
ILLUMINATING
WHAT MATTERS
2025
ANNUAL REPORT
MCB
Bank for Life


MCB
Bank for Life





MCB Bank believes that meaningful progress begins with focus. While tools, platforms, and delivery channels evolve, the Bank's commitment to trust, stability, and customer-centric banking remains constant. The spotlight symbolizes a deliberate choice to highlight what creates lasting value, balancing innovation with responsibility.

About the Report

Adoption and Statement of Adherence with the International Integrated Reporting Framework

In the course of its operations, a commercial organization receives various inputs and converts them into value for itself and its stakeholders. This value creation can be over different time frames; short, medium and long term. An integrated report describes this value creation process concisely including the business model, strategies, governance, processes, risks and opportunities.

MCB Bank, being one of the largest Commercial Banks in the country, plays a vital role in the economy through its presence at the grassroot level with a sprawling network of branches and a wide customer base. The Bank has a socio-economic impact that extends far beyond its bottom line; making it imperative for the Bank to reassure its stakeholders that all public interest stands adequately safeguarded.

Adoption of International Integrated Reporting (IR) Framework depends on the individual circumstances of an entity. The Bank has adopted the IR Framework to give an overview of Bank's philosophy and to explain the connection between its financial and non-financial information; which would enhance user's understanding as to how the Bank is continuously adopting to improve its performance keeping in view various stakeholder interests.

IR framework is still considered to be a practice in its early stages. We will continue to improve the information produced to make it even easier to understand while taking into account valuable opinions of stakeholders reading this report.

Report Structure



This integrated annual report for 2025 offers an exhaustive but concise account of MCB Bank's performance, operations and strategy; as far as it is prudent to disclose such information. The report paints a clear and complete picture of the Bank's journey over the year as it created value against trends that shaped its operating environment.

This comprehensive integrated annual report is available online in PDF version.

Reporting Principles & Frameworks

The Bank endeavors to align with the best reporting practices and is guided by the principles and requirements contained in a diverse set of frameworks in addition to the IR Framework.

Following corporate reporting and regulatory frameworks and guides, among others, are considered when preparing this integrated report:

State Bank of Pakistan

Banking Companies Ordinance, 1962

Securities & Exchange Commissionof Pakistan

Companies Act, 2017
Listed Companies (Code of Corporate Governance) Regulations, 2019

IFRS®

International Financial Reporting Standards (IFRS)

INTEGRATED REPORTING

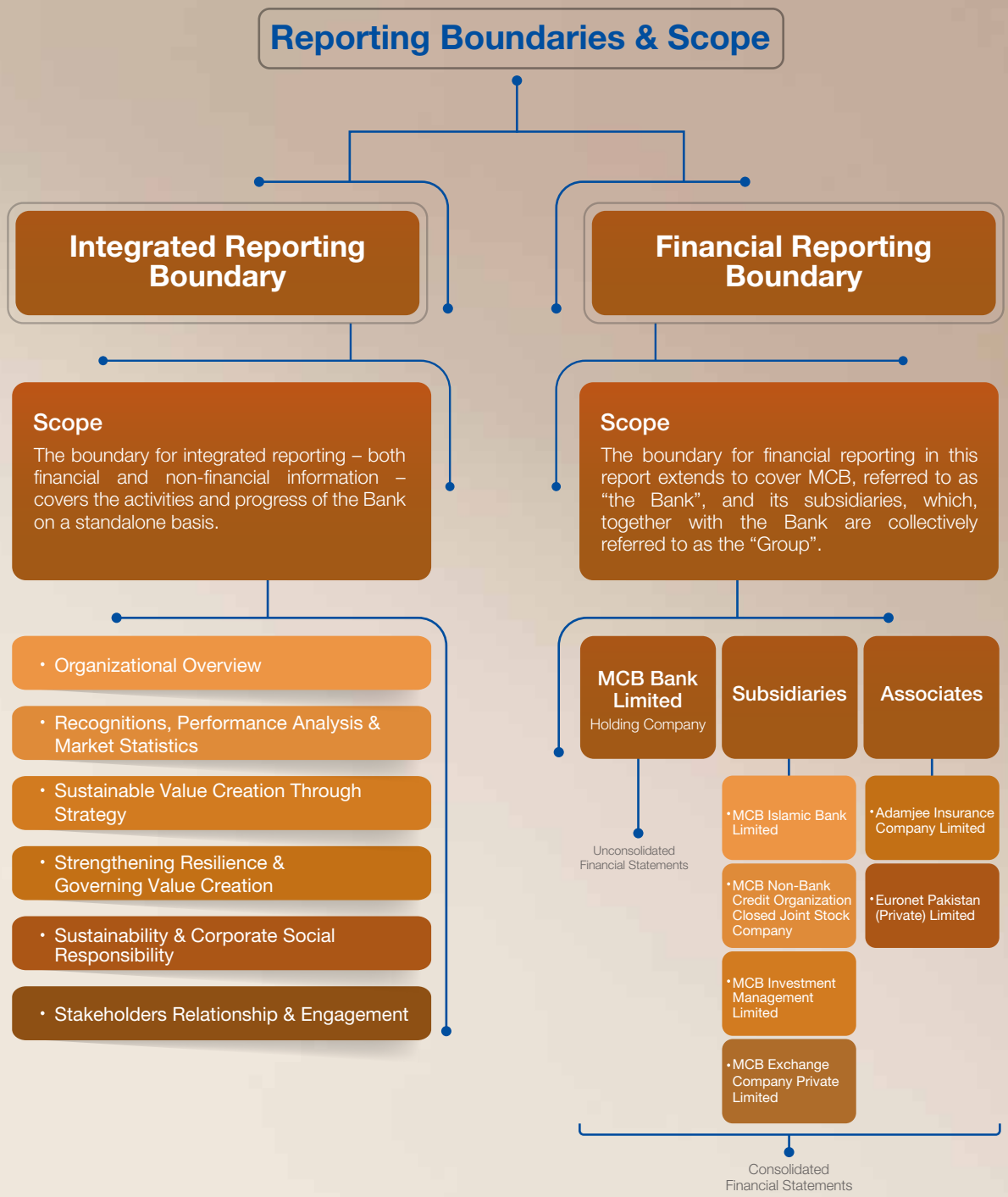
International Integrated Reporting Framework

SUSTAINABLE DEVELOPMENT GOALS

United Nations (UN) Sustainable Development Goals (SDG's)

GRI Global Reporting Initiative

GRI Sustainability Reporting Standards



Reporting Period

This report is produced and published annually, covering the year January 01, 2025 to December 31, 2025 and is consistent with our usual annual reporting cycle for financial and integrated reporting.

Material events, if any, after this date and up to the board approval date of February 04, 2026 have also been included. The most recent previous report was dated December 31, 2024.

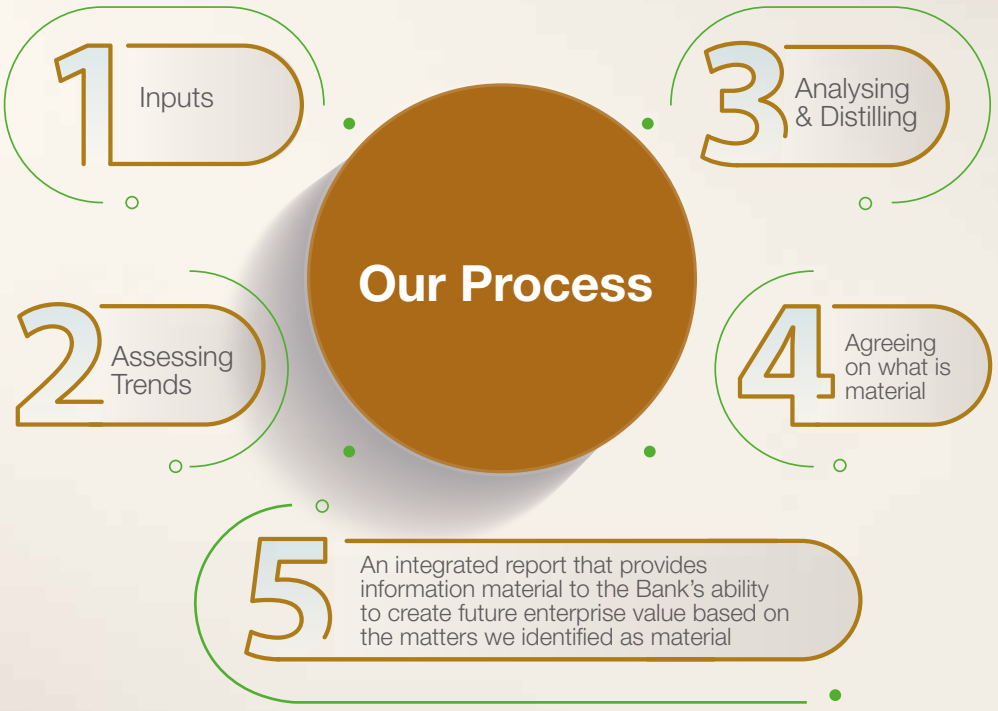
External Assurance

Independent External Auditors, Messrs. A.F. Ferguson & Co have assured the MCB Bank Financial Statements. As required by the regulators, these Auditors are rotated every five years to ensure their indpendence and objectivity.

Our Process

The Bank applies the principle of materiality in assessing what information should be included in its integrated report. This report therefore focuses particularly on those issues, opportunities and challenges that impact materially on MCB Bank and its ability to be a sustainable business that consistently delivers value to shareholders and key stakeholders.

Identifying our potential material matters is a bank wide responsibility and requires input from all business units and divisions and an assessment of the risks and opportunities in our operating environment.

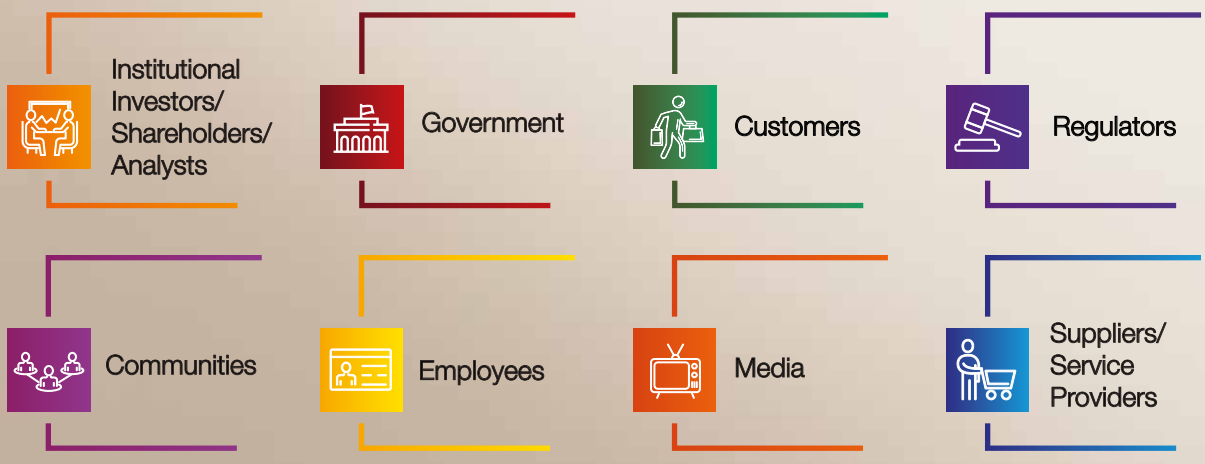


How to Navigate the Report

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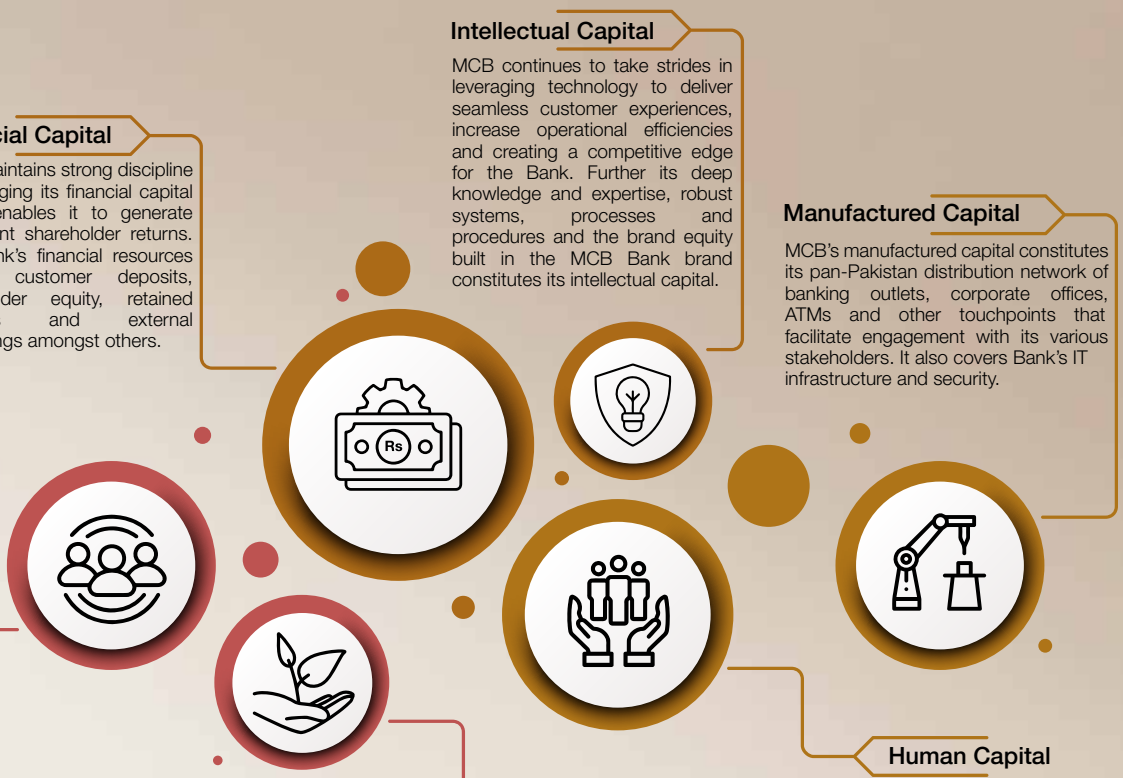
Our Stakeholders

Our stakeholders provide us with the resources and capital we need to achieve our strategy and purpose, and create shared value. Our stakeholders are the individuals, groups and organizations that materially affect or could be materially affected by our business activities, products, services and performance.



Our Capitals

Our relevance as a bank today and in the future and our ability to create long-term value are interrelated and fundamentally dependent on the forms of capital available to us (inputs), how we use them (value-adding activities), our impact on them and the value we deliver (outputs and outcomes).



Financial Capital

MCB maintains strong discipline in managing its financial capital which enables it to generate consistent shareholder returns. The Bank's financial resources include customer deposits, shareholder equity, retained earnings and external borrowings amongst others.

Intellectual Capital

MCB continues to take strides in leveraging technology to deliver seamless customer experiences, increase operational efficiencies and creating a competitive edge for the Bank. Further its deep knowledge and expertise, robust systems, processes and procedures and the brand equity built in the MCB Bank brand constitutes its intellectual capital.

Manufactured Capital

MCB's manufactured capital constitutes its pan-Pakistan distribution network of banking outlets, corporate offices, ATMs and other touchpoints that facilitate engagement with its various stakeholders. It also covers Bank's IT infrastructure and security.

Human Capital

People are at the core of MCB's business. The Bank continuously strives to create an environment that brings out the best in people to passionately serve its clients, deliver operational excellence and contribute towards achieving sustainable growth.

Natural Capital

The natural resources the Bank consumes to conduct its business and deliver products and services constitute Its natural capital. This includes energy and water consumed, waste generated and the impact of our business activities on the climate and the environment.

Social & Relationship Capital

Building and maintaining trust-based relationships with stakeholders is key to MCB's continued success. The Bank recognizes its role in nation building and perseveres to contribute responsibly to the economy. MCB's holistic approach to nurture and maintain long standing relationships with its customers, trade partners, merchants and the community at large constitutes its social and relationship capital.

Contact

For further clarification and feedback on this report, please contact us via email investor.relations@mcb.com.pk

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VISION

To be the leading finacial services provider, partnering with our customers for a more prosperous and secure future.

MISSION

We are a team of committed professionals, providing innovative and efficient financial solutions to create and nurture long-term relationships with our customers. In doing so, we ensure that our shareholders can invest with confidence in us.





