of credit loss allowance against off balance sheet obligations			
	Stage 1		59,032	24,520
	Stage 2		43,628	1,062
	Stage 3		428,316	546,377
			530,976	571,959
20.2.1	Credit loss allowance against off-balance sheet obligations include ECL in respect of letter of credit, letter of guarantees and acceptances.			
21.	SHARE CAPITAL			
21.1	Authorised capital			
21.1.1	Ordinary shares			
			2025	2024
			----- Number of shares -----	----- Rupees in '000 -----
			3,850,000,000	3,850,000,000
		Ordinary shares of Rs.10 each	38,500,000	38,500,000
21.1.2	Preference shares			
			2025	2024
			----- Number of shares -----	----- Rupees in '000 -----
		Convertible preference shares of Rs.10 each	150,000,000	150,000,000
			1,500,000	1,500,000
21.2	Issued, subscribed and paid-up capital			
			2025	2024
			----- Number of shares -----	----- Rupees in '000 -----
		Ordinary shares		
		Fully paid in cash	984,127,890	984,127,890
		Issued for consideration other than cash	1,066,534,646	1,066,534,646
			2,050,662,536	2,050,662,536
		Less: Discount on issue of shares	-	-
			2,050,662,536	2,050,662,536
21.3	As at December 31, 2025, Jahangir Siddiqui & Co. Ltd. (the parent company) held 1,460,232,712 (2024: 1,460,232,712) ordinary shares of Rs.10 each i.e. 71.21% holding (2024: 71.21%).			

Notes to the Consolidated Financial Statements

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22. SURPLUS ON REVALUATION OF ASSETS

SURPLUS ON REVALUATION OF ASSETS		2025			2024		
		Attributable to			Attributable to		
		Equity Holders	Non - Controlling Interest	Total	Equity Holders	Non - Controlling Interest	Total
	Note	----- Rupees in '000 -----					
Surplus / (deficit) on revaluation of:							
- Securities measured at FVOCI - debt	8.1	3,622,214	552,904	4,175,118	10,656,704	3,025,036	13,681,740
- Securities measured at FVOCI - equity	8.1	1,637,731	264,610	1,902,341	1,199,538	(81,917)	1,117,621
- Property and equipment	22.1	3,847,859	419,357	4,267,216	2,344,190	(111,840)	2,232,350
- Non-banking assets acquired in satisfaction of claims	22.2	582,343	(6,627)	575,716	551,755	600	552,355
		9,690,147	1,230,244	10,920,391	14,752,187	2,831,879	17,584,066
Deferred tax on surplus / (deficit) on revaluation of:							
- Securities measured at FVOCI - debt		(1,748,082)	(242,632)	(1,990,714)	(5,406,027)	(1,528,143)	(6,934,170)
- Securities measured at FVOCI - equity		(961,563)	(182,639)	(1,144,202)	(751,586)	(3,811)	(755,397)
- Property and equipment		(1,204,470)	(164,144)	(1,368,614)	(432,206)	104,821	(327,385)
- Non-banking assets acquired in satisfaction of claims		(246,280)	3,795	(242,485)	(27,872)	3,793	(24,079)
		(4,160,395)	(585,620)	(4,746,015)	(6,617,691)	(1,423,340)	(8,041,031)
		5,529,752	644,624	6,174,376	8,134,496	1,408,539	9,543,035

22.1 Surplus on revaluation of property and equipment

	2025	2024
	----- Rupees in '000 -----	
Surplus on revaluation of property and equipment as at January 01	2,232,350	1,695,623
Recognised during the year	2,493,147	845,494
Realised on disposal during the year	-	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(273,397)	(308,767)
Related deferred tax liability on surplus realized on disposal	(184,884)	-
Related deferred tax liability	-	-
Surplus on revaluation of property and equipment as at December 31	4,267,216	2,232,350
Less: related deferred tax liability on:		
- revaluation as at January 01	(327,385)	(234,885)
- effect of change in tax rate	-	(108,967)
- revaluation recognised during the year	(1,082,880)	(413,939)
- deferred tax liability derecognized during the year	-	277,152
- surplus realised on disposal during the year	-	-
- incremental depreciation charged during the year	41,651	153,254
	(1,368,614)	(327,385)
	2,898,602	1,904,965



Notes to the Consolidated Financial Statements

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	2025	2024
Note	----- Rupees in '000 -----	
22.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims		
Surplus on revaluation as at January 01	552,355	521,290
Recognised during the year	64,131	33,182
Realised on disposal during the year - net of deferred tax	(37,301)	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(3,469)	(2,117)
Related deferred tax liability	-	-
Surplus on revaluation as at December 31	575,716	552,355
Less: Related deferred tax liability on:		
- revaluation as at January 01	(24,079)	(23,015)
- revaluation recognised during the year	(215,446)	(17,292)
- deferred tax liability derecognized during the year	(4,765)	18,505
- Effect of change in tax rate	-	(3,383)
- Incremental depreciation charged during the year	1,805	1,106
	(242,485)	(24,079)
	333,231	528,276
23. CONTINGENCIES AND COMMITMENTS		
Guarantees	23.1 147,627,979	112,329,055
Commitments	23.2 311,548,829	598,559,028
Other contingent liabilities	23.3 3,009,282	508,708
	462,186,090	711,396,791
23.1 Guarantees:		
Financial guarantees	22,275,534	10,328,381
Performance guarantees	70,245,027	55,460,190
Other guarantees	55,107,418	46,540,484
	147,627,979	112,329,055

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

23.2 Commitments:	Note	2025	2024
		----- Rupees in '000 -----	----- Rupees in '000 -----
Documentary credits and short-term trade-related transactions			
- Letters of credit		75,180,527	63,186,812
Commitments in respect of:			
- Forward foreign exchange contracts	23.2.1	152,790,318	238,740,942
- Derivative instruments	23.2.2	240,701	42,185
- Forward government securities transactions	23.2.3	-	14,991,654
- Forward lending	23.2.4	80,366,223	280,305,359
Commitments for acquisition of:			
- Property and equipment	23.2.5	470,427	1,162,105
- Intangible assets	23.2.5	2,500,633	129,971
		311,548,829	598,559,028

23.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	90,251,536	142,022,681
Sale	62,538,782	96,718,261
	152,790,318	238,740,942

23.2.1.1 The Group utilises foreign exchange instruments to meet the needs of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk. At year ended, all foreign exchange contracts have a remaining maturity of less than one year.

23.2.2 Commitments in respect of derivative instruments	Note	2025	2024
		----- Rupees in '000 -----	----- Rupees in '000 -----
Commitments in respect of forward securities			
Purchase		-	-
Sale		240,701	42,185
		240,701	42,185

23.2.3 Commitments in respect of forward government securities transactions

Purchase	-	14,991,654

23.2.4 Commitments in respect of forward lending

Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.4.1	80,366,223	280,305,359

23.2.4.1 This represents commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.

This includes commitments to extend shariah compliant islamic financing in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

23.2.5 This represents commitments related to purchase of leasehold improvements, furniture and fixtures, hardware and network equipments and electrical equipments and computer software.

Notes to the Consolidated Financial Statements

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23.3 Other contingent liabilities	Note	2025	2024
		----- Rupees in '000 -----	----- Rupees in '000 -----
Claims against the bank not acknowledged as debts	23.3.1	1,804	508,708
Other contingencies		3,007,478	-
		<u>3,009,282</u>	<u>508,708</u>

23.3.1 These mainly represent counter claims filed by borrowers for damages, claims by former employees of the Bank and other claims relating to banking transactions.

Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Group's favour.

23.3.2 Tax related contingencies are disclosed in notes 34.2 to 34.5.

24. DERIVATIVE INSTRUMENTS

Derivative instruments, such as Forward Exchange Contracts, Cross Currency Swaps and Options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business also provides risk solutions for the existing and potential customers of the Group.

The Group has entered into a Cross Currency Swap transaction with its customer on back-to-back basis with an Authorized Derivative Dealer (ADD) without carrying any open position in its books. Specific approvals for the transactions have been granted by State Bank of Pakistan (SBP). Policies in line with SBP instructions have been formulated and are operative.

24.1 Product Analysis	2025							
	Cross currency swaps		Options and Accumulators		Forward securities		Total	
	Notional principal	Mark to market	Notional principal	Mark to market	Notional principal	Mark to market	Notional principal	Mark to market
	----- Rupees in '000 -----							
With Banks for								
Hedging	-	-	-	-	-	-	-	-
Market making	-	-	-	-	240,445	651	240,445	651
	-	-	-	-	240,445	651	240,445	651
With FIs other than banks								
Hedging	-	-	-	-	-	-	-	-
Market making	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total								
Hedging	-	-	-	-	-	-	-	-
Market making	-	-	-	-	240,445	651	240,445	651
	-	-	-	-	240,445	651	240,445	651
	----- Rupees in '000 -----							
	2024							
	Cross currency swaps		Options and Accumulators		Forward securities		Total	
	Notional principal	Mark to market	Notional principal	Mark to market	Notional principal	Mark to market	Notional principal	Mark to market
	----- Rupees in '000 -----							
With Banks for								
Hedging	-	-	-	-	-	-	-	-
Market making	-	-	-	-	42,185	1,489	42,185	1,489
	-	-	-	-	42,185	1,489	42,185	1,489
With FIs other than banks								
Hedging	-	-	-	-	-	-	-	-
Market making	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total								
Hedging	-	-	-	-	-	-	-	-
Market making	-	-	-	-	42,185	1,489	42,185	1,489
	-	-	-	-	42,185	1,489	42,185	1,489

Notes to the Consolidated Financial Statements

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24.2 Maturity Analysis

Remaining maturity of contracts

Upto 1 month
1 to 3 months
3 to 6 months
6 months to 1 year
1 to 2 years

		2025		
Number of contracts	Notional principal	Mark to market		
		Positive	Negative	Net
		----- Rupees in '000 -----		
20	240,445	-	651	651
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
20	240,445	-	651	651

Remaining maturity of contracts

Upto 1 month
1 to 3 months
3 to 6 months
6 months to 1 year
1 to 2 years

		2024		
Number of contracts	Notional principal	Mark to market		
		Positive	Negative	Net
		Rupees in '000		
20	42,185	-	1,489	1,489
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
20	42,185	-	1,489	1,489

25. MARK-UP / RETURN / INTEREST / PROFIT EARNED

Note

Loans and advances
Investments
Lendings to financial institutions
Balances with banks
Securities purchased under resale agreements

	2025	2024
	----- Rupees in '000 -----	-----
Loans and advances	56,642,555	76,647,583
Investments	86,407,277	137,968,261
Lendings to financial institutions	378,343	4,748,414
Balances with banks	1,110,531	1,744,849
Securities purchased under resale agreements	1,309,081	381,673
	<u>145,847,787</u>	<u>221,490,780</u>

25.1 Interest income recognised on:

Financial assets measured at amortised cost
Financial assets measured at FVOCI
Financial assets measured at FVPL
Financial assets measured at cost

Financial assets measured at amortised cost	13,119,219	33,488,190
Financial assets measured at FVOCI	68,183,659	111,311,676
Financial assets measured at FVPL	9,366,033	2,209,608
Financial assets measured at cost	55,178,876	74,481,306
	<u>145,847,787</u>	<u>221,490,780</u>

26. MARK-UP / RETURN / INTEREST / PROFIT EXPENSED

Deposits
Borrowings
Subordinated debt
Cost of foreign currency swaps against foreign currency deposits / borrowings
Finance charges on leased assets

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Deposits	62,896,414	114,029,959
Borrowings	14,422,679	24,951,126
Subordinated debt	1,595,039	2,587,954
Cost of foreign currency swaps against foreign currency deposits / borrowings	2,447,397	4,681,554
Finance charges on leased assets	1,429,761	1,237,692
	<u>82,791,290</u>	<u>147,488,285</u>



Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

	Note	2025	2024
		----- Rupees in '000 -----	
27. FEE AND COMMISSION INCOME			
Branch banking customer fees		263,225	252,248
Finance related fees		659,453	623,006
Card related fees (debit and credit cards)		3,268,810	2,512,600
Investment banking fees		258,738	166,037
Commission on trade		1,639,601	1,587,309
Commission on guarantees		994,703	746,407
Commission on cash management		76,813	63,514
Commission on remittances including home remittances		155,970	383,605
Commission on bancassurance		276,624	146,927
Commission on distribution of mutual funds		967	6,452
Commission on online services		138,795	190,264
Rebate income		399,034	496,305
Brokerage income		2,035,754	1,235,834
Management fee		1,164,582	534,431
Commission on arrangement with financial institutions		207,698	-
Others		24,952	-
		11,565,719	8,944,939
28. GAIN ON SECURITIES - NET			
Realised	28.1	7,625,039	1,866,292
Unrealised - measured at FVPL		26,182	(370,816)
		7,651,221	1,495,476
28.1 Realised gain / (loss) on:			
Federal government securities		6,516,575	1,699,870
Shares - Listed companies		556,929	268,042
Shares - Unlisted companies		171,671	-
Non Government Debt Securities		424,759	52,442
Mutual fund units		42,004	4,620
Foreign securities		(86,899)	(158,682)
		7,625,039	1,866,292
28.2 Net gain / (loss) on financial assets:			
Measured at FVPL:			
Designated upon initial recognition		698,579	415,183
Mandatorily measured at FVPL		213,676	1,078
		912,255	416,261
Measured at amortised cost		-	-
Measured at FVOCI		6,712,784	1,450,031
		6,712,784	1,450,031
		7,625,039	1,866,292

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

		2025	2024
		----- Rupees in '000 -----	
29. OTHER INCOME			
Rent income		47,629	36,762
Gain on sale of property and equipment - net		147,258	61,525
Gain on sale of non banking assets - net		39,333	-
Gain on termination of leases - net		47,218	4,915
Gain on modification of lease		104,639	-
Gain on termination of islamic financing		67,155	100,897
Charges recovered on account of internal audit services to subsidiary		-	3,200
Charges recovered on account of consultancy services to subsidiary		667	-
Recoveries against charge off loans		15,000	27,275
Scrap sales		169	2,940
Auction publication advertisement charges - Gold finance		2,221	-
Recoveries against previously expensed items		30,592	35,857
Liabilities no longer required written back		13,252	1,590
Others		120,247	13,876
		635,380	288,837
30. OPERATING EXPENSES			
Total compensation expense	30.1	27,457,490	20,868,182
Property expense			
Rent and taxes		156,133	119,657
Insurance / Takaful		20,927	6,924
Utilities cost		2,285,496	2,335,723
Security (including guards)		1,766,186	1,490,295
Repair and maintenance (including janitorial charges)		1,050,719	1,132,917
Depreciation		1,262,870	1,120,163
Depreciation on right-of-use assets	11	3,440,858	2,713,926
Depreciation on non-banking assets	14.1.1	41,444	37,939
Other		1,921	-
		10,026,554	8,957,544
Information technology expenses			
Software maintenance		4,969,940	2,552,146
Hardware maintenance		1,023,251	859,806
Depreciation		1,406,950	1,021,639
Amortisation	12.1	912,719	626,046
Network charges		1,014,058	718,368
		9,326,918	5,778,005

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

	Note	2025 ----- Rupees in '000 -----	2024
Other operating expenses			
Directors' fees and allowances		17,000	13,300
Fees and allowances to Shariah Board		72,483	34,292
Legal and professional charges		820,317	610,303
Insurance / Takaful, tracker and other charges on car ljarah - net of income		909,736	889,577
Outsourced services costs	30.7	1,363,923	403,143
Travelling and conveyance		882,081	630,364
NIFT clearing charges		159,544	129,827
Depreciation		1,192,202	939,146
Amortisation	12.1	176,833	177,118
Training and development		188,003	118,808
Postage and courier charges		224,220	212,664
Communication		990,026	992,030
Stationery and printing		1,010,469	942,378
Marketing, advertisement and publicity		2,432,946	2,967,791
Donations	30.3	193,894	331,875
Auditor's remuneration	30.4	83,417	74,565
Staff auto fuel and maintenance		607,383	1,223,598
Bank charges		92,107	92,370
Stamp duty		44,962	97,335
Online verification charges		106,471	107,790
Brokerage, fee and commission		197,518	90,580
Card related fees (debit and credit cards)		2,156,154	1,722,918
CDC and other charges		140,487	93,834
Consultancy fee		96,097	122,270
Deposit protection premium		255,275	205,191
Entertainment expenses		227,965	440,373
Repair and maintenance		502,340	388,656
Cash handling charges		391,834	409,377
Fee and subscription		624,040	1,018,408
Employees social security		9,175	13,035
Vehicle running and maintenance		725,644	-
Generator fuel and maintenance		191,309	216,518
Royalty	30.5	35,000	43,000
Others		273,282	291,206
		17,394,137	16,043,640
		64,205,099	51,647,371
Less: Reimbursement of selling and distribution expenses	30.6	(133,335)	(297,118)
		64,071,764	51,350,253

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

		2025	2024			
	Note	----- Rupees in '000 -----				
30.1	Total compensation expense					
Fees and Allowances etc.		180,359	226,017			
Managerial Remuneration:						
i) Fixed		16,779,915	11,293,088			
ii) Variable of which;						
a) Cash Bonus / Awards etc.		2,520,102	1,914,946			
b) Commission		2,004,415	881,458			
Charge for defined benefit plan	38.9.1	281,762	462,822			
Contribution to defined contribution plan		894,851	685,788			
Rent and house maintenance allowance		-	1,443,082			
Utilities allowance		874	320,679			
Leaving indemnity		16,956	14,877			
Medical		1,558,797	1,018,067			
Car maintenance		627,157	452,317			
Conveyance		767,676	801,095			
Sports and welfare		28,786	18,258			
Insurance staff		470,879	362,113			
Contract staff cost		545,283	409,499			
Others	30.2	765,125	549,246			
		27,442,937	20,853,352			
Sign-on bonus		5,200	7,500			
Severance allowance		9,353	7,330			
		27,457,490	20,868,182			
		No. of Persons				
		2025	2024			
Sign-on bonus		1	1			
Severance allowance		28	28			
30.2	This include amortisation of prepaid employee benefit arising from fair valuation of concessional rate on staff loans.					
30.3	This represents amount set aside as donation out of Group's profits in accordance with the respective approved policies. During the year 2025, the holding company an amount of Rs. 120.291 million to Future Trust					
30.4	Auditor's remuneration					
		2025	2024			
	Pakistan	Bahrain	Total	Pakistan	Bahrain	Total
	----- Rupees in '000 -----					
Audit fee	26,179	3,925	30,104	22,649	3,888	26,537
Half-yearly review	6,542	-	6,542	5,989	-	5,989
Fee for other statutory certifications	14,105	-	14,105	6,433	-	6,433
Special certification and sundry advisory services	18,546	2,025	20,571	23,074	2,259	25,333
Out of pocket expenses and sales tax on services	11,460	635	12,095	9,571	702	10,273
	76,832	6,585	83,417	67,716	6,849	74,565
30.5	Royalty represents amounts payable to Mr. Jahangir Siddiqui on account of use of name in the subsidiary of the Bank.					



Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

30.6 Previously, in accordance with Circular 11 dated July 5, 2019 issued by the Securities and Exchange Commission of Pakistan (SECP), the Management Company was entitled to charge selling and marketing expenses to the Fund. The SECP, vide S.R.O. 600(I)/2025 dated April 10, 2025, amended Schedule XX of the NBFC Regulations, whereby the chargeability of selling and marketing expenses has been withdrawn with immediate effect. Accordingly, no such expenses have been reimbursed to the Management Company during the current period subsequent to April 10, 2025. For the year ended December 31, 2025, selling and marketing expenses were reimbursed only up to April 10, 2025, at such levels that the total expense ratio of the Fund remained within the limits prescribed under the applicable regulations.

30.7 The material outsourcing arrangements by the Holding Company along with nature of services are as follows:

Name of Service Provider	Type of services	2025	2024
		----- Rupees in '000 -----	
Mustang HRMs (Private) Ltd.	Human Resource Management Services	290,644	262,607
Dagia Innovative Warehousing	Record Management Services	8,770	11,033
Constellation Printing Company (Private) Ltd.	Cheque book Printing Services	73,664	55,462
Security Organization System (Private) Ltd.	Cash Sorting Services	4,715	30,127
		<u>377,793</u>	<u>359,229</u>

31. WORKERS' WELFARE FUND

The Group has made provision for Workers' Welfare Fund (WWF) based on profit for the respective years.

32. OTHER CHARGES	Note	2025	2024
		----- Rupees in '000 -----	
Penalties imposed by regulatory authorities		330,781	134,606
Other Regulatory charges		34,577	-
		<u>365,358</u>	<u>134,606</u>

33. CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET

Credit loss allowance against cash and balances with treasury banks		230	1,043
(Reversal) / credit loss allowance against balances with other banks		(1,474)	(3,658)
Credit loss allowance / (reversal of provision) against lending to financial institutions	7.6	(10,144)	(3,260)
(Reversal of credit loss allowance) / provision for diminution in value of investments	8.4	(211,978)	(108,028)
Credit loss allowance / provision against loans and advances	9.6	3,056,723	5,455,959
Credit loss allowance against other assets	14.2.1	105,980	(4,425)
Credit loss allowance against off-balance sheet obligations	20.1	(38,047)	333,764
Modification loss		24,664	85,614
Fair value loss recognized		(21,505)	1,488,388
Recovery of written off / charged off bad debts		(72,264)	-
Other provisions and write offs		77,678	168,843
		<u>2,909,863</u>	<u>7,414,240</u>

34. TAXATION

Current	9,835,631	18,845,867
Prior years	4,562,088	1,291,624
Deferred	(2,635,981)	(2,818,398)
	<u>11,761,738</u>	<u>17,319,093</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

	2025	2024
	----- Rupees in '000 -----	----- Rupees in '000 -----
34.1 Relationship between income tax expense and accounting profit		
Profit before taxation	19,300,966	30,679,165
Tax at applicable rates in the Group	11,255,488	17,370,188
Effect of permanent differences	217,438	156,105
Effect of change in tax rates	(376,989)	(260,949)
Prior year charge	862,129	1,291,624
Deferred tax on disallowances	-	(1,215,900)
Additional charge	-	18,238
Others	(196,328)	(40,213)
Tax charge for the year	11,761,738	17,319,093

34.2 JS Bank Limited (the Bank)

34.2.1 Income Tax

The Bank has filed income tax returns under Section 114 of the Income Tax Ordinance, 2001 for the tax years 2007 through 2025. The returns so filed considered as deemed assessment order under Section 120(1) of the Income Tax Ordinance, 2001 (the Ordinance). Later, the return of income for tax years 2008 to 2024 were amended by the Officers of Inland Revenue (OIR) by taking recourse of tax audit or alternatively through amendment the assessment contending that certain matters in the deemed assessments were allegedly not conforming to the law and prejudiced the interest of revenue.

The Bank contested the disallowances before the Commissioner Inland Revenue Appeals [CIR(A)] and the Appellate Tribunal Inland Revenue [ATIR].

For tax year 2008, both the CIR(A) and ATIR annulled the OIR's action of amending the assessment being barred by time limitation following the judgments of Honourable Supreme Court of Pakistan.

For tax years 2009 to 2017, where aggregate demand was raised amounting to Rs.518.095 million, the appeals were decided by ATIR through combined Appellate Order dated January 31, 2022. Though the AO, except for the levy of surcharge under section 4A, minimum tax under section 113 and deduction of Sindh WWF all of the issues involved in the appeal either decided in Bank's favour (including the issue of goodwill, Amortisation of which was claimed over the period of 10 years) or set-aside for re-examination by the ATIR.

The Bank as well as the tax department have filed Income Tax Reference Applications before Sindh High Court against above-mentioned order of ATIR, which are pending. The management feels that there would be no additional liability arising out of such matters and that the provision made in respect of these years is adequate.

For the tax year 2018, The Bank filed an appeal before the Commissioner Inland Revenue (Appeals) [CIRA] vide letter AT-3295 dated January 27, 2021, challenging the order issued by the Additional Deputy Commissioner Inland Revenue [ADCIR], where an additional demand of Rs.292.855 million including Super tax was raised. CIRA, through its order dated May 10, 2024, upheld the ADCIR's order. Subsequently, an appeal was filed before the Appellate Tribunal Inland Revenue [ATIR], which, through its order ITA No.100/KB/2024 dated October 27, 2025, remanded the matter back to CIRA with directions to decide the case afresh on merits. Therefore, no additional amount has been ascertained through any Appeal Affect Order till date.

For the tax year 2020, the ATIR, through its order ITA No. 1002/KB/2024 (5A), remanded certain matters back to the learned officer while deciding other issues in favour of the Bank in relation to the First Amended Assessment Order.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Subsequently, the Second Amended Assessment Order was passed on December 30, 2025, raising a fresh demand of Rs. 50.677 million which was paid by the Bank. However, appeal has been filed before the Commissioner Inland Revenue (Appeals) [CIRA], as the Bank expects a favourable outcome on these matters as well, and accordingly, no provision has been made in this regard.