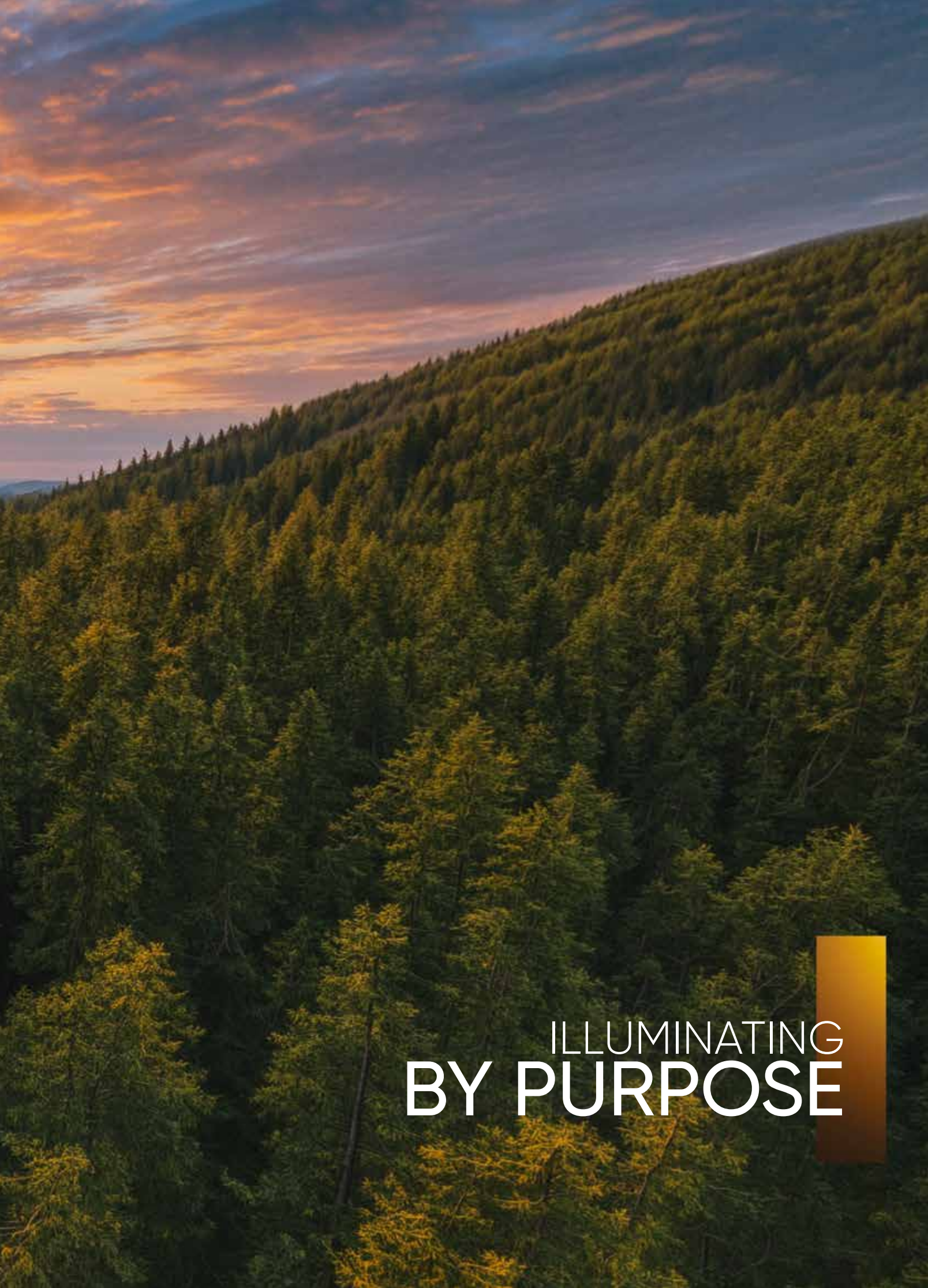
STRATEGIC OBJECTIVES

Delivering remarkable returns to stakeholders, sustainable performance, exceeding market and shareholder expectations.

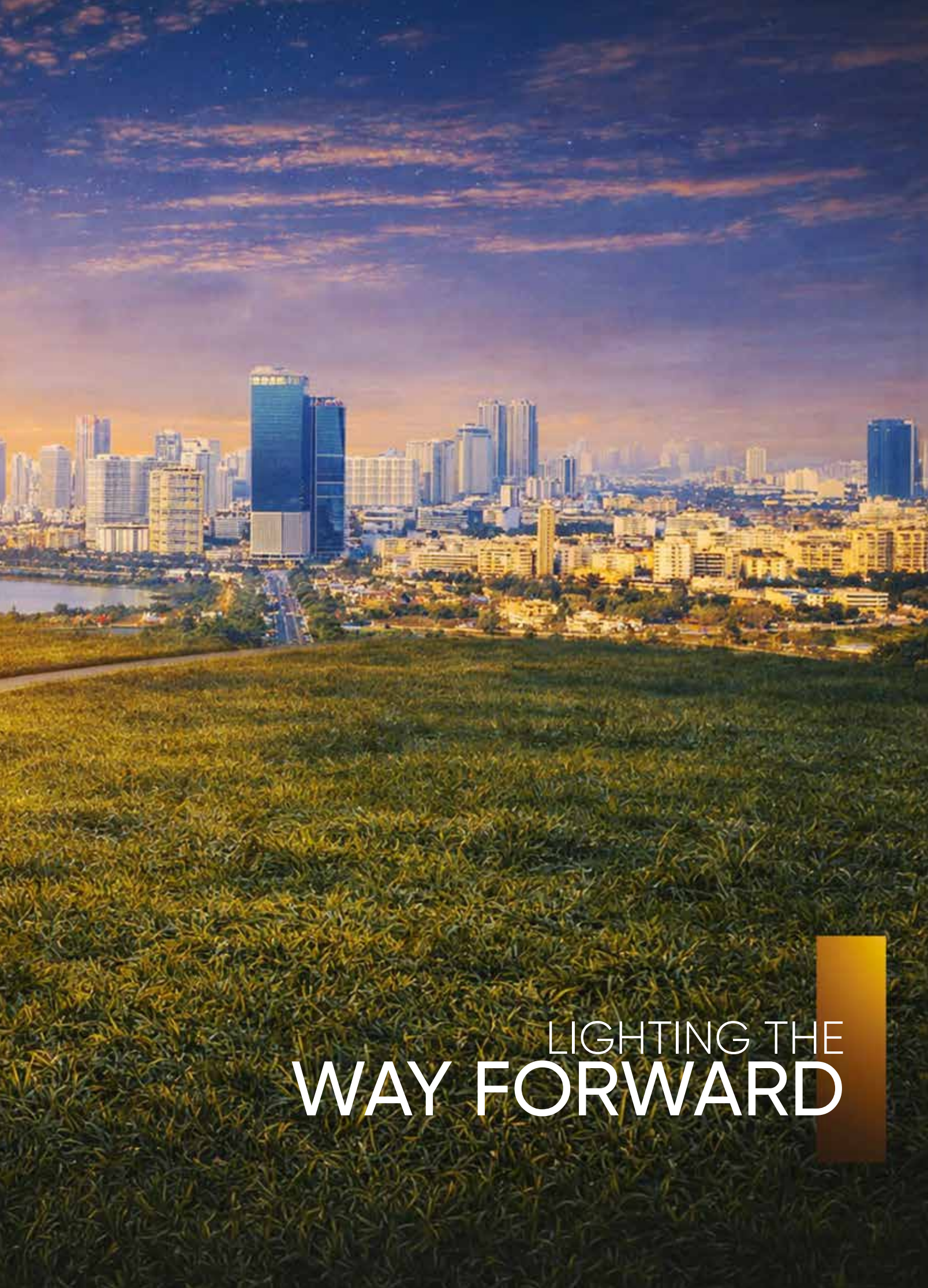
Providing value added services through operational expansion, geography and upgraded system.

Building a corporate culture of equality, trust and team spirit as we remain dedicated to being a socially responsible organization.




ILLUMINATING
BY PURPOSE





LIGHTING THE WAY FORWARD



CORE VALUES

Integrity
We are the trustees of public funds and serve our community with integrity. We believe in being the best at always doing the right thing. We deliver on our responsibilities and commitments to our customers as well as our colleagues.

Innovation
We encourage and reward people who challenge the status quo and think beyond the boundaries of the conventional. Our teams work together for the smooth and efficient implementation of ideas and initiatives.

Excellence
We take personal responsibility for our role as leaders in the pursuit of excellence. We are a performance driven, result oriented organization where merit is the only criterion for reward.

Customer Centricity
Our customers are at the heart of everything we do. We thrive on the challenge of understanding their needs and aspirations, both realized and unrealized. We make every effort to exceed customer expectations through superior services and solutions.

Respect
We respect our customers' values, beliefs, culture and history. We value the equality of gender and diversity of experience and education that our employees bring with them. We create an environment where each individual is enabled to succeed.





PRODUCTS & SERVICES

MCB Retail Liability Products

MCB Bank offers a wide range of products and services, ensuring convenience of our customers through its extensive network of over 1,400 branches nationwide. To further enhance the outreach, all segment-based products for individuals are also available through MCB Direct, a digital solution for account opening. The product portfolio is designed to cater to the diverse banking requirements of all types of banking customers, individuals and entities. Given the fact that IT export is the fastest growing industry in Pakistan, two new FCY variants (GBP & EUR) have been added in our product suite for Freelancers and IT Exporters /Services beside the already offering of USD during the year. One of the salient additions in all liability products during the year 2025 is offering of Free Intercity Services to all customers.

MCB Liability products are available in both local and foreign currencies and are offered in current and savings account variants. These products are specifically designed to provide customers with flexibility and ease in managing their transactional and financial needs. In addition, MCB Bank offers Term Deposit products across short, medium, and long-term tenures, providing secure and attractive investment opportunities along with convenient auto-rollover and renewal facilities. The term deposits are also available in both PKR & FCY.

Some of the exclusive products especially designed to cater the banking needs of our customers are as follows;

MCB One Current Account

A distinctive current account designed to address the diverse banking needs of all customer segments. It offers a comprehensive financial solution that combines affordability and flexibility, enabling customers to manage their banking activities through a broad range of free services upon maintaining the required average monthly balance. This all-in-one product retained its standing as the Bank's flagship offerings and has contributed significantly to current deposit growth. The account can be opened both through MCB branches and digitally via MCB Direct.



MCB Smart Business Account

A business-focused current account that provides free services and transaction facilities without any balance maintenance requirement, making it a highly competitive and rewarding option. This account is specifically targeted towards individuals with proof of business and business entities through a more focused and segmented approach.



MCB Nayab Account

MCB Nayab Account has successfully supported female customers in fulfilling their financial needs over the years. MCB Bank offers this account exclusively for women in both current and savings variants. Several unique features and benefits including specially designed cheque books, debit cards, and strategic alliances make this product a preferred choice of females. The product has demonstrated strong performance, reflected in substantial deposit growth during the year. Digital account opening is also available via MCB Direct.



MCB FunClub Account

Designed to inculcate financial responsibility and saving habits among children and teenagers from an early age. The account includes attractive features such as customized cheque books and debit cards, making it appealing for younger customers. The account can be opened through branches as well as digitally via MCB Direct.



MCB Works



MCB Works offers a premium employee banking solution through multiple account variants tailored for the salaried segment. It provides convenience for employers and value-added benefits for employees, supported by a seamless digital onboarding experience. The account includes special offers on consumer finance products, free cash withdrawals, debit cards, and access to privilege facilities, reflecting MCB Bank's commitment to delivering superior employee banking solutions.

MCB Young Account



A specially designed account aimed at empowering young individuals aged 18 to 30 years with financial independence. Early engagement with this segment helps in building long-term relationships, positioning MCB Bank as a preferred banking partner throughout their professional journey. The account offers exclusive features and can be opened digitally through MCB Direct.

MCB Senior Citizens Account

Available in both current and savings variants, this account is designed to provide added convenience and exclusive benefits to customers aged 55 years and above. It enables senior citizens to manage their finances with ease while enjoying discounts across a range of services. The account can also be opened digitally via MCB Direct.

MCB Pensioners Account



Specifically developed to meet the financial requirements of pensioners and their beneficiaries, in line with regulatory guidelines for monthly pension disbursement. Customers can avail attractive discounts on various services. Digital account opening is available through MCB Direct.

MCB Asaan Account

A simplified current deposit account aimed at extending formal banking services to unbanked segments of society. With minimal documentation requirements, this account supports financial inclusion initiatives of the State Bank of Pakistan and promotes economic participation among underserved communities.

MCB 365 Savings Gold Account

This savings account allows customers to earn attractive monthly returns on their deposits. Preferential profit rates are offered to individuals maintaining higher deposit balances on an intermittent basis. The account can be conveniently opened digitally via MCB Direct.

MCB Freelancer Account



In line with its segment-focused approach, MCB Bank offers dedicated Freelancer Accounts in PKR current and savings variants, along with associated Exporters Special Foreign Currency Accounts available in USD, GBP and EUR. These accounts are available to resident individuals engaged in digital or online services, including IT and IT-enabled services, who receive payments from outside Pakistan.

PLS Prime Account

Exclusively designed for non-individual entities, this product addresses the savings requirements of organizations. It offers bi-annual profit payouts and is available to sole proprietorships, partnerships, SMCs, NGOs, NPOs, educational institutions, clubs, and associations.

Sohni Dharti Remittance Current Account

It is a specialized PKR account designed to meet the banking needs of home remittance senders and recipients. SDRA offers a compelling value proposition for remittance customers through free intercity transactions, free cheque book, free Banker's cheque, free debit card, free SMS alerts & much more. The account can only be fed through foreign inward home remittances.

MCB E-Statements

MCB Bank's E-Statement service provides enhanced convenience to digitally inclined customers by offering easy access to account statements without visiting a branch. The service is free upon enrolment and supports the Bank's commitment to paperless banking and Green Banking guidelines issued by the State Bank of Pakistan.



Furthermore, MCB Bank also offers the below liability products:

Current Account Products	Savings Account Products	Term Deposit Products
MCB Current Account	MCB Profit & Loss Account	MCB Flexi Deposit Account
MCB Business Account	MCB 365 Savings Account	MCB Mahana Profit Account
MCB Basic Banking Account	MCB Smart Savings Account	MCB Higher Mahana Profit Account
MCB Current Life Account	MCB Savings XTRA Account	MCB Special Foreign Currency Account
MCB Salary Club Account	MCB Salary Club Account	
MCB New Foreign Currency Account	MCB Savings Maximizer Account	
IT Exporter Foreign Currency Account	MCB Khushali Bachat Account	
	Smart Saving Foreign Currency Account	
	MCB New Foreign Currency Account	

Roshan Digital Account

Roshan Digital Account (RDA) is a landmark initiative of the State Bank of Pakistan, enabling Non-Resident Pakistanis (NRPs) and Resident Pakistanis with declared foreign assets to access Pakistan's financial ecosystem seamlessly. Through a fully digital, paperless onboarding journey, customers can open and operate bank accounts from anywhere in the world without visiting a branch.



MCB Bank offers both PKR and Foreign Currency (FCY) variants in current and savings categories, providing customers with a comprehensive suite of banking and investment services. These include digital payments,

attractive investment avenues such as Naya Pakistan Certificates, stock market and real estate investments, the Roshan Pension Plan, and philanthropic contributions via Roshan Samaaji Khidmat and Roshan Qurbani. RDA customers may also avail financing facilities such as Roshan Apni Car and Roshan Apna Ghar. MCB Bank extends most RDA services free of charge, reinforcing its commitment to supporting overseas Pakistanis.

RDA Product Types:

MCB Roshan Digital Current Account (PKR and FCY)

A fully digital current account designed for NRPs, available in both local and foreign currency. It provides access to the full range of RDA services, including investments, digital payments, and Roshan Apni Car and Roshan Apna Ghar financing facilities.

MCB Roshan Digital Savings Account (PKR and FCY)

A profit-bearing savings account for NRPs that offers all RDA benefits with the added advantage of competitive returns. Customers can invest digitally across multiple RDA investment schemes.

MCB Roshan Digital Resident Current Account (FCY)

An FCY current account for Resident Pakistanis with declared foreign assets. It facilitates investments in Naya Pakistan Certificates and provides selected RDA services as per regulatory guidelines.