For tax year 2021, First amended order was passed on December 30, 2025, raising a demand of Rs. 340.185 million which has also been paid by the Bank. However, appeal has been filed before the Commissioner Inland Revenue (Appeals) [CIRA], as the Bank expects a favourable outcome on these matters as well, and accordingly, no provision has been made in this regard.

For the tax year 2022, the First Amended Order dated December 7, 2022 was challenged through an appeal filed before the Commissioner Inland Revenue (Appeals) [CIRA]. The CIR(A), through appellate order dated May 10, 2022, disposed of the appeal by setting aside the tax demand raised on account of non banking assets. However, the tax demand on other issues was confirmed by the CIR(A). An appeal against the appeal effect order was filed before the Appellate Tribunal Inland Revenue [ATIR] vide our letter AT 22 dated July 5, 2023, which is presently pending adjudication. A Second Amended Assessment Order was passed on December 30, 2025, establishing a refund of Rs. 64.770 million in favour of the Bank as against a refund of Rs. 251.79 million as claimed in the return of income. However, the Bank has also filed an appeal on certain matters before the Commissioner Inland Revenue (Appeals) [CIRA], and expects a favourable outcome on such matters as well.

For tax year 2023, Appeal against first amended assessment order dated April 18, 2024 was filed before CIRA through letter AT 4898 dated May 10, 2024 and proceedings are pending. Subsequently, the Second Amended Assessment Order was passed on December 30, 2025, establishing a refund of Rs. 315.990 million in favour of the Bank as against a refund of Rs. 1,658.835 million as claimed in the return of income. However, the Bank has also filed an appeal on certain matters before the Commissioner Inland Revenue (Appeals) [CIRA], and expects a favourable outcome on such matters as well.

For tax year 2024, Appeal against first amended assessment order was filed before ATIR through letter AT 3174 dated December 24, 2024 and proceedings are pending. Subsequently, the Second Amended Assessment Order was passed on December 30, 2025, raising a demand of Rs. 531.363 million which has been paid by the Bank. However, appeal has been filed before the Commissioner Inland Revenue (Appeals) [CIRA], as the Bank expects a favourable outcome on these matters, and accordingly, no provision has been made in this regard.

In respect of WWF, the Supreme Court of Pakistan has held in Judgement, PLD 2017 SC 28, that the amendments made in the WWF Ordinance through Finance Act, 2006 and 2008 were illegal and without lawful authority i.e. the banks do not fall into definition of Industrial Undertaking and thus, not liable to pay WWF. Based on that, the Appellate Tribunal through combined Appellate order dated January 31, 2022 has also annulled the OIR's action of levying WWF on Bank under Worker's Welfare Fund Ordinance, 1971 in tax years 2009, 2012 and 2013.

As a consequence of the 18th amendment to the Constitution, levy for the WWF was introduced by the Government of Sindh, Punjab and Balochistan through the Sindh WWF Act, 2014 (the Act), the Punjab Workers Welfare Fund Act, 2019 and the Balochistan Workers Welfare Fund Act, 2022, respectively. As per these Acts, the Bank is liable to pay WWF in these provinces. However, in this respect:

- the Bank has challenged the issue of jurisdiction claimed by Sindh Revenue Board before the Honourable High Court of Sindh (SHC) on grounds that banking companies cannot be considered as industrial establishment and that the Act cannot be applied to trans-provincial entities. The Court has restrained the Sindh Revenue Board to collect / recover Sindh WWF. For TY 2018 to TY 2023 the Court granted stay from recovery of Sindh WWF upon submission of Bank Guarantee to Nazir of Court.
- the Bank has also received notices regarding the recovery of Balochistan WWF for which the Bank has hired legal counsel to challenge in the court of law on same grounds as in case of Sindh WWF.

In 2018, Based on decision of the Supreme Court of Pakistan, the Bank had reassessed the provision of WWF which was previously held on the entire operating results of the Bank (including all provinces, part of Pakistan, AJK and Bahrain Operations) and maintained WWF only to the extent of its operations within Sindh Province till 2019. In 2020 after promulgation of Punjab WWF, the Bank has again decided prudently to maintain provision on the entire results of the Bank.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

The Sindh High Court has dismissed the Bank's petitions for tax years 2016 through 2022 wherein the Bank along with other taxpayers challenged the levy of super tax on constitutional grounds. Based on the opinion of legal counsel, the Bank has filed appeal before the Supreme Court against the decision of the Sindh High Court. The Supreme Court has allowed interim relief to the taxpayers subject to the payment of 50% of the super tax liability. However, the Bank has adjusted full amount of super tax liability for Tax year 2016 and 2019 against the available tax refunds. Further, the bank has obtained stay from the Sindh High Court on other technical grounds regarding the levy of Super Tax for tax years 2017 and 2018, paying an amount of Rs. 55.607 million for tax year 2017. Amounts for the tax years 2020 and onwards have been paid.

In pursuance of SRO 1588(I)/2023 dated November 21, 2023 banking companies have been designated to the 'sector' for the purpose of section 99D of the Income Tax Ordinance, 2021 for the years 2022 and 2023. Tax authorities issued a recovery notice to the Bank thereby creating a demand. The Bank through its legal council challenged the levy, and the High Court of Sindh, decided the case against the Bank. The Bank decided to file an instant petition before the honorable Supreme Court and the matter is pending adjudication. An amount of Rs. 820 million was paid by the Bank, and the Bank's Legal counsel is pursuing our case. In a recent judgement, the Federal Constitution Court has held that the Constitutional Bench of the High Court of Sindh which had dismissed the earlier petitions, had no jurisdiction to hear cases involving constitutionality of statutes. In the opinion of the Bank's legal counsel, it is probable that this judgement will be set aside and the cases would be remanded back to the High Court of Sindh for decision afresh. Based on advice of its legal counsel, the management is confident that the Bank has a good chance to succeed on the basis of various grounds taken in the petition, therefore no provision has been made in this regard.

34.2.2 Withholding tax monitoring

Withholding tax monitoring was initiated against the Bank for tax years 2014 to 2021. Orders in respect of tax years 2014, 2015, 2016, 2018, 2020 and 2021 have been passed against which appeals have been filed before the CIR(A). CIR(A) has remanded back the matters for rectification in respect of tax years 2014 and 2015 against which rectified orders have been passed and demands have been reduced. The ATIR through order dated February 07, 2022 refused Department's appeal and maintained CIR(A)'s order for tax year 2014. Tax demands for tax years 2016, 2018 and 2020 were also set-aside by CIR(A).

34.2.3 Sales tax

The Bank as a registered person under Sindh Sales Tax on Services Act, 2011 has been issued a Sales Tax Order from the Sindh Revenue Board (SRB) creating a demand of Rs.193.44 million (besides Rs. 7.2 million is charged as penalty) against the Bank for alleged non-payment of Sindh sales tax on certain 'presumed non-taxable services / incomes'(i.e. Bancassurance, Home Remittances under Pakistan Remittance Initiative Scheme, SBP rebates on Government securities, Rebates from foreign correspondent Banks, and FX gain on remittance by Western Union)' for the tax periods July 2011 to December 2013, 2015 to 2017 and 2019 to 2020. Bank has filed appeals before Commissioner (Appeals) Sindh Revenue Board (CA-SRB) against the order of AC-SRB, which is pending.

After the year ended December 31, 2023, Punjab Revenue Authority (PRA) passed an Order for tax periods January to December 2017 raising tax demand of Rs. 157.4 million on alleged short withholding of Punjab Sales Tax. The amount along with default surcharge and penalty is confirmed by the commissioner inland revenue appeal through his order no 136/2024 dated 05 November 2024. The ATIR has confirmed the order of CIRA vide order dated January 8, 2026. The bank has engaged legal counsel to obtain stay and file reference application in LHC.

The Honourable Sindh High Court, in ST/STRA No. 421 of 2019 (Order dated October 22, 2024), adjudicated the taxability of interbank fund transfers, home remittances, and Bancassurance services under the Sindh Sales Tax on Services Act, 2011 for the period July 2011 to December 2013. The Court set aside the Tribunal's ruling and upheld the validity of Show Cause Notices issued by SRB, subject to limitation and procedural compliance. The matter was remanded for reconsideration, with directions allowing the taxpayer to submit additional responses and claim exemptions where applicable. The issue remains contingent pending final adjudication.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

For TY 2017, an order under Sections 3, 9, 8, 17, 22, 23, 43, and 44, bearing Reference No. 2740 of 2025, was passed on April 29, 2025. Through this order, a total tax demand of Rs. 25.163 million was raised. An appeal and stay against the said order have subsequently been filed before CIRA.

34.2.4 Azad Jammu and Kashmir Operations

The Bank has commenced operations in Azad Jammu and Kashmir from tax year 2009 and has filed returns for the tax years 2009 to 2024 with the tax authorities of AJK region. The Bank is currently engaged in multiple tax proceedings relating to amended assessments issued by the Commissioner Inland Revenue (CIR) for tax years 2013 to 2024. These proceedings involve matters such as income from surplus funds, allocation of head office expenses, interest income on local advances, super tax and education cess. While partial payments have been made under protest, the Bank has filed an appeal before Commissioner Appeals and the Appellate Tribunal Inland Revenue, several of which remain pending adjudication. In certain cases, appellate orders have resulted in partial relief, while other grounds remain unaddressed. The Bank's management remain confident that the appeals will ultimately be decided in its favour.

The management of the Bank is confident that the appeals filed in respect of the above tax years will be decided in the Bank's favour and accordingly no demand for payment would arise.

34.3 JS Global Capital Limited (JSGCL)

34.3.1 Income tax

Except for tax year 2009, 2014, 2015, 2016, 2017, 2018, 2020 - and 2021 - income tax assessments have been filed and are deemed to have been assessed under the Income Tax Ordinance, 2001 (the Ordinance) unless selected by taxation authorities for audit purposes.

For tax year 2009, an ITRA no. 07/2013 was filed by the Commissioner, Inland Revenue against an order passed by the Learned Appellate Tribunal Inland Revenue (ATIR) in ITA no. 923/KB/2011 dated August 28, 2012, which was related to the apportionment of expenses, allowability of expenses and claiming of tax deducted at source aggregating to Rs. 61.16 million. However, the same is pending for decision before the Sindh High Court (SHC). The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters, therefore no provision has been recorded in this regard.

For tax year 2015, an order dated November 23, 2016, was passed under section 4B of the Ordinance by the Deputy Commissioner Inland Revenue (DCIR). Through said order, an income of Rs.810.584 million was computed under section 4B of the Ordinance and resultant demand for super tax of Rs. 24.318 million was raised. An appeal was filed against the above order before CIR-A on December 01, 2016, identifying various errors/details not considered. The CIR-A has confirmed DCIR's order vide his order dated May 30, 2017. In pursuance of the order of CIR-A, the Company has filed an appeal before ATIR along with an application for a stay against recovery of demand. The appeal before ATIR has been heard and the order is reserved whilst ATIR vide order dated July 18, 2017, has granted a stay for 60 days and subsequently, the said stay was further extended vide various orders by ATIR. Subsequently, recovery of aforesaid tax demand was previously stayed by the Honorable Sindh High Court (SHC) through C.P No 4915 of 2018 vide order dated June 28, 2018, with direction to the Department not to enforce recovery of tax demand till the decision of ATIR. However, based on its order dated July 21, 2020, the SHC has dismissed the aforementioned C.P and has declared the super tax for TY 2015 to be constitutionally vires. The Company has however filed an Income Tax Reference Application (ITRA) No. 52 of 2020 before SHC which is pending adjudication. The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters, therefore no provision has been recorded in this regard.

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For tax year 2016 and 2017, notices dated December 27, 2016 and January 3, 2018 were issued under section 4B of the Ordinance by the DCIR. In the said notices, the DCIR has contended that the Company is liable to pay Super Tax amounting to Rs. 24.483 million and Rs. 19.490 million on 'income' of Rs. 816.122 million and Rs. 649.676 million for Tax Years 2016 and 2017 respectively. The Company has challenged both notices through writ petition before SHC on constitutional grounds wherein the SHC has, vide its orders dated January 16, 2017 and January 11, 2018 for Tax Years 2016 and 2017 respectively, has stated that no coercive action shall be taken against the Company. The DCIR passed the orders under section 4B vide order dated April 23, 2018 and May 4, 2018 for tax years 2016 and 2017 respectively to levy Super tax of above-mentioned amounts under the view that SHC has not restrained the department from passing the orders. In pursuance of the said orders, the Company filed appeals which CIR-A rejected vide its order dated October 12, 2018 for both years. As a result, the Company has filed appeals before the Appellant Tribunal Inland Revenue (ATIR) against the orders of CIR-A. Meanwhile, the Company paid 50% of tax demand of both tax years to maintain the above suits in light of the judgment of Hon'ble Supreme Court of Pakistan (Civil Appeals No. 1171/2017 and other connected appeals) wherein, the pending suits are declared to be entertained on the condition that a minimum of 50% of tax demand is deposited with tax authorities during the pendency of the appeal. During the year the appeal has been heard before ATIR and is reserved in order. The Company has, however, filed an Income Tax Reference Application (ITRA) No. 53 and 54 of 2020 before SHC which is pending adjudication. The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters, therefore no provision has been recorded in this regard.

For tax year 2018, a notice under section 4B of the Ordinance by the DCIR dated December 7, 2018, was issued, contending that the Company is liable to pay Super Tax amounting to Rs. 45.211 million in 'income' of Rs. 1,507.039 million. The Company had challenged the notice on constitutional grounds before SHC through C.P. No. 8670 of 2018. The SHC, vide its order dated December 14, 2018, had stated that no coercive action shall be taken against the Company. However, the SHC based on its order issued in September 2020 has dismissed the aforementioned C.P. The Company is hence awaiting the conclusion of ATIR on the above matter before it files a reference application for TY 2018. To date, no order has been passed by the Department, consequently, no outstanding tax demand exists to date. The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters, therefore no provision has been recorded in this regard. The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters, therefore no provision has been recorded in this regard.

For tax year 2016, an amended assessment order has been passed under section 122(5A) of the Ordinance by the Additional Commissioner Inland Revenue (ACIR). Through the said order, the ACIR raised demand amounting to Rs. 241.217 million. Upon appeal filed, CIR-A confirmed the ACIR's order vide its order dated December 12, 2017. In pursuance of the order of CIR-A, the Company had filed an appeal before ATIR. During last year ATIR vide its order dated March 29, 2019, had annulled CIRA's action on confirming disallowances made in the order passed by ACIR dated November 02, 2017, with directions to CIRA to pass speaking and reasoned order after providing due opportunity of being heard. As a result, the likely assessment position after the appeal effect of ATIR's order under section 124 of the Ordinance is that only tax demand on account of undistributed reserves is outstanding, which has also been stayed by SHC vide interim order in CP No. 0-2343 of 2019 dated April 09, 2019. Furthermore, during last year, a rectification application was filed for erroneously considered share premium reserves while computing excess reserves under section 5A of the Ordinance by the ACIR, in its order dated November 2, 2017. As a result, tax demand under section 5A would be reduced to Rs. 7.523 million. The Hon'ble Sindh High Court vide an interim order dated May 21, 2021, granted relief against the said notice. The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters, therefore no provision has been recorded in this regard.

The Company has been selected for an income tax audit under section 214C. as per the amendment order passed on June 28, 2023, via letter AT 238 dated July 17, 2023 a reduction in the refund amount has been imposed due to certain expense adjustments. However, the organization has duly filed an appeal with CIRA and is currently awaiting a decision. The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters, therefore no provision has been recorded in this regard.

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34.3.2 Sales Tax

In 2013, the Company received a show cause notice from the Sindh Revenue Board (SRB) under section 47 of the Sindh Sales Tax on Services Act, 2011. Subsequently, an order was passed reducing the demand to Rs. 9.86 million along with the default surcharge. The Company filed an appeal before the CIR-A and after being decided against the Company, it subsequently filed an appeal before Appellate Tribunal SRB. During the year 2014, the Company paid an amount of Rs. 7.15 million in respect of the above mentioned liability before June 25, 2014, under the notification SRB 3-4/8/2014 to avail the exemption from application of penalty and 75% of default surcharge. Appellate Tribunal SRB vide order dated November 29, 2017 decided the Sindh Sales Tax (SST) issue in favor of the Company. However, the issue of SST on advisory and consultancy services and commission earned on purchase/sale of mutual funds have been remanded back whilst the issue relating to SST on commission on foreign exchange dealing, services rendered outside Sindh and levy of default surcharge and penalty have been decided against the Company. The Company has filed a reference application before SHC in respect of the issues decided against the Company and remanded back.

During 2014, the Company also received another show cause notice from SRB under section 47 of the Sindh Sales Tax on Services Act, 2011. Subsequently, an order was passed raising a tax demand amounting to Rs. 10.77 million. The Company has filed an appeal against the order with CIR-A which is pending. Further, in respect of the same, a rectification application has also been filed with the department. The Company and other stock brokers have also filed a petition with the SHC and have been granted an interim stay against recovery of demand. However, the Company has paid an amount of Rs. 9.24 million before June 25, 2014, under the notification SRB 3-4/8/2014 to avail the exemption of penalty and 75% of default surcharge.

Furthermore, for fiscal year 2014 and 2015, SRB alleged short payment of SST vide Notice dated February 02, 2017. The Company has submitted all the required details in response to the notice and no order in this respect has been passed. The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters, therefore no provision has been recorded in this regard.

SRB has also issued an order in another proceeding for tax periods January 2014 to December 2016, which were confronted, vide notice dated August 15, 2017, levying sales tax on certain services and disallowance of input tax of Rs. 35,877,012. In pursuance of the said order, the Company filed an appeal before the Commissioner (Appeals), SRB which has been partly heard. However, the recovery of the aforesaid tax demand has been stayed by the Hon'able SHC in Suit no 767 of 2018 vide order dated April 13, 2018. The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters, therefore no provision has been recorded in this regard.

34.3.3 Federal Excise Duty (FED)

The tax department issued a show cause notice dated June 08, 2015, confronting (alleged) non-payment of Federal Excise Duty (FED) on the Company's services under the Federal Excise Act, 2005 and subsequently issued an order raising a demand amounting to Rs.78.003 million for the tax year 2010 and the tax year 2013. The Company filed a rectification appeal, in addition, to filing an appeal to the SHC, through the Stockbroker Association (of which the Company is also the member) against the aforementioned order because after the 18th amendment to the Constitution, the services that were previously subjected to FED under the federal laws are now subject to the provincial sales tax and the Company has accordingly discharged its tax obligation. The SHC initially, stayed Federal Board of Revenue from demanding sales tax on services from stockbrokers and subsequently, disposed of the order in the Company's favor. However, CIR-A on the matter of appeal filed by the Company issued an order in favor of the department vide its order dated January 31, 2017. In pursuance of the order of CIR-A the Company had filed an appeal before Appellate Tribunal SRB along with an application for stay of demand, which was granted initially for 30 days and was subsequently extended vide various orders. Appellate Tribunal SRB has decided the matter vide order dated December 20, 2017, received by the Company on April 09, 2018, whereby ATIR decided that the FED is applicable only on the commission earned from trading of shares and no other type of commission comes under the ambit of FED. With this opinion, ATIR has remanded back the issue related to the amendment era. For the amendment era, ATIR has relied upon the decision of SHC (stated above) and declared the charge of FED after July 01, 2011, null and void. The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters, therefore no provision has been recorded in this regard.

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34.4 JS Investments Limited (JSIL)

34.4.1 Income tax

In respect of the appeals filed by the Company before Commissioner Inland Revenue (Appeals) [CIR (Appeals)] against orders passed for tax years 2006 and 2009 against demand of Rs. 162 million and Rs. 66 million respectively, the CIR (Appeals) had not accepted the basis of additions by tax authorities and set aside both the orders in respect of allocation of expenses between various sources of income for fresh proceedings with the directions to apportion the common expenditure according to actual incurrence of expenditure to the various sources of income.

In respect of the above said order of CIR (Appeals) for tax years 2006 and 2009, the Company filed second appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of apportionment of expenses. The ATIR vide order dated April 20, 2017 deleted the additions on proration of expenses for tax year 2006 however, confirmed the CIR(A)'s order whereby CIR(A) remanded back / set-aside the issue of apportionment of expenses.

The Appellate Tribunal Inland Revenue vide order dated May 21, 2016 deleted the additions of tax Amortisation of management rights and remanded back the issues of disallowed provisions and advertisement expenses for the tax year 2009.

The tax authorities issued orders giving effect (hereinafter referred collectively as 'appeal effect orders') to the order of CIR (Appeals) for both tax years 2006 and 2009 whereby demands for these tax years were reduced to Rs. 77.33 million and Rs. 59.93 million respectively. As the allocation of expenditure in the said appeal effect orders was not made according to actual incurrence of expenditure to the various sources of income, therefore, the Company again filed appeals before the CIR (Appeals) against the said orders.

In respect of second round of appeal filed by the Company before CIR (Appeals) against appeal effect orders for tax years 2006 and 2009, the CIR (Appeals) for tax year 2006 confirmed apportionment of expenditure made by the tax authorities in appeal effect order, however, adjustment of allowable expenses were set aside. For the tax year 2009, CIR (Appeals) had set aside the appeal effect order in entirety for fresh assessment, which is yet to be made by tax authorities.

The CIR (Appeals) also rectified the order passed by his predecessor for the tax year 2006, whereby the addition regarding the portion of capital gain included in dividend received from mutual funds was held deleted. Resulted appeal effect order reflects refund of Rs.29 million. The tax authorities have filed an appeal before ATIR against said order of CIR (Appeals) in respect of deletion of addition regarding the portion of capital gain included in dividend. The ATIR vide order dated December 07, 2016 set-aside with the direction that the ACIR should examine the issue in the light of FBR Circular letter dated September 10, 2002.

In respect of tax year 2006, management contends, based on views of its tax advisor, that amendment of assessment for such tax year by tax authorities is time barred. Accordingly, the Company has filed an appeal before the Appellate Tribunal Inland Revenue. The ATIR is of the view that the amendment of assessment is not time barred however, the ATIR deleted the addition of tax Amortisation of management right vide order dated February 10, 2017. Based on the tax advisors opinion, the management of the Company is confident that the matter will be decided favourably and hence, no provision has been made.

Order under section 122(1)/(5) dated December 30, 2017 for the tax year 2015 passed by the DCIR created demand of Rs.40 million against which the Company has filed an appeal before the CIR(A). The DCIR considered our request for rectification and passed order under section 221 dated February 27, 2017 as a result of the above order the demand reduced to Rs.36.904 million. The CIR(A) vide order dated May 6, 2019 partly considered our submissions put before him. The DCIR passed appeal effect order dated February 17, 2020 determined refund of Rs 30.66 million. The company submitted appeal before the CIR (Appeal) against the appeal effect order. The Company also submitted appeal before the ATIR against the order of the CIR(A). Based on the tax advisors opinion, the management of the Company is confident that the matter will be decided favourably and hence, no provision has been made.



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The DCIR passed order under section 122(1)/(5) of the Income Tax Ordinance, 2001 dated June 23, 2014 and reduced the refund claim of Rs.8.499 million to Rs.3.102 million for the tax year 2012. The learned CIR (Appeal) vide order dated May 06, 2019 confirmed the ACIR's order and held that the appeal was not entertainable being barred by time limitation for the tax year 2012. The Company submitted appeal before the ATIR against the order of the CIR(A). Based on the tax advisors opinion, the management of the Company is confident that the matter will be decided favourably and hence, no provision has been made.

During the year, on April 11, 2025, the Securities and Exchange Commission of Pakistan (SECP) imposing a penalty of Rs. 1 million on the Company and directed compensation to the unitholders of JS Value Fund (Now merged into JS Growth Fund) for alleged contraventions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The Company has filed an appeal before the SECP Appellate Bench. The Company, based on the legal opinion, is confident that the matter will be decided in Company's favor and thereby no provision has been made in these financial statements.

34.5 BankIslami Pakistan Limited (BIPL)

34.5.1 Income Tax

During the year 2014 (relating to defunct KASB Bank Limited), appellate order passed by the Commissioner Inland Revenue Authority (CIRA) [in respect of Income tax assessments of International Housing Finance Limited, amalgamated into the defunct KASB Bank Limited during the year ended 31 December 2007] for tax year 2005 maintained the order of the Taxation Officer to the extent of disallowances relating to income from carry over transactions and gain on sale of property having an aggregate tax impact of Rs. 12.997 million. The defunct KASB Bank Limited has preferred appeals before the Appellate Tribunal Inland Revenue (ATIR) for tax year 2005 which are pending finalization. The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters, therefore no provision has been recorded in this regard.