MCB Roshan Digital Resident Savings Account (FCY)

A profit-bearing FCY savings account for Resident Pakistanis with declared foreign assets, primarily designed to support investment in Naya Pakistan Certificate-based saving schemes.

MCB Digital Account Opening for Resident Pakistanis

In line with the Bank's core digital transformation strategy and in compliance with the State Bank of Pakistan's Digital Onboarding Framework, MCB Bank offers MCB Direct, a fully digital account opening platform for Resident Pakistani individuals. This solution enhances access to banking services by allowing customers to initiate and submit their account opening application online through a streamlined and user-friendly process.

Through MCB Direct, the Bank provides a comprehensive range of segment-based products, while also introducing dedicated digital account variants such as MCB Asaan Digital Account, MCB Asaan Digital Remittance Account, and the MCB Freelancer Digital Account. These products are designed to support financial inclusion and cater to diverse customer needs across Pakistan's digitally active population.

MCB Privilege Banking



MCB Privilege Banking is a relationship-led proposition designed to serve the specialized banking and wealth management needs of high net-worth individuals through personalized service and an enhanced customer experience. Eligibility for MCB Privilege Banking is based on maintaining a defined relationship value with the Bank, primarily through average balances in deposits, in line with the Bank's Privilege criteria. Privilege customers are supported by dedicated relationship managers and benefit from priority service through a network of designated Privilege branches and exclusive Privilege lounges access to a comprehensive range of deposit and investment products and seamless digital banking through MCB Live. MCB Bank continues to strengthen its Privilege Banking franchise by expanding its Privilege centers and lounge network, enhancing service standards, and broadening product offerings to meet the evolving expectations of its high net-worth clientele. MCB Bank expanded its physical presence through the addition of two new Privilege centers, underscoring the rising demand within the high net-worth segment and validating the scalability of the Privilege Banking proposition across key markets.

MCB Consumer Banking

MCB Consumer Banking is considered a key pillar of MCB Bank's growth strategy, positioning it as a brand ambassador and key driver for customer engagement. It consists of various verticals including Consumer Lending & Cards, SME Financing, Agricultural financing, Wealth Management and Institutional Business (Employee Banking). These businesses are ably assisted by strong back-office support which includes Operations, Service Quality, Internal Audit, Compliance, Risk Management and Legal Teams that work together to ensure that the Bank operates efficiently and in the best interest of its customers under the regulatory framework.

MCB Consumer Financing & Cards:

MCB Consumer Banking offers a full suite of consumer products to its valued customers. The Bank's current product portfolio consists of Auto loans, Credit Card, Debit Card, Home loans, Personal loans, Secured Personal loans, Green Ghar-Solar Financing, Student Personal loan for LUMS students, Roshan Apni Car and Roshan Apna Ghar financing for Roshan Digital Account holders.

At MCB Bank, the ideology behind our innovative Consumer products is to focus on meeting three of our client's objectives simultaneously, i.e. affordability, convenience and lifestyle. MCB Consumer Finance products enhance the overall life experience of our customers.

MCB Car4U



The Bank's Auto financing product, MCB Car4U, provides a one-stop financing solution to help our customers obtain the automobile of their dreams. Customers are free to choose between used and new vehicles, manufactured locally on flexible tenors. Both finance and lease variants along with fixed/floating markup-based pricing are offered under Car4U financing. MCB Car4U offers auto loans to customers through its 1400+ branches across 85 cities. Car loans are provided to both self-employed and salaried customers on flexible and affordable terms. As part of our ongoing marketing strategy, we have collaborated with various Auto Manufacturers to come up with value added deals for our Car4U customers. The Bank offers a competitive markup rate to all customers and also offers a discounted markup rate to its existing Branch Customers. Over the years, the Bank has formed a strong network of auto-dealers, engaged in sale of both new/used cars enabling us to facilitate our customers evolving needs. MCB Bank values its credible and expansive dealer network as one of the key pillars of its success in the auto finance business.

MCB Credit Cards

MCB Credit Cards are available in three different variants i.e., Classic, Gold and Platinum that cater to the diverse needs of our distinguished customers. The cards are secured with Chip & PIN technology and also have contactless functionality and carry world class features that provide transactional & payment convenience to our customers across the globe. The card offers an enticing mix of lifestyle, dining, shopping, health and travelling discounts. Moreover, online purchases through MCB Credit Cards are now more secure with 3D Secure protocol. The instant SMS and E-Alert facility enables our customers to monitor their credit card transactions. The MCB Credit Cardholders can activate and generate their Credit Card PINs via IVR Self Service and MCB Live, 24/7.

Besides transactional convenience and safety, these cards also offer payment flexibility / financial convenience to the customer via MCB Live/contact center for payments of Utility bills, Telcos and other Bank Credit Card payments via 1BILL. In addition to 0% service fee on Installment Plans offered from time to time, MCB Credit Card also offers transfer of balances on a lower rate and also caters the request for a Banker's Cheque in the customer's own name or direct credit facility in their own MCB account & accounts in other Banks.

Credit Card Bill payments are made more convenient. Customers can now pay their Credit Card bills through MCB Live as well as other banks' digital banking & ATM services besides being able to make payments through Cash, MCB Cheques, Other bank cheques, MCB Branch counters and the MCB Contact Center. In addition, customers can manage Card activation, blocking, pin generation, service channel activation (E-Commerce, POS, International Transactions),

E-statement generation (Current Month, Previous Month & Last 6 Month), Excess over Limit activation and Quick Cash Facility (With or Without Installment) all through MCB Live app/Credit Card Online portal.



MCB Debit Cards

MCB Debit Cards provide customers with secure and convenient access to their payment needs. Our cards enable seamless transactions including local/international shopping purchases at Point of Sale (POS) terminals and online/e-commerce merchants. Partnerships with Visa (international payment scheme) and PayPak (domestic payment service), make MCB Bank one of the leading debit card issuers in the industry providing a 24/7 convenience with choicest offers and discounts through the year.



MCB Debit Cards continue to deliver a rich value proposition with exciting discounts on eateries and daily life categories, coupled with 24/7 access through an extensive network of ATMs for cash withdrawal, online and in-store shopping. Our customers enjoy and get benefit from the year-round promotions tailored to their spending needs.

MCB Home Loan



Owning a home is a dream for many. At MCB Bank, we aim to help our customers fulfill this lifelong ambition and turn their dream into reality. MCB Home Loans provide financing solutions for the purchase of a home as well as for plots and construction thereon. Customers also have an option to transfer their existing loan from any other bank to MCB Bank through a balance transfer facility. MCB Home Loan product also caters to housing needs of non-

resident Pakistanis and is now available across the country through a network of 1,400+ branches supported by a team of skilled home finance specialists placed at multiple locations in the country.

MCB Personal Loan

MCB Personal Loan is a fast, affordable and easy option to meet our customers' immediate financing needs. This is an unsecured product and does not require any security. This product is only available to salaried customers.

MCB CashYourWheels

MCB CashYourWheels provides customers with an option to avail a personal loan facility against their owned car. The car remains in the use of the customer and at the same time, customer enjoys lower markup to fulfill his/her short-term needs.

MCB Student Personal Loan

MCB Student Personal Loan offers students undertaking MBA/EMBA & M.Phil. program at LUMS, Lahore to avail financing of up to PKR 3.000M at the rate of 6 Months Kibor only.

MCB Roshan Apni Car & MCB Roshan Apna Ghar

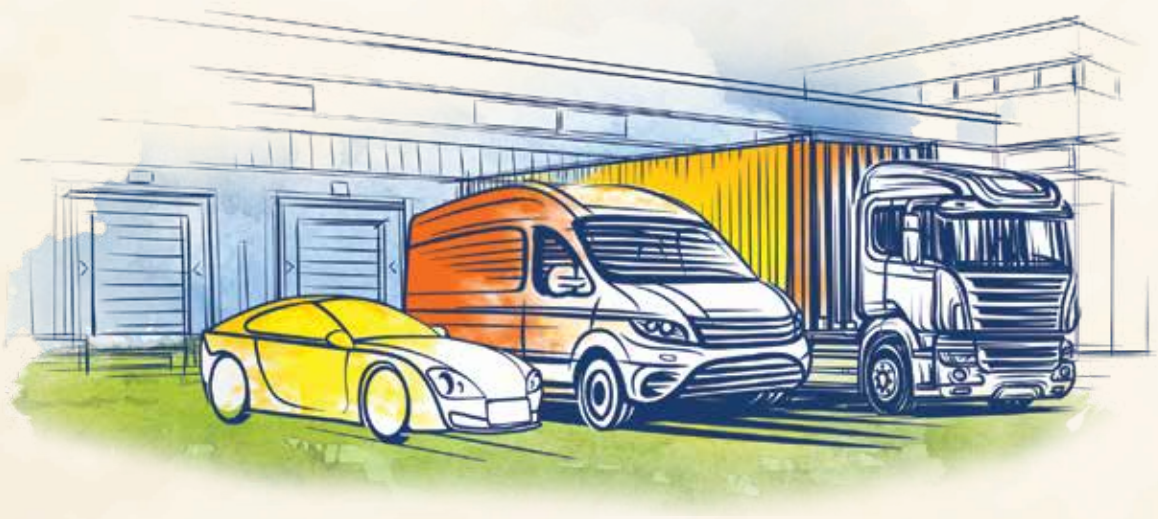
MCB Roshan Apni Car and MCB Roshan Apna Ghar products are available in line with the directives of State Bank of Pakistan to offer value added lending facilities to Roshan Digital Account holders.

MCB Cash4Cash

MCB Cash4Cash allows customers to leverage their existing liquid assets without liquidating them thus making it a convenient financing option for personal expenditures such as education, medical needs and other legitimate personal requirements.

MCB Fleet4U

MCB Fleet4U financing targets to provide vehicle financing to SE, ME, corporate and commercial entities on a limit sharing basis under the umbrella of consumer lending. Customers have an option of lease/finance all types of local and imported vehicles. Over the years, we have increased our footprint and structured Fleet4U proposition and are now offering fixed and floating based pricing along with options of both leasing and financing variants. Additionally, we have enabled Vehicle Sales & Leaseback Variant, which allows businesses to lease out their wholly owned vehicles. Moreover, we are also extending fleet financing under Prime Minister Youth Business and Agriculture Loan Scheme.



MCB Apna Ghar Apna Karobar

Under this proposition, SMEs can leverage owned residential assets to secure financing for business purposes.

MCB Her Karobar

MCB Her Karobar focuses on empowering women-led businesses by providing accessible personal loan with simplified documentation and supportive eligibility criteria.

MCB Solar Empower Loan

This proposition enables SMEs to invest in renewable energy solutions reducing operational costs and contributing to environmental sustainability.

Government Supported Financing Schemes

In line with our vision to uplift the masses in the lower- and middle-income tier segments, MCB Bank has participated in the various Government led initiatives in Consumer, SME and Agricultural sectors. These schemes include E-bike/ Rickshaw/Loader financing, Mera Ghar Mera Ashiyana (MGMA), Commercial Vehicle and Laptop financing under Prime Minister's Youth Business & Agriculture Loan Scheme (PMYBALS) and Zarkhez Agri Financing Scheme. .

MCB Wealth Management:

MCB Wealth Management positions itself as a trusted partner for customers seeking tailored financial solutions. The division continues to innovate and expand its product portfolio, offering a diverse range of investment and insurance solutions designed to meet the evolving needs of its customers. With a strong emphasis on customer-centricity, the business also offers takaful products, catering to the growing demand for Islamic financial solutions. The digitization of processes has further enhanced accessibility and convenience, enabling customers to manage their wealth seamlessly.

Investment Services

A broad suite of professionally managed mutual funds and investment products, covering Money Market, Income, Equity, Asset Allocation, Fixed-income strategies, and Voluntary Pension Schemes. These include MCB Pakistan Stock Market Fund, MCB Cash Management Optimizer, Pakistan Income Enhancement Fund, Pakistan Pension Fund, and others, enabling clients to align their risk-return profile with their financial goals. Additionally, we are offering investment opportunities that comply with Islamic finance principles.



Bancassurance Business

In collaboration with leading insurers such as Adamjee Life, EFU Life, IGI Life, PQFTL, and Jubilee Life Insurance, MCB Bank brings a range of life, savings, protection, and investment-linked insurance solutions to its customers. Bancassurance offerings include plans designed for wealth accumulation, family protection, and education funding, enabling customers to integrate long-term financial security into their broader financial planning. Through Bancassurance, clients can select products that match their unique life stage, risk appetite, and financial goals—whether seeking robust life cover, investment-growth possibilities, or combined insurance and savings benefits.

MCB Agri Financing Products:

Pakistan has immense potential in the agriculture sector and MCB Bank is proud to contribute to this sector by offering tailored financial solutions to farmers and agri-businesses. MCB Bank is fully committed to supporting agriculture financing in line with SBP and government policies. A well-equipped, trained & experienced team of agriculture marketing officers has been put in place to facilitate farmers on their door steps, for completion of documents and revenue related formalities, along with providing them awareness on banking facilities, products and financial management. The performance and size of the Bank's Agri. portfolio is gradually expanding with a focus on encouraging mechanized farming.

The Agri Financing products cover requirements of both production and development needs of farm & non-farm activities. The farmers may need long term finance to undertake development projects or there may be working capital requirements. Long term financing needs are met through Term Finance whereas working capital requirements are met by production finance.

MCB Bank is fully committed to meet all type of genuine credit needs of the farmers as a strong financial institution, concerned for and aligned with, the national cause of supporting Agriculture Sector of Pakistan.

Prime Minister's Youth Business & Agriculture Loan Scheme

In order to provide self-employment opportunities to unemployed youth and to enable them to avail affordable financing from banks for establishing new business or strengthening their existing business, Government of Pakistan launched Prime Minister's Kamyab Jawan Lending Program across the country.

Digital Access to record of Punjab Land Record Authority (PLRA)

MCB Bank has signed a Service Level Agreement with Punjab Land Record Authority (PLRA) to provide online access to data for a defined scope of services under the SLA. Digital access is aimed at enabling the fast-track provision of documents/information related to land record of farmers for quick decision making and sanctioning of financing facilities.

MCB Agri Fleet4U

Agri Fleet4U is available to individuals and Small Enterprise (SE)/Medium Enterprise (ME)/Corporate-Commercial entities involved in agricultural business activities falling under the definition of Agriculture business as per Bank/SBP criteria for purchase of all types of commercial vehicles (e. g. Pickups, Mini Trucks, Loader Vehicles, Vans etc.) to fulfill their business/transportation needs.

MCB Retail Lending Products

MCB Nayab Freedom Finance

By prioritizing the financial empowerment of women, MCB Bank aims to support a more inclusive and diverse entrepreneurial ecosystem, contributing to broader economic and social development. In line with this commitment, MCB Nayab Freedom Finance has been launched, offering a comprehensive product suite that includes Nayab Running Finance, Nayab Short-Term Finance, Nayab Demand Finance, and Nayab Leasing for vehicles, equipment, and plant and machinery. The solution is designed to support women-led initiatives across the country, enabling entrepreneurs to expand existing businesses or establish new ventures within SME (Small and Medium Enterprise) parameters, and is available to individuals, proprietorships, partnerships, and limited companies.

Dealer/Vendor Finance

Over the years, dealer and vendor financing has played a vital role in boosting economic activity. To capitalize on opportunities for enhancing the asset base and building strong lending relationships with Blue-Chip Companies (BCCs)/Anchor, MCB Bank has introduced tailored financing solutions for dealers and vendors associated with such organizations across the country. These solutions are designed to provide seamless financing support, enabling dealers and vendors to maintain healthy cash flows and strengthen their supply chain operations. The program offers structured financing solutions tailored to both the working capital and long-term financing needs including invoice discounting & dealer financing for dealers and vendors associated with Blue-Chip Companies (BCCs)/Anchor.

To facilitate this initiative, MCB Bank has entered into a Memorandum of Understanding (MOU) with Fauree Tech (Pvt) Ltd to implement a digital supply chain financing platform. This collaboration streamlines the onboarding process and enhances operational efficiency, providing dealers and vendors with rapid access to liquidity through innovative, technology-driven integration.