In respect of various tax periods for the Bank and the defunct KASB Bank, the Sindh Revenue Board (SRB) has issued various assessment orders raising demands of Rs.107.577 million. The demand relates to the levy of Sindh Sales Tax on certain services, along with applicable default surcharge. The Bank has filed appeals against these orders before the Commissioner (Appeals) – SRB, which are currently pending adjudication. Furthermore, the Bank is contesting the issuance of certain showcause notices issued by SRB for the period covering from January 2012 till December 2013 before the Honorable Supreme Court of Pakistan based on the ground that these notices are time barred. The subject matter is also pending adjudication.

In respect of Tax Year 2019 and 2020, the ACIR under section 122(5A) of the Income Tax Ordinance, 2001 amended the return submitted by the Bank by adding / disallowing certain expenses thereby creating a Tax demand of Rs 1.247 billion. The Bank filed appeal against the orders before Commissioner Appeal. The Commissioner Appeal while passing order for Tax Year 2019 and Tax Year 2020 has remanded back / deleted significant amount of disallowances and confirmed disallowance amounting Rs 108 million pertaining to Non Banking Assets and initial allowance on fixed assets. The Bank has filed appeal against the confirmed disallowances before the Appellate Tribunal (ATIR) where the matter is pending adjudication.

In respect of Tax Year 2022 the ACIR under section 122(5A) of the Income Tax Ordinance, 2001 amended the return submitted by the Bank by adding / disallowing certain expenses thereby creating a Tax demand of Rs 522.794 million. The Bank has filed appeal against the orders before Commissioner Appeal which is pending adjudication. The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters, therefore no provision has been recorded in this regard.

During the year, the Bank received five re-assessment orders issued under Section 122 of the Income Tax Ordinance, 2001, for Tax Years 2020 through 2024, dated December 31, 2025 creating an aggregate tax demand of Rs. 2.568 billion. The Federal Board of Revenue (FBR) has primarily challenged claims related to the defunct KASB Bank, specifically the utilization of brought forward tax depreciation and losses, Amortisation of goodwill, reversals of provisions against non-performing loans under Rule 1(c) of the Seventh Schedule, and provisions for diminution in the value of investments. While the Bank has paid a portion of the demand amounting to Rs. 1.5 billion based on a partial acceptance of the department's position, it has preferred an appeal before the Commissioner Inland Revenue (Appeals) against the remaining issues. Management,

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For the year ended December 31, 2025

supported by the advice of tax consultants, believes that the remaining contentions are legally sustainable and that a favorable outcome is probable; therefore, no provision for the remaining amount has been recognized in these financial statements. However remaining demand of Rs. 1.068 billion has been appropriately disclosed in these Financial Statements.

In respect of Tax year 2017 and 2018, the Bank has been in receipt of assessment orders from AJK FBR bearing demands amounting Rs 41.966 million and Rs 50.136 million respectively. The Bank filed appeal before the Commissioner Appeals (CIRA) which was concluded in Bank's favour. The Department, being aggrieved, filed appeal against the Commissioner Appeals order before the Appellate Tribunal Inland Revenue (ATIR), which upheld CIRA's decision. Now the department has approached High Court AJ&K for the resolution of the matter. Based on the advice from tax consultant, no provision has been recorded. The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters, therefore no provision has been recorded in this regard.

Following the 18th Amendment to the Constitution of Pakistan, the Government of Sindh enacted the Sindh Workers Welfare Fund (SWWF) Act, 2014, with the Sindh Revenue Board (SRB) as the designated collection agent. Since the promulgation of the Act, the SRB issued notices to various industrial establishments, including the Bank, demanding a contribution of approximately Rs.132 million.

The Bank, along with other financial institutions, challenged the levy in the Honorable High Court of Sindh (SHC) on the grounds that banks do not fall within the definition of "Industrial Establishment" as contemplated under the SWWF Act. The SHC initially granted a stay against the recovery of the demand, subject to the submission of bank guarantees.

On January 21, 2025, the SHC concluded the proceedings in favor of the Bank, ruling that the authority to levy and collect Workers Welfare Fund rests with the Federation. This decision was based on the resolution passed by the Council of Common Interest (CCI) vide order no. CCI.14/1/2019 dated December 23, 2019, which addressed the conflict of jurisdiction between Federal and Provincial authorities.

The SRB has recently preferred an appeal before the Supreme Court of Pakistan (SCP) against the SHC decision. Based on the advice of the Bank's legal consultant and the legal merits of the case following the SHC ruling, the management is confident of a favorable outcome. However on prudence basis provision has been recognized in these financial statements.

35.	BASIC AND DILUTED EARNINGS PER SHARE	Note	2025	2024
			Rupees in '000	
	Profit after taxation for the year - attributable to ordinary equity holders of the Bank		<u>5,826,980</u>	<u>10,309,369</u>
			Numbers	
	Weighted average number of basic outstanding ordinary shares during the year		<u>2,050,662,536</u>	<u>2,050,662,536</u>
			Rupees	
	Basic and diluted earnings per share	35.1	<u>2.84</u>	<u>5.03</u>
35.1	There were no convertible / dilutive potential ordinary shares outstanding as at December 31, 2025 and December 31, 2024, therefore, diluted earning per share has not been presented separately.			
36.	CASH AND CASH EQUIVALENTS	Note	2025	2024
			Rupees in '000	
	Cash and balances with treasury banks - gross	5	<u>112,520,153</u>	<u>84,153,600</u>
	Balances with other banks - gross	6	<u>6,851,967</u>	<u>5,079,575</u>
	Overdrawn nostro accounts	16	<u>(938,887)</u>	<u>(963,478)</u>
			<u>118,433,233</u>	<u>88,269,697</u>

Notes to the Consolidated Financial Statements

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36.1 Reconciliation of movement in liabilities and equity to cash flows arising from financing activities

2025					
Liabilities		Equity			Non-controlling interest
Subordinated debt	Other liabilities including lease liabilities	Share Capital	Reserves	Unappropriated Profit	

Rupees in '000

Balance as at January 01	11,492,708	50,215,396	20,506,625	9,618,250	26,121,333	12,415,850

Changes from financing cash flows

Proceeds from subordinated debt	-	-	-	-	-	-
Repayment of subordinated debt	(1,818)	-	-	-	-	-
Payment of lease liability against right-of-use assets	-	(4,399,116)	-	-	-	-
Dividend paid to NCI	-	-	-	-	-	(758,701)
	(1,818)	(4,399,116)	-	-	-	(758,701)

Other changes

Liability related

Changes in other liabilities

cash based	-	18,065,586	-	-	-	-
non-cash based	-	1,219,859	-	-	-	-
Transfer of profit to statutory reserve	-	-	-	1,460,921	(1,460,921)	-
Total liability related other changes	-	19,285,445	-	1,460,921	(1,460,921)	-

Equity related

Balance as at December 31	11,490,890	65,101,725	20,506,625	11,087,154	31,287,298	12,712,806

2024					
Liabilities		Equity			Non-controlling interest
Subordinated debt	Other liabilities including lease liabilities	Share Capital	Reserves	Unappropriated Profit	

Rupees in '000

Balance as at January 01,	11,344,671	55,791,201	20,506,625	7,290,037	17,731,217	9,360,919

Changes from financing cash flows

Proceeds from subordinated debt	150,000	-	-	-	-	-
Repayment of subordinated debt	(1,963)	-	-	-	-	-
Payment of lease liability against right-of-use assets	-	(4,023,523)	-	-	-	-
Dividend paid to NCI	-	-	-	-	-	(689,728)
	148,037	(4,023,523)	-	-	-	(689,728)

Other changes

Liability related

Changes in other liabilities

cash based	-	328,013	-	-	-	-
non-cash based	-	(1,880,295)	-	-	-	-
Transfer of profit to statutory reserve	-	-	-	2,347,466	(2,347,466)	-
Total liability related other changes	-	(1,552,282)	-	2,347,466	(2,347,466)	-

Equity related

Balance as at December 31,	11,492,708	50,215,396	20,506,625	9,618,250	26,121,333	12,415,850

Notes to the Consolidated Financial Statements

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		2025	2024
	Note	----- Numbers -----	
37 STAFF STRENGTH			
Permanent		10,022	9,119
On Group's contract		2,491	2,442
Outsourced	37.2	1,282	1,211
Group's own staff strength at the end of the year		13,795	12,772
37.1 Geographical segment analysis			
Pakistan		13,788	12,764
Bahrain		7	8
		13,795	12,772

37.2 This excludes employees of outsourcing services companies assigned to the Group to perform services of security guards and janitorial staff.

38 DEFINED BENEFIT PLAN

38.1 General description

The Holding Company operates a recognised gratuity fund for all employees who opted for this scheme introduced by the management with effect from January 01, 2007.

Permanent employees are eligible for the gratuity fund after 10 years of continuous service. Gratuity is payable at 65% of the last drawn basic salary per completed year of service.

The defined benefit is administered by a separate fund that is legally separate from the Holding Company. The plan is governed by the trust deed dated September 01, 2007. The trustees of the gratuity fund are composed of representatives from employers. The trustees of the gratuity fund are required by the trust deed to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees and employers. The trustees of the gratuity fund are responsible for the investment policy with regard to the assets of the fund.

The present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as applied in calculating the defined benefit obligation liability recognised in this consolidated statement of financial position.

38.2 The plan in Pakistan typically exposes the Bank to actuarial risks such as: salary risk, discount rate risk, mortality risk and investment risk defined as follow:

- Salary increase risk

The risk that the final salary at the time of cessation of services is greater than assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

- Discount rate risk

The discount rate is based on the yield on government bonds. If the market yield of bonds varies, the discount rate would vary in the same manner and would affect the present value of obligation and fair value of assets.



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- Demographic Risks

Withdrawal risk

The risk that the actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

Longevity Risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

- Investment risk

This is the risk that the assets are under-performing and are not sufficient to meet the liabilities.

38.3 Number of employees under the scheme

The number of employees covered under the gratuity scheme are: 4,248 (2024: 4,131).

38.4 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2025 using the following significant assumptions:

		2025	2024
Discount rate	per annum	11.00%	12.25%
Expected rate of return on plan assets	per annum	12.25%	16.00%
Expected rate of salary increase	per annum	11.00%	12.25%
The average duration of the defined benefit obligation	years	7	7

38.5	Reconciliation of payable to defined benefit plans	Note	2025	2024
			----- Rupees in '000 -----	
	Present value of obligations	38.6	2,658,018	2,336,619
	Fair value of plan assets payable	38.7	(2,045,796)	(1,540,991)
			<u>612,222</u>	<u>795,628</u>

38.6 Movement in defined benefit obligations

Obligations at the beginning of the year	2,336,619	1,832,355
Current service cost	495,430	409,675
Past service cost	(274,130)	4,029
Interest cost	265,513	262,358
Benefits paid by the bank	(206,779)	(286,136)
Re-measurement loss	41,365	114,338
Obligations at the end of the year	<u>2,658,018</u>	<u>2,336,619</u>

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		2025	2024
	Note	----- Rupees in '000 -----	
38.7 Movement in fair value of plan assets			
Fair value at the beginning of the year		1,540,991	1,270,223
Interest income on plan assets		205,051	213,240
Contribution by the bank - net		388,077	315,977
Benefits paid by the Bank		(124,702)	(168,922)
Re-measurements: Net return on plan assets over interest income gain / (loss)		36,379	(89,527)
Fair value at the end of the year		2,045,796	1,540,991
38.8 Movement in (receivable) / payable under defined benefit schemes			
Opening balance		795,628	562,132
Charge for the year	38.9.1	281,762	462,822
Contribution by the bank - net		(470,154)	(433,191)
Re-measurement loss / (gain) recognised in OCI during the year	38.9.2	4,986	203,865
Closing balance		612,222	795,628
38.9 Charge for defined benefit plan			
38.9.1 Cost recognised in profit and loss			
Current service cost		495,430	409,675
Net interest on defined benefit asset / liability		60,462	49,118
Past service cost - due to change in salary structure		-	403,549
Past service cost - due to change in scheme benefit rule		(274,130)	(399,520)
		281,762	462,822
38.9.2 Re-measurements recognised in OCI during the year			
Loss / (gain) on obligation			
Demographic assumptions		11,343	(54,606)
Financial assumptions		(28,547)	99,632
Experience adjustment		58,569	69,312
Remeasurement on plan assets		65,419	(26,526)
Return on plan assets over interest income		(101,798)	116,053
Deferred tax impact		(34,736)	(48,138)
Total re-measurements recognised in OCI		(29,750)	155,727
38.9.3 Components of plan assets			
Cash and cash equivalents - net		87,354	220,444
Government securities		274,498	70,788
Mutual Funds		-	50,005
Federal Government Shariah Compliant Securities		743,680	444,896
Ordinary and preference shares		1,012,027	1,049,827
		2,117,559	1,835,960

38.10 Investment in term finance certificates are subject to credit risk and interest rate risks, while equity securities and mutual funds are subject to price risk. Cash and cash equivalents include balances maintained with the Bank which are subject to credit risk. These risks are regularly monitored by Trustees of the fund.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

38.11 Sensitivity analysis

38.11.1 Significant actuarial assumptions for the determination of the defined obligation are discount rate, and expected rate of salary increase. The sensitivity analysis below has been determined based on reasonably possible changes in one respective assumption occurring at the end of the reporting period, while holding all other assumptions constant:

	2025
	- Rupees in '000 -
1% increase in discount rate	2,511,026
1% decrease in discount rate	2,821,910
1% increase in expected rate of salary increase	2,767,299
1% decrease in expected rate of salary increase	2,559,027
38.12 Expected contributions to be paid to the funds in the next financial year	319,281
38.13 Expected charge for the next financial year	392,037

38.14 Maturity profile

The weighted average duration of the obligation (in years): 7

38.15 Funding policy

The Bank endeavors to ensure that liabilities under the funded gratuity scheme is covered by the assets of the fund on any valuation date, based on actuarial assumptions.

39. DEFINED BENEFIT PLAN OF SUBSIDIARY

39.1 BankIslami Pakistan Limited (BIPL)

BankIslami Pakistan Limited (BIPL) operates a gratuity fund for its employees (members of the fund). The fund entitles the members to a lump sum payment at the time of retirement, resignation or death. Permanent staff are eligible for such benefits after three years of service.

The number of eligible employees covered under the defined scheme are 5,046 (2024: Rs. 4,688).

40. DEFINED CONTRIBUTION PLAN

The Group operates a contributory provident fund scheme for all permanent employees. The employer and employee both make a contribution of equal amount to the fund as follows:

	Contribution basic salary	Number of employees		Contribution made during the year	
		2025	2024	2025	2024
	Percentages	Numbers	Numbers	Rupees in '000	Rupees in '000
Bank					
- JS Bank Limited	7.1	3,707	3,231	436,559	366,562
Subsidiary companies					
- JS Global Capital Limited	7.33	233	206	24,385	19,275
- JS Investments Limited	7.33	95	77	8,084	8,640
- BankIslami Pakistan Limited	6.67	5,046	4,688	416,442	285,907

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

41. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

41.1 The aggregate amount charged in the financial statements for the year in respect of the remuneration and benefits to the President and Chief Executive Officer, Directors and Executives are as follows:

Items	Directors		2025		
	Chairman	Non-Executives	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
----- Rupees in '000 -----					
Fees and Allowances etc.	2,100	14,900	-	-	-
Managerial Remuneration					
i) Fixed	-	-	67,870	1,468,774	715,688
ii) Total Variable - Cash Bonus / Awards	-	-	55,000	295,888	162,656
Charge for defined benefit plan	-	-	2,080	26,309	14,853
Contribution to defined contribution plan	-	-	4,926	52,869	35,023
Medical	-	-	6,787	133,225	72,430
Utilities	-	-	-	-	-
House rent allowance	-	-	-	5,907	-
Conveyance	-	-	1,613	79,455	110,699
Car allowance	-	-	-	118,343	98,443
Others	-	-	623	59,458	27,821
Total	2,100	14,900	138,899	2,240,228	1,237,613
Number of persons	1	6	1	58	136

Items	2024				
	Directors		President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Non-Executives			
----- Rupees in '000 -----					
Fees and Allowances etc.	1,700	11,600	-	-	-
Managerial Remuneration					
i) Fixed	-	-	58,796	1,136,050	698,731
ii) Total Variable - Cash Bonus / Awards	-	-	45,000	268,130	151,239
Charge for defined benefit plan	-	-	1,706	14,909	14,746
Contribution to defined contribution plan	-	-	4,283	56,777	37,174
Medical	-	-	5,880	107,844	66,515
Utilities	-	-	-	14,587	11,931
House rent allowance	-	-	-	65,640	53,691
Conveyance	-	-	1,555	70,226	116,167
Car allowance	-	-	-	105,118	110,898
Others	-	-	543	100,979	39,000
Total	1,700	11,600	117,763	1,940,260	1,300,092
Number of persons	1	6	1	55	123

41.1.1 The CEO and COO are provided with free use of Bank maintained cars in accordance with their entitlement.

41.1.2 Managerial remuneration includes joining related payments made to certain Executives in line with their terms of employment.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

41.1.3 The SBP, vide its BPRD Circular No. 01 dated January 25, 2017, issued Guidelines on Remuneration Practices, where the Bank is required to defer a certain portion of variable compensation of the Material Risk Takers (MRTs) and Material Risk Controllers (MRCs) subject to mandatory deferrals for a defined period. In this respect, deferral amount shall be withheld for a period of three years whereas remaining portion of the variable compensation shall be paid upfront to the MRTs and MRCs. The deferred remuneration shall vest proportionately over the deferral period following the year of variable remuneration award. The deferred portion of the variable remuneration shall be paid to the MRTs and MRCs on vesting, proportionally through yearly instalments, during the deferred period, in case no malus triggers are applicable. Details of MRTs and MRCs are given below:

Employees Covered under:

	2025	2024
	----- Numbers -----	
Material Risk Takers (MRTs)	70	80
Material Risk Controllers (MRCs)	43	56
	<u>113</u>	<u>136</u>

Movement of deferred remuneration

	2025	2024
	----- Rupees '000 -----	
Opening	113,770	34,158
Deferred during the year	94,131	99,147
Paid during the year	(43,750)	(19,535)
Closing	<u>164,151</u>	<u>113,770</u>

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

2025							
Sr. No.	Name of Director	Meeting Fees and Allowances Paid					
		For Board Meetings	For Board Committees				
			Board Audit Committee (BAC)	Board Human Resource, Remuneration and Nomination Committee (BHRNC)	Board Risk Management Committee (BRMC)	Board IT Committee (BITC)	Total Amount Paid
----- Rupees in '000 -----							
1	Mr. Adil Matcheswala	1,500	-	600	-	-	2,100
2	Mr. Sadiq Ali	1,500	600	-	600	-	2,700
3	Ms. Nargis Ali Akber Ghaloo	1,500	600	600	-	-	2,700
4	Mr. Khalilullah Shaikh	1,500	600	-	600	-	2,700
5	Mr. Qaiser Noor*	500	-	150	-	150	800
6	Mr. Saad Ali Bhimjee	1,500	-	-	600	900	3,000
7	Mr. Usman Yousaf Mobin	1,500	-	600	-	900	3,000
	Total amount paid	9,500	1,800	1,950	1,800	1,950	17,000

*Mr. Qaiser Noor was appointed as Independent Director of the Bank on September 22, 2025.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

2024							
Sr. No.	Name of Director	Meeting Fees and Allowances Paid					
		For Board Meetings	For Board Committees				Total Amount Paid
			Board Audit Committee (BAC)	Board Human Resource, Remuneration and Nomination Committee (BHRNC)	Board Risk Management Committee (BRMC)	Board IT Committee (BITC)	
----- Rupees in '000 -----							
1	Mr. Adil Matcheswala	1,250	-	450	-	-	1,700
2	Mr. Sadiq Ali	1,250	900	-	600	-	2,750
3	Ms. Nargis Ali Akber Ghaloo	1,250	900	-	-	600	2,750
4	Syed Mumtaz Ali Shah*	500	-	150	300	-	950
5	Mr. Khalilullah Shaikh	1,250	900	-	450	-	2,600
6	Mr. Saad Ali Bhimjee **	250	-	-	-	-	250
7	Mr. Usman Yousaf Mobin	1,250	-	450	-	600	2,300
	Total amount paid	7,000	2,700	1,050	1,350	1,200	13,300

* Mr. Syed Mumtaz Ali Shah resigned with effect from June 14, 2024.

** Mr. Saad Ali Bhimji was appointed as Non-Executive Director of the Bank on August 27, 2024.

42. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements. Fair value of unquoted debt securities, fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for assets and liabilities and reliable data regarding market rates for similar instruments.

42.1 Fair value of financial assets

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

The table below analyzes financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2025			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	196,850,902	-	196,850,902
Federal Government Shariah Compliant Securities	78,801,265	235,934,974	-	314,736,239
Shares	7,541,092	36,955	37,573	7,615,620
Non Government Debt Securities	-	1,075,732	-	1,075,732
Non-Government Shariah Compliant Securities	-	1,227,194	1,124,995	2,352,189
Foreign securities	-	23,044,423	-	23,044,423
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	33,709,882	-	33,709,882
Off balance sheet financial instruments				
Forward purchase of foreign exchange	-	89,868,528	-	89,868,528
Forward sale of foreign exchange	-	62,440,609	-	62,440,609
Forward agreements for lending	-	-	-	-
Forward sale of securities contract	-	240,445	-	240,445

		2024		
	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	138,130,448	-	138,130,448
Federal Government Shariah Compliant Securities	-	311,025,501	-	311,025,501
Shares	5,226,656	-	-	5,226,656
Non Government Debt Securities	-	1,525,593	-	1,525,593
Non-Government Shariah Compliant Securities	-	33,180,407	-	33,180,407
Foreign securities	-	16,214,890	-	16,214,890
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	121,590,686	-	121,590,686
Off balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	142,967,019	-	142,967,019
Forward sale of foreign exchange	-	95,241,980	-	95,241,980
Forward agreements for lending	-	15,018,080	-	15,018,080
Forward sale of securities contract	-	43,674	-	43,674

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Valuation techniques

Item	Valuation approach and input used
Units of mutual funds	Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.
Market Treasury Bills (MTB), Pakistan Investment Bonds (PIB) and GoP Sukuks	Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV, PKFRV and PKISRV rates.
Debt Securities (TFCs) and Sukuk other than Government	Investments in debt securities (comprising of Term Finance Certificates, Bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP.
Overseas Government Sukuks and Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas Bonds are valued on the basis of prices available on Bloomberg.
Ordinary shares - listed	The fair value of investments in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - unlisted	The fair value of the investment in SWIFT shares has been determined using a market based approach, based on the share value annually calculated and published by SWIFT for all shareholders. The fair value of ISE REIT shares has been determined using a market based approach, applying price to book multiples of comparable listed REITs to the net asset value, adjusted for discounts for lack of control and lack of marketability.

Item	Valuation approach and input used
Forward foreign exchange contracts	The valuation has been determined by interpolating the foreign exchange revaluation rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.
Property and Equipment - Land and buildings	Land and buildings and Non-banking assets under satisfaction of claims are carried at revalued amounts determined by professional valuers based on their assessment of the market values as disclosed in note 10 and 13 of these consolidated financial statements. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used 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.
Non-banking assets acquired in satisfaction of claims	

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements of investments:

Description	Fair value as at December 31, 2025	Unobservable inputs	Sensitivity of inputs
---Rupees in '000---			
Ordinary shares - unlisted	37,308	- Price to book (P/B) multiple - Discount for lack of control - Discount for lack of marketability	a 10% increase / decrease in the P/B multiple would result in an increase / decrease of Rs 3.731 million in the fair value. A 5.0 percentage point change in either the discount for lack of control or the discount for the lack of marketability would result in a change of Rs 3.109 million in the fair value
Non-Government Shariah compliant Securities	1,124,995	Credit spreads adjusted to reflect the risk profile of each instrument	A 10% increase / decrease in the PKRV rates would result in an increase / decrease of Rs. 112.499 million in the fair value.

The following table shows reconciliation of investment fair value movement:

	Unlisted equity	Shariah debts
	2025	
	----- Rupees in ' 000 -----	
Opening balance	289,259	1,113,000
Impact of adoption of IFRS 9	18,634	-
Remeasurement recognised in Profit and Loss	(278,259)	-
Remeasurement recognised in OCI	7,674	11,995
Closing balance	37,308	1,124,995

- 42.2** The Group'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 year.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

43. SEGMENT INFORMATION

43.1 Segment Details with respect to Business Activities:

	2025									
	Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International and Institutional Banking	Zindigi	Islamic Banking	Brokerage	Asset Management	Others	Total
Profit and Loss	----- Rupees in '000 -----									
Net mark-up / return / profit / interest / (expense)	(12,301,382)	2,979,420	36,049,861	1,410,689	(142,030)	35,603,952	324,071	(20,254)	(847,830)	63,056,497
Inter segment revenue - net	29,434,008	2,411,995	(29,809,658)	534,646	600,714	-	-	-	(3,171,705)	-
Non mark-up / return / income	2,615,611	1,778,358	4,251,864	847,446	651,111	9,510,742	2,482,934	1,654,855	239,384	24,032,305
Total Income / (loss)	19,748,237	7,169,773	10,492,067	2,792,781	1,109,795	45,114,694	2,807,005	1,634,601	(3,780,151)	87,088,802
Segment direct expenses	14,002,740	732,987	282,395	1,692,588	5,036,162	31,566,974	1,912,023	858,360	8,793,357	64,877,586
Inter segment expense allocation	3,843,569	1,213,787	267,212	385,808	793,675	-	-	-	(6,503,664)	387
Total expenses	17,846,309	1,946,774	549,607	2,078,396	5,829,837	31,566,974	1,912,023	858,360	2,289,693	64,877,973
Credit loss allowances and write offs - net	1,214,022	(191,824)	2,888	(383,584)	30,602	(631,655)	-	-	2,869,414	2,909,863
Profit / (loss) before tax	687,906	5,414,823	9,939,572	1,097,969	(4,750,644)	14,179,375	894,982	776,241	(8,939,258)	19,300,966
Balance Sheet										
Cash and bank balances	9,603,614	322,712	28,235,095	3,620,660	1,071,751	75,929,228	581,955	3,378	-	119,368,393
Lendings to financial institutions	-	-	19,838,794	-	-	18,999,952	-	-	-	38,838,746
Investments	620,383	-	229,440,755	24,198,917	-	322,887,104	403,437	2,230,145	1,677,877	581,458,618
Net inter segment lending	371,390,754	8,935,091	-	-	6,777,709	-	-	-	53,334,650	440,438,204
Advances - performing	88,326,522	102,967,350	-	47,854,061	40,830	289,954,486	2,211,347	20,891	4,602,997	535,978,484
Advances - non-performing	3,228,590	1,952,665	-	1,240	2,446	1,089,973	-	-	88,374	6,363,288
Others	-	-	-	792,000	-	64,756,915	6,136,242	1,097,154	60,833,864	133,616,175
Total Assets	473,169,863	114,177,818	277,514,644	76,466,878	7,892,736	773,617,658	9,332,981	3,351,568	120,537,762	1,856,061,908
Borrowings	14,280,581	8,445,908	3,401,591	-	-	14,613,108	-	-	-	40,741,188
Deposits and other accounts	390,375,641	99,695,224	-	42,497,791	7,892,736	658,970,349	-	-	-	1,199,431,741
Subordinated debt	-	-	-	-	-	2,996,990	-	-	8,493,900	11,490,890
Net inter segment borrowing	56,227,618	5,719,273	274,113,053	30,946,527	-	52,574,054	1,870,829	2,567,277	16,419,573	440,438,204
Others	12,286,023	317,413	-	3,022,560	-	44,463,157	7,462,152	784,291	14,500,654	82,836,250
Total Liabilities	473,169,863	114,177,818	277,514,644	76,466,878	7,892,736	773,617,658	9,332,981	3,351,568	39,414,127	1,774,938,273
Equity	-	-	-	-	-	-	-	-	68,410,829	68,410,829
Non-controlling interest	-	-	-	-	-	-	-	-	12,712,806	12,712,806
Total Equity and Liabilities	473,169,863	114,177,818	277,514,644	76,466,878	7,892,736	773,617,658	9,332,981	3,351,568	120,537,762	1,856,061,908
Contingencies and Commitments	28,599,261	111,535,314	67,437,910	14,777,482	-	237,662,353	544,762	-	1,629,008	462,186,090



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	2024									
	Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International and Institutional Banking	Zindigi	Islamic Banking	Brokerage	Asset Management	Others	Total
Profit and Loss	Rupees in '000									
Net mark-up / return / profit / interest / (expense)	(25,209,470)	(3,829,117)	56,358,032	1,223,352	(98,233)	46,408,758	227,934	2	(1,078,763)	74,002,495
Inter segment revenue - net	43,896,776	8,106,564	(51,070,186)	1,236,421	521,310	-	-	-	(2,690,885.00)	-
Non mark-up / return / income	2,194,591	1,982,860	3,772,807	1,086,274	335,187	4,589,961	1,501,342	982,138	(199,849)	16,245,311
Total Income / (loss)	20,881,897	6,260,307	9,060,653	3,546,047	758,264	50,998,719	1,729,276	982,140	(3,969,497)	90,247,806
Segment direct expenses	12,958,635	741,554	226,182	1,446,439	3,945,674	22,874,218	1,225,307	482,840	8,253,552	52,154,401
Inter segment expense allocation	4,335,714	1,052,214	231,565	257,223	596,484	-	-	-	(6,473,200)	-
Total expenses	17,294,349	1,793,768	457,747	1,703,662	4,542,158	22,874,218	1,225,307	482,840	1,780,352	52,154,401
Credit loss allowances and write offs - net	2,449,410	1,708,071	6,209	487,756	38,869	2,733,556	(12,530)	-	2,899	7,414,240
Profit / (loss) before tax	1,138,138	2,758,468	8,596,697	1,354,629	(3,822,763)	25,390,945	516,499	499,300	(5,752,748)	30,679,165
Balance Sheet										
Cash and bank balances	12,044,528	421,951	32,972,487	1,199,620	36,839	42,076,616	448,996	27,166	-	89,228,203
Lendings to financial institutions	-	-	-	-	-	4,257,928	-	-	-	4,257,928
Investments	-	-	260,209,051	17,803,843	-	345,051,553	174,665	2,689,425	3,537,637	629,466,174
Net inter segment lending	269,135,658	64,452,654	1,999,730	675,328	6,666,406	-	-	-	53,960,991	396,890,767
Advances - performing	66,514,103	100,980,505	-	47,554,387	12,584	292,763,117	1,532,724	8,800	3,641,685	513,007,905
Advances - non-performing	2,943,758	3,218,190	-	630	25,914	2,020,246	-	-	55,777	8,264,515
Others	-	-	-	464,920	-	50,276,290	4,508,931	649,670	58,918,592	114,818,403
Total Assets	350,638,047	169,073,300	295,181,268	67,698,728	6,741,743	736,445,750	6,665,316	3,375,061	120,114,682	1,755,933,895
Borrowings	10,160,671	17,074,664	1,463,170	-	-	85,662,161	-	-	-	114,360,666
Deposits and other accounts	328,859,641	151,596,312	-	35,454,361	6,741,743	559,174,212	-	-	-	1,081,826,269
Subordinated debt	-	-	-	-	-	2,996,875	-	-	8,495,833	11,492,708
Net inter segment borrowing	2,482,319	-	293,718,098	30,133,918	-	49,721,240	1,474,989	2,957,503	16,402,700	396,890,767
Others	9,135,416	402,324	-	2,110,449	-	38,891,262	5,190,327	417,558	18,419,595	74,566,931
Total Liabilities	350,638,047	169,073,300	295,181,268	67,698,728	6,741,743	736,445,750	6,665,316	3,375,061	43,318,128	1,679,137,341
Equity	-	-	-	-	-	-	-	-	64,380,704	64,380,704
Non-controlling interest	-	-	-	-	-	-	-	-	12,415,850	12,415,850
Total Equity and Liabilities	350,638,047	169,073,300	295,181,268	67,698,728	6,741,743	736,445,750	6,665,316	3,375,061	120,114,682	1,755,933,895
Contingencies and Commitments	21,531,623	104,827,389	78,520,444	9,970,239	-	495,441,474	42,185	-	1,063,437	711,396,791

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

43.2 Segment details with respect to geographical locations

Geographical segment analysis	2025		
	Pakistan	Bahrain	Total
	Rupees in '000		
Profit and Loss			
Net mark-up / return / profit / interest / (expense)	62,868,175	188,322	63,056,497
Inter segment revenue - net	(470,474)	470,474	-
Non mark-up / return / income	23,831,423	200,882	24,032,305
Total Income	86,229,124	859,678	87,088,802
Segment direct expenses	64,470,386	407,200	64,877,586
Inter segment expense allocation	(82,611)	82,998	387
Total expenses	64,387,775	490,198	64,877,973
Credit loss allowance and write offs	3,300,834	(390,971)	2,909,863
Profit before tax	18,540,515	760,451	19,300,966
Balance Sheet			
Cash and bank balances	115,865,900	3,502,493	119,368,393
Lendings to financial institutions	38,838,746	-	38,838,746
Investments	558,414,196	23,044,422	581,458,618
Net inter segment lending	-	-	-
Advances - performing	532,404,156	3,574,328	535,978,484
Advances - non-performing	6,363,288	-	6,363,288
Others	133,251,506	364,669	133,616,175
Total Assets	1,385,137,792	30,485,912	1,415,623,704
Borrowings	40,741,188	-	40,741,188
Deposits and other accounts	1,172,421,020	27,010,721	1,199,431,741
Subordinated debt	11,490,890	-	11,490,890
Net inter segment borrowing	(3,087,687)	3,087,687	-
Others	82,448,746	387,504	82,836,250
Total Liabilities	1,304,014,157	30,485,912	1,334,500,069
Equity	68,410,829	-	68,410,829
Non-controlling interest	12,712,806	-	12,712,806
Total Equity and Liabilities	1,385,137,792	30,485,912	1,415,623,704
Contingencies and Commitments	442,546,206	19,639,884	462,186,090



Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

	2024		
	Pakistan	Bahrain	Total
	----- Rupees in '000 -----		
Profit and Loss			
Net mark-up / return / profit / interest / (expense)	73,827,006	175,489	74,002,495
Inter segment revenue - net	(676,776)	676,776	-
Non mark-up / return / income	16,135,592	109,719	16,245,311
Total Income	89,285,822	961,984	90,247,806
Segment direct expenses	51,722,473	431,928	52,154,401
Inter segment expense allocation	(59,428)	59,428	-
Total expenses	51,663,045	491,356	52,154,401
Credit loss allowance and write offs	7,343,872	70,368	7,414,240
Profit before tax	30,278,905	400,260	30,679,165
Balance Sheet			
Cash and bank balances	88,279,530	948,673	89,228,203
Lendings to financial institutions	(12,220,180)	16,478,108	4,257,928
Investments	629,466,174	-	629,466,174
Net inter segment lending	-	-	-
Advances - performing	508,966,104	4,041,801	513,007,905
Advances - non-performing	8,264,515	-	8,264,515
Others	114,571,500	246,903	114,818,403
Total Assets	1,337,327,643	21,715,485	1,359,043,128
Borrowings	114,360,666	-	114,360,666
Deposits and other accounts	1,081,826,269	-	1,081,826,269
Subordinated debt	(7,597,082)	19,089,790	11,492,708
Net inter segment borrowing	(2,465,044)	2,465,044	-
Others	74,406,280	160,651	74,566,931
Total Liabilities	1,260,531,089	21,715,485	1,282,246,574
Equity	64,380,704	-	64,380,704
Non-controlling interest	12,415,850	-	12,415,850
Total Equity and Liabilities	1,337,327,643	21,715,485	1,359,043,128
Contingencies and Commitments	702,348,766	9,048,025	711,396,791

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

44. TRUST ACTIVITIES

The Group undertakes Trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Group and, therefore, are not included as such in these consolidated financial statements. Assets held under trust are shown in the table below:

2025						
Category	No. of IPS Accounts	Securities Held (Face Value)				Total
		Market Treasury Bills	Pakistan Investment Bonds	Naya Pakistan Certificates	Government Ijara Sukuk	
----- Rupees in '000 -----						
Charitable Institutions	2	282,000	-	-	-	282,000
Assets Management Companies	42	11,890,000	30,502,500	-	1,984,630	44,377,130
Companies	27	12,555,280	42,951,000	-	-	55,506,280
Employees Funds / NGOs	41	22,882,810	29,813,300	-	862,000	53,558,110
Individuals	239	15,076,745	339,900	1,749,043	73,970	17,239,658
Insurance Companies	12	74,086,655	117,678,300	-	29,039,400	220,804,355
Others	26	8,036,195	9,066,000	-	2,116,000	19,218,195
Total	389	144,809,685	230,351,000	1,749,043	34,076,000	410,985,728

2024						
Category	No. of IPS Accounts	Securities Held (Face Value)				Total
		Market Treasury Bills	Pakistan Investment Bonds	Naya Pakistan Certificates	Government Ijara Sukuk	
----- Rupees in '000 -----						
Charitable Institutions	4	445,000	-	-	-	445,000
Assets Management Companies	35	6,000,000	17,387,500	-	1,954,630	25,342,130
Companies	20	25,602,935	32,730,400	-	-	58,333,335
Employees Funds / NGOs	44	19,625,515	36,803,900	-	1,649,840	58,079,255
Individuals	204	14,750,755	299,600	2,315,229	94,970	17,460,554
Insurance Companies	12	131,316,925	79,524,700	-	27,112,600	237,954,225
Others	29	8,926,885	123,682,000	-	1,483,000	134,091,885
Total	348	206,668,015	290,428,100	2,315,229	32,295,040	531,706,384

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

45. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its parent, directors, key management personnel, associates and other related parties.

The Group enters into transactions with related parties in the ordinary course of business and substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans 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, other than those which have been specifically disclosed elsewhere in these consolidated financial statements are as follows:

	2025				
	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees in '000				
Lendings to financial institutions					
Opening balance	-	-	-	-	-
Addition during the period	-	-	-	-	500,000
Repaid during the period	-	-	-	-	(500,000)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	-
Investments					
Opening balance	-	-	-	3,872,317	2,573,385
Investment made during the period	-	-	-	12,219,949	1,350,000
Investment redeemed / disposed off during the period	-	-	-	(13,330,704)	(1,350,000)
Surplus / (Deficit) on Investments	-	-	-	431,989	67,616
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	3,193,551	2,641,001
Credit loss allowance for diminution in value of investments	-	-	-	1,174,244	-
Advances					
Opening balance	-	-	635,459	665,920	4,473,281
Addition during the period	-	520	418,151	-	10,479,042
Repaid during the period	-	(395)	(418,131)	(22,185)	(10,549,521)
Transfer in / (out) - net	-	-	54,660	(480,187)	808,150
Closing balance	-	125	690,139	163,548	5,210,952
Credit Loss Allowance held against advances	-	10	3,621	163,548	481,964
Other assets					
Mark-up / return / interest accrued	-	-	902	-	42,707
Receivable against bancassurance / bancatakaful	-	-	-	-	2,069
Prepaid insurance	-	-	-	-	187,786
Trade Receivable from brokerage and advisory business	-	-	-	-	7,177
Advance against investment in securities	-	-	-	-	792,000
Other receivable	164	-	-	-	2,961
Credit Loss Allowance against other assets	-	-	6	-	8,830

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For the year ended December 31, 2025

	2025				
	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees in '000				
Borrowings					
Opening balance	-	-	-	-	-
Borrowings during the period	-	-	-	-	-
Settled during the period	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	-
Deposits and other accounts					
Opening balance	112,836	9,446	56,248	21,675	6,865,671
Received during the period	8,332,480	43,869	1,357,201	1,131,482	438,447,033
Withdrawn during the period	(8,386,650)	(26,259)	(1,264,754)	(1,134,090)	(435,038,067)
Transfer in / (out) - net	-	-	(27,660)	(2,110)	90,371
Closing balance	58,666	27,056	121,035	16,957	10,365,008
Subordinated debt					
Opening balance	-	-	-	-	253,925
Issued during the period	-	-	-	-	-
Redeemed during the period	-	-	-	-	(30)
Transfer in / (out) - net	-	-	-	-	(450)
Closing balance	-	-	-	-	253,445
Other liabilities					
Mark-up / return / interest payable on deposits	-	-	579	-	19,010
Mark-up / return / interest payable on subordinated debt	-	-	-	-	1,074
Trade payable from brokerage and advisory business	-	-	-	-	22,392
Defined benefit obligation - net	-	-	-	-	124,732
Dividend payable	-	-	-	-	-
Others payable	375	-	-	-	12,373
Contingencies and commitments					
Letter of guarantee	-	-	-	-	588,170
Letter of credit	-	-	-	-	441,360

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For the year ended December 31, 2025

	2024				
	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees in '000				
Lendings to financial institutions					
Opening balance	-	-	-	-	-
Addition during the year	-	-	-	-	-
Repaid during the year	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	-
Investments					
Opening balance	7,595	-	-	1,309,844	3,872,090
Investment made during the period	-	-	-	1,327,796	1,986,306
Investment redeemed / disposed off during the year	-	-	-	-	(1,600,000)
Deficit on investments	-	-	-	-	(450,131)
Transfer in / (out) - net	(7,595)	-	-	1,234,677	(1,234,880)
Closing balance	-	-	-	3,872,317	2,573,385
Credit loss allowance for diminution in value of investments	-	-	-	1,191,911	-
Advances					
Opening balance	-	247	919,926	665,920	2,006,365
Addition during the year	-	2,204	448,993	618,721	13,077,017
Repaid during the year	-	(1,885)	(178,653)	(618,721)	(10,785,517)
Transfer in / (out) - net	-	(566)	(554,807)	-	175,416
Closing balance	-	-	635,459	665,920	4,473,281
Credit Loss Allowance held against advances	-	15	462	185,732	483,655
Other assets					
Mark-up / return / interest accrued	-	-	670	-	46,915
Receivable against bancassurance / bancatakaful	-	-	-	-	9,430
Prepaid insurance	-	-	-	-	58,277
Trade receivable	1,615	-	-	-	31,691
Advance against investment in securities	-	-	-	-	792,000
Other receivable	-	-	-	-	2,961
Credit loss allowance against other assets	-	-	-	-	26
Borrowings					
Opening balance	-	-	-	-	-
Borrowings during the period	-	-	-	-	-
Settled during the period	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	-

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

	2024				
	Parent	Directors	Key management personnel	Associates	Other related parties
	----- Rupees in '000 -----				
Deposits and other accounts					
Opening balance	80,689	369	41,934	46,398	12,110,023
Received during the year	11,025,819	20,298	871,091	2,565,724	271,222,852
Withdrawn during the year	(10,993,672)	(11,221)	(844,243)	(2,590,447)	(276,503,188)
Transfer in / (out) - net	-	-	(12,534)	-	35,984
Closing balance	112,836	9,446	56,248	21,675	6,865,671
Subordinated debt					
Opening balance	2,500	-	485	-	21,119
Issued during the year	-	-	-	-	233,585
Redeemed during the year	(2,500)	-	-	-	(1,264)
Transfer in / (out) - net	-	-	(485)	-	485
Closing balance	-	-	-	-	253,925
Other liabilities					
Mark-up / return / interest payable on deposits	-	-	-	2	15,576
Mark-up / return / interest payable on borrowings	-	-	-	-	-
Mark-up / return / interest payable on subordinated debt	-	-	-	-	1,173
Dividend payable	-	-	-	-	-
Trade payable	-	-	-	-	13,779
Donation payable	-	-	-	-	-
Defined benefit obligation - net	-	-	-	-	800,305
Others payable	-	-	-	-	33,588
Contingencies and commitments					
Letter of guarantee	-	-	-	-	15,369
Letter of credit	-	-	-	-	79,352
Forward lending	-	-	-	-	-



Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

	2025				
	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees in '000				
Income					
Mark-up / return / interest earned	-	-	36,626	-	488,442
Fee, commission and brokerage income	7,110	90	2,263	-	201,301
Dividend income	-	-	-	-	113,252
Gain on sale of securities - net	-	-	-	-	70,949
Rental income	-	-	-	-	15,122
Other income	40	20	520	14	34,584
Credit loss allowance on:					
Investments - net	-	-	-	44,400	-
Advances	-	(5)	3,159	(22,184)	(1,691)
Other Assets	-	-	6	-	8,804
Expense					
Mark-up / return / interest paid	5,826	888	4,887	2,018	744,039
Operating expenses					
Compensation	-	-	964,572	-	2,426,648
Net charge for defined contribution plans	-	-	-	-	894,839
Net charge for defined benefit plans	-	-	-	-	281,762
Rent	4,559	-	-	-	11,276
Software Maintenance	-	-	-	-	15,270
Directors' fee and allowances	-	17,000	-	-	35,410
Insurance	-	-	-	-	266,249
Training and Development	-	-	12,709	-	-
Consultancy charges	-	-	-	-	50,096
Advisory fee	26,000	-	-	-	-
Royalty	-	-	-	-	25,000
Other expenses	15,153	1,519	-	-	406,995
Payments made during the period					
Insurance premium paid	-	-	-	-	432,691
Insurance claims settled	-	-	-	-	142,440
Donation Paid	-	-	-	-	265,822
Dividend paid	-	-	-	-	364,332
Other Transactions					
Sale of Government Securities	-	-	12,134	-	207,609,549
Purchase of Government Securities	-	-	-	-	9,373,785

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

	2024				
	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees in '000				
Income					
Mark-up / return / interest earned	-	93	24,943	35,619	787,432
Fee, commission and brokerage income	2,300	173	2,827	-	131,882
Dividend income	-	-	-	-	86,975
Gain on sale of securities - net	-	-	16	-	306,450
Gain / (loss) on sale of fixed assets	-	-	-	-	-
Rental income	-	-	-	-	-
Other income	-	-	(239)	22	589
Credit loss allowance on:					
Investments - net	-	-	-	18,922	-
Advances	-	15	307	-	2,815
Other Assets	-	-	-	-	(11)
Expense					
Mark-up / return / interest paid	23,254	-	2,940	3,706	1,611,411
Operating expenses					
Compensation	-	-	786,443	-	961,273
Directors' fee and allowances	-	13,300	-	-	36,110
Net charge for defined contribution plans	-	-	-	-	685,788
Net charge for defined benefit plans	-	-	-	-	462,822
Insurance expense	-	-	-	-	11,288
Rent	4,243	-	-	-	6,032
Software Maintenance	-	-	-	-	-
Advisory fee	20,500	-	-	-	-
Consultancy charges	-	-	-	-	61,077
Training and development	-	-	19,071	-	-
Royalty	-	-	-	-	22,500
Marketing, Advertisement and Publicity	-	-	-	-	21,142
Other expenses	3,053	-	-	-	386,880
Payments made during the period					
Insurance premium paid	-	-	-	-	259,062
Insurance claims settled	-	-	-	-	126,134
Donation Paid	-	-	-	-	174,559
Dividend paid	-	-	-	-	528,136
Other transactions					
Sale of Government Securities	-	-	13,425	-	182,570,938
Purchase of Government Securities	-	-	3,148	-	133,385,331



Notes to the Consolidated Financial Statements

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46. CAPITAL ADEQUACY, LEVERAGE RATIO and LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

2025

2024

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

20,506,625

20,506,625

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

Eligible Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

59,347,711

54,060,081

6,620,002

5,506,643

65,967,713

59,566,724

12,059,482

19,780,113

78,027,195

79,346,837

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

357,014,442

299,924,033

22,186,950

6,122,020

154,166,864

133,141,179

533,368,256

439,187,232

Common Equity Tier 1 Capital Adequacy ratio

11.13%

12.31%

Tier 1 Capital Adequacy Ratio

12.37%

13.56%

Total Capital Adequacy Ratio

14.63%

18.07%

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of accumulated losses) for banks to be raised to Rs.10,000 million by the year ending December 31, 2013. The paid-up capital of the Bank as at December 31, 2025 stood at Rs. 20,506.525 million (2024: Rs. 20,506.525 million) and is in compliance with SBP requirements.

The Banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.0% plus capital conservation buffer of 1.5% of the risk weighted exposures. Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 7.5% and 9.0%, respectively (inclusive of Capital Conservation Buffer). As at December 31, 2025 the Group is fully compliant with prescribed ratios, as the Group's CAR is 14.63% whereas CET 1 and Tier 1 ratios stood at 11.13% and 12.37% respectively on Consolidated Basis. The Group has complied with all capital requirements throughout the year.

Under the current capital adequacy regulations, credit risk and market risk exposures are measured using the Standardized Approach and operational risk is measured using the Basic Indicator Approach. Credit risk mitigants are also applied against the Group's exposures based on eligible collateral under comprehensive approach.

2025

2024

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

Leverage Ratio (LR):

Eligible Tier-1 Capital

Total Exposures

Leverage Ratio

65,967,713

59,566,724

1,591,413,044

1,607,832,690

4.15%

3.70%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

Total Net Cash Outflow

Liquidity Coverage Ratio

683,125,801

517,736,180

235,790,416

201,355,659

289.72%

257.13%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

Total Required Stable Funding

Net Stable Funding Ratio

1,043,783,306

1,060,751,693

539,039,271

528,102,996

193.64%

200.86%

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

46.1 The link to the full disclosure is available at <https://jsbl.com/knowledge-centre/investor-information/>

46.2 In order to mitigate the impact of expected credit loss (ECL) provisioning on capital, SBP has allowed transitional arrangement to absorb the impact on regulatory capital. Accordingly, transitional arrangement is applied. If Transition wasn't applied Capital Position would have been as below

	Transition Arrangement	Full ECL Impact
CET1 to TRWAs	11.13%	10.78%
T1 Capital to TRWAs	12.37%	12.03%
Total eligible capital to TRWAs	14.63%	14.63%
Leverage	4.15%	4.03%

47. RISK MANAGEMENT

Risk Management is a discipline at the core of every financial institution and encompasses all the activities that affect its risk profile. At the Bank, it involves identification, measurement, monitoring and controlling risks to ensure that:

- a) The individuals who take or manage risks clearly understands it;
- b) The Bank's Risk exposure is within the limits established by Board of Directors (BoD);
- c) Risk taking decisions are in line with the business strategy and objectives set by BoD;
- d) The expected payoffs compensate for the risks taken;
- e) Risk taking decisions are explicit and clear;
- f) Sufficient capital as a buffer is available to take risk; and
- g) Risk management function is independent of risk taking unit.