Financing Relaxation for Female/Women borrowers & Person with Disability (PWD)

MCB Bank is committed to fostering economic and social empowerment across Pakistan by prioritizing financial inclusion for under represented groups. Recognizing that Women and Persons with Disabilities (PWDs) often face unique barriers to accessing financial services, the Bank has approved specific relaxations and tailored solutions to meet their demographic and business needs, aligning with national priorities to bridge the financial inclusion gap.

Beyond these targeted initiatives, MCB Bank provides a comprehensive and affordable suite of lending solutions designed to support a wide range of business requirements. In full compliance with regulatory frameworks, the bank offers both funded and non-funded financing facilities to address the short-term and long-term needs of various segments, including small and medium enterprises (SMEs) and the middle market.

Driving Digital Banking Through MCB Live

Our customers' financial needs remain at the heart of MCB Bank's digital banking journey. With this focus, MCB Live continues to evolve as a secure and intuitive platform that helps customers manage their finances with ease. During the year, MCB Bank launched MCB Live 3.0, strengthening the digital banking experience through faster access, simpler journeys, and greater convenience. Designed with a clear focus on customer journeys, the upgraded platform presents a modern and simplified experience that makes digital banking easy to navigate. An intuitive dashboard, clearer messaging, improved biller categorization, and Urdu language support help customers' complete everyday transactions smoothly and with confidence, while strong security controls continue to safeguard every interaction.



Safeguarding Every Digital Interaction

Security continues to play a central role in MCB Live. The introduction of Transaction PIN strengthens protection across all financial transactions, including fund transfers, bill payments, and beneficiary management. Customers can conveniently set, reset, or recover their TPIN through secure OTP verification on registered contact details, reinforcing trust while keeping digital banking simple and reliable.

Putting Control in Customers' Hands

MCB Live provides customers with greater control through enhanced transaction limits across IBFT, Fund Transfer, and Raast channels, in line with prescribed limits. This flexibility supports higher value transactions while maintaining strong security controls. Customers can also manage their profiles by updating contact information, including email address, mobile number, and mailing address, directly through MCB Live.

Extending the Reach of Digital Banking

MCB Live enables customers to initiate key banking services digitally, including locker requests, banker's cheque requests, and dormancy management. Dormancy prevention features help maintain account activity, while digital dormancy removal requests support quicker reactivation. These services reduce the need for branch visits and ensure uninterrupted access to Digital Banking.

With continued enhancements focused on convenience and security, MCB Live reflects MCB Bank's commitment to partnering with customers by delivering a trusted digital banking experience that simplifies everyday banking and supports a more secure and prosperous future.

Payments at Your Finger Tips: MCB Payment Solutions

Retail Shopping Services: MCB Bank has significantly strengthened its presence in the payment systems market by deploying ~7,000 POS terminals nationwide. These POS terminals are certified with all major five payment schemes, showcasing the Bank's commitment to providing diverse and robust payment solutions.



In 2025, Payment Solutions team setup the country first ever POS Secure Room for Key Injection. A POS Secure Room is a highly restricted and controlled environment used to inject cryptographic keys into POS terminals (PIN pads / POS devices). It is mandatory requirement to comply with PCI PIN Security and PCI DSS standards.

Aligned with the State Bank of Pakistan's (SBP) guidelines to promote digitalization, the POS team actively on boarded RAAST Person-to-Merchant (P2M) QR acquiring merchants, enhancing the Bank's efforts to expand the reach of digital payments.

Online Purchases/e-Commerce: MCB eGate empowers online businesses to securely accept payments from Visa, MasterCard, PayPak and UnionPay International Debit/Credit Cards globally. MCB Bank introduced multicurrency acceptance in 2025, enabling merchants to accept payments in over 20 currencies, catering to their expansion into international markets and enhancing the overall product offering. MCB also introduced latest MPGS (MasterCard Payment Gateway Services) features like Pay via Link & Google Pay, while enhancing customer experience and adding additional payment channels for eCommerce customers. These initiatives have significantly strengthened the Bank's role in fostering the growth of the e-commerce market in Pakistan, commitment to advancing the digital economy.

24/7 Account Access: Automated Teller Machines (ATMs)

In 2025, MCB's ATM Channel continued to demonstrate strong performance and operational excellence, supported by enhanced in-built modern banking features and a consistently high network uptime of 98.44%. During the year, MCB's ATM network comprising of over 1,480 ATMs nationwide successfully processed ~99 million financial transactions during the year, reflecting high customer adoption, reliability, and service availability.



As part of the Bank's commitment to delivering seamless banking solutions and uninterrupted access to services, MCB Bank achieved a significant industry milestone by securing 1st position in the Year-to-Date (YTD) 1-Link Industry Ranking for acquiring volume. This achievement underscores MCB Bank's leadership in the ATM acquiring business and the collective efforts of cross-functional teams in maintaining service quality, operational efficiency, and customer trust.

Building on this strong foundation, MCB Bank aims to further enhance ATM channel capabilities through technology modernization, improved customer experience features, increased service availability, and strategic expansion. Ongoing initiatives will focus on strengthening system resilience, introducing value-added services, and supporting the Bank's broader digital transformation agenda to meet evolving customer needs.

MCB Contact Center



The human voice is still valued as the most trusted and relevant form of communication medium by a majority of our clients. This has inspired us to constantly improve our service and upgrade our MCB Contact Center to the world's best technology platform. This upgrade has enabled us to enhance service delivery across multiple channels while allowing us to address specific needs of our esteemed customers. MCB Contact Center is equipped with a team of trained professionals who offer a wide array of financial and non-financial services around the clock. The customers are further facilitated through self-services modes like Interactive Voice Response (IVR), Self Service Banking and our Live Chat facility. The Contact Center not only serves and strives to retain MCB Bank's customers but also cross-sells and up-sells a number of products and services and support relevant stakeholders for call back confirmation as well.

MCB Wholesale Banking

MCB Burqraftaar

MCB Burqraftaar continues to be a leading choice for overseas Pakistanis seeking secure and efficient remittance solutions. In 2025, the biggest highlight was our recognition at the PRI Awards in London, where the State Bank of Pakistan ranked MCB Bank as the third largest bank in the country for remittance volumes. This isn't just an award; it reflects the massive scale of remittances we managed in 2025 across our global corridors. Our goal is to keep growing our international reach and making sure MCB Bank remains the easiest way for Pakistanis to send money home.



Beneficiaries in Pakistan can receive their remittances through our following services.

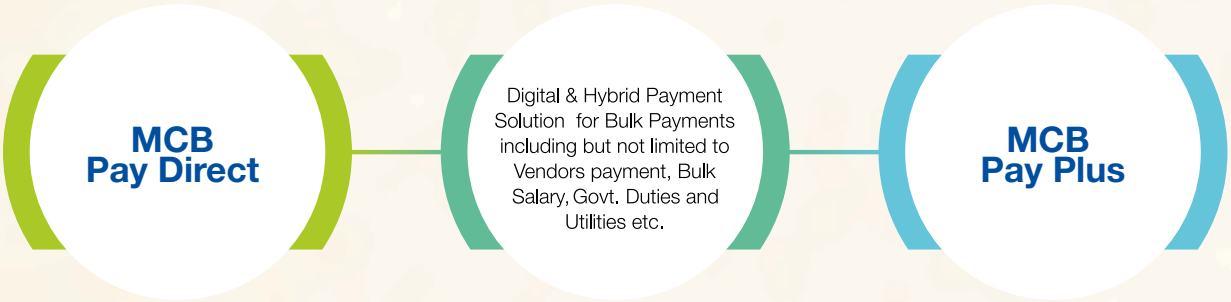
MCB Burqraftaar Cash (over the counter) Serving the unbanked, we provide instant cash payments of up to PKR 1,000,000/- through our vast network of 1,400+ branches, ensuring no beneficiary is far from their funds.

MCB Burqraftaar Transfer (Straight to Account) Our real time credit service enables overseas Pakistanis to send their remittances to their loved ones in Pakistan through our hassle-free straight to account credit service.

MCB Transaction Banking

Transaction Banking (TBD) provides a wide range of value-added collection and payment services to large corporations through the Bank's vast network of real-time branches. TBD provides structured and customized collection products enabling customers to realize their sales proceeds swiftly from across the country, supported by real-time MIS reports and system integrated alerts.

MCB Payment Solutions



MCB PAY-DIRECT (Payment Station): Corporate Payment Station "MCB Pay Direct" offers a real-time comprehensive payment and transfer mechanism for corporate and large business entities. This allows our customers to virtually execute A2A, Cash Payments, Bankers Cheque, IBFT, RAAST,1Bill, Corporate Cheques Printing and Report Printing.

MCB PayPlus: Payment by IFT/IBFT/Banker's cheques/RTGS by emailing the relevant file/instructions to designated TBD office from authorized email ID, instructions through MT-101 are also processed in PayPlus payment solution.

SWIFT MT-101: MT-101 is a payment initiation message used by corporations to send payment instructions to their banks under PayPlus arrangement. It is used to move funds from the ordering customer's account serviced at the receiving bank, or from an account owned by the ordering customer which the instructing customer has explicit authority to debit, for example, a subsidiary account.

MCB Collection Solutions

MCB CollectPlus: Collection through a deposit of cash, same branch and local clearing instruments in designated MCB Bank Branches.

MCB RemitPlus: Collection through a confirmed and secured receipt, without the involvement of the clearing process.

Online Fund Transfer (OFT): This web-based electronic fund transfer facility has been designed to enable a large network of franchises/dealers/distributors to conduct real-time branchless transactions through a secured MCB Bank website.

Sub Collection Account (SCA): An account which facilitates the dealers/distributors of our corporate clients who do not have an account with MCB Bank. Dealers/Distributors who are maintaining their accounts at other banks will be able to deposit to MCB Bank through online mode i.e., IFT/ IBFT/RTGS/ATM and the respective information will also be available on a real-time basis for corporates. All funds available in SCA will be transferred to Main Collection Account (MCA) of TBD customer by day end (or on a regular interval during the day). The benefits of sub collection account include: -

- Real time MIS Reports
- Funds identification of dealers/distributors who do not have an account with MCB Bank
- Online method so dealers/distributors need not need to go to MCB Branch to deposit

Corporate IVR for Collections: MCB Bank introduced a new platform for Dealers/Distributors, and Franchisees to conduct transactions without the need to visit MCB Branches, by using our existing CRM and IVR channel. The product provides security in terms of cash-carrying and also allows the dealers/distributors to conduct transactions even after banking hours i.e. 24/7. It ensures a smooth flow of regular transactions and provides the bank with higher profits and lower operational expenses and transaction costs. The addition of this channel has also helped us in reducing our cash handling cost and will subsequently encourage dealers to open accounts with MCB Bank.

SIDA: Collection through direct debit of dealers' accounts maintained at the branch.

MCB Debit Plus: Collection through direct debit of dealers' account maintained at the branch by TBD via a one-time instruction from the dealer/distributor and email instruction from the customer.

1-Bill Collection Arrangement: Collection Services under 1-Bill in the form of 1-Bill Invoice and 1-Bill Top-up is also available to provide Open Collection Platform across the entire Banking Industry. Under 1-Bill Invoicing; Biller/Customer directly integrate with MCB Bank and 1-Link to facilitate its Dealers to transfer Fixed hard coded Cash/Proceeds as per Invoice Generated in Customer System. Inquiry pull arrangement permit customer to transfer funds - "Biller Through Integration". Under 1 – Bill Top-up arrangement; MCB Bank through existing defined/agreed protocols establish guidelines with 1-Bill to permit its dealers to Transfer variables amount of Funds as per their business need and order. It is simple aggregation mechanism – called "Biller Through Aggregation".



TBD Other Services

TBD - FI Cash Management: We offer unique cash management solutions to our local Correspondent Banks and Non-Bank Financial Institutions to meet their particular requirements for fund collection, payment, reconciliation, and reporting.

Dividend Management: The Bank provides a complete and comprehensive dividend solution to customers through electronic transfers to shareholder accounts & processing of warrants through MCB Bank branches, followed by complete reconciliation. Foreign dividends are also managed end to end by TBD.

Sub Clearing Arrangement: MicroFinance banks that do not have operating licenses for clearing can now rely on MCB Bank to act as their sub-clearing agent for processing transactions through NIFT.

Viewing Module for Electronic Bank Guarantees: A viewing module that will enable corporates to view Electronic Bank Guarantees of their dealers/distributors issued in their favor via SWIFT MT-760. Corporates will have the option to view the reports on their personal devices. The corporates can view swift message MT-760 & reports any time through the given portal. Only authorized individuals of corporates can view the reports to ensure confidentiality. The benefits of the system include:

- Convenient and user-friendly interface
- Secure online viewing of Electronic Bank Guarantees by company's authorized staff through TBD portal
- Complete and verified detail of Electronic Bank Guarantees along with swift message MT-760

Tax & Duties Payments to FBR: Now MCB Customers can pay their FBR Tax and Duties securely and conveniently through MCB Transaction Banking "Over-the-Counter" at any MCB Branch as well as through "TBD MCB PayPlus" by sending us their tax payment details on a secured file. Our Corporate customers can also pay their taxes and duties through "TBD MCB PayDirect" 24x7 and from anywhere in the world. Under FBR payments, MCB Bank offers real-time integration with 1-Link and CBS with complete security and a two-step authorization process. Complete transaction details are ensured through computer-processed receipt, instant SMS alert, and detailed MIS for the branch / back office.

Escrow Accounts: Transaction Banking is also providing Special Escrow Account services to customers. Through a contractual arrangement, the Bank being the Escrow agent holds the financial payment between the parties & ensures fulfilment of obligations before the funds are released. Escrow accounts are beneficial for both the parties involved as buyer and seller when big-ticket items are involved & bank as a guarantor of the entire transaction.

Banker to the Issue for IPO/SPOs & Right Shares: We provide efficient & effective processing for both IPO/SPOs & Right Share Mandates. Our branches are well-trained in handling collections for both these products. The information mentioned in the forms is matched with funds collected and after reconciliation; these are transferred to the respective company. MCB Bank's TBD team works jointly with Investment Banking Team on various IPO/SPOs & Rights Shares to facilitate clients.

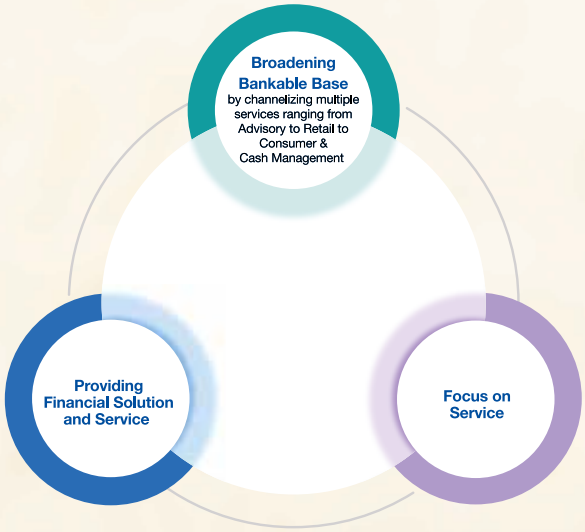
At Transaction Banking, we work in conjunction with our Corporate Banking, Retail Banking, Institutional Sales & Consumer Banking teams to facilitate customer requirements for collections, payments, dealer finance, electronic dividends, consumer loans and bulk salary processing.

MT-940 Statements

TBD supports their customers by providing MT940 statements. MT-940 is a standardized SWIFT electronic bank statement detailing account activity, including opening/closing balances and all transactions (debits/credits) for a specific period, used by companies for automated Cash Management and reconciliation with their internal systems (ERP).

MCB Corporate Banking

At MCB Bank Limited, our Corporate Banking team plays a pivotal role in empowering businesses to achieve their financial goals and drive growth. Through a comprehensive suite of tailored financial solutions and expert guidance, we support corporations across various industries in navigating complex financial landscapes and seizing opportunities for success.



Our Corporate Banking team provides flexible and competitive lending solutions to fuel business expansion, fund strategic initiatives, and manage working capital needs. Whether it's term loans, revolving credit facilities or customized financing structures, we work closely with our corporate clients to structure financing arrangements that align with their unique requirements and objectives.

At Corporate Banking, we serve as strategic partners to our clients, offering customized financial solutions that support their growth aspirations and operational needs. Our approach is built on deep sectoral expertise, innovative structuring capabilities and a commitment to fostering long-term partnerships. From structured financing to trade facilitation and working capital simplification, we cater to a diverse portfolio of industries, empowering businesses to

navigate market challenges and capitalize on emerging opportunities. By aligning our services with our clients' evolving requirements, we contribute meaningfully to their success while driving sustainable growth for the bank.