The Bank has a comprehensive set of Risk Management policies, practices and procedures which enable the Bank to take into consideration, in an appropriate manner, all major kinds of risks mainly credit, market, liquidity, operational, Digital and IT security risks. Keeping in view the dynamics of internal and external environment, we regularly review and update our Risk Management policies and procedures in accordance with regulatory environment and international standards.

Risk Management activities remain at the forefront of all activities of the Bank which places the highest priority on conducting its business in a prudent manner in line with the relevant laws and regulatory requirements.

Risk management framework of the Bank includes:

- a) Clearly defined risk management policies and procedures covering risk identification, acceptance, measurement, monitoring, reporting and control;
- b) Well constituted organizational structure, defining clearly roles and responsibilities of individuals involved in risk taking as well as managing it. The Bank, in addition to risk management functions for various risk categories, has instituted a Risk Management Committee (RMC), Operational Risk Management Committee (ORMC) as well as Central Credit Committee (CCC). RMC oversees the overall credit risk management at the Bank and provides guidance in setting strategic targets as well as concentration limits and monitors progress related to earnings growth, keeping in view the capital constraints and also adheres to the concentration limits. The RMC monitors aggregate exposure at the Business Group level and concentration limits (by industry, geography, size, tenor and consider environmental and social impact within each industry segment) so that one category of assets or dimension of risk cannot materially harm the performance of the Bank. RMC also monitors the advances portfolio, concentrations limits, aggregate limits at business level and various house keeping elements under Credit Administration. The committee also reviews Environmental Risk (ERR) concentration in

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advances' portfolio as part of inherent environmental risks in the Bank's portfolio. Risk Management Committee also oversees the progress of non performing loans and cases under litigation along with the recommendation of transferring of any NPL to Corporate Restructuring Company (CRC). ORMC oversees the effectiveness of operational risk management for maintenance and implementation of operational risk management framework. It also monitors the Business Continuity Planning and reviews findings of any other management or board's sub committee. Whereas, Central Credit Committee (CCC) is entrusted with the responsibility of monitoring lending risk profile of the Bank. CCC meets regularly to actively supervise credit risk across its lending portfolio;

- c) An effective management information system that ensures flow of information from operational level to top management and a system to address any exceptions observed; and
- d) A mechanism to ensure an ongoing review of systems, policies and procedures for risk management and procedures to adopt changes.

While the overall responsibility of risk management rests with the BoD, it is the duty of Senior Management to devise risk management strategy by setting up well defined policies and procedures for mitigating / controlling risks, duly approved by the Board.

Giving due consideration to the above, the Bank has put in place the following hierarchy of Risk Management:

- Board Risk Management Committee (BRMC);
- Risk Management Committee (RMC) comprises of the President / Chief Executive Officer (CEO), Chief Risk Officer, Chief Operating Officer, Chief Credit Officer, Chief Financial Officer, Group Head Corporate & Commercial Banking, Group Head Centralized Operations, Country Head SME and Head Products and Analytics.
- Asset - Liability Committee (ALCO) comprises of the President / CEO, Treasurer, Chief Risk Officer, Chief Credit Officer, Group Head Investment Banking, FIs and International, Chief Financial Officer and attended by Other Business Heads;
- Central Credit Committee (CCC) comprising of the President / CEO, Chief Operating Officer, Chief Credit Officer, Chief Risk Officer, Group Head Centralized Operations, Group Head Corporate and Commercial Banking and Country Head - SME.
- Operational Risk Management Committee (ORMC) comprises of the President / CEO, Chief Operating Officer, Chief Risk Officer, Chief Compliance Officer, Chief Information Officer, Chief Financial Officer, Head of Distribution Retail Products, Head of Products and Analytics, Group Head Centralized Operations, Head Branch Banking Operations, Chief Digital Officer and Head Operational Risk;
- IT Steering Committee (ITSC) comprises of President / CEO, Chief Operating Officer, Chief Risk Officer, Chief Financial Officer, Chief Information Officer, Chief Information Security Officer, Chief Officer-Zindigi, Chief Digital Officer, Chief Compliance Officer and Head Centralized Operations;
- Risk Management Group (RMG), a dedicated and independent set-up headed by Chief Risk Officer (CRO) and comprises of Heads of Portfolio Management and Risk Policies, Market/Liquidity Risks and Basel, Operational Risk and BCP, Consumer Risk, Agri Credit and Program Lending Risk and Digital and Information Security Risk.
- Credit Risk Group (CRG) is also an independent function to business and is headed by Chief Credit Officer (CCO). Credit Risk Heads dealing in corporate, Commercial, small and medium enterprises, financial institutions and international operations are reporting into CCO.

Risk Matrix / Categories

The Bank, in common with other banks, generates its revenues by accepting Country, Credit, Liquidity, Interest Rate Risk in the Banking Book, Market, Operational and other risks. Effective management of these risks is the decisive factor in the Bank's profitability.

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Risk Appetite

The Group's risk appetite is reflected in its endeavours to maintain a favourable credit rating and encompasses the following:

- The business strategy
- The expectations of stakeholders at different time horizons
- The characteristics of the risk-bearing entities
- The nature and characteristics of the risks undertaken
- The possible spread of risk situations across organizational units, assets-at-risk, and future time horizons.

Risk appetite drives business activity. It combines anticipations in risk and profitability with management preferences to control capital and resource allocation, as well as the distribution of exposure across activities and portfolios.

The Bank's hedging strategy is embedded in its risk management practices for addressing material categories of risk.

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- The characteristics of the risk-bearing entities;
- The nature and characteristics of the risks undertaken; and
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The Bank's hedging strategy is embedded in its risk management practices for addressing material categories of risk.

47.1 Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Credit risk is managed in terms of credit policies, approved by the BoD and regulations issued by the SBP. The Bank is exposed to credit risk on loans and advances, fund placements with financial institutions and certain investments.

Credit risk management is an ongoing process. The overall credit policy and the credit risk instructions are issued by the Board of Directors. In this regards, a Central Credit Committee (CCC) is entrusted with the responsibility of monitoring lending risk profile of the bank. In order to maintain healthy growth of the credit portfolio, the Bank's Credit Risk Management processes are consistently upgraded and improved to meet future challenges.

The Bank's strategy is to minimize credit risk through product, geography, industry and customer diversification. Credit limits are established for all counter-parties after a careful assessment of their credit worthiness. An effective credit granting procedure, which requires pre-sanction evaluation of credit proposal, adequacy of security and pre-disbursement examination of charge documents is in place and managed by Credit Risk Group (CRG), Risk Management Group (RMG) and Credit Administration Department (CAD). The Bank maintains a sound portfolio diversified in nature to counter the risk of credit concentration and further confines risk through diversification of its assets by geographical and industrial sector. For managing impaired assets in the portfolio, the Bank follows the Prudential Regulations and Risk Management guidelines issued by SBP and the Credit related policies approved by the Board.

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47.1.1 Credit risk: Standardised Approach

The Bank has adopted the Standardised Approach of Basel II for risk weighing its Credit Risk Exposures.

The following table illustrates the approved External Credit Assessment Institutions (ECAIs) whose ratings are being utilised by the Bank with respect to material categories of exposures:

Exposures	VIS	PACRA	MOODY'S	FITCH	S&P
Corporate	√	√	-	-	-
Banks	√	√	√	√	√
SME's (retail exposures)	√	√	-	-	-
Sovereigns	√	√	√	√	√
Securitisations	N/A	N/A	N/A	N/A	N/A
Others (specify)	N/A	N/A	N/A	N/A	N/A

The Bank has used Issue Specific Ratings for rating / risk weighing Issue Specific Exposures and Entity Ratings for rating / risk weighing claims against specific counterparties. Both short and long term ratings have been used to rate corresponding short and long term exposures. For this purpose, Mapping Grid has been provided by SBP as given below:

Long - Term Ratings Grades Mapping

SBP Rating Grade	PACRA	VIS	Fitch	Moody's	S&P	ECA Scores
1	AAA AA+ AA AA-	AAA AA+ AA AA-	AAA AA+ AA AA-	Aaa Aa1 Aa2 Aa3	AAA AA+ AA AA-	1
2	A+ A A-	A+ A A-	A+ A A-	A1 A2 A3	A+ A A-	2
3	BBB+ BBB BBB-	BBB+ BBB BBB-	BBB+ BBB BBB-	Baa1 Baa2 Baa3	BBB+ BBB BBB-	3
4	BB+ BB BB-	BB+ BB BB-	BB+ BB BB-	Ba1 Ba2 Ba3	BB+ BB BB-	4
5	B+ B B-	B+ B B-	B+ B B-	B1 B2 B3	B+ B B-	5, 6
6	CCC+ and below	CCC+ and below	CCC+ and below	Caa1 and below	CCC+ and below	7

Short - Term Ratings Grades Mapping

SBP Rating Grade	PACRA	VIS	Fitch	Moody's	S&P
S1	A-1	A-1	F1	P-1	A-1+, A-1
S2	A-2	A-2	F2	P-2	A-2
S3	A-3	A-3	F3	P-3	A-3
S4	Others	Others	Others	Others	Others

47.1.2 Policies and processes for collateral valuation and management as regards Basel II;

For Credit Risk Mitigation purposes the Bank uses only the eligible collaterals under Comprehensive Approach of Credit Risk Mitigation under Standardised Approach as prescribed by SBP under Circular No. 08 dated June 27, 2006, which includes Cash and Cash Equivalent Securities including Government Securities like Cash Margins, Lien on Bank Accounts, Foreign Deposit Receipts, Term Deposit Receipts, Pledge of Defense Saving Certificates, Regular Income Certificates, Special Saving Certificates, Market Treasury Bills and Pakistan Investment Bonds etc. and Shares, Term Finance Certificates (TFCs) and Mutual Funds Listed on the Main Index.

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Under the Bank's policy all collaterals are subject to periodic valuations to monitor the adequacy of margins held. Shares / Marketable securities are valued by the Bank on daily basis to calculate the Drawing Power (DP). In case of any shortfall in the requisite margins, the DP is adjusted to the appropriate level and the business units are informed to take appropriate action as per the agreement with the customer.

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

47.1.3 Lendings to financial institutions

Credit risk by public/ private sector

	Gross Lendings		Non-performing Lendings		Credit loss allowance					
	2025	2024	2025	2024	2025 Stage 1	2024 Stage 1	2025 Stage 2	2024 Stage 2	2025 Stage 3	2024 Stage 3
	Rupees in '000									
Public / Government	-	-	-	-	-	-	-	-	-	-
Private	38,843,182	4,272,508	-	14,580	(4,436)	-	-	-	-	17,820
	38,843,182	4,272,508	-	14,580	(4,436)	-	-	-	-	17,820

47.1.4 Investment in debt securities

Credit risk by industry sector

	Gross Investments		Non-performing investments		Credit loss allowance / provision held					
	2025	2024	2025	2024	2025 Stage 1	2024 Stage 1	2025 Stage 2	2024 Stage 2	2025 Stage 3	2024 Stage 3
	Rupees in '000									
Chemical and pharmaceuticals	394,692	1,093,980	-	-	-	-	-	-	-	-
Financial	251,806,809	274,485,206	21,073	21,072	286	250	-	203,415	21,073	21,072
Transport, storage and communication	143,446	143,446	143,446	143,446	-	-	-	-	143,446	143,446
Power (electricity), Gas, Water, Sanitary Services	487,721	32,277,326	-	-	-	-	-	-	-	-
Textile	56,616	56,616	56,616	56,615	-	-	-	-	56,615	56,615
Production and transmission of energy	221,250	510,082	221,250	221,251	-	-	-	-	160,614	288,831
Construction	32,800	32,800	32,800	32,800	-	-	-	-	32,800	32,800
Electronics and electrical appliances	116,667	55,000	55,000	55,000	-	-	-	-	-	-
Federal Government Shariah Compliant Securities	314,736,239	299,226,475	-	-	-	-	-	-	-	-
Others	431,181	1,579,078	1,044,809	890,408	68	3	-	-	409,722	415,937
	568,427,421	609,493,342	1,574,992	1,420,592	354	253	-	203,415	824,270	958,701

Credit risk by public / private sector

Public / Government	562,953,021	591,852,497	-	-	-	-	-	-	-	-
Private	5,474,400	17,640,845	1,574,992	1,420,592	354	253	-	203,415	824,270	958,701
	568,427,421	609,493,342	1,574,992	1,420,592	354	253	-	203,415	824,270	958,701

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47.1.5 Advances

Credit risk by industry sector

Agriculture, forestry, hunting and fishing	21,022,878	16,169,960	1,370,411	1,541,835	399,460	570,333	6,367	5,712	1,159,615	1,185,210
Air transport	23,966,077	21,906,163	-	-	-	-	-	-	-	-
Chemical and pharmaceuticals	22,510,738	19,912,578	496,595	1,234,623	138,864	106,621	7,162	6,616	406,537	1,159,938
Construction	25,519,251	26,067,052	2,947,305	2,647,172	248,390	62,943	11,947	210,383	2,037,808	1,684,353
Education and medical	4,929,746	3,528,095	76,782	122,208	33,327	28,539	2,051	6,724	61,676	80,180
Electronics and electrical appliances	7,091,545	5,194,236	1,423,441	2,386,032	30,620	15,491	342,407	4,349	1,339,704	1,561,372
Financial	82,017,257	128,178,704	223,400	240,400	49,879	32,904	2,883	2,432	223,200	240,189
Food, tobacco and beverages	35,502,313	33,455,746	5,662,967	5,896,021	224,133	110,031	23,729	48,836	5,044,668	5,103,030
Hotel and tourism	2,339,265	416,988	9,202	11,022	8,108	771	3,818	271	3,035	4,400
Individuals	72,620,776	70,445,398	5,919,469	5,969,358	554,896	656,967	350,623	350,841	3,679,669	4,461,916
Information and communication	29,088,866	18,648,052	3,677,660	1,000,335	91,543	11,778	16,033	2,477	3,511,789	866,295
Leather and related products	1,615,662	3,872,901	5,622	3,622	8,018	39,867	1,412	1,937	3,956	3,097
Metal and allied industries	14,309,460	15,732,756	6,598,246	6,520,266	30,224	35,783	50,177	5,369	6,078,269	5,136,355
Mining and quarrying	778,196	828,844	15,000	27,835	582	22	7,179	1,111	15,000	27,835
Plastic and Non Metallic Prodcuts	9,122,593	2,318,850	720,355	719,941	6,088	540	11,666	16,158	684,112	665,612
Power (electricity), gas, water, sanitary	15,695,608	17,080,749	797,837	1,192,397	135,933	91,125	668	1,753	701,107	1,006,555
Printing and Publication activities	1,458,256	6,156,125	21,813	119,400	73,679	62,795	2,634	8,121	2,033	32,887
Services	54,058,537	27,834,006	80,681	90,334	325,280	370,358	20,683	16,709	61,982	61,755
Textile	77,242,113	84,845,056	7,116,570	7,309,228	217,578	345,305	133,595	30,251	6,869,179	7,016,407
Transport, storage and communication	19,589,653	14,182,415	1,187,631	1,354,224	200,304	63,232	31,315	86,668	1,176,195	1,328,240
Wholesale and retail trade	43,781,371	23,007,105	3,157,178	3,321,327	457,350	86,716	30,989	9,386	2,136,704	2,144,139
Cement	746,301	2,074,411	500,000	500,000	10,343	20,346	-	-	500,000	500,000
Exports / Imports	400,214	340,578	4,000	319,148	1,375	581	84,091	-	4,000	68,848
Sugar	10,129,118	15,948,083	558,108	584,108	119,386	113,237	62,222	113,238	558,108	584,108
Private Trusts and Non-profit Organization	1,338,594	26,970	-	-	19,387	1,178	-	-	-	-
Others	20,783,724	16,358,442	2,635,697	2,483,911	409,191	215,229	98,824	31,470	2,584,336	2,407,511
	597,658,112	574,530,263	45,205,970	45,594,747	3,793,938	3,042,692	1,302,475	960,812	38,842,682	37,330,232

Credit risk by public / private sector

Public / Government	22,084,500	38,128,356	-	-	-	-	-	-	-	-
Private	575,573,612	536,401,907	45,205,970	45,594,747	3,793,938	3,042,692	1,302,475	960,812	38,842,682	37,330,232
	597,658,112	574,530,263	45,205,970	45,594,747	3,793,938	3,042,692	1,302,475	960,812	38,842,682	37,330,232

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47.1.6 Contingencies and commitments

Credit risk by industry sector

	2025	2024
	----- Rupees in '000 -----	
Agriculture, forestry, hunting and fishing	12,944,735	21,986,941
Chemical and pharmaceuticals	16,245,808	10,733,131
Construction	92,300,908	72,445,947
Education and medical	165,911	212,729
Electronics and electrical appliances	6,647,578	3,625,297
Financial	168,028,899	236,100,781
Food, tobacco and beverages	14,673,818	20,943,368
Hotel and tourism	4,652	6,673
Individuals	2,134,135	3,594,299
Information and communication	1,779,220	6,845,273
Leather and related products	939,446	970,443
Metal and allied industries	6,678,104	5,690,568
Oil and Allied	1,487,412	2,470,440
Paper and allied	5,840,428	4,157,439
Power (electricity), gas, water, sanitary	5,012,568	6,536,887
Real estate activities	10,746,232	3,473,370
Textile	58,949,401	108,378,410
Transport, storage and communication	3,021,753	13,703,631
Wholesale and retail trade	24,545,643	18,440,502
Mining and Quarrying	-	4,452
Cement	-	1,026,046
Sugar	-	40,339,390
Production and transmission of energy	-	1,503,641
Exports / Imports	-	77,630,302
Services	-	16,085,211
Manufacturing	-	17,796,055
Others	30,039,439	16,695,565
	462,186,090	711,396,791

Credit risk by public / private sector

Public / Government	29,337,850	92,578,734
Private	432,848,240	618,818,057
	462,186,090	711,396,791

47.1.7 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 218,411.085 million (2024: Rs. 111,459.037 million) are as following:

		2025	2024
		----- Rupees in '000 -----	
Funded	47.1.7.1	157,990,396	75,066,413
Non Funded	47.1.7.2	60,420,689	36,392,624
Total Exposure		218,411,085	111,459,037

47.1.7.1 None of the exposure against these are classified.

47.1.7.2 The sanctioned limits against these top 10 exposures aggregated to Rs. 261,778.84 million (2024: Rs. 111,999.525 million).

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47.1.8 Advances - Province / Region-wise Disbursement & Utilization

Province / Region	2025							
	Disbursements	Utilization						
		Punjab	Sindh	KPK and FATA	Balochistan	Islamabad	AJK and Gilgit - Baltistan	Bahrain
----- Rupees in '000 -----								
Punjab	162,496,637	162,496,637	-	-	-	-	-	-
Sindh	331,467,689	-	331,467,689	-	-	-	-	-
KPK including FATA	7,434,279	-	-	7,434,279	-	-	-	-
Balochistan	517,156	-	-	-	517,156	-	-	-
Islamabad	150,295,337	-	-	-	-	150,295,337	-	-
AJK including Gilgit-Baltistan	703,621	-	-	-	-	-	703,621	-
Bahrain	20,021,971	-	-	-	-	-	-	20,021,971
Total	672,936,690	162,496,637	331,467,689	7,434,279	517,156	150,295,337	703,621	20,021,971

Province / Region	2024							
	Disbursements	Utilization						
		Punjab	Sindh	KPK and FATA	Balochistan	Islamabad	AJK and Gilgit-Baltistan	Bahrain
----- Rupees in '000 -----								
Punjab	114,528,579	114,528,579	-	-	-	-	-	-
Sindh	245,344,881	-	245,344,881	-	-	-	-	-
KPK including FATA	1,597,473	-	-	1,597,473	-	-	-	-
Balochistan	78,383	-	-	-	78,383	-	-	-
Islamabad	69,979,624	-	-	-	-	69,979,624	-	-
AJK including Gilgit-Baltistan	203,116	-	-	-	-	-	203,116	-
Bahrain	26,862,279	-	-	-	-	-	-	26,862,279
Total	458,594,335	114,528,579	245,344,881	1,597,473	78,383	69,979,624	203,116	26,862,279

47.1.9 Sensitivity of ECL to Future Economic Conditions

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

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

	Total ECL as per FS	2025					
		Improved		Base		Worst	
		As per sensitivity	Increase / decrease in %	As per sensitivity	Increase / decrease in %	As per sensitivity	Increase / decrease in %
		----- Rupees in '000 -----					
Corporate and commercial	24,892,833	24,626,139	-1.07%	24,801,513	-0.37%	25,054,081	0.65%
Medium enterprise	8,707,571	8,558,384	-1.71%	8,632,741	-0.86%	8,773,210	0.75%
Small enterprise	1,198,620	1,121,250	-6.45%	1,121,250	-6.45%	1,187,424	-0.93%
Muskun	1,471,347	1,315,839	-10.57%	1,438,323	-2.24%	1,643,911	11.73%
Consumer	6,799,571	6,657,014	-2.10%	6,721,955	-1.14%	6,852,754	0.78%
Agriculture	502,821	427,119	-15.06%	476,103	-5.31%	563,785	12.12%
Credit Card	251,864	218,240	-13.35%	218,240	-13.35%	250,886	-0.39%
Staff	32,375	26,152	-19.22%	26,152	-19.22%	31,334	-3.22%
Overseas Operations	6,036	4,794	-20.58%	4,794	-20.58%	5,919	-1.94%

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		2024					
		Improved		Base		Worst	
	Total ECL as per FS	As per sensitivity	Increase / decrease in %	As per sensitivity	Increase / decrease in %	As per sensitivity	Increase decrease in %
----- Rupees in '000 -----							
Corporate and commercial	30,566,899	30,608,982	0.14%	30,537,426	-0.10%	30,812,625	0.80%
Medium enterprise	5,167,553	5,381,041	4.13%	5,313,628	2.83%	5,497,228	6.38%
Small enterprise	1,088,465	1,085,888	-0.24%	1,088,322	-0.01%	1,091,709	0.30%
Muskun	1,447,371	1,546,178	6.83%	1,116,377	-22.87%	1,460,530	0.91%
Consumer	1,848,088	1,857,421	0.51%	1,711,103	-7.41%	1,893,190	2.44%
Agriculture	728,211	776,158	6.58%	556,060	-23.64%	744,030	2.17%
Credit Card	222,419	191,339	-13.97%	221,620	-0.36%	257,228	15.65%
Staff	166,046	166,048	0.00%	166,048	0.00%	166,048	0.00%
Overseas Operations	192,503	155,396	-19.28%	191,847	-0.34%	232,674	20.87%

47.2 Market Risk

Market risk is the risk of loss due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. From the perspective of the Group, market risk comprises of interest rate risk, foreign exchange risk and equity position risk, which the Group is exposed to in its trading book.

The Group has an approved market risk policy wherein the governance structure for managing market risk, measurement tools used and the market risk exposure limits have been addressed. The Group's strategy for managing market risk is to relate the level of risk exposures to their risk appetite and the capital at hand.

The Board of Directors (BoD) and the Asset and Liability Committee (ALCO) are responsible for addressing market risk from a strategic perspective and are assisted by the market risk function in meeting these objectives.

The Market Risk Unit reports directly to Head ERM and is responsible for ensuring the implementation of market risk policy in line with the Group's strategy.

Risk reporting undertaken by the market risk function includes:

- Portfolio Reports;
- Limit monitoring reports;
- Sensitivity analysis; and
- Stress testing of the portfolio.

Currently, the Group is using the market risk standardised approach for the purpose of computing regulatory capital, the details of which are set out above.