MCB Bank's Corporate Banking is equipped with a professional and devoted relationship management team having a presence in 5 cities (namely Karachi, Multan, Faisalabad, Lahore and Islamabad) across Pakistan is providing structured financial services through dedicated Corporate Centers/ Branches.

The corporate Team operates in 3-dimensional approaches within the defined goals of the organization.

Financial Services and Solutions

MCB Corporate Banking provides access to diversified financing options, including working capital loans, term loans, trade based finance services (bank guarantees, Import Letter of Credits, Import and Export Services, Bill Discounting / Negotiation, Export Finance Both in USD and PKR, State Bank of Pakistan Export Refinance and Long Term Finance, Import Finance both in USD and PKR), dollar-based loans, financing under SBP schemes and depository options are also offered under various schemes.

Broadening Bankable Base

Our Corporate Banking team works in close liaison with our Investment Banking team to facilitate clients with advisory and arrangement services for equity, debt and project finance offered through our Investment Banking Division. Similarly, our Corporate Banking team works in conjunction with Transaction Banking, Retail, and Consumer Team to facilitate their requirements for collections, payments, dealer finance, electronic dividends, bulk salary processing, and various consumer-related products for their employees and shareholders.

Focus on Service

Dedicated Corporate Branches are available in 5 cities Karachi, Multan, Faisalabad, Lahore, and Islamabad to cater business needs of corporate relationships through the support of the Corporate Relationship Management Team.

MCB Investment Banking

MCB Investment Banking offers a full suite of Investment Banking services ranging from equity & debt advisory, syndications and debt capital markets to Project and Structured Finance. MCB Investment Banking works in close coordination with Corporate, Commercial and SME segments to facilitate their clients with its services.

MCB Project and Structured Finance

MCB Project and Structured Finance is a 'Non-recourse' or 'Limited Recourse' financing, where the lending to projects is based on the future cash flows of project, concerning repayment of the project debts. Risks are carefully allocated amongst various stakeholders.

MCB Syndicated Loans and Debt Capital Markets

MCB Syndicated Loans and Debt Capital Markets involve arrangement, underwriting and placement services for debt financing requirements by large corporate and institutional clients in collaboration with to other financial institutions or through the debt capital markets.

MCB Quasi Equity / Hybrid Instruments

MCB Quasi Equity/Hybrid Instruments are structured and tailor-made products incorporating specific customer requirements based on debt and/or equity components including unsecured instruments, subordinated instruments, cumulative/noncumulative dividend paying instruments, equity play component instruments, etc.

MCB Equity Capital Raising

MCB Equity Capital Raising relates to raising capital for our clients by offering common or preferred equity to the public or private investors, through initial public offers, offers for sale, rights issues and private equity placements and underwriting of equity issues in the Capital Market.

MCB Advisory Services

Financial and Capital Raising Advisory provides our clients with financial advisory services for mergers and acquisitions, privatization, project finance, commercial structuring support and access to capital resources to assist companies successfully finance their business/project.

International Banking

MCB Bank Ltd. has strategic footprints in the international arena and is working towards further expanding its global reach.

MCB Sri Lanka - Products and Services

Over three decades, MCB Bank has been serving the people of Sri Lanka. The Bank established its operations in Sri Lanka in 1994 as a single branch with main focus on trade finance related business. Since then the Bank has been growing steadily and at present caters to a variety of segments such as Corporate, SME, Retail and Islamic Banking with five branches in Sri Lanka.



Current Account - Take account of things that matter

MCB Bank Current account allows our customers to distinguish themselves in the financial market with a secure and faster cheque clearing process, allowing them to carry out their transactions with a greater level of confidence.

Privilege Current Account - Feel prioritized and privileged

MCB Privilege Current Account offers a range of personal and business banking solutions that are specially tailored to meet customer's emerging financial needs with a whole array of value additions coupled with our unparalleled customer service.

MCB Smart Flex Current Account - Enhance your banking experience with Added Value

MCB Smart Flex GOLD & Platinum Current Accounts are designed to provide exclusive benefits with superior banking services to our valued customers. A host of free of charge banking services are on offer to maximize financial wealth of the customers along with the expertise of a relationship manager to handle their personal and business transaction needs.

Savings Account - The smarter your savings, the higher your returns

MCB Savings Account is designed to encourage customers to maintain a healthy account balance, which keeps growing day by day. Tier based interest rates enable customers to enjoy an attractive return on their funds. Customers have the freedom to utilize their funds to meet their day-to-day financial needs with no restrictions to the number of transactions they perform.

Fixed Deposits - The safe way to save

Fixed Deposit Accounts are designed to suit the diversified investment requirements of our customers. Starting from 7 Days Call Deposits, our product range extends to Term Deposits that can be fixed up to 4 Years. Further, we offer the option of obtaining the interest at maturity or specific interim periods (monthly/quarterly) depending on the customer's requirement for funds.

MCB Kidz Club - Pave the future for your child

Children are the wealth of our nation. We offer ample encouragement and incentives to assure them of a secure future. MCB Kidz Club Account offers an attractive interest rate and other value additions based on the account balance. This encourages parents and children to grow their account balance to enjoy the financial return, as well as to collect gift items on reaching specific account balances.

Foreign Currency Accounts - When you need financial diversity

MCB Bank customers can save in any designated foreign currency and enjoy attractive returns. Further, we offer a wide range of account types for personal and business clients under special schemes approved by the Department of Foreign Exchange of the Central Bank of Sri Lanka.

MCB Debit Card – Introducing more convenience

MCB Bank has been providing financial services to its valued customers since 1994. To further enhance this relationship, MCB Bank signed up with the partnership of Lanka Pay and JCB for the introduction of MCB Debit Card, providing our valuable customers the facility to shop with convenience. MCB Debit Card also provides access to customer accounts through a shared network of over 4,500 ATMs island wide.

Upgrade to the future with MCB Mobile Banking App

MCB Mobile is the flagship technology product of MCB Bank's innovative digital banking services. MCB Mobile App is designed with a user-friendly interface to provide convenience in conducting payments and secured financial transactions meeting their personal financial needs.

Safe Deposit Lockers - Where safety is a promise

We pride ourselves in offering our customers ease of mind and this is yet another service that highlights our commitment to providing everything necessary to accommodate their needs. We offer various types of lockers depending on customer requirements to protect their documents, jewelry or other valuables.

Islamic Banking – Pioneering Sri Lanka's journey in Islamic Banking

MCB Bank, a pioneer in offering Islamic banking solutions in Sri Lanka, believes that financial success is most meaningful when it aligns with principles that uplift individuals and support the well-being of the community. Guided by Shariah principles & values, our products & service offerings — from Mudaraba Savings & Deposit Accounts, Lanat Current Accounts to Murabaha Financing, Musharaka and Ijara Solutions — are designed to meet customer aspirations through responsible financing, trusted partnerships, and a focus on real, meaningful progress.

SME & Corporate Banking

MCB Sri Lanka offers diversified finance options for Small/Medium Entrepreneurs and Corporate customers to achieve success in their business. These financing options range from Overdrafts, Leasing for vehicle and machinery, Working Capital Loans, Term Loans, Trade Finance and Structured Project Financing to cater to the evolving needs of our Business Banking Customers. A wide range of Treasury products including Forward Contracts, Repurchase Agreements, Spot Contracts and Treasury Bills are also offered under investment options. .

Trade Services – Trading becomes convenient & faster

MCB Trade Services empower individuals and businesses to reach their highest potential by streamlining and customizing processes and product portfolio. We ensure that a comprehensive range of trade products and services will enable our customers to do their business successfully. Understanding the need of the hour, several initiatives were taken to encourage Export Customers. Further, we have facilitated our customers to manage their Foreign Exchange requirements amidst the country-wide economic challenges.

Internet Banking – Smart & secure digital banking services for your business

MCB Internet Banking platform is offered to our SME & corporate clients to stay updated on their account activities and carry out their banking transactions at their convenience. With real-time account access, multi-user level authorization and robust security features, customers can manage their banking requirements through our user-friendly platform.

MCB UAE - Products and Services

MCB Bank expanded its international footprint in 2015 with the establishment of its wholesale banking branch in Dubai, United Arab Emirates. Since inception, the franchise has pursued a strategic approach centered on portfolio diversification. By broadening its asset and liability mix, the Bank has developed a flexible and resilient portfolio capable of adapting to evolving market conditions and emerging challenges. This disciplined strategy has enabled the branch to consistently meet its growth targets while delivering strong and sustainable returns and in 2024 MCB UAE successfully opened another branch in Emirates of Sharjah.

MCB UAE remains steadfast in its commitment to expanding its market presence and achieving its strategic objectives, all while safeguarding shareholder interests through prudent policies and leveraging the Bank's core strengths. The franchise continues to prioritize operational excellence, risk-aligned growth, and value creation across its business lines.

For its wholesale banking clients, MCB UAE offers a comprehensive suite of financial solutions, including trade finance, working capital facilities, treasury products, and business accounts. These offerings are designed to support the day-to-day operational needs of corporate and institutional clients, providing competitive pricing, efficient service delivery, and tailored financial support to help businesses operate with confidence in a dynamic market environment.



MCB Current Deposit Account

MCB Current Deposit Account is designed to provide our wholesale customers with transactional convenience and flexibility. Choices of local (AED) and international currencies (USD/EUR) are available at attractive options for our business customers with low minimum balance requirements.

365 Savings Business Gold Account

Providing transactional flexibility in a Savings account, 365 days Gold Account provides the choice of local (AED) and international currencies (USD /EUR). This account will grow savings at an attractive interest rate for 365 days while giving the flexibility to use these funds for business transactional needs as well. This is an attractive option for business customers with a high balance and with requirements of transactional flexibility.

Term Deposit

Term Deposit products are available in a choice of local (AED) and international currencies (USD /EUR). Tenor options can be chosen between 1, 3, 6, and 12 months. It is an attractive option for our business customers with short to mid-term investment opportunities.

Demand Finance

It is financing for a fixed period repayable either in periodic installments or in a lump sum, at a future date. An attractive option for business customers that require financing against fixed assets such as plant and machinery, land, building, etc.

Overdraft

Overdraft facility allows businesses to access additional funds for day-to-day business expenses. The overdraft facility will charge interest only on the daily outstanding balance from the Current Account above the credit amount available.

Bills Discounting

Our discounting solution is for clients who are looking to fund their working capital requirements. While discounting, the bank buys the bill (i.e., bill of exchange or promissory note) before it is due. The transaction is practically an advance against the security of the bill and the discount represents the interest on the bill from the date of purchase of the bill until it is due for payment.

Post-dated Cheque Discount Facility

Cheque Purchase Discount Facility from MCB Bank takes away the hassle of waiting for post-dated cheques (30-120 days) to clear while letting businesses concentrate on completing their transactions.

Finance against Trust Receipts (FATR)

Financing against Trust Receipts enables our customers to honor payments to their suppliers by letting the Bank pay on their behalf without reducing customer's credibility. The customer simply has to submit a Trust Receipt (TR) Letter which contains a statement of receiving goods on the Bank's behalf and promising to pay the Bank on a deferred basis.

Financing against Receivables

Financing against Receivables is available in the form of Invoice Discounting. Invoice Discounting is a form of asset based finance that enables a business with evidence to release cash tied up in an invoice to its debtors/buyers.

- **Discounting of Export Bills for Collection** – A borrowing mechanism available to raise finances for an agreed specific tenor. Where the bank buys the export bill at a discounted price, the exporter gets the amount from the bank while submitting export documents.

- **Discounting of Bills under Export LC** - A borrowing mechanism available to raise finances against documents drawn on buyers for an agreed specific tenor. Discounting of Bills under Export LC is available for customers who wish to sell such bills to the bank at a discount rate under the condition of not claiming anything from customers (without recourse).

Guarantees

The Bank stands as a guarantor for its client ensuring that the liabilities of a debtor will be met. Generally, a Guarantee is issued on cash collateral or against some security as collateral.

Letter of Credits

A bank guaranteeing on behalf of its customer that a buyer's payment to a seller will be received on time and for the correct amount. Generally, a Letter of Credit is issued for Sight and Usance terms against some security/collateral.

Internet Banking

MCB Bank has implemented Oracle's Flex Cube Direct Banking which comes with enhanced security, a user-friendly interface, and a host of functionalities/services. Our state-of-the-art Internet Banking allows clients, through a maker checker concept, the convenience of conducting Inter-Bank Funds Transfer as well as Cross Border Funds Transfer at anytime from anywhere in the world simply by logging on to www.online.mcbae.com.

Wages Protected System

With the help of MCB Bank's Wages Protected system (WPS) at MCB UAE, our clients can use MCB Bank's services to handle their employees' salary transactions.

MCB Bahrain - Products and Services

MCB Wholesale Bank Bahrain remains steadfast in its mission to delivering innovative and comprehensive financial solutions that creates lasting value for our customers, shareholders, and stakeholders. At MCB Wholesale Bank Bahrain, our primary objective is to continuously align our financial portfolio with dynamic market demands. Maintaining an optimal balance sheet size ensures strategic agility within a robust, approved risk and return framework. Our franchise is built on foundation of strong governance. We develop and implement rigorous policies and procedures, allowing us to adapt seamlessly to evolving regulatory landscapes. Upholding the highest standards of integrity, we are deeply committed to fostering a secure environment through proactive Anti-Money Laundering (AML), Counter Financing of Terrorism (CFT), and comprehensive compliance initiatives. Our future strategy is centered on disciplined organic growth and effective liquidity mobilization. This is driven by gap assessments and strict adherence to our internal policies, ensuring sustainable progress and resilience.

MCB Bahrain offers a diverse range of financial products and services tailored to meet the unique needs of our clients:



MCB Current Account

Designed for transactional efficiency, our multi-currency Current Account (USD, GBP, EUR, AED) offers exceptional flexibility with a low minimum balance requirement, facilitating seamless day-to-day banking operations.

MCB Savings Account

Our Savings Account, available in major international currencies (USD, AED, GBP, EUR), provides attractive returns on deposits. It is an ideal solution for clients seeking a blend of liquidity, flexibility, and competitive interest rates.

Term Deposit

Empowering clients to tailor their investments, our Term Deposits (USD, GBP, EUR, AED) offer a range of tenors to match specific financial goals. They present a compelling option for secure short- to mid-term investment opportunities.

Syndicated Transactions

We are an active participant in both Islamic and conventional syndicated finance markets. Through regional collaborations with corporates, financial institutions, and sovereign entities—including risk-sharing transactions with reputable regional banks—we facilitate large-scale funding and strategic projects.

Loans and Advances

We provide customized financing solutions, from short-term working capital facilities to long-term project financing. Our expertise lies in structuring project-specific finance that comprehensively supports our clients' strategic ambitions in the region.

Trade Finance

Our comprehensive suite of funded and non-funded trade finance solutions includes Letters of Credit (issuance, advising, confirmation), documentary collections, bill discounting, and the issuance of bank guarantees, supporting the entire trade cycle.

Treasury

Our active treasury function manages a diversified portfolio of fixed-income securities, encompassing Islamic and conventional instruments. The portfolio includes sovereign euro bonds and short-term treasury bills. The Bahrain branch also provides plain-vanilla FX solutions and liquidity instruments such as swaps, short-term borrowing/placements, and FX forwards, which can be obtained through dedicated treasury front office.

Strategic Investments and Acquisitions Division

The Division evaluates potential investments, both minority and majority stakes in different financial institutions, and then proceeds with the execution on the advice of the Board of Directors. Strategic acquisitions also evaluate operations of different subsidiaries/businesses and with the Board of Directors' consent can proceed with divestments of businesses that are deemed non-core businesses. This Division also maintains a relationship with strategic investors.

MCB Trade Products

Trade Products provide a wide range of standard as well as tailor-made products and solutions to trade customers from all walks of life. Despite having an inventory of standard to market products in refined shape, specific new-to-market products include:

Quick-LC: A simple and easy to use mechanism, internal design of desktop application, allowing customers to type-in, e-mail and print out an LC application form, reducing cost and hassle while improving TAT and input accuracy.

X-Flex: A solution which facilitates external export business for customers in cases where transport documents (Bill of Lading) are not available at the counters of MCB Bank's discounting / financing branch on the date of extending financing.