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47.2.1 Balance sheet split by trading and banking books

	2025			2024		
	Banking book	Trading book	Total	Banking book	Trading book	Total
Rupees in '000						
Cash and balances						
with treasury banks	112,518,691	-	112,518,691	84,152,368	-	84,152,368
Balances with						
other banks	6,849,702	-	6,849,702	5,075,835	-	5,075,835
Lendings to						
financial institutions	38,838,746	-	38,838,746	4,257,928	-	4,257,928
Investments	507,921,495	73,537,123	581,458,618	620,249,132	9,217,042	629,466,174
Advances	542,341,772	-	542,341,772	521,272,420	-	521,272,420
Property and equipment	39,242,673	-	39,242,673	28,175,404	-	28,175,404
Right-of-use assets	8,968,662	-	8,968,662	7,078,577	-	7,078,577
Intangible assets	12,465,883	-	12,465,883	12,259,952	-	12,259,952
Deferred tax assets	3,356,645	-	3,356,645	-	-	-
Other assets	69,582,312	-	69,582,312	67,304,470	-	67,304,470
	1,342,086,581	73,537,123	1,415,623,704	1,349,826,086	9,217,042	1,359,043,128

47.2.2 Foreign Exchange Risk

Main objective of foreign exchange risk management is to ensure that the foreign exchange exposure of the Group lies within the defined appetite of the Group.

Daily reports are generated to monitor the internal and regulatory limits with respect to the overall foreign currency exposures. The overall net open position, whether short or long has the potential to negatively impact the profit and loss depending upon the direction of movement in foreign exchange rates.

Foreign exchange open and mismatched positions are marked to market on a daily basis.

Currency risk arises where the value of financial instruments changes due to changes in foreign exchange rates. In order to manage currency risk exposure the bank enters into ready / spot, forward and swap transactions with the State Bank of Pakistan (SBP) and in the interbank market. The Group's foreign exchange exposure comprises of forward contracts, foreign currencies cash in hand, balances with banks abroad, foreign placement with SBP and foreign currencies assets and liabilities. The net open position is managed within the statutory limits, as fixed by SBP. Counter parties limit are also fixed to limit risk concentration. Appropriate segregation of duties exists between the front and back office functions while compliance with the net open position limit is independently monitored on an ongoing basis.

	2025				2024			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
Rupees in '000								
United States Dollar	47,754,533	75,451,077	17,858,727	(9,837,817)	42,065,577	88,405,418	37,049,717	(9,290,124)
Great Britain Pound Sterling	984,562	6,541,329	5,546,137	(10,630)	666,744	5,965,705	5,340,701	41,740
Euro	1,309,984	2,573,415	128,537	(1,134,894)	1,747,083	2,535,419	715,003	(73,333)
United Arab Emirates Dirham	406,171	261,337	(152,552)	(7,718)	477,815	715,901	-	(238,086)
Bahraini Dinar	26,700	-	-	26,700	27,260	-	-	27,260
Singapore Dollar	10,936	-	-	10,936	1,786	-	-	1,786
Saudi Riyal	65,519	20,011	-	45,508	68,147	-	-	68,147
Other currencies	211,614	45,358	(19,410)	146,846	105,205	795	-	104,410
	50,770,019	84,892,527	23,361,439	(10,761,069)	45,159,617	97,623,238	43,105,421	(9,358,200)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
	----- Rupees in '000 -----			
Impact of 1% change in foreign exchange rate on				
- Profit and loss account	109,675	2,064	94,129	547
- Other comprehensive income	-	-	-	-

47.2.3 Equity position Risk

Equity positions in the banking book include Investment in equities that are available-for-sale or held for strategic investment purposes. These investments are generally regarded as riskier relative to fixed income securities owing to the inherent volatility of stock market prices. The Group mitigates these risks through diversification and capping maximum exposures in a single company, compliance with regulatory requirement, and following the guidelines laid down in the Group's Investment Policy as set by the Board of Directors (BoD). The Bank follows a delivery versus payment settlement system thereby minimizing risk available in relation to settlement risk.

Equity price risk is managed by applying Portfolio level limits and scrip-wise stop loss monitoring.

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
	----- Rupees in '000 -----			
Impact of 5% change in equity prices on				
- Profit and loss account	-	10,137	-	14,830
- Other comprehensive income	354,115	-	238,807	-

47.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

Yield/ Interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date. This also refers to the non-trading market risk. The gap analysis between the market rate sensitive assets and liabilities is given below:

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
	----- Rupees in '000 -----			
Impact of 1% change in interest rates on				
- Profit and loss account	783,431	4,718	772,881	-
- Other comprehensive income	(843,990)	(266,615)	(284,818)	(72,650)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

47.3 Mismatch of interest rate sensitive assets and liabilities

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Group is exposed to interest / mark-up rate risk as a result of mismatches or gaps in the amount of interest / mark up based assets and liabilities that mature or re-price in a given period. The Group manages this risk by matching / re-pricing of assets and liabilities. The assets and liabilities committee (ALCO) of the Bank monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Group.

2025												
Effective yield / interest / profit rate (%)	Exposed to yield / interest rate risk										Non-interest / profit bearing financial instrument	
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years		
Rupees in '000												
On-balance sheet financial instruments												
Assets												
2.89%	112,518,691	3,257,492	-	-	-	-	-	-	-	-	-	109,261,199
3.03%	6,849,702	643,286	-	-	-	-	-	-	-	-	-	6,206,416
12.44%	38,838,746	35,687,896	3,150,850	-	-	-	-	-	-	-	-	-
12.27%	581,458,618	38,194,350	68,874,676	425,280,379	10,106,850	17,054,418	4,734,634	4,986,046	1,487,995	-	-	10,739,270
12.16%	542,341,772	87,597,978	57,141,271	56,110,339	264,030,977	18,508,241	15,895,320	7,481,114	27,290,437	8,286,095	-	89,582,312
-	69,582,312	-	-	-	-	-	-	-	-	-	-	-
	1,351,589,841	165,381,002	129,166,797	481,390,718	274,137,827	35,562,659	20,629,954	12,467,160	28,778,432	8,286,095	-	195,789,197
Liabilities												
-	17,734,525	-	-	-	-	-	-	-	-	-	-	17,734,525
10.76%	40,741,188	6,731,706	5,585,821	2,074,422	5,505,531	4,284,111	6,152,906	4,254,940	6,149,016	2,795	-	505,730,982
7.38%	1,199,431,741	611,385,771	30,895,819	19,324,261	31,391,611	294,241	125,330	283,726	-	-	-	6,861,504
15.26%	10,055,035	520,232	6,272	8,235	116,116	439,396	686,744	832,907	583,629	-	-	-
14.04%	11,490,890	-	6,497,900	4,992,990	-	-	-	-	-	-	-	55,046,690
-	55,046,690	-	-	-	-	-	-	-	-	-	-	-
	1,334,500,069	618,637,709	42,985,812	26,399,908	37,013,258	5,017,748	6,964,980	5,371,573	6,732,645	2,795	-	585,733,701
On-balance sheet gap												
	17,089,772	(453,256,707)	86,180,985	454,990,810	237,124,569	30,544,911	13,664,974	7,095,587	22,045,787	8,283,360	-	(389,584,504)
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions												
	67,948,449	67,948,449	-	-	-	-	-	-	-	-	-	-
Commitments in respect of:												
- forward foreign exchange contracts	27,712,754	(38,064,044)	27,384,026	36,924,058	1,468,714	-	-	-	-	-	-	-
- forward government securities transactions	-	-	-	-	-	-	-	-	-	-	-	-
- derivatives	-	-	-	-	-	-	-	-	-	-	-	-
- forward lending	80,366,223	80,314,223	-	52,000	-	-	-	-	-	-	-	-
- other commitments	82,860,291	82,860,291	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap												
	258,887,717	193,058,919	27,384,026	36,976,058	1,468,714	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap												
	(260,197,788)	113,585,011	491,966,868	238,593,283	30,544,911	13,664,974	7,095,587	22,045,787	8,283,360	(389,584,504)	-	-
Cumulative yield / interest risk sensitivity gap												
	(260,197,788)	(146,632,777)	345,334,091	583,927,374	614,472,285	628,137,259	635,232,846	657,278,633	685,561,993	-	-	-

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

	Effective yield / interest rate (%)	2024										Non-interest bearing financial instrument
		Exposed to yield / interest rate risk										
		Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years	
Rupees in '000												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	84,152,368	4,965,343	-	-	-	-	-	-	-	-	79,187,025
Balances with other banks	4.06%	5,075,835	791,151	-	-	-	-	-	-	-	-	4,284,684
Lendings to financial institutions	22.36%	4,257,928	4,257,928	-	-	-	-	-	-	-	-	-
Investments	18.26%	629,466,174	101,289,720	92,535,776	376,692,962	44,325,152	518,583	2,331,773	3,632,882	1,368,073	184,569	6,587,284
Advances	17.68%	521,272,420	140,113,709	64,451,182	130,164,080	96,268,126	6,703,711	10,524,986	11,592,461	11,065,965	9,981,692	40,406,508
Other assets	-	67,304,470	-	-	-	-	-	-	-	-	-	67,304,470
		1,311,529,195	251,417,851	156,986,958	506,857,042	140,593,278	7,222,294	12,856,159	15,225,343	12,434,038	10,166,261	197,769,971
Liabilities												
Bills payable	-	21,899,370	-	-	-	-	-	-	-	-	-	21,899,370
Borrowings	14.52%	114,360,666	66,834,165	6,600,151	10,627,097	3,381,654	6,686,446	6,040,415	3,765,488	10,368,396	56,874	-
Deposits and other accounts	9.26%	1,081,826,269	566,666,213	19,983,163	36,288,921	47,203,824	810,278	139,573	225,827	-	-	410,298,470
Lease liabilities	15.73%	7,845,190	2,580	18,182	56,675	85,483	532,789	564,386	5,571,396	1,013,689	-	-
Subordinated debt	20.65%	11,492,708	-	6,495,708	4,997,000	-	-	-	-	-	-	-
Other liabilities	-	42,370,206	-	-	-	-	-	-	-	-	-	42,370,206
		1,279,794,409	633,702,968	33,107,204	51,969,693	50,670,961	8,029,513	6,744,374	9,562,691	11,382,095	56,874	474,568,046
		31,734,786	382,285,107	123,879,754	454,887,249	89,922,317	(807,219)	6,111,785	5,662,652	1,051,943	10,109,387	(276,798,075)
On-balance sheet gap												
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions	-	39,937,618	39,937,618	-	-	-	-	-	-	-	-	-
Commitments in respect of:												
- forward foreign exchange contracts	-	204,175,608	108,812,849	51,778,905	42,467,288	1,116,566	-	-	-	-	-	-
- forward government securities transactions	-	14,991,654	14,991,654	-	-	-	-	-	-	-	-	-
- derivatives	-	-	-	-	-	-	-	-	-	-	-	-
- forward lending	-	51,495	-	-	51,495	-	-	-	-	-	-	-
- Other Commitments	-	281,040,900	281,040,900	-	-	-	-	-	-	-	-	-
		540,197,275	444,783,021	51,778,905	42,518,783	1,116,566	-	-	-	-	-	-
Off-balance sheet gap												
Total yield / interest risk sensitivity gap			62,497,914	175,658,659	497,406,132	91,038,883	(807,219)	6,111,785	5,662,652	1,051,943	10,109,387	(276,798,075)
Cumulative yield / interest risk sensitivity gap			62,497,914	238,156,573	735,562,705	826,601,588	825,794,369	831,906,154	837,568,806	838,620,749	848,730,136	
Reconciliation of Assets and Liabilities exposed to yield / interest rate risk with Total Assets and Liabilities												
		2025	2024									
		Rupees in '000										
Total financial assets as per note 47.3		1,351,589,841	1,311,529,195									
Add: Non financial assets												
Property and Equipment		39,242,673	28,175,404									
Right-of-use assets		8,968,662	7,078,577									
Intangible assets		12,465,883	12,259,952									
Other assets		3,356,645	-									
		64,033,863	47,513,933									
Total assets as per statement of financial position		1,415,623,704	1,359,043,128									
		2025	2024									
		Rupees in '000										
Total financial liabilities as per note 47.3		1,351,589,841	1,311,529,195									
Add: Non financial liabilities												
Deferred tax liabilities - net		-	2,452,165									
Other liabilities		-	-									
		1,351,589,841	1,311,529,195									
Total financial liabilities as per note 47.3		1,351,589,841	1,311,529,195									
Add: Non financial liabilities												
Deferred tax liabilities - net		-	2,452,165									
Other liabilities		-	-									
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Add: Non financial liabilities												
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Other liabilities		-	-									
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Other liabilities		-	-									
		1,351,589,841	1,311,529,195									
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Add: Non financial liabilities												
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Add: Non financial liabilities												
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Other liabilities		-	-									
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Add: Non financial liabilities												
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Add: Non financial liabilities												
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Other liabilities		-	-									
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Add: Non financial liabilities												
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Other liabilities		-	-									
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Add: Non financial liabilities												
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Other liabilities		-	-									
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Add: Non financial liabilities												
Deferred tax liabilities - net		-	2,452,165									
Other liabilities		-	-									
		1,351,589,841	1,311,529,195									
Total												



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For the year ended December 31, 2025

47.3.2 Operational risk

The Bank currently uses the Basic Indicator Approach (BIA) to calculate Operational Risk for regulatory capital requirements, in line with State Bank of Pakistan (SBP) guidelines.

A comprehensive Operational Risk Management (ORM) Framework, approved by the Board of Directors, is in place to address all significant aspects of operational risk. The operational risk identification and assessment tools utilized by the Bank include Risk and Control Self-Assessments (RCSAs), Key Risk Indicators (KRIs), Internal Loss Data Collection (ILDC), and robust Incident Management.

To ensure effective implementation at the business level, Operational Risk Champions have been nominated across all departments. These champions are responsible for implementing the Framework in close coordination with the ORM department. Furthermore, an Operational Risk Management Committee (ORMC) actively monitors and oversees operational risk issues, providing strategic direction and reporting to the Board Risk Management Committee (BRMC).

To inculcate a strong operational risk management culture, the ORM function conducts awareness sessions for all new employees during induction. Additionally, mandatory operational risk training is rolled out for all existing employees via the Bank's online learning portal.

A robust Business Continuity Management (BCM) framework is established. Business Continuity Plans (BCPs) plans are regularly tested to ensure that the Bank's critical functions can seamlessly transition to and operate from alternate processing sites in the event that primary operating sites become inaccessible or unavailable.

47.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to raise funds to meet its commitments. The Bank's Asset and Liability Committee (ALCO) manages the liquidity position on a continuous basis.

The Group's policy for liquidity management is to maintain adequate liquidity at all times and in all currencies under both normal and stress conditions, to meet its contractual and potential payment obligations without incurring additional and unacceptable cost to the business.

Treasury is responsible for the managing liquidity risk under the guidance of Asset-Liability Committee of the Group. The Group's liquidity risk management approach starts at the intraday level (operational liquidity) managing the daily payments queue and factoring in our access to the qualifying securities of State Bank of Pakistan. It then covers tactical liquidity risk management dealing with the access to unsecured funding sources and the liquidity characteristics of our asset inventory (asset liquidity). Finally, the strategic perspective comprises the maturity profile of all assets and liabilities on our consolidated statement of financial position.

For monitoring and controlling liquidity risk, the Group generates a scenario sensitive maturity statement of financial position, and run controlled mismatches that are monitored and discussed by ALCO members regularly. The Group prepares various types of reports and analysis for assisting ALCO in taking necessary strategic actions for managing liquidity risk in the Group. These include liquidity ratios, Concentration analysis, Gap reports, Stress testing, Liquidity Coverage ratio and Net Stable Funding Ratio analysis etc.

Based on December 31, 2025 numbers LCR is 276.45%. against SBP minimum requirement of 100%, with Total Stock of High-Quality Liquid Assets (HQLA) of Rs. 698,396.492 million and Net Cash Outflows of Rs. 252,626.892 million.

Furthermore, Based on December 31, 2025 numbers the NSFR is 193.64% against SBP minimum requirement of 100%, with Total Available Stable Funding of Rs. 1,043,783.306 million and Total Required Stable Funding of Rs. 539,039.271 million.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

The Group strategically emphasizes diversification and stability in its funding approach. Its funding base is varied, encompassing stable sources like equity, subordinated loans, retail and small business deposits, and less stable forms such as deposits from larger entities. It is fully compliant with Basel III Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), ensuring an ample supply of high-quality liquidity assets relative to liabilities.

The Group employs stress testing to assess its balance sheet's vulnerability to hypothetical stress events. Liquidity risk factors undergo significant shocks, and their impact on the balance sheet is quantified. Stress testing encompasses scenarios defined by both regulatory standards and internally identified risks. Results are communicated to senior management, the Board of Directors, and regulators.

A Contingency Funding Plan (CFP) is in place to address liquidity challenges during crises. CFP identifying stress scenarios and corresponding funding plans, incorporating early warning indicators. Three Contingency Levels are defined in CFP with varying action Plans for each.

The Liquidity Coverage Ratio's (LCR) key drivers include High-Quality Liquid Assets (HQLA) and Net Cash Outflow, determined by asset liquidity quality and liability profile volatility. The composition of HQLA as of December 31, 2025, is detailed as below:

Level 1 Assets: Rs. 692,877.623 million

Level 2 Assets: Rs. 4,953.119 million

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

47.4.1 Assets and Liabilities - based on contractual maturities

2025

	Total	Up to 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Rupees in '000														
Assets														
Cash and balances with treasury banks	112,516,691	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	6,849,702	-	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	38,838,746	82,226	23,050,371	85,503	12,469,796	2,976,043	174,807	29,913,589	8,978,756	77,216,420	101,531,162	162,544,221	171,973,492	10,137,588
Investments	581,458,618	620,383	10,080,762	5,596,120	1,118,070	124,613	1,621,432	43,494,331	23,704,963	28,618,677	43,647,137	41,988,103	48,459,657	147,442,343
Advances	542,341,772	73,692,620	44,562,682	3,909,465	17,493,754	9,212,588	16,115,452	1,096,298	643,016	1,385,885	3,584,108	3,079,090	7,270,459	20,205,691
Property and equipment	39,242,673	-	-	-	776,658	219,648	979,820	718,627	574,683	824,704	1,444,350	1,599,428	750,491	1,463,623
Right-of-use assets	8,968,662	50,660	506,604	101,321	204,413	457,497	58,990	272,261	138,613	281,113	887,678	1,102,952	5,755,529	3,365,012
Intangible assets	12,465,883	-	-	-	687,946	45,721	-	142,329	-	-	-	-	-	-
Deferred tax assets	3,356,645	-	-	-	-	-	-	-	-	3,356,645	-	-	-	-
Other assets	69,592,312	203,649	531,420	547,084	7,330,902	2,889,258	3,657,336	18,757,679	882,289	5,664,313	2,789,639	3,355,193	14,009,430	8,964,120
	1,415,623,704	194,017,391	78,731,839	10,241,493	40,081,539	15,925,368	23,326,464	93,678,487	34,922,320	117,347,757	153,884,074	213,688,987	248,219,058	191,576,387
Liabilities														
Bills payable	17,734,525	17,734,525	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	40,741,188	1,035,993	3,665,473	111,726	1,918,514	2,044,440	3,541,381	2,074,422	5,319,972	185,559	4,284,111	6,152,906	4,254,940	6,151,751
Deposits and other accounts	1,199,431,741	427,263,719	3,820,834	43,150,815	79,440,636	42,775,877	44,141,209	70,833,277	33,196,582	69,988,819	30,829,982	43,680,910	68,515,612	241,793,469
Lease Liabilities	10,055,035	-	-	-	523,017	5,865	11,269	46,624	105,155	224,367	1,089,736	2,454,790	5,010,582	583,630
Subordinated debt	11,490,890	-	-	-	-	233	-	733	233	733	1,933	2,491,923	1,867	8,993,235
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	55,046,690	145,895	531,545	624,983	2,757,498	1,532,882	10,681,961	2,010,641	920,275	5,981,902	1,757,926	2,613,063	11,647,907	13,840,312
	1,334,500,069	446,180,132	8,017,852	43,887,524	84,639,665	46,359,297	58,375,820	74,965,687	39,542,217	76,381,390	37,963,688	57,383,592	89,430,808	271,362,387
Net assets	81,123,635	(252,162,201)	70,713,987	(33,646,031)	(44,558,126)	(30,433,929)	(35,049,356)	18,712,790	(4,619,897)	40,966,377	115,920,396	156,275,395	158,788,250	(79,784,010)
Share capital - net	20,506,625	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	11,087,154	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net of tax	5,528,752	-	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	31,287,298	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest	12,712,806	-	-	-	-	-	-	-	-	-	-	-	-	-
	81,123,635	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

[illegible]

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

47.2 Assets and Liabilities - Based on expected maturities

For assets and liabilities that have a contractual maturity, the expected maturity is considered to be the same as contractual maturity. Assets and liabilities that do not have a contractual maturity have been categorised on the basis of expected maturities as determined by ALCO.

2025										
Rupees in '000										
Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years	
Assets										
Cash and balances with treasury banks	112,518,691	-	-	-	-	-	-	-	-	-
Balances with other banks	6,849,702	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	38,838,746	3,150,850	-	-	-	-	-	-	-	-
Investments	581,458,618	17,417,336	29,913,588	86,195,176	101,531,162	162,544,221	171,973,492	2,758,455	7,379,144	-
Advances	542,341,772	82,427,331	43,511,347	109,524,417	43,647,137	41,988,103	48,454,301	135,785,630	11,662,069	-
Property and equipment	39,242,673	777,852	1,201,857	2,036,067	3,598,440	3,093,422	7,299,124	14,464,770	5,669,260	-
Right-of-use assets	8,968,662	52,431	120,280	335,519	887,085	1,852,730	1,105,113	911,887	1,463,624	-
Intangible assets	12,465,883	687,946	104,711	419,726	887,678	1,102,952	5,755,529	3,365,012	-	-
Deferred tax assets	3,356,645	-	-	3,356,645	-	-	-	-	-	-
Other assets	69,562,312	8,588,189	18,733,741	6,527,233	2,751,542	3,298,039	8,757,634	14,411,457	26,174,097	-
	1,415,623,704	265,007,374	40,299,370	208,394,783	153,303,044	213,879,467	243,345,193	171,697,211		
Liabilities										
Bills payable	17,734,525	-	-	-	-	-	-	-	-	-
Borrowings	40,741,188	5,585,821	2,074,422	5,505,531	4,284,111	6,152,906	4,254,940	6,151,751	-	-
Deposits and other accounts	1,199,431,741	142,870,792	114,778,111	126,164,074	58,467,733	70,191,374	343,486,838	237,546,800	-	-
Lease liabilities	10,055,035	523,017	46,624	329,522	1,089,736	2,454,790	4,753,173	841,039	-	-
Subordinated debt	11,490,890	233	733	967	1,933	2,494,933	1,867	6,493,234	2,496,990	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	55,046,690	4,061,027	12,216,335	6,903,081	1,759,695	2,615,714	4,163,091	21,315,992	-	-
	1,334,500,069	171,921,067	123,745,542	138,903,175	65,603,208	83,909,717	356,659,909	272,348,816	2,496,990	
Net assets	81,123,635	93,086,307	(83,446,172)	(25,388,479)	87,699,836	129,969,750	(113,314,716)	(100,651,605)	23,677,107	
Share capital - net										
Reserves	20,506,625									
Surplus on revaluation of assets - net of tax	11,087,154									
Unappropriated profit	5,529,752									
Non-controlling interest	31,287,298									
	12,712,806									
	81,123,635									

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

2024										
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	84,152,368	84,152,368	-	-	-	-	-	-	-	-
Balances with other banks	5,075,835	5,075,835	-	-	-	-	-	-	-	-
Lendings to financial institutions	4,257,928	4,257,928	-	-	-	-	-	-	-	-
Investments	629,466,174	16,116,585	1,069,232	101,526,771	92,378,454	43,349,566	69,406,515	298,477,890	6,065,840	1,075,321
Advances	521,272,420	104,176,248	48,272,033	125,504,736	88,696,647	23,662,925	26,618,077	33,886,129	59,346,717	11,108,908
Property and equipment	28,175,404	276,038	1,470,574	1,986,474	2,512,964	2,777,035	2,237,003	3,325,314	9,219,665	4,370,337
Right-of-use assets	7,078,577	27,645	152,685	107,929	313,352	295,820	220,033	4,606,998	1,354,115	-
Intangible assets	12,259,952	80,157	2,402,831	184,771	375,636	773,772	678,308	983,211	5,324,811	1,456,455
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	67,304,470	9,693,142	7,162,269	19,959,120	6,965,541	2,029,967	3,129,239	11,850,531	6,514,661	-
	1,359,043,128	223,855,946	60,529,624	249,269,801	191,242,594	72,889,085	102,289,175	353,130,073	87,825,809	18,011,021
Liabilities										
Bills payable	21,899,370	21,899,370	-	-	-	-	-	-	-	-
Borrowings	114,360,666	66,834,167	6,600,151	10,627,097	3,381,654	6,686,446	6,040,415	3,765,466	10,425,270	-
Deposits and other accounts	1,081,826,269	176,686,698	68,688,304	108,157,406	114,433,041	41,379,915	57,693,904	87,962,868	426,824,133	-
Lease liabilities	7,845,190	29,534	163,117	108,881	379,460	308,631	235,067	5,173,864	1,446,636	-
Subordinated debt	11,492,708	-	233	733	967	1,933	1,933	2,495,867	6,491,042	2,500,000
Deferred tax liabilities	2,452,165	-	-	1,058,026	349,500	1,044,639	-	-	-	-
Other liabilities	42,370,206	5,967,805	9,732,352	6,209,040	6,604,650	1,190,204	1,538,520	2,515,199	8,614,436	-
	1,282,246,574	271,417,574	85,184,157	126,161,183	125,149,272	50,611,768	65,507,839	101,913,264	453,801,517	2,500,000
Net assets	76,796,554	(47,561,628)	(24,654,533)	123,108,618	66,093,322	22,277,317	36,781,336	251,216,809	(365,975,708)	15,511,021
Share capital - net	20,506,625									
Reserves	9,618,250									
Surplus on revaluation of assets - net of tax	8,194,496									
Unappropriated profit	26,121,333									
Non-controlling interest	12,415,850									
	76,796,554									



Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

48. DERIVATIVE RISK

The policy guidelines for taking derivative exposures are approved by the Board of Directors (BOD). The Bank's Asset and Liability Committee (ALCO) is responsible for reviewing and managing associated risks of the transactions.