TRIMS: Facilitates the financing of inland trade through the involvement of MCB Bank at both ends thereby allowing an exporter to get receivables discounted on non-recourse basis, i.e. the exporter receives payment in a given time (in less than 48 hours) after performing obligations.

Econ-LC: A product program which allows drafts/bills of exchange to be waived as a requirement under LCs available by negotiation resulting in reduction in overall transaction cost for importers.

Avalization (Export): A global product designed to facilitate the financing of export by allowing an Exporter (Seller) to discount the receivables under credit granted to a counter party, i.e. Importer (Buyer), without taking payment risk on the Importer (Buyer) under a contract (non-LC transactions).

Avalization (Import): A product which facilitates delivery of import documents (and goods) against importer's acceptance under contracts (without opening of LC) hence offers savings associated with fees and commissions.

China LC Confirmation Programme: Under this program the branches of MCB Bank's partner bank located in Hong Kong and China add "Confirmation" to MCB LCs on "Free of Cost" basis thus increasing acceptability of MCB Bank's Import LCs and facilitate import customers.

Europe LC Routing Program: Under this program the branches of MCB Bank's partner bank located in UK will be handling LC transaction originated by MCB Bank under special arrangements which includes advising, confirmations, bill discounting and UPAS transactions.



CORPORATE INFORMATION

Board of Directors	Mian Mohammad Mansha	Chairman
	Mr. Muhammad Tariq Rafi	Director
	Mian Umer Mansha	Director
	Mrs. Iqraa Hassan Mansha	Director
	Mr. Muhammad Ali Zeb	Director
	Mr. Mohd Suhail Amar Suresh bin Abdullah	Director
	Mr. Yahya Saleem	Director
	Mr. Salman Khalid Butt	Director
	Mr. Shahzad Hussain	Director
	Mr. Masood Ahmed Puri	Director
	Shaikh Muhammad Jawed	Director
	Mr. Norzulkarnien bin Nor Mohamad	Director
	Mr. Muhammad Nauman Chughtai	President & CEO
Audit Committee:	Mr. Shahzad Hussain	Chairman
	Mian Umer Mansha	Member
	Mr. Muhammad Ali Zeb	Member
	Mr. Norzulkarnien bin Nor Mohamad	Member
Chief Financial Officer:	Mr. Hammad Khalid	
Company Secretary:	Mr. Farid Ahmad	
Auditors:	M/s. A.F. Ferguson & Co. Chartered Accountants	
Legal Advisors:	M/s. Khalid Anwer & Co. Advocates & Legal Consultants	
Registered /Principal Office:	MCB House, 15-Main Gulberg, Jail Road, Lahore, Pakistan.	
Contact us:	UAN: + 92 42 111 000 622 E-mail: investor.relations@mcb.com.pk Visit us: www.mcb.com.pk	
Share Registrar's Offices:	**Head Office:** M/s. THK Associates (Pvt.) Limited Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi, Pakistan.	
	Branch Office: M/s. THK Associates (Pvt.) Limited Office No. 309, 3rd floor, North Tower, LSE Building, 19-Shahrah-e-Aiwan-e-Iqbal, Lahore, Pakistan.	

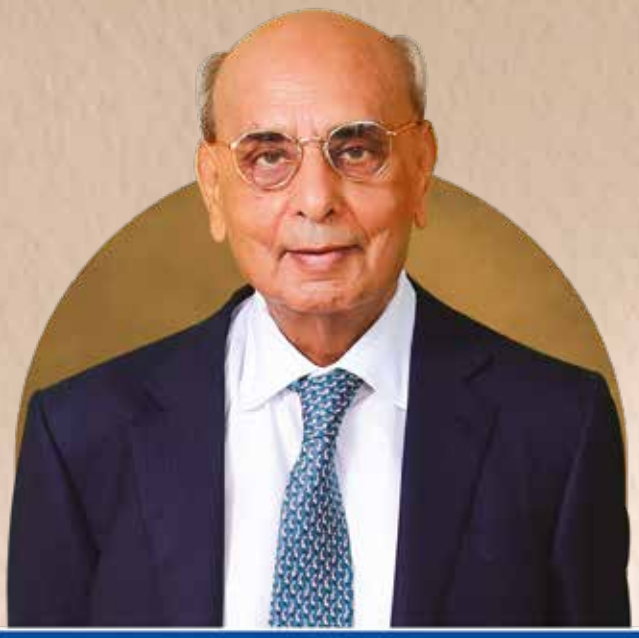




BOARD OF DIRECTORS







Mian Mohammad Mansha
Chairman

Committee Membership

Mian Mohammad Mansha is the Chairman of the Board of Directors at MCB Bank Limited. He is an eminent industrialist and a seasoned businessman. He started his career at the age of 24 as the CEO of Nishat Mills Limited and has over five decades built a multi-business conglomerate – The Nishat Group. Under his strategic vision, the Nishat Group has diversified and grown into one of the leading business groups in South East Asia, having presence in Banking, Financial Services, Textile, Cement, Insurance, Power Generation, Hotel & Hospitality, Dairy, Paper Products, Retail Commerce, Real Estate, Agriculture, Aviation and Automotive sectors. Apart from Pakistan, it operates in various countries across the globe including Sri Lanka, Azerbaijan, UAE, USA, UK, Hong Kong and Bahrain. The Group is one of the largest private sector employers, exporters and tax contributors in Pakistan.

Mr. Mansha has served as Chairman, Board of Directors MCB Bank Limited, after the Bank's privatization, from 1991 to mid-1995 and then from 1997 till date. Presently, he is also a member of the Board's Human Resource & Remuneration Committee, Business Strategy & Development Committee and Committee on Physical Planning & Contingency Arrangements. He is also Chairman, Board of Directors of MCB Non-Bank Credit Organization, CJSC, Azerbaijan.

He had also been associated with Punjab Mineral Company (Pvt) Limited, Civil Aviation Authority, Pakistan International Airlines, Board of Investment, Punjab Board of Investment & Trade, Pakistan Industrial Development Corporation, National Management Foundation, Textile College Faisalabad and Government College of Faisalabad. He has also served as the Chairman of All Pakistan Textile Mills Association (APTMA) and APTMA, Punjab.

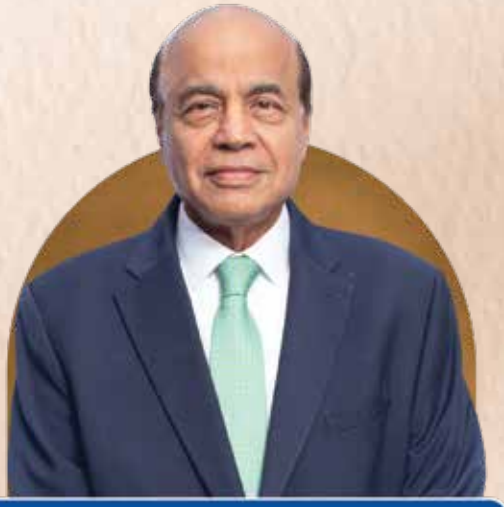
Pakistan's Civil Award, the Sitara-e-Imtiaz was conferred upon him in 2004 in recognition of his contributions to industrial development of Pakistan.

Internationally, Mr. Mansha has served on the Board of the Atlantic Council, Commonwealth Business Council UK and International Advisory Board Babson College USA. He is currently the Chair of Advisory Council in Pakistan of the British Asian Trust that was founded by and operates under the patronage of His Majesty King Charles III.

Mr. Mansha is a committed philanthropist and provides support to a number of causes, such as healthcare, education, sustainable tourism, sports, poverty alleviation and social uplift. He has provided financial assistance and support to the Punjab Institute of Cardiology, Children's Hospital & the Institute of Child Health in Lahore and Saleem Memorial Hospital, besides supporting Government of Punjab in their fight against COVID-19.

Committees

Audit Committee (AC) Business Strategy & Development Committee (BS&DC) Risk Management & Portfolio Review Committee (RM&PRC)
IT Committee (ITC) Human Resource & Remuneration Committee (HR&RC) Write-Off & Waiver Committee (WO&WC)
Compliance Review & Monitoring Committee (CR&MC) Committee on Physical Planning & Contingency Arrangements (PP&CA)



Muhammad Tariq Rafi
Director

Committee Membership

Mr. Muhammad Tariq Rafi is the Chairman of Siddiqsons Group and is a recipient of the coveted Civil Award Sitara-e-Imtiaz. He was awarded the prestigious Best Businessman award for the year 1999 and 2012, best Export Trophies between years 1980 to 2005.

Mr. Tariq Rafi has been awarded the Privilege Card by the Prime Minister of Islamic Republic of Pakistan for being one of the top tax payers. He is also the Honorary Consul General of Republic of Serbia.

He is on the board of MCB Bank since its privatization and presently is member of the Board's Write-off & Waiver Committee.

Other Directorships:

- Siddiqsons Limited
- Siddiqsons Energy Limited
- Siddiqsons Tin Plate Limited
- Siddiqsons Mining (Pvt) Limited
- TMS Mining (Pvt) Limited
- Siddiqsons GB (Pvt) Limited
- Central Depository Co. of Pakistan Limited
- Habib University Foundation



Mian Umer Mansha
Director

Committee Membership

Mian Umer Mansha was co-opted as a Director on the Board of MCB Bank in November, 1997 and served till September, 2007. Then he was elected as a Director in the Bank's 61st AGM held in March, 2009.

Presently, at MCB Bank he is the Chairman of the Board's Business Strategy & Development Committee, IT Committee, Compliance Review & Monitoring Committee, Committee on Physical Planning & Contingency Arrangements, and Write-off & Waiver Committee and is also a member of Audit Committee, Risk Management & Portfolio Review Committee and Human Resource & Remuneration Committee.

In addition, he has been serving on the boards of various other businesses. Mr. Umer received his Bachelor's degree from Babson College, Boston, USA.

Other Directorships:

- Nishat Mills Limited
- Adamjee Insurance Company Limited
- Adamjee Life Assurance Company Limited
- Nishat Hotels & Properties Limited
- Nishat Developers (Pvt) Limited
- Nishat (Raiwind) Hotels and Properties Limited
- Nishat Dairy (Pvt) Limited
- Nishat Agriculture Farming (Pvt) Limited
- Hyundai Nishat Motor (Pvt) Limited
- Nishat Agrotech Farms (Pvt) Limited
- Nishat Sutas Dairy Limited
- National Textile Foundation
- MCB Non-Bank Credit Organization, CJSC, Azerbaijan



Iqraa Hassan Mansha
Director

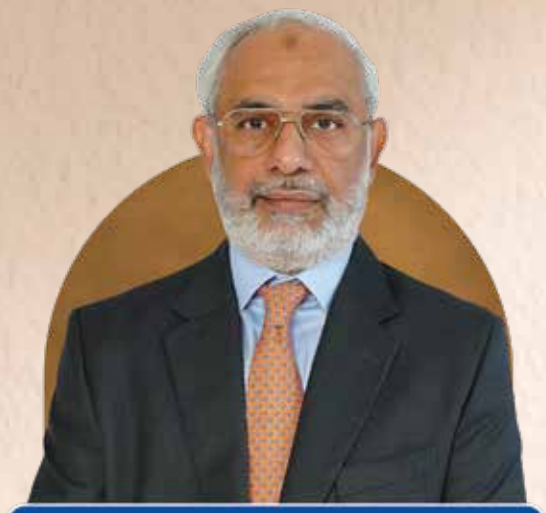
Committee Membership

Mrs. Iqraa Hassan Mansha has more than 17 years diversified professional experience in Hotel Industry. She received her B.Sc. degree in International Politics from London School of Economics and M.Sc. degree in International Relations from the University of London School of Oriental and African Studies (SOAS).

She is serving in the capacity of Executive Director of Nishat Hotels & Properties Limited. She is also serving as Director on the Board of the following companies:

Other Directorships:

- Nishat (Raiwind) Hotels and Properties Limited
- Nishat Real Estate Development Company (Pvt) Limited
- Emporium Properties (Pvt) Limited
- Security General Insurance Co. Limited



Muhammad Ali Zeb
Director

Committee Membership

Mr. Zeb is currently the CEO and Managing Director of Adamjee Insurance Company Limited. He is a fellow member of the Institute of Chartered Accountants of Pakistan and has over 29 years of diversified professional experience in the fields of Finance, Insurance & Manufacturing. He also served as council member of Insurance Association of Pakistan and Pakistan Insurance Institute. Insurance Association of Pakistan elected him as the Chairman for the year 2014 in terms of its Constitution.

He was co-opted as a Director on the Board of MCB Bank in June, 2013. At MCB Bank, presently he is Chairman of the Board's Risk Management & Portfolio Review Committee and is a member of Board's Audit Committee, Human Resource & Remuneration Committee, Compliance Review & Monitoring Committee, Committee on Physical Planning & Contingency Arrangements and Write-Off & Waiver Committee.

He is also serving as Director on the Board of the following companies:

Other Directorships:

- Adamjee Life Assurance Company Limited
- Nishat Sutas Dairy Limited
- Pakgen Power Limited

Committees

Audit Committee (AC) Business Strategy & Development Committee (BS&DC) Risk Management & Portfolio Review Committee (RM&PRC)
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Yahya Saleem
Director

Committee Membership

After graduating from the Lahore University of Management Sciences (LUMS), Mr. Yahya Saleem joined the family business as a Director of the Nishat Chunian Group, establishing a spinning mill in 1990. Since then, the company has diversified into weaving, home textiles, power generation, and entertainment. Today, Nishat Chunian Limited (NCL) ranks among the top five textile companies in Pakistan.

In 2007, the group expanded into the power sector by launching Nishat Chunian Power Ltd. (NCPL), a 200 MW Independent Power Plant (IPP) that supplies electricity to the national grid. Both NCL and NCPL are listed on the Pakistan Stock Exchange.

Mr. Yahya Saleem and his family also established a 200-bed tertiary hospital in Lahore in memory of Sheikh Mohammad Saleem. Built to state-of-the-art international standards, the hospital provides subsidized healthcare to underprivileged communities.

In 2019, he was appointed CEO and Director of NC Entertainment Private Limited, which owns and operates two multiplexes under the brand “Universal Cinemas,” including Pakistan’s largest multiplex.

That same year, he founded YSG Trading Private Limited, specializing in importing high-quality lentils from Canada.



Salman Khalid Butt
Director

Committee Membership

Mr. Salman Butt is an accomplished international business executive and ex-banker. He is currently a Dubai, U.A.E. based entrepreneur.

Mr. Salman Butt started his career with Citibank N.A. in 1985 and worked for 20 years as an international banker with Citibank N.A. and Samba Financial Group, holding several senior positions in Corporate and Investment Banking in Pakistan, Hong Kong, UK, Egypt and Saudi Arabia.

Mr. Salman Butt joined Orascom Construction Industries, Egypt (OCI Egypt) as Group CFO in 2005. OCI Egypt was a leading Egyptian multinational listed on Cairo Stock Exchange and involved in Construction, Fertilizers and Cement operations. In 2013, OCI Egypt was re-domiciled as OCI N.V. Netherlands and listed on Amsterdam Stock Exchange, where he continued as Executive Director and Group CFO from 2013 to 2017.

Mr. Salman Butt holds Masters of Business Administration degree from the University of Texas at Austin, Texas, U.S. and B.Sc. Industrial Engineering degree from Middle East Technical University, Ankara, Turkey.



Mohd Suhail Amar Suresh bin Abdullah
Director

Committee Membership

Mr. Suhail has over 30 years of combined global experience in the financial services and telecommunications sector specialising in digital transformation, IT architecture, systems and application development, regional implementation and business development. His passion in technology drives him to effectively utilise technology as a competitive advantage for enhanced customer experience.

Mr. Suhail is currently the Senior Advisor, President & Group CEO's Office Maybank, Malaysia's largest Financial Services Institution. His previously held positions include Group Chief Technology Officer of Maybank, Managing Director of Bank Negara Malaysia's wholly-owned subsidiary Malaysian Electronic Clearing Corporation Sdn. Bhd. (MyClear), Group Managing Director of Malaysian Electronic Payment System Sdn. Bhd. (MEPS) and Board Director of MRANTI Corporation Sdn. Bhd.

Presently, Mr. Suhail is a Director on the Board of MCB Bank Limited and is a member of the Board's Business Strategy & Development Committee, Risk Management & Portfolio Review Committee and IT Committee.

Mr. Suhail has been recognized for his leadership in driving technology within the Financial Industry both locally and in the region. This includes CIO 100 ASEAN in 2024 and 2023 and being ranked top-3 CIOs in ASEAN in 2022 and 2021 by International Data Group (IDG)'s CIO 100, Financial Services CIOs in Southeast Asia 2018 by IDG, Bank Technology Leadership Achievement in Asia Pacific 2017 by The Asian Banker and CIO Excellence Award 2016 by PIKOM, Malaysia.

He is a Fellow of the Malaysian Institute of Management and a Chartered Banker of the Chartered Banker Institute & Asian Institute of Chartered Bankers. He holds a Master of Business Administration from Charles Sturt University, Australia and an Advanced Management Program from Harvard Business School, Boston, USA.

Committees

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Shahzad Hussain
Director

Committee Membership

After passing the final exam of England Institute of Chartered Accountants, i.e., The Institute of Chartered Accountants in England and Wales (ICAEW), Mr. Shahzad Hussain returned to Pakistan from UK, in early 1980s. In Pakistan, he became a member of the Institute of Chartered Accountants of Pakistan i.e. ICAP. Later, he was elected as a member of its Council for a term of four years and also served as Vice President (North), where he chaired the ICAP's Discipline Committee, reporting to the Council.

In 1980, after serving briefly in SNGPL, he joined A. F. Ferguson and Co., a network firm of Price Waterhouse Coopers (PwC). In early 1990's he was admitted to partnership and served the firm in Audit, Tax and consultancy. In 2003, he was made Partner In-Charge of Lahore Office, where he served until his retirement in 2015. Currently he is on the Board of MCB Bank since 2019.

He has vast experience in Audit, Tax practice and in consultancy. He headed many assignments, including Asian Development Bank funded assignment for Punjab Government Resource Mobilization, where he gained considerable experience in Provincial Government organization structures and procedures in various fields.



Norzulkarnien bin Nor Mohamad
Director

Committee Membership

An MBA in Finance from University of Malaya, Mr. Norzulkarnien possesses 18 years of diversified professional experience encompassing corporate planning and budgeting, financial and business analysis, strategic management, strategic project management and transformation, product development and structuring, portfolio and product management, business development and management, sales and distribution management, operation management, knowledge management, branding & marketing, corporate affair, and Islamic finance. Currently, he is serving as Executive Vice President/Head Global Banking, Maybank Group Islamic Banking.



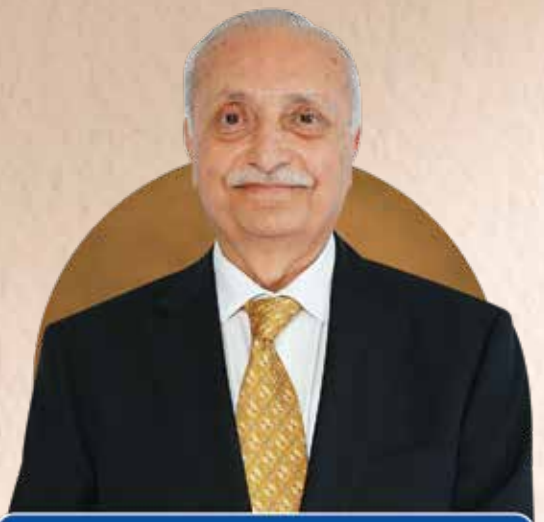
Masood Ahmed Puri
Director

Committee Membership

Mr. Masood Ahmed Puri is a distinguished and versatile senior executive with extensive expertise in strategic planning, business development, risk management, and sound decision-making. With nearly 45 years of experience, he serves as the CEO and owner of multiple conglomerates operating across diverse industries, including logistics, shipping, supply chain, restaurants, and textiles within the GCC region.

Mr. Puri began his career in Pakistan with the Vegetable Ghee Industry before transitioning to the logistics and shipping sector in 1976. He was appointed as General Manager of Finance at a prominent logistics company in Saudi Arabia, where he quickly demonstrated exceptional leadership and operational management capabilities. This role became the foundation for his entrepreneurial journey, as he successfully established and expanded businesses across his core industries. Over time, he strategically diversified into textiles and restaurants, further solidifying his reputation as a dynamic and visionary leader.

With a wealth of experience in finance, corporate strategy, management and operations, Mr. Puri is particularly renowned for his expertise in business start-ups. His remarkable career trajectory and deep insights into multiple industries make him a respected figure in the business community across the GCC.



Shaikh Muhammad Jawed
Director

Committee Membership

Shaikh Muhammad Jawed possesses extensive expertise in the efficient management of cutting-edge industrial operations. His remarkable technical proficiency has earned numerous accolades and merits for outstanding performance in exporting industrial products from Pakistan. Under his guidance, the industrial entity he leads has received prestigious awards, contributing significantly to the country's foreign exchange reserves.

A recipient of technical education in Industrial Technology from the UK, Mr. S. M. Jawed has been honored with a Gold Medallion Award from the International Export Association, UK, highlighting the company's excellence in production and export.

In addition to his leadership in the industrial sector, he holds Directorship/shareholding in following entities, reflecting his diverse business interests.

Other Directorships:

- Din Textile Mills Limited
- Din Leather (Pvt) Limited
- Din Farm Products (Pvt) Limited
- Adamjee Insurance Co. Limited
- Adamjee Life Assurance Co. Limited

Committees

Audit Committee (AC) Business Strategy & Development Committee (BS&DC) Risk Management & Portfolio Review Committee (RM&PRC)
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Compliance Review & Monitoring Committee (CR&MC) Committee on Physical Planning & Contingency Arrangements (PP&CA)



Muhammad Nauman Chughtai
President & CEO

Committee Membership

Mr. Muhammad Nauman Chughtai is a certified director and a seasoned banker, carrying over three decades of banking experience comprising of foreign as well as large domestic banks. He has managed Consumer, Retail, Corporate and Transaction Banking/Cash Management Businesses. During the past years, Mr. Chughtai headed the Corporate Banking Group of MCB Bank and was also assigned as Group Head Risk Management & Chief Risk Officer of the Bank.

Mr. Chughtai has significantly contributed towards MCB's sustained growth and distinct reputation as one of Pakistan's leading financial institutions through his strategic vision and ability to drive operational excellence.

He had been on the Board of MCB Islamic Bank and is currently serving as director of MCB Non-Bank Credit Organization, CJSC, Azerbaijan, MCB Investment Management Limited, Chairman Board of Trustees of MCB Employees Foundation and National Management Foundation (sponsoring body of LUMS).

He is a Chartered Financial Analyst (CFA) and holds an MBA in Finance and Marketing from the Lahore University of Management Sciences. He also holds a B.E. in Electronics Engineering from NED University of Engineering & Technology, Karachi.



ORGANIZATIONAL STRUCTURE







LEADERSHIP TEAM



Front Row (Left to Right): Hammad Khalid, Amna Hasan, Malik Abdul Waheed, Muhammad Nauman Chughtai

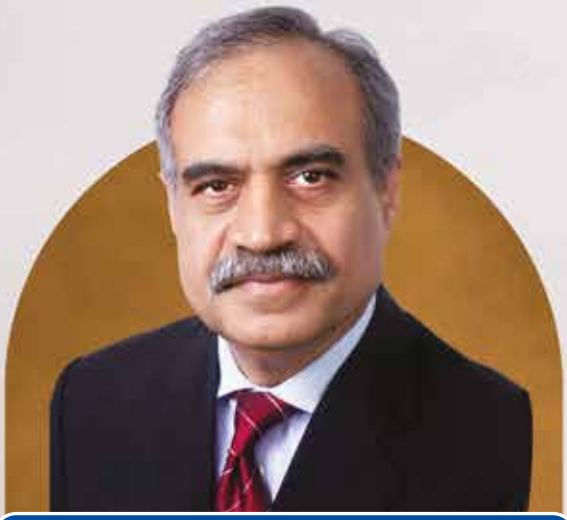
Centre Row (Left to Right): Adnan Aurangzeb Khan, Kashif Ali, Syed Sikander Zulquernain, Rizwan Chughtai

Back Row (Left to Right): Basit Tansir, Muhammad Farooq Wasi



Front Row (Left to Right): Farid Ahmad, Hassan Nawaz Tarar, Azfar Alam Nomani
Centre Row (Left to Right): Muhammad Haris Hasan, Waqas Mahmood, Natasha Ahmed
Back Row (Left to Right): Shahzad Ishaq, Mansoor Qadir, Mohammad Ali Yafis Gardezi

OTHER SENIOR MANAGEMENT



Tahir Riaz
Country General Manager, Sri Lanka

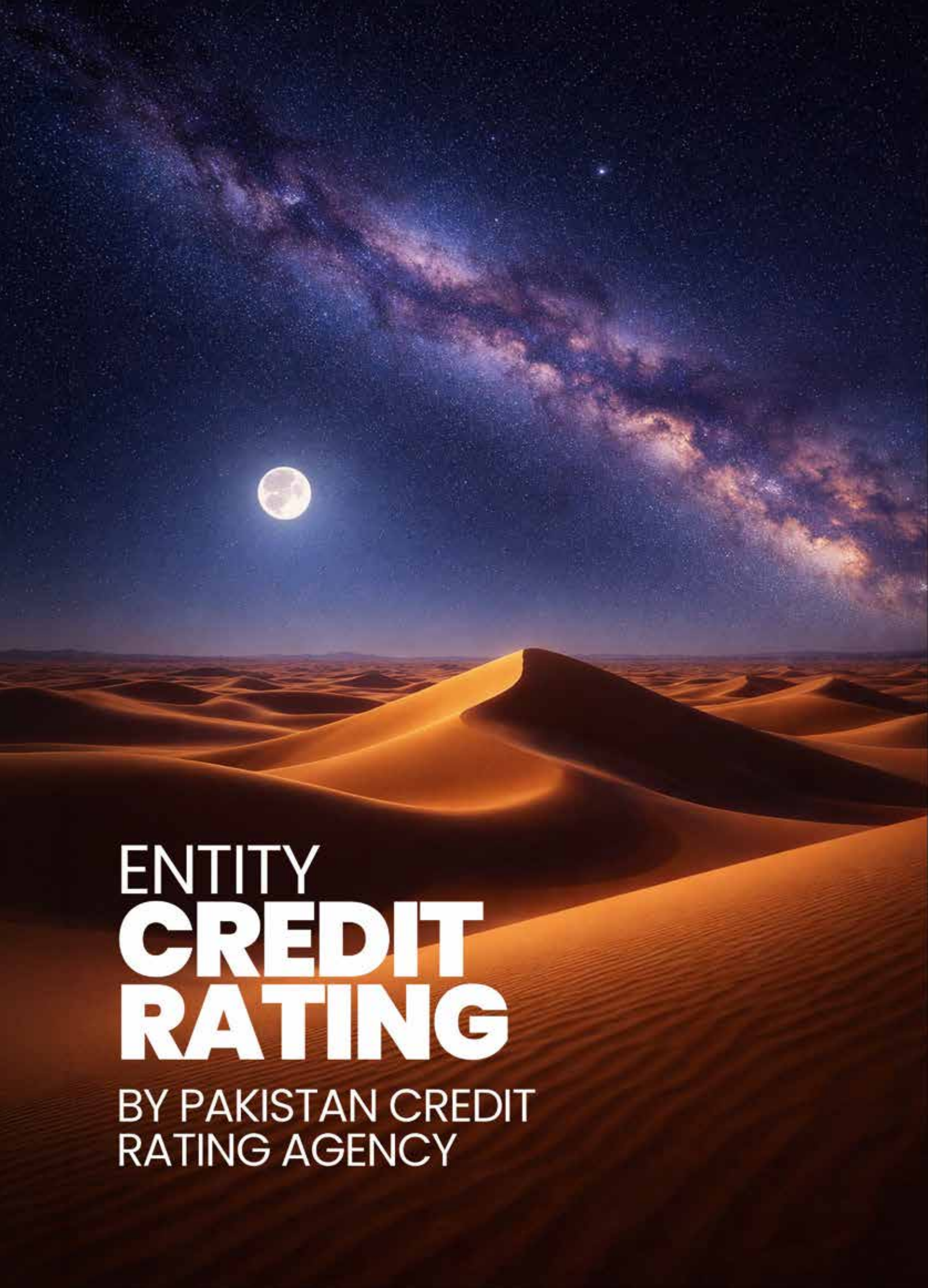


Syed Faheem Ahmed
Country Manager, Bahrain



Aamir Khanzada
Country Manager, UAE





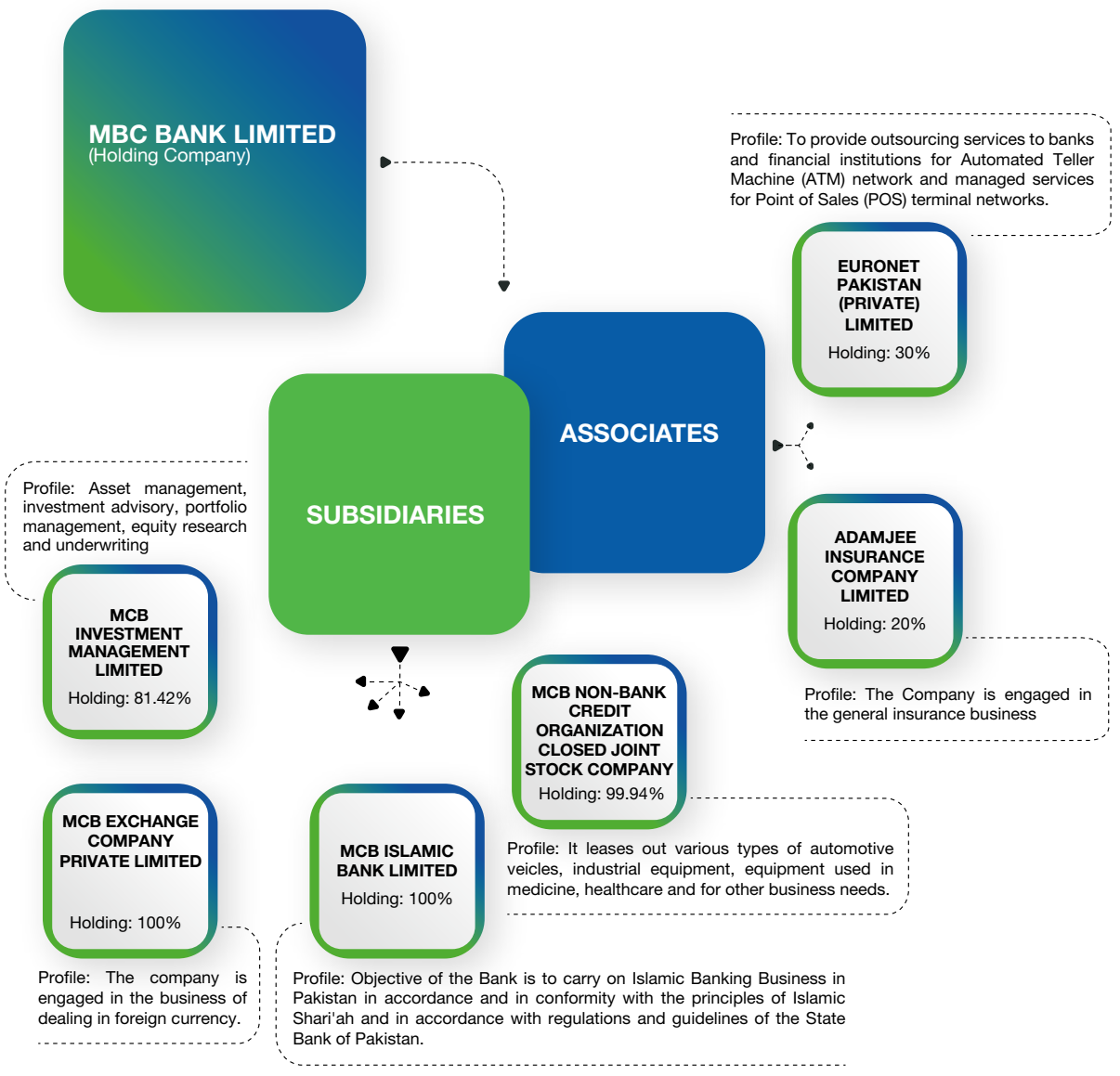
ENTITY CREDIT RATING

BY PAKISTAN CREDIT RATING AGENCY


LONG TERM
AAA
SHORT TERM
A1+

Corporate Profile of the Bank

MCB Bank is one of the oldest banks of Pakistan, incorporated in private sector in 1947. It was nationalized in 1974 and privatized in 1991. MCB Bank's major shareholding is owned by Nishat group, a prominent business conglomerate, having diversified interests in Textiles, Cement, Banking, Insurance, Power Generation, Hotel Business, Agriculture, Dairy, Auto Manufacturing and Paper Products. To enter into international capital markets, the Bank launched its Global Depositary Receipts (GDRs) in 2006. It was the first Pakistani Bank that had its GDRs listed on the London Stock Exchange. In 2008, the Bank entered into a strategic partnership with Maybank, Malaysia, which owns 18.78% stake in MCB through Maybank International Trust (Labuan) Berhad. In 2017, operations of NIB Bank were successfully amalgamated into and with MCB under a merger scheme. MCB is the first Pakistani Bank which incorporated a wholly owned Islamic Banking subsidiary, MCB Islamic Bank Limited, to meet requirements of a significant segment of society, for financial solutions that conform to Shari'ah rulings, and demonstrate our confidence in the potential of the Islamic Banking industry in the country.