The nature, scope and purpose of derivatives business, for trading purposes or hedging purpose and the types of derivative in which they deal.

The overall responsibility for offering derivative products and sustaining profitability lies with the Treasurer and in his absence with his delegate. The Market Risk / Treasury Middle Office of the Bank is responsible for measurement and monitoring of the market risk exposures, analysis of present and potential risk factors.

The Market Risk Unit also monitors associated Credit, Market and Liquidity Risk in line with Board of Directors approved limit framework. The unit coordinates with the business regarding approvals for derivatives risk limits and produces various reports / analysis for ALCO / BRMC on periodic basis. These reports provide details of outstanding un-hedged positions, profitability and status of compliance with limits. Treasury Operations records derivatives activity in the Bank's books and is responsible for reporting to the SBP.

The derivative transaction such as Cross Currency Swaps carries credit risk which is the risk that a party to a derivative contract will fail to perform its obligation. There are two types of credit risk associated with derivative transactions; 1) settlement, and 2) pre-settlement risk. The Bank's Central Credit Committee is responsible for reviewing and managing associated Counterparty Credit Risks of the transaction.

The Bank has also entered into Foreign Currency and Commodity Options from its Wholesale Banking Branch Bahrain for market making activities. The Bank can hedge its risk by taking on and off-balance sheet position in interbank market, where available.

49. GENERAL

49.1 Corresponding figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are no material re-arrangements / re-classifications to report.

49.2 The figures in these consolidated financial statements have been rounded off to the nearest thousand unless otherwise stated.

50. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on February 24, 2026.

Annexure - I

Statement showing written-off loans or any other financial relief of Rupees Five Hundred Thousand or above provided during the year ended December 31, 2025

S. No.	Name and address of the borrower	Name of individuals/ partners/ directors (with CNIC No.)	Father's/ Husband's name	Outstanding Liabilities at beginning of year				Principal	Interest	Other financial Other than	Total
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total	written-off	Mark-up written-off/ waived	Interest/ Mark-up	
----- Rupees in '000 -----											
1	ZAHOOR AHMAD GALI KHAJJOOR WALI MO,HALLAH ALI TOWN HAFIZABAD, HAFIZABAD	ZAHOOR AHMAD 34301-2129995-7	MUHAMMAD MANZOOR	2,615	-	-	2,615	-	2,340	1	2,341
2	CHOUDHRY MAZHAR SALEEM HOUSE NO 128 A BVII, IQBAL ROAD OPPOSITE DCO HOUSE, SAHIWAL	CHOUDHRY MAZHAR SALEEM 36502-1316702-5	CH M SALEEM AKHTER	-	3,950	-	3,950	-	3,950	-	3,950
3	SHAHMIR KHAN SE OFFCERS COLONY SL, M MULTAN, MULTAN	SHAHMIR KHAN 36302-7393696-1	SARDAR ANYAT ULLAH	1,712	1,017	-	2,729	-	855	-	855
4	MUHAMMAD HAMZA KIBRIA SHOP NO 13 B GHALLAH, MANDI ARIFWALA, ARIFWALA	MUHAMMAD HAMZA KIBRIA 36401-7059001-5	MUHAMMAD KIBRIYA	3,992	827	1,369	6,188	-	496	821	1,317
5	ALI RAZA KHAN H NO 1 ST NO 6 MOH, ALLA BLOCK K SANDA BHATYAN, WALA BAND ROAD, LAHORE	ALI RAZA KHAN 35202-9411654-5	SHAH NAWAZ KHAN	24,269	6,160	883	31,312	-	5,425	883	6,308
6	SAIMA ZAKA MADHARIAN WALA ROAD, MOHALLAH TAJPURA, HAFIZABAD	SAIMA ZAKA 34301-4581558-4	MUHAMMAD ASLAM	1,903	1,651	104	3,658	-	541	-	541
7	HENNA AZIZ ZEESHAN HOUSE NO 209 U BLOCK, STREET 6 PHASE II DHA LAHORE CANTT, LAHORE	HENNA AZIZ ZEESHAN 91400-0360597-8	ZEESHAN AHMAD ALI RANJHA	4,672	4,277	186	9,135	-	1,209	186	1,395
8	ABDUL REHMAN GOTH MUHAMMAD HALEPO TO HALEPOTANI PO PHULADIO TALU, KO KHIPRO DISTRICT SANGHAR	ABDUL REHMAN 44202-9226469-7	NOOR MUHAMMAD	2,000	888	45	2,933	-	687	-	687
9	MUNAWAR ALI MITHANI HOUSE GAJAN PUR, LARKANA	MUNAWAR ALI 43203-9780849-5	ALI GOHAR MITHANI	-	911	-	911	-	911	-	911
10	HUMZA BUTT MODEL TOWN LINK ROAD OPPSIT TO RAJA SAHAB, Lahore	HUMZA BUTT 35202-3031926-1	MUHAMMAD ASIF BUTT	4,108	3,306	-	7,414	-	1,895	-	1,895
11	NADEEM AHMAD CHOUDHRY KHAN PUR PO, DHANOT T D TEHSIL, LODHRAN	NADEEM AHMAD CHOUDHRY 36203-1779116-9	HAJI ABDUL HAKEEM CH	600	703	30	1,333	-	503	-	503
12	IFTKHAR AHMED KOREJO VILLAGE MUHAMMAD MUR, AD KOREJO PO MUHAMMAD MURAD KOREJO TALUKA MORO DISTRICT NAUSHERO FEROZE	IFTKHAR AHMED KOREJO 45303-8171722-9	HAJI ALI MUHAMMD KOREJO	497	815	20	1,332	-	658	-	658
13	MUHAMMAD USMAN KHAN BANGLOW NO A 26, MUNIR FOUNTAIN EXT, GULISTAN E JOHAR BLOCK 19, Karachi	MUHAMMAD USMAN KHAN 42201-0407347-9	RIAZ AHMED KHAN	10,422	5,036	-	15,458	-	3,195	-	3,195

Annexure - I

S. No.	Name and address of the borrower	Name of individuals/ partners/ directors (with CNIC No.)	Father's/ Husband's name	Outstanding Liabilities at beginning of year				Principal	Interest	Other financial Other than	Total
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total	written-off	Mark-up written-off/ waived	Interest/ Mark-up	
----- Rupees in '000 -----											
14	MUHAMMAD SHAHBAZ House 40A Neelam Block Madina Street Clifton Colony Near Ibrahim Masjid Lahore	MUHAMMAD SHAHBAZ 35202-0506972-1	Muhammad Sardar	31,870	7,550	-	39,420	-	5,420	-	5,420
15	MUHAMMAD ASIF BASTI SARDAR, SHAH WALO WAHI SALAMAT, RAY PO KHAS TEH DIST, LODHRAN	MUHAMMAD ASIF 36203-6229971-3	MUHAMMAD YASIN	753	776	18	1,547	-	504	-	504
16	JAN MUHAMMAD DAHRI VILLAGE WASIPUR PO DAUR KUNDAH NANDHU TEH QAZIAHMED DISTT SHAHEED BENAZIRABAD, BENAZIRABAD	JAN MUHAMMAD DAHRI 45401-8513037-1	KANDO KHAN	750	969	2	1,721	-	579	-	579
17	MUHAMMAD RIAZ CHAH AADH WALA, PO QURESHI WALA, MALIK PUR TEH DIST, LODHRAN	MUHAMMAD RIAZ 36203-0221235-5	GHAUS BUKHUSH	3,949	3,668	100	7,717	-	2,627	-	2,627
18	IMTIAZ AHMAD RANGIL PUR PO SHER, GARH TEHSIL DEPALPUR	IMTIAZ AHMAD 35301-5069462-5	MUHAMMAD YAR	8,995	6,421	358	15,774	-	3,419	-	3,419
19	GHULAM QADIR MOHALA WARD 01 JHOOOL, TEH SINJHORO DIST SANGHAR	GHULAM QADIR 44205-6074225-5	QAMBEER	1,000	740	10	1,750	-	539	-	539
20	AL-ABID SILK MILLS LTD. A39 MANGHOPIR ROAD, SITE, KARACHI	NASEEM AHMED SATTAR 42301-0840043-1 AZEEM AHMED 42301-0912143-9 MUHAMMAD SAJID HAFEEZ 42101-3124729-3 QAMAR MASHKOOR 42201-6780761-7 SADAF NADEEM 42301-0878886-8 SYED RAZA ABBAS JAFFERY 42201-0215685-1	SHAIKH ABDUL SATTAR NASEEM AHMED NADEEM YOUNUS SYED SHABIT HUSSAIN	170,973	306,774	-	477,747	170,973	306,774	-	477,747
21	NOOR FATIMA FABRICS (PVT) LTD. RAMZANABAD JHUMRA ROAD, FAISALABAD	AJMAL FAROOQ (33100-2966254-3) MUHAMMAD ALI SHAHID (33100-9910974-3)	ABDUL GHANI MUHAMMAD SHAHID IQBAL	64,595	55,409	-	120,004	-	55,409	-	55,409
TOTAL:				339,675	411,848	3,125	754,648	170,973	397,936	1,891	570,800

Annexure - II

Details of disposal of property and equipment to related parties for the year ended December 31, 2025

	Cost	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of Buyer
	----- Rupees in '000 -----					
Electrical, office and computer equipment						
Mobile phone	72	-	7	7	Buyback	Yameen Ghani
Mobile phone	56	54	54	-	Buyback	Sadeed Barlas
Mobile phone	50	-	5	5	Buyback	Waqas Anis
Mobile phone	40	-	4	4	Buyback	Sohaib Kamran
Mobile phone	54	18	20	2	Buyback	Jafar Raza
Mobile phone	38	-	4	4	Buyback	Ifthikhar Imtiaz
Total	310	72	94	22		

Branch Network

S. No	Branch Name	City	Contact Number
1	Abbottabad Branch	Abbottabad	0992-4161112-3
2	Adda Bagho Bahar Branch	Akhorwal	0300-6702693
3	Akhorwal dara adam khel Branch	Akhorwal	0318-3249380
4	Arifwala Branch	Arifwala	0457-835479
5	Attock Branch	Attock	057-2610480-780-500
6	Badin Branch	Badin	0297-861304
7	Bagh Branch	Bagh	0582-3445340
8	Bahawalpur II Branch	Bahawalpur	062-2302550
9	Bannu Branch	Bannu	0928-6601673
10	Bhakkar Branch	Bhakkar	0453-3510415
11	Bahawalnagar Branch	Bhawalnagar	063-2279432
12	Bahawalpur Branch	Bhawalpur	062 2889176-78
13	Burewala Branch	Burewala	067-3770358
14	Ludden Road Branch, Formerly Ludden road Burewala Branch	Burewala	067-3201174
15	Hassan Abdal branch	Burhan	0318-3249399-406-09
16	Chakdara Branch	Chakdara	094-5703337
17	Chaksawari Branch	Chakswari	05827-454793
18	Chakwal Branch	Chakwal	0543-665636
19	Chambar Branch	Chamber	022-3897015
20	Charroi Branch	Charohi	05826-415473
21	Charsadda Branch	Charsadda	091-6512051-55
22	Chichawatni Branch	Chichawatni	040-5481797-93-95

S. No	Branch Name	City	Contact Number
23	Chiniot Branch	Chiniot	047-6332591-92-93
24	Chishtian Branch (formerly Agrow Chishtian)	Chishtian	063- 2500161
25	Dahranwala Branch	Chishtian	063-2441147
26	Chitral Branch	Chitral	0943-414261-67
27	Dera Ghazi Khan Branch	D. G. Khan	064-2470952
28	Dera Ismail Khan Branch	D.I. Khan	0966-730914-15
29	Dadyal Branch	Dadyal	05828-465668
30	Daharki Branch	Daharki	0723-641287
31	Dara Adam Khel Branch	Dara Adam Khel	0927-2810187
32	Daska Branch	Daska	052-6610463-62
33	Dipalpur Branch	Depalpur	044-4542245
34	Digh Mori Branch	Digh Mori	0301-3585234
35	Digri Branch	Digri	023-3870043
36	Dinga Branch	Dinga	0537-704071 / 0537-401370
37	Grain Market Branch	Faisalabad	041-2633382-84
38	Gulistan Colony Branch	Faisalabad	041-8785789-92-93
39	Karkhana Bazar Branch	Faisalabad	041-2624501-03
40	Liaqat Road Branch	Faisalabad	041-8777115
41	Susan Road Branch Formerly Ghullam Muhammadabad Branch	Faisalabad	041-2692192
42	Canal Road Branch	Faisalabad	041-2420526-480
43	Gawadar Branch	Gawadar	086-4210246

S. No	Branch Name	City	Contact Number
44	Ghakkar Mandi Branch	Ghakhar	055-3882556-57-59-60-61
45	Ghallanai Branch	Ghallanai	092-4290360
46	Ghotki Branch	Ghotki	0723-600485
47	Gilgit Branch	Gilgit	0588-11450611
48	Gojra Branch	Gojra	046-3513658
49	Gujar Khan Branch	Gujar Khan	051-3517742
50	Wapda Town Branch	Gujranwala	055-4285571-5
51	Bank Square Branch	Gujranwala	055-4234401
52	GT Road Branch	Gujranwala	055-3257363
53	GT Road Branch	Gujrat	053-3729480-81
54	Kacheri Chowk Branch	Gujrat	053-3600584-6
55	Hafizabad Branch	Hafizabad	0547-583252
56	Hala Branch	Hala	0318-3249384
57	Halani Branch	Halani	024-2460182
58	Haripur Branch	Haripur	0995-627366
59	Haroonabad Branch	Haroonabad	063-2250617-15
60	Hasilpur Branch	Hasilpur	062-2441307-08-02
61	Hunza Branch	Hunza	0581-3455564
62	Anaj Mandi Branch	Hyderabad	022-2638802
63	Autobahn Branch formerly Kohsar branch	Hyderabad	022-3400917
64	Citizen Colony Branch	Hyderabad	022-2100898
65	Cloth Market Branch	Hyderabad	022-2618270
66	DHA Branch	Hyderabad	022-2108078

S. No	Branch Name	City	Contact Number
67	Latifabad Branch	Hyderabad	022-3817972
68	Qasimabad Branch	Hyderabad	022-2652190-91
69	Qasimabad No II Branch Formerly Latifabad No 6 Branch	Hyderabad	022-2672954
70	Saddar Branch	Hyderabad	022-2730925
71	SITE Branch	Hyderabad	022-3885193-104
72	Bahria Enclave Branch	Islamabad	051-8492012
73	Barakahu Branch	Islamabad	051-2165032
74	Blue Area Branch	Islamabad	051-2810121
75	DHA Phase II Branch	Islamabad	051-5161521
76	F-10 Markaz Branch	Islamabad	051-2112957
77	F-11 Branch	Islamabad	051-2103404
78	F-7 Markaz Branch	Islamabad	051-2608402
79	F-8 Markaz Branch	Islamabad	051-2287462
80	G-11 Markaz Branch	Islamabad	051-2363480
81	G-15 Markaz Branch	Islamabad	051-2160240-44
82	G-8, Markaz Branch	Islamabad	051-23405378
83	Gulberg Green Branch	Islamabad	051-5912920
84	I-8 Markaz Branch	Islamabad	051-4862484
85	I-9 Markaz Branch	Islamabad	051-4431296-8
86	ISE Branch	Islamabad	051-2894408
87	NPF O-9 PWD Road Branch	Islamabad	051-5170584
88	Serena Hotel Branch	Islamabad	051-2600269-70
89	Tarlai Branch	Islamabad	051-2241861

S. No	Branch Name	City	Contact Number
90	Top City Branch	Islamabad	051-111-654-321
91	Jacobabad Branch	Jacobabad	722-2692133
92	Jamshoro Branch	Jamshoro	022-3878109
93	Jaranwala Branch	Jaranwala	041-4313037-36
94	Jatlan Branch	Jatlan	0582-7404388
95	Jehlum Branch	Jehlum	0544-611840
96	Jutial Branch	Jutial	0346-5466327
97	Kamoki Branch	Kamoki	055-6810285
98	Kandhkot Branch	Kandhkot	0722-573048
99	26th Street DHA Phase V Branch	Karachi	021-35304868
100	Bahadarabad Branch	Karachi	021-34922802
101	Bahria Town Branch	Karachi	021-111-654-321
102	Boat Basin Branch	Karachi	021-35177900
103	Clifton Block II Branch	Karachi	021-34166216
104	Cloth Market Branch	Karachi	021-32464043-44-45
105	Dehli Mercantile Branch formerly Chase Shaheed-e-Millat Branch	Karachi	021-34370270
106	DHA Ittehad Branch	Karachi	021-35396988
107	DHA Phase IV Branch	Karachi	021-35171649
108	DHA Phase VIII Branch	Karachi	021-35171736
109	Electronic Market Branch	Karachi	021-32700431
110	Fisheries Branch	Karachi	021-32384010-11-12-13-14-15
111	Garden East Branch	Karachi	021-32244285
112	Gulistan-e-Jauhar Branch	Karachi	021-34662002

S. No	Branch Name	City	Contact Number
113	Gulshan Chowrangi Branch	Karachi	021-34833297-13
114	Gulshan-e-Hadeed Branch	Karachi	021-34715202
115	Gulshan-e-Iqbal Branch	Karachi	021-34829060
116	Hawksbay Road Branch	Karachi	021-32373030
117	Ibrahim Hyderi Branch	Karachi	021-34610122-82
118	Jheel Park Branch	Karachi	021-34544831
119	Jodia Bazar Branch	Karachi	021-32463456-57-60
120	Khadda Market DHA Phase V Branch	Karachi	021-35242401
121	Kh-e-Shahbaz DHA Phase VI Branch	Karachi	021-35243418
122	Kh-e-Shujat Phase VI Branch	Karachi	021-35160541
123	Korangi Industrial Area Branch	Karachi	021-35052416
124	Korangi Road DHA Phase I Branch	Karachi	021-35803547
125	Lucky Star Branch	Karachi	021-35622441
126	Malir Cantt Branch	Karachi	021-34516735 , 021-34504294
127	Nazimabad Branch	Karachi	021-36612325
128	New Challi Branch	Karachi	021-32602101-102-103-106-107
129	New Sabzi Mandi Branch	Karachi	021-36870124
130	North Karachi Industrial Area Branch	Karachi	021-36829844-45
131	North Napier Road Branch	Karachi	021-32467790
132	North Nazimabad Branch	Karachi	021-36721010
133	Ocean Tower (Private Banking) Branch	Karachi	021-35166601-06
134	Orangi Town Branch	Karachi	021-36697926
135	Pakistan Stock Exchange Branch	Karachi	021-32462851

S. No	Branch Name	City	Contact Number
136	Progressive Centre Shahra-e-Faisal Branch	Karachi	021-34324681-87
137	S.I.T.E Branch	Karachi	021-32550080-88
138	Saba Avenue Formerly Park Towers Branch	Karachi	021-35833874
139	Safoora Goth Branch	Karachi	021-34661813
140	Shah Faisal Colony Branch	Karachi	021-34686200
141	Shaheen Complex Branch	Karachi	021-38907258-566
142	Shahrah-e-Faisal Branch	Karachi	021-343732240
143	Soldier Bazar Branch	Karachi	021-32244532
144	Teen Talwar Branch	Karachi	021-35837724
145	Timber Market Branch	Karachi	021-32760820
146	Zamzama Branch	Karachi	021-35295226
147	Kashmore Branch	Kashmore	072-2577701
148	Kasur Branch	Kasur	049-2721596 / 049-2761581-82
149	Gambat Branch	Khairpur	0243-640134
150	Khairpur Branch	Khairpur	0243-715318
151	Mouza Kachi Jamal Branch	Khan Pur	068-5577191
152	Khanewal Branch	Khanewal	065-2557497
153	Gulyana Branch	Kharian	053-7588459
154	Kharian Branch	Kharian	053-7602781-84
155	Khui Ratta Branch	Khui Ratta	0582-6414975
156	Khuzdar Branch	Khuzdar	0848-550334
157	Kot Ghullam Muhammad Branch	Kot Ghullam Muhammad	0233-866242
158	Mouza Parhar Sharqi Kot Addu Branch	Kotaddu	0662-240150

S. No	Branch Name	City	Contact Number
159	Kotli Branch	Kotli	05826-448227
160	Seri Branch	Kotli	05826-432729-31
161	Kunri Branch	Kunri	023-8558190
162	Allama Iqbal Town Branch	Lahore	042-37803161
163	Azam Cloth Market Branch	Lahore	042-37671195
164	Badamibagh Branch	Lahore	042-37946851
165	Baghbanpura Branch	Lahore	042-36858874
166	Bahria Town Branch	Lahore	042-35976215
167	Brandreth road Branch	Lahore	042-36301908
168	Canal Road Branch	Lahore	042-37456569
169	Abid Majeed Road Branch Formerly Zarar Shaheed Road Branch	Lahore	042-36639905
170	Cavalery Road Branch	Lahore	042-36610282-4
171	Chouberggy Branch	Lahore	042-37362985
172	Circular Road Branch	Lahore	042-37667921-22
173	College Road Township Branch.	Lahore	042-35117491
174	Daroghawala, Branch	Lahore	042-36530612
175	Devine Mega, Airport Road Branch	Lahore	042-35700081
176	DHA Phae II Branch	Lahore	042-37199973
177	DHA Phase VI Branch	Lahore	042-37254803
178	DHA Phase VIII Branch	Lahore	042-35740303-4
179	DHA T Block Branch	Lahore	042-37182205
180	DHA Y Block Branch	Lahore	042-35898012-13
181	Ferozepur Road Branch	Lahore	042-35402151-53

S. No	Branch Name	City	Contact Number
182	Gulberg (Private Banking) Branch	Lahore	042-35771036
183	Main Gulberg Branch	Lahore	042-35771036-38
184	Johar Town Branch	Lahore	042-3524189
185	M.M. Alam Road Branch	Lahore	042-35778722-24-26
186	Macleod Road Branch	Lahore	042-36311175
187	Model Town Branch	Lahore	042 35915615-7
188	Mughalpura Branch	Lahore	042-36553811
189	New Garden Town Branch	Lahore	042-35940461-62
190	PECO Road Branch	Lahore	042-35203014
191	Raiwind road Branch	Lahore	042-35291248
192	Shadbagh Branch	Lahore	042-37604544
193	Shadman Town Branch	Lahore	042-37503702
194	Shah Alam Market Branch	Lahore	042-37375734-35
195	Shahdara Branch	Lahore	042-37931906
196	Sunder Industrial Estate Branch	Lahore	0311-0013425-26
197	The Mall Branch	Lahore	042-34500600-487
198	Upper Mall Branch	Lahore	042-34500422
199	Urdu Bazar Branch	Lahore	042-37115917
200	Valancia Society Branch	Lahore	042-35226047
201	Wapda Town Branch	Lahore	042-35182877
202	Gulshan-e-Ravi Branch	Lahore	042-35464541-43
203	Lala Musa Branch	Lala Musa	053-7519559
204	Larkana Branch	Larkana	074-4058603

S. No	Branch Name	City	Contact Number
206	Layyah Branch	Layyah	0606-415043
207	Lodhran Branch	LODHRAN	0608-361891
208	Loralai, Branch	Loralai	0824-410103
209	Maatli Branch	Maatli	029-7841513
210	Mailsi City Branch	Mailsi	313772000
211	Mandi Bahauddin Branch	Mandi Bahauddin	054-6509451
212	Mansehra Branch	Manshera	0997-301886
213	Mardan Branch	Mardan	0937-873452
214	Mehar Branch	Mehar	025-4730182
215	Mian Channu Branch	Mian Chunnu	065-2661232
216	Mianwali Branch	Mianwali	0459-230744
217	Mingora Branch	Mingora	0946 711740-43
218	Mirpur Branch	Mirpur	0582-7448867-71
219	Mirpur Mathelo Branch	Mirpur Mathelo	072-3663312
220	Mirpur Khas Branch	Mirpurkhas	0233-823360-63
221	Mithi Branch	Mithi	0232-261653
222	Moro Branch	Moro	0242-413204
223	Abdali Road Branch	Multan	061-4574447
224	Bosan Road Branch	Multan	061-6223414
225	Vehari Road Branch	Multan	061-6241109
226	Wapda Town Phase 1 Branch	Multan	061-6524734-35
227	Muridke Branch	Muridke	042-37981052
228	Muslim Bagh Branch	Muslim Bagh	0823-669335

S. No	Branch Name	City	Contact Number
229	Muzaffarabad Branch	Muzaffarabad	05822-923251
230	Muzaffargarh Branch	Muzaffargarh	066-2424689
231	Naarr Branch	Naar	05826-420784
232	Naushehro Feroz Branch	Naushehro Feroz	0242-448414-15
233	Nawabshah Branch	Nawabshah	0244-330568
234	Nowshera Branch	Nowshera	092-3612003
235	Okara Branch	Okara	044-2552732
236	Ormara Branch	Ormara	086-3310143
237	Pakpattan Branch	Pak Pattan	0457 352590-94
238	Pano Aqil Branch	Panoo Aqil	071-5690406
239	Parachinar Branch	Parachinar	0926-311777
240	Pasni Branch	Pasni	0312-6869884
241	Pattoki Branch	Pattoki	049-4424055
242	Fakhar e Alam Road Branch	Peshawar	091-58279981-84
243	Hayatabad Branch	Peshawar	091-5839147-42
244	Namak Mandi Branch	Peshawar	091-2591425-26
245	Naz Cinema Branch	Peshawar	091-2211023
246	Ring Road Branch	Peshawar	0310-5998903
247	University Road Branch	Peshawar	091-5711578
248	Qaboola Branch	Qaboola	0457-352548
249	Qambar Branch	Qambar	0300-3779988
250	Qazi Ahmed Branch	Qazi Ahmed	0244-321006
251	Qila Didar Singh Branch	Qila Didar Singh	0321-7460106

S. No	Branch Name	City	Contact Number
252	Choharmal Branch	Quetta	081-2825813
253	MA Jinnah Road Branch	Quetta	081-2865502
254	Mission Road Formerly Zarghoon Road Branch	Quetta	081-2820281
255	Rabwa Branch	Rabwa	0476-214042-44
256	MOUZA CHAK 72 Branch	Rahim Yar Khan	0685-708072-74
257	Rahimyar Khan Branch	Rahim Yar Khan	068-5879511-19
258	AECHS Branch	Rawalpindi	051-5497017
259	Bahria Town Phase IV Branch	Rawalpindi	051-5737357
260	Bank Road Branch	Rawalpindi	051-5120733
261	Chaklala Scheme III, Branch	Rawalpindi	051-5766278
262	Chakri Road Branch	Rawalpindi	051-5129025
263	DHA Phase 1 Branch Formerly Bahria Town Phase VII Branch	Rawalpindi	051-5157891-93
264	GHQ Branch	Rawalpindi	051-5202355
265	Jinnah Road Branch	Rawalpindi	051-5778565
266	Peshawar Road Branch	Rawalpindi	051-5492871
267	Range Road Branch	Rawalpindi	051-5128874
268	Satellite Town Branch	Rawalpindi	051-4264192
269	Satellite Town Branch, Formerly Saidpur Road Branch	Rawalpindi	051-4570682
270	Rohri Branch	Rohri	071-5813221-25
271	Sadiqabad Branch	Sadiqabad	068-5803934-35
272	Chak 89 Branch	Sahiwal	040-4550410
273	Sahiwal Branch	Sahiwal	040-4222734
274	Saleh Khana Branch	Saleh Khanna	0923-651117

S. No	Branch Name	City	Contact Number
275	Sambrial Branch	Sambrial	052-6524104
276	Samundri Branch	Samundri	041-342668
277	Sanghar Branch	Sanghar	0235-543733
278	Sargodha Branch	Sargodha	048-3768123
279	Sehensa Branch	Sehensa	05826-422779
280	Sehwan Shareef Branch	Sehwan Sharif	025-4620305
281	Shahdadkot Branch	ShahdadKot	074-4013178
282	Shahdadpur Branch	Shahdadpur	0235-843174-75
283	Shaidu Branch	Shaidu	0923-510114-16
284	Shakas Branch	Shakas	091-5602382
285	Sheikh Bhirkio Branch	Sheikh Bhirkio	0345-8211923
286	Sheikhupura Branch	Sheikhupura	056-3810273-75
287	Shikarpur Branch	Shikarpur	0726-540478
288	Gulbahar City Branch	Sialkot	052-111-654-321
289	Aziz Shaheed Road Branch	Sialkot	052-4272351
290	Daska Road Formerly Gohadpur Branch	Sialkot	052-6610461
291	Kashmir Road Branch	Sialkot	052-4272703 , EXT 105
292	Nekapura Branch	Sialkot	052-3543586
293	Paris Road Branch	Sialkot	052-4269530
294	Ugoki Branch	Sialkot	052-3513951-54
295	Khadim Ali Road Branch	Sialkot	03217117625
296	Shahabpura Branch	Sialkot	052-3242681-82
297	Skardu Branch	Skardu	0581-5457403

S. No	Branch Name	City	Contact Number
298	Military Road Branch	Sukkur	071-5630827-28
299	Queens Road Branch	Sukkur	0300-2012863 and 0314-8865050
300	Society Branch	Sukkur	071-5815209
301	Sultanabad Branch	Tando Allah Yaar	0223-404105
302	Tando Allah Yaar Branch	Tando Allah Yaar	0223-892001-4
303	Tando Jam Branch	Tando Jam	022-2765616
304	Tando Mohammad Khan Branch	Tando Mohammad Khan	022-3340623
305	Tatta Pani Branch	Tatta Pani	05826-451560
306	Thatta Branch	Thatta	0298-550934
307	Tibba Sultan Pur Branch	Tibba Sultan Pur	067-3692228
308	Timergara Branch	Timergarah	0945-821925
309	Toba Tek Singh Branch	Toba Tek Singh	046-2512052-57
310	Topi Branch	Topi	0938-272005
311	Tounsa Sharif Branch	Tounsa	064-2601155-1147
312	Turbat Branch	Turbat	0852-414204-03
313	Umer Kot Branch	Umerkot	0238-570194
314	Vehari Branch	Vehari	067-3360715-18
315	Wah Cantt Branch	Wah Cantt	051-4624015
316	Wazirabad Branch	Wazirabad	055-66058401- 03
317	Zhob Branch	Zhob	0822-412028
318	Bahrain Branch	Manama	00973-17104603



PATTERN OF SHAREHOLDING

As on December 31, 2025

S. No.	No. of Shareholders	Shareholdings From	Total Shares Held
1	1009	Shareholding From 1 To 100	20,539
2	646	Shareholding From 101 To 500	231,873
3	522	Shareholding From 501 To 1000	472,054
4	999	Shareholding From 1001 To 5000	2,734,653
5	288	Shareholding From 5001 To 10000	2,214,712
6	405	Shareholding From 10001 To 50000	9,104,848
7	52	Shareholding From 50001 To 100000	3,806,250
8	86	Shareholding From 100001 To 5000000	82,268,709
9	4	Shareholding From 5000001 To 10000000	34,895,390
10	9	Shareholding From 10000001 To 2050662536	1914913508
Total	4020	Percentage: 100%	2,050,662,536

PATTERN OF SHAREHOLDING

As on December 31, 2025

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse(s) and minor children		
Mr. Khalilullah Shaikh	500	0.00
Mrs. Hafsa Shamsie	1,132,320	0.06
Mr. Saad Ali Bhimjee	5,000	0.00
Mr. Adil Matcheswala	264,000	0.01
Mr. Qaiser Noor	1	0.00
Mr. Usman Yousaf Mobin	1	0.00
Mr. Basir Shamsie	1	0.00
Lt Gen (R.) Sadiq Ali	1	0.00
Ms. Nargis Ali Akber Ghaloo	1	0.00
Associated companies, undertakings and related parties		
Mr. Jahangir Siddiqui	2,248,519	0.11
Jahangir Siddiqui & Co. Limited	1,460,232,712	71.21
Mr. Shabir Ahmed Randeree	144,831,051	7.06
Mr. Ahmed Goolam Mahomed Randeree	99,559,050	4.85
NIT and ICP	972	0.00
Banks, development finance institutions, non-banking finance companies	172,451	0.01
Insurance Companies	5,000	0.00
Modarabas and Mutual Funds	11,563,327	0.56
General Public		
a. Local	267,284,951	13.03
b. Foreign	6,088,467	0.30
Foreign Companies	5,104	0.00
Others	57,269,112	2.79
Totals	2,050,662,541	100.00



NOTICE OF 20TH ANNUAL GENERAL MEETING

Notice is hereby given that the 20th Annual General Meeting (“AGM”) of the shareholders of JS Bank Limited (the “Bank”) will be held on March 27, 2026, at 11:00 a.m. at the 15th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Karachi, as well as through video conference facility to transact the following business:

ORDINARY BUSINESS:

- i. To receive, consider, and adopt the Annual Audited Standalone and Consolidated Financial Statements of the Bank for the year ended on December 31, 2025, together with the Directors’ and Auditors’ Reports thereon.
- ii. To appoint the Bank’s Auditors for the year ending on December 31, 2026, and fix their remuneration.

The term of the present auditors, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, shall expire at the AGM and cannot, in compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, be re-appointed as having completed a term of five years. The Board of Directors, on the recommendation of the Board Audit Committee of the Bank, has recommended M/s BDO Ebrahim & Co. Chartered Accountants as auditors of the Bank for the year ending on December 31, 2026, who, being eligible, have offered themselves for appointment.

SPECIAL BUSINESS:

- iii. To approve the review of the Directors’ Remuneration Policy in accordance with Regulation G-14 of the SBP’s ‘Corporate Governance Regulatory Framework’ and Regulation No. 16 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, as amended from time to time, by passing the following ordinary resolution:

“RESOLVED THAT the review of Directors’ Remuneration Policy of JS Bank Limited, as presented to the Shareholders be and is hereby approved.”

- iv. To grant pre facto approval for increase in payment of remuneration to Independent and Non-Executive Directors for attending Board Meetings and Sub-Committee Meetings.

“RESOLVED THAT pre facto approval for increase in payment of remuneration from PKR 150,000/- to PKR 200,000/- per sub-committee meeting, and from PKR 250,000/- to PKR 400,000/- per board of Directors meeting to the Independent and Non-Executive Directors be and is hereby granted”.

(Attached to this Notice is a Statement of Material Facts covering the above-mentioned special business, as required under Section 134(3) of the Companies Act, 2017).

Karachi: March 6, 2026,

By Order of the Board
Syed Muhammad Talib Raza
Company Secretary

Notes:

- a) Share transfer books of the Bank will remain closed from March 21, 2026, to March 27, 2026 (both days inclusive). Transfers received in order at Bank's Share Registrar, CDC Share Registrar Services Limited, CDC House, Shahra-e-Faisal, Karachi at the close of business on March 20, 2026, will be treated in time to attend and vote at the Meeting.
- b) A member of the Bank entitled to attend, and vote may appoint another member as his/her proxy to attend and vote instead of him/her.
- c) Proxies must be received at the Registered Office of the Bank not later than 48 hours before the time of the Meeting.
- d) Beneficial owners of the shares registered in the name of CDC Share Registrar Services Limited (CDCSRSL) and/or their proxies will have to follow the following guidelines as laid down by the Securities and Exchange Commission of Pakistan.
- e) Shareholders having physical shareholding are requested to notify immediately of any change in their address to the Bank's share registrar. Whereas, CDC accountholder can contact their respective CDC Participant/broker / Investor Account Service.

For Attending the Meeting

- In light of the clarification issued by the Securities and Exchange Commission of Pakistan for ensuring participation of members in general meeting through electronic means as a regular feature, the Bank has also provided the facility for attending the meeting via video-link to its shareholders. The members are encouraged to participate in the meeting online by following the guidelines.
- The members who wish to attend the Annual General Meeting through video link are requested to get themselves registered by sending the particulars prescribed in the table below at the following email address AGM@jsbl.com by the close of business hours (5:00 pm) on March 25, 2026.

Name of member	Authorized Representative (in case of corporate member)	CNIC No. / NTN No.	CDC Participant ID / Folio No.	Cellphone #	Email Address

- The Video Conference Link will be emailed to the registered members or their proxies who have provided all the requested information.
- In the case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or original Passport along with the Participant ID number and the account number at the time of attending the Meeting.
- In the case of a corporate entity, the Board's resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

For Appointing Proxies

- In the case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations shall submit the proxy form as per the above requirements.

- The proxy form shall be witnessed by two persons, whose names, addresses, and CNIC numbers shall be mentioned on the form.
- Attested copies of the CNIC or the passport of beneficial owners, and the proxy shall be furnished with the proxy form.
- The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- In the case of the corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with a proxy form to the Bank.

Procedure For E-Voting and Voting Through Postal Ballot

In accordance with the Companies (Postal Ballot) Regulations, 2018, Section 143 and 144 of the Companies Act 2017 and under Postal Ballot Regulation, 2018, latest amendments notified through SRO dated December 05, 2022, SECP has directed all listed companies to arrange for postal ballot/e-voting for polling on Special Business/election of directors, if the number of persons who offer themselves to be elected is more than the number of directors fixed under Section 159 (1) of the Companies Act, 2017. Accordingly, shareholders will be allowed to exercise their right to vote through postal ballot i.e., by post or e-voting, in the manner and subject to the conditions contained in the aforesaid regulations. Details will be circulated in due course.

Notice to Shareholders who have not provided CNIC:

The Companies (Distribution of Dividends) Regulations, 2017 requires that the dividend warrants should bear the Identification Number which includes: (i) in the case of a registered shareholder or an authorized person, the Computerized National Identity Card Numbers (CNIC); (ii) in the case of a minor, child registration number or juvenile card number; and (iii) in the case of corporate shareholders registration number or national tax number. The Identification Number of the shareholders is, therefore, mandatory for the issuance of dividend warrants, and in the absence of such information, payment of dividends may be withheld in terms of the Companies (Distribution of Dividends) Regulations, 2017. Therefore, the shareholders who have not yet provided their Identification Numbers are advised to provide their Identification Numbers (if not already provided) directly to our Independent Share Registrar at the address given above without any further delay.

Placement and Electronic Transmission of Financial Statements and Notices

The Bank has placed the annual Audited Financial Statements for the year ended December 31, 2025, along with the Auditors and Directors' Reports on its website: <https://jsbl.com/knowledge-center/financial-reports/> as required under Section 223(7) of the Companies Act, 2017.

Further, the Bank's Annual Report for the year ended December 31, 2025, is transmitted to the shareholders at their email address registered with the Share Registrar.

Under Section 223(6) of the Companies Act, 2017, listed companies are allowed to send the Audited Financial Statements, etc., through an electronic mail system (e-mail). The members are hereby requested to convey their consent via email on a standard request form, which is available at the Bank's website i.e. <https://www.jsbl.com/knowledge-center/investor-information/>. Please ensure that your email account has sufficient rights and space available to receive such an email that may be greater than 1 MB in size. Members can request a hard copy of the Audited Financial Statements which shall be provided free of cost within seven days from the date of requisition. Further, it is the responsibility of the member(s) to timely update the Share Registrar of any change in his/her/its/their registered email address at the address of the Bank's Share Registrar mentioned above.

Mandate for E-DIVIDENDS for shareholders

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividends to its shareholders only through electronic mode directly into the bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in the Electronic Credit Mandate Form available on Bank's website and send it duly signed along with a copy of CNIC to the Registrar of the Bank M/s. CDC Share Registrar Services Limited, CDC House, Shahra-e-Faisal, Karachi in case of physical shares. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to the shareholder's broker/participant/CDC account services.

Deduction of Income Tax from Dividend at Revised Rates

Pursuant to the provisions of the Finance Act deduction of income tax from dividend payments shall be made on the basis of filers and non-filers as follows:

N	S.No	Nature of Shareholders	Rate of deduction
	1	Filers of Income Tax Return	15%
	2	Non-Filers of Income Tax Return	30%

Income Tax will be deducted based on the Active Taxpayers List posted on the Federal Board of Revenue website.

Members seeking exemption from the deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be.

Conversion of Physical Shares into Book Entry Form Shares

The attention of the shareholders, having shares in physical scrips of the Bank, is invited towards Sub Section (2) of Section 72 of the Act. As per provisions of the above Section, every existing company is required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act i.e. May 31, 2017. Given the above and as per the instructions issued by SECP vide its Letter No. CSD/ED/Misc./2016-639-640 date March 26, 2021, such shareholders are requested to arrange to convert their shares held in physical form into book-entry form. For this purpose, the shareholder shall be required to open an account with either the Central Depository Company (CDC) or any Trading Rights Entitlement Certificate holder (Securities Broker) of the Pakistan Stock Exchange. The benefits associated with the Book-Entry-Form shares include "readily available for trading, whereas trading of physical scrips is currently not permitted", "no risk of damaged, lost, forged or duplicate certificates", "reduced stamp duty on physical to book-entry-form transfers", "Instantaneous transfer of ownership", "Instant receipt/credit of dividends and other corporate entitlements (i.e. bonus, rights and new issues, etc.)" and convenient pledging of securities, etc.



STATEMENT OF SPECIAL BUSINESS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts about the Special Businesses to be transacted at the Annual General Meeting of JS Bank Limited (the “Bank”) to be held on March 27, 2026.

Review of Directors’ Remuneration Policy and the remuneration paid to the Directors for attending the Board and its Committees meetings.

The Board of Directors of the Bank, on the recommendations of the Board Human Resource and Remuneration Committee (BHR and RC), has decided to increase the Directors’ remuneration from PKR 150,000/- to PKR 200,000/- per sub-committee meeting and from PKR 250,000/- to PKR 400,000/- per board meeting for Independent and Non-Executive Directors.

This decision was undertaken to compensate for the time and efforts required to discharge Director obligations and to value their skills and expertise in managing the affairs of the Bank. The increase is within limits prescribed by the State Bank of Pakistan and complies with BPRD Circular No. 24 of 2025 dated December 12, 2025.

The pre facto approval of the shareholders of the Bank is sought in terms of State Bank of Pakistan’s CGRF G-14 for the above mentioned matter.

The above proposed matter seeking the approval of the shareholders as an Ordinary Resolution entails the recommendation/ approval of the Board of Directors.

Interest of Directors

The Directors of the Bank have no personal interest, directly or indirectly, in the above mentioned special business that would require further disclosure except to the extent of their remuneration.

Inspection of Documents

The copies of the Memorandum and Articles of Association of the Bank and the minutes of the last AGM may be inspected / procured free of cost during the business hours on any working day from the Registered Office / Head Office of the Bank from the date of publication of the accompanying notice till the conclusion of the Annual General Meeting of the Bank

Form of Proxy

20th Annual General Meeting

The Company Secretary
JS Bank Limited
Shaheen Commercial Complex
Dr. Ziauddin Ahmed Road
P.O. Box 4847 Karachi 74200 Pakistan

I/We _____ of _____ being member(s) of JS Bank Limited holding _____ Ordinary shares as per Register Folio No/CDC /A/c No. _____ hereby appoint _____ of _____ or failing him _____ of _____ as my / our proxy to attend, act and vote for me / us and on my / our behalf at the 20th Annual General Meeting of the Bank to be held on March 27, 2026 and / or any adjournment thereof.

As witness my / our hand / seal this ____ day of _____ 2026 signed by _____ in the presence of (name & address)

Witness:

1. Name: _____
Address _____
CNIC or _____
Passport No. _____
Signature _____

Signature on Rs. 5/-
Revenue Stamp

The signature should
agree with the
specimen registered
with the Bank

Witness:

2. Name: _____
Address _____
CNIC or _____
Passport No. _____
Signature _____

Important Note

1. A member of the Bank entitled to attend and vote may appoint another member as his / her proxy to attend and vote instead of him/her.
2. The proxy form, duly completed and signed, must be received at the Office of the Bank situated at Shaheen Commercial Complex Dr. Ziauddin Ahmed Road, Karachi 74200 not less than 48 hours before the time of holding the meeting.
3. No person shall act as proxy unless he/she himself is a member of the Bank, except that a corporation may appoint a person who is not a member.
4. If a member appoints more than one proxy and/or more than one instrument of proxy is deposited by a member with the Bank, all such instruments of proxy shall be rendered invalid.
5. The Beneficial Owner of the physical shares and the shares registered in the name of CDC Share Registrar Services Limited (CDCSRSL) and/or their proxies are required to produce their original Computerized National Identity Card (CNIC) or Passport for identification purposes at the time of attending the meeting. The Form of proxy must be submitted with the Bank within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form, along with attested copies of CNIC or the Passport of the beneficial owner and the proxy. In the case of a corporate entity, the Board of Directors' Resolution / Power of Attorney along with the specimen signature shall be submitted (unless it has been provided earlier along with the proxy form to the Bank).

پراسی فارم
میسواں سالانہ اجلاس عام

کمپنی سیکریٹری
جے ایس بینک لمیٹڈ
شاہین کمرشل کمپلیکس
ڈاکٹر ضیاء الدین احمد روڈ
پی او باکس نمبر 4847، کراچی 74200 پاکستان

میں/ہم _____ جے ایس بینک لمیٹڈ کے ممبران اور بمطابق رجسٹرڈ فو لیو نمبر/سی ڈی سی/اکاؤنٹ نمبر _____
عمومی حصص کے مالکان ہیں، جناب _____ یا ان کی عدم دستیابی کی صورت میں جناب _____
کو بینک کے میسواں سالانہ اجلاس عام منعقدہ 27 مارچ 2026 یا کسی ملتوی شدہ تاریخ پر اپنی جانب سے حاضر ہونے، حصہ لینے اور ووٹ دینے کے
لئے عوضی (Proxy) مقرر کرتا ہوں/کرتے ہیں۔

گواہان (نام اور پتے) کی موجودگی میں آج بروز _____ 2026 کو میں نے ذاتی طور پر دستخط کئے/مہر ثبت کی۔

گواہ:

1- نام:

دستخط:

پتہ:

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: _____

گواہ:

2- نام:

دستخط:

پتہ:

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: _____

5 روپے کی ریونیو اسٹیپ پر دستخط
کئے جائیں
دستخط بینک میں موجود نمونے کے
دستخط کے مطابق ہونا چاہئیں

اہم نوٹ:

- 1- بینک کا کوئی ممبر کسی دوسرے ممبر کو اپنی جگہ اجلاس میں حاضر ہونے، حصہ لینے اور ووٹ دینے کے لیے عوضی مقرر کر سکتا ہے۔
- 2- باقاعدہ مکمل اور دستخط شدہ پراکسی فارم اجلاس عام کے انعقاد سے کم از کم 48 گھنٹے قبل بینک کے دفتر بمقام شاہین کمرشل کمپلیکس، ڈاکٹر ضیاء الدین احمد روڈ، پی او باکس نمبر 4847، کراچی 74200 پاکستان پر موصول ہو جانا چاہئیں۔
- 3- ایسا کوئی شخص بطور عوضی اجلاس میں شریک نہیں ہو سکتا جو بینک کا/کی ممبر نہ ہو، سوائے کوئی کارپوریشن جو کسی غیر ممبر کو اپنا عوضی مقرر کر سکتی ہے۔
- 4- اگر کوئی ممبر ایک سے زائد عوضی مقرر کرتا ہے اور ایک سے زائد عوضی فارم بینک کو موصول ہوتے ہیں تو ایسے تمام فارم منسوخ تصور کیے جائیں گے۔
- 5- فزیکل حصص کے ہیفیشل مالکان اور سی ڈی سی شیئرز رجسٹرار سروس لمیٹڈ (سی ڈی سی ایس آر ایس ایل) میں رجسٹرڈ حصص کے مالکان اور/یا ان کے عوضی اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاسپورٹ شناختی مقاصد کے لیے پیش کرنا ہوگا۔ باقاعدہ مکمل اور دستخط شدہ پراکسی فارم بینک میں مقررہ وقت پر جمع کروادیا جائے، جس پر دو گواہوں کے دستخط، نام، پتہ، کمپیوٹرائزڈ قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر درج ہو۔ اس کے ہمراہ ہیفیشل مالک اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ نمبر یا پاسپورٹ کی تصدیق شدہ نقل بھی منسلک ہونا ضروری ہے۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی بمعہ نمونے کے دستخط جمع کروائی جائے (اگر پہلے سے پراکسی فارم کے ہمراہ جمع نہیں کروائی گئی)۔



Registered office

JS Bank Limited, Shaheen Commercial Complex,
Dr. Zia Uddin Ahmed Road, P.O. Box 4847,
Karachi-74200 Sindh, Pakistan.

UAN: (021-051)111-654-321



Scan to view the Financial Statements