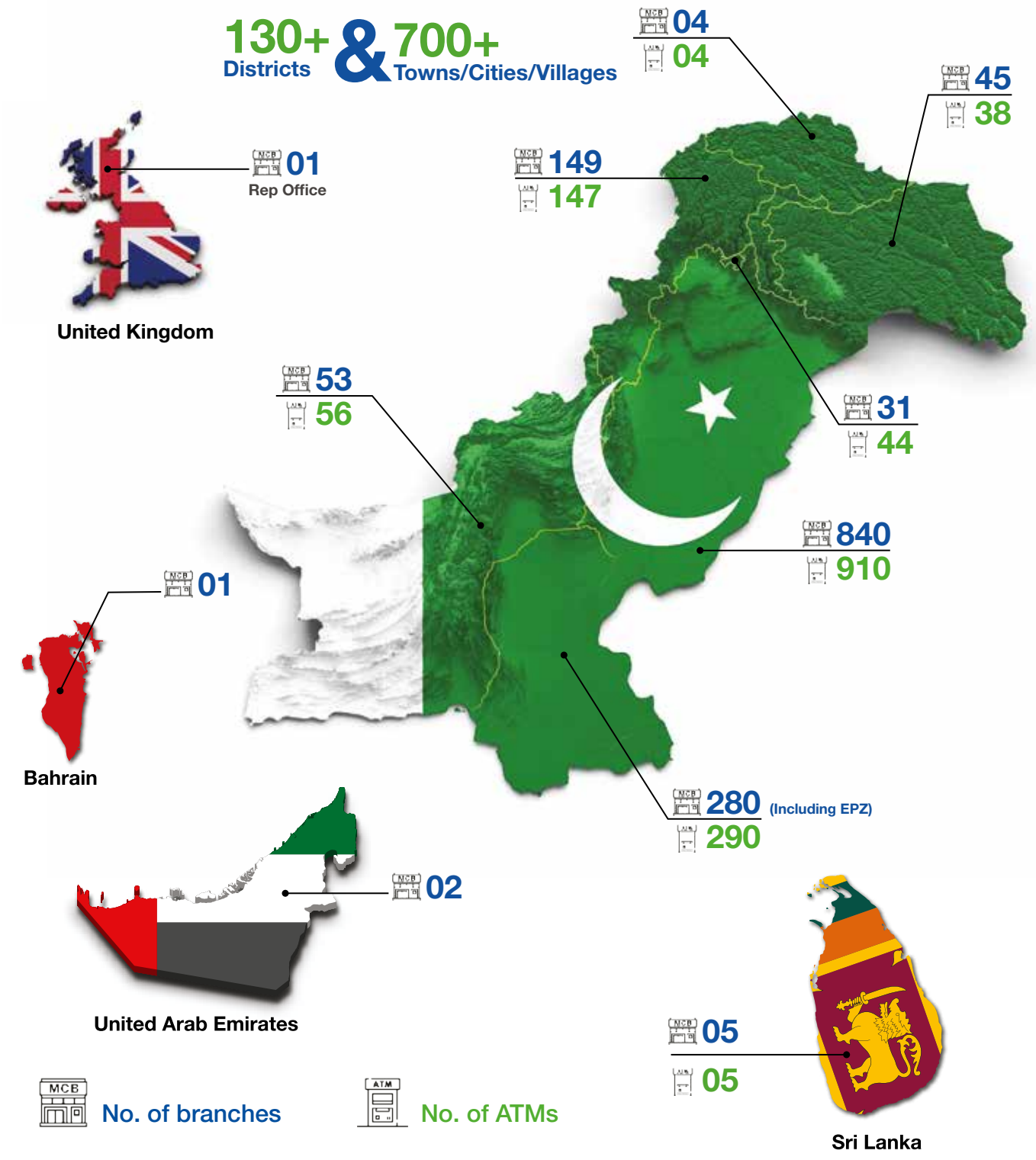


Our Presence

The Bank operates a strong and vast network of over 1,400 Branches and over 1,480 ATMs in Pakistan and 8 branches overseas with a footprint in UAE, Bahrain, and Sri Lanka. With a customer base of over 7 million, MCB leads the banking & financial services sector in Pakistan and customers across the globe have 24/7 access to MCB Bank via our World Class Internet Banking. The Bank on a consolidated basis is operating the 2nd largest network of more than 1,700 branches in Pakistan.

Footprint across Pakistan covering

130+ Districts **&** **700+** Towns/Cities/Villages



CHAIRMAN'S REVIEW



I am pleased to present this report to the shareholders of MCB Bank Limited on the effectiveness of the role played by the Board and its overall performance in achieving the Bank's strategic objectives during 2025.

Effectiveness of the Role Played by the Board

The Board continues to set the strategic direction of the Bank, ensuring disciplined execution of its vision, mission, and core values while upholding the highest standards of governance, business ethics, and professional conduct in supervising and managing the Bank's affairs.

The Board actively oversees the Bank's internal control framework to ensure robust risk management, regulatory compliance, and long-term institutional resilience. Our governance structure maintains a clear distinction between the roles of the Chairman and the President & CEO, thereby reinforcing independent oversight and balanced decision-making. The Bank continues to operate under a comprehensive Code of Conduct applicable to both directors and employees, promoting integrity, transparency, and accountability.

The Board remains steadfast in protecting the interests of the Bank's shareholders. All Board Committees operate under clearly defined Terms of Reference, ensuring effective oversight, structured deliberations, and sound governance outcomes.

During 2025, the Pakistan Institute of Corporate Governance ('PICG'), as an external independent evaluator conducted the performance evaluation of the Board as a whole, its Committees and individual Board Members for the Year 2024.

Financial and Economic Performance

The monetary easing cycle initiated in 2024 and continued into 2025, following up on the stabilization measures undertaken in preceding years. A sustained decline in inflation enabled the State Bank of Pakistan to initiate a reduction in policy rates, supporting improved liquidity conditions and renewed private sector confidence. Exchange rate stability and fiscal discipline contributed to strengthening macroeconomic fundamentals, despite continued global volatility.

Within this evolving environment, MCB Bank delivered another year of strong financial performance. The Bank recorded a Profit Before Tax of Rs. 115.5 billion and a Profit After Tax of Rs. 54.2 billion, translating into Earnings Per Share of Rs. 45.73. Total assets expanded by 20% to Rs. 3.25 trillion, reflecting balance sheet strength and business growth momentum. Deposits increased by Rs. 339 billion during the year, including a historic increase of Rs. 274 billion in current deposits. The Bank declared total dividends of 360% for the year, maintaining its consistent track record of shareholder value creation. MCB Bank contributed approximately Rs. 131 billion to the national exchequer in the form of income tax, sales tax, and various withholding tax collections, reaffirming its role as a responsible corporate citizen. Additionally, the Bank facilitated USD 4.398 billion in home remittances through formal channels, continuing to support Pakistan's external account stability.

Significant Commitments and Changes from Last Year

As Chairman, I remain committed to strengthening a culture of excellence, transparency, and sustainable growth at MCB Bank. Our key focus areas during the year included:

Strategic Oversight:

- Advancing digital transformation initiatives to enhance customer experience and operational agility.
- Strengthening enterprise-wide risk management frameworks to address evolving financial and operational risks.

Financial Stewardship:

- Preserving strong capital adequacy and liquidity buffers.
- Ensuring disciplined cost management and sustainable earnings quality.

Corporate Social Responsibility (CSR):

- Expanding initiatives in financial inclusion, healthcare, education, and community development.
- Scaling Agri and SME financing to stimulate inclusive economic growth and employment generation.

Environmental, Social, and Governance (ESG):

- Integrating ESG considerations into lending and investment decisions.
- Expanding green banking initiatives and reducing the Bank's operational carbon footprint through renewable energy adoption and digitization.

Compared to the previous year, the Bank has further accelerated investments in technology modernization and sustainable financing, ensuring long-term competitiveness in an increasingly digital financial ecosystem.

Board Statement on Internal Control System

The Board acknowledges its responsibility for establishing and maintaining an effective system of internal controls to safeguard the Bank's assets and ensure the integrity of financial reporting. The Board has reviewed and endorsed management's statement on Internal Control over Financial Reporting (ICFR) and the overall internal control framework. Continuous oversight by the Audit Committee and the Internal Audit function ensures timely identification and remediation of control gaps.

The Board is satisfied that the internal control environment provides reasonable assurance regarding operational effectiveness, regulatory compliance, and risk mitigation.

ESG and Sustainability Initiatives

Our commitment to Environmental, Social and Governance principles remains integral to our long-term strategy. During 2025, we continued expanding our footprint in Agri and SME financing, while promoting financial literacy and inclusion. The Bank further strengthened its renewable energy initiative, with over 300 branches operating on solar energy. Technology-driven resource optimization, including IoT-based monitoring systems, enhanced operational efficiency and environmental stewardship. On the social front, the Women Protection and Empowerment (WPE) Unit continues to promote a safe, diverse, and inclusive workplace, reinforcing our commitment to equitable growth and institutional integrity.

Technological Innovation and Future Outlook

MCB Bank remains committed to supporting customers and businesses in an increasingly digital and data-driven economy. The Bank is embracing artificial intelligence, advanced data analytics, automation, and secure API integrations to enhance customer experience, operational efficiency, and risk management capabilities.

I am proud of the resilience, discipline, and forward-looking approach demonstrated by the Board, management, and employees during 2025. With a strong governance framework, robust financial foundation, and strategic clarity, MCB Bank is well-positioned to navigate emerging challenges and capitalize on new growth opportunities. We remain committed to sustainable value creation for our shareholders, customers, and the communities we serve, and we look forward to continued progress in the years ahead.

Mian Mohammad Mansha

Chairman
MCB Bank Limited

PRESIDENT'S REVIEW



The year 2025 unfolded against a complex global landscape characterized by trade disruptions, tariff realignments, geopolitical tensions, evolving monetary policy expectations and the accelerated adoption of artificial intelligence (AI). These dynamics heightened market volatility and produced uneven growth patterns across regions and sectors. While trade-linked industries remained under pressure, technology-enabled businesses demonstrated resilience and structural growth.

Domestically, Pakistan's economy transitioned gradually from stabilization toward early recovery. Inflation moderated significantly, external account pressures eased and fiscal consolidation under the IMF-supported framework strengthened macroeconomic fundamentals. Record remittance inflows improved foreign exchange reserves and calibrated monetary easing supported economic normalization.

In 2025, MCB Bank delivered another year of resilient performance, reaffirming its position as one of Pakistan's leading financial institutions. Throughout the year we remained focused on key strategic priorities which included expanding our deposit base, strengthening core earnings, improving IT operations, diversifying revenue streams and enhancing our digital experience and customer service levels. Our efforts were supported by a strategy anchored in prudent risk management, capital strength, and customer-centricity.

Total deposits grew by Rs. 339 billion, driven by a targeted focus on low-cost deposit mobilization. This growth was supported by high-quality new-to-bank acquisition, deepening of existing relationships and clearly defined performance benchmarks aligned with service excellence.

Our financial strength enabled us to deliver sustainable shareholder value while maintaining a robust balance sheet. The Bank declared cash dividends of Rs. 36 per share (360%), reflecting disciplined capital allocation and a continued commitment to shareholder returns.

Profit Before Tax stood at Rs. 115.45 billion, while total assets increased by 20% to Rs. 3.2 trillion. Average current deposits rose by Rs. 198 billion. Despite monetary easing and downward repricing of the yield curve, net interest income remained resilient at Rs. 145.6 billion.

Non-markup income reached Rs. 35.8 billion, supported by strong foreign exchange income of Rs. 10.2 billion and dividend income of Rs. 5.1 billion. Fee and commission income remained stable, demonstrating the strength and diversification of our revenue base. While still maintaining strong cost discipline, the Bank's cost to income ratio increased to 37.7%. This translated into a Return on Assets (ROA) of 1.82% and Return on Equity (ROE) of 23.02%, underscoring good operational efficiency.

Our capital position remains strong with a Capital Adequacy Ratio of 19.53%, which is comfortably above regulatory thresholds. We continued to enhance our risk management framework, maintaining a prudently managed credit portfolio with a well-controlled NPL ratio of 6.76%.

In alignment with the State Bank of Pakistan's Environmental and Social Risk Management (ESRM) framework, environmental and social risk considerations have been embedded within our credit evaluation processes. This integration reinforces portfolio sustainability while aligning growth with national development priorities.

Our customer base expanded to more than 9.5 million accounts. We operate an extensive network of 1,410 branches across Pakistan, the UAE, Sri Lanka, and Bahrain, along with a representative office in the United Kingdom, supported by 1,494 ATMs. Together with our wholly owned Islamic banking subsidiary, we maintain Pakistan's second-largest branch network.

Digital transformation remained a core strategic pillar. MCB Live welcomed 482,662 new customers during the year, expanding its base to over 1.9 million users. Annual transaction throughput surpassed Rs. 3.2 trillion, reflecting year-on-year growth of 33% in customers and 86% in transaction volumes.

We further strengthened our payments infrastructure by expanding our POS and e-commerce ecosystem. Debit card retail spending reached an all-time high of approximately Rs. 97 billion, up 37% year-on-year, while acquiring volumes increased by 13%. These advancements underscore the scalability of our digital platforms and their contribution to deeper client engagement.

We continued to diversify revenue streams across business segments. Card-related income grew 18% year-on-year, supported by higher transaction volumes and strategic merchant alliances. Branch banking fees increased by 13%, while consumer banking fee income rose 16%, driven by stronger customer activity and auto fleet financing growth. Bancassurance surpassed Rs. 3 billion in new business acquisition. Cash management services remained a key growth driver, with annual throughput exceeding Rs. 5.8 trillion.

Our international operations in the UAE and Bahrain delivered strong results. The Bank remained a key player in home remittances, recording USD 4.4 billion in inflows with an 11% market share, reinforcing our role in supporting formal remittance channels and foreign exchange stability.

MCB Bank's financial strength and governance standards continued to receive recognition. PACRA reaffirmed our AAA long-term and A1+ short-term credit ratings. During the year, we were honoured as the "Fastest Growing Corporate Bank in Pakistan 2025" at the International Finance Awards.

We continued to proactively manage risk across portfolios while strengthening AML/CFT compliance controls and governance frameworks. As digital adoption accelerates, we continue to augment cybersecurity resilience, data governance and operational continuity, ensuring that our technology infrastructure remains secure, reliable and aligned with regulatory expectations.

The Bank remains committed to nurturing a high-performing workforce through investment in talent development, inclusion and employee well-being.

As a responsible corporate citizen, we continue to advance initiatives in financial inclusion, education, healthcare, and environmental sustainability. Our commitment to ESG principles remains integral to long-term value creation and institutional resilience.

Looking ahead, our focus will remain on expanding trade finance, strengthening digital banking and payment solutions, enhancing customer-centric offerings, accelerating deposit growth and fostering an agile, risk-aware and innovation-led banking culture, as well as investing in our people.

I extend my sincere gratitude to our Chairman and Board of Directors for their strategic guidance, to the State Bank of Pakistan and other regulators for their continued support, to our shareholders and customers for their trust and, most importantly, to our employees whose dedication and integrity drive our continued success.

Muhammad Nauman Chughtai
President & CEO
MCB Bank Limited

Overview

Branches

Domestic : **1,401**
EPZ : **01**

Global Presence

8 International branches in **3** countries
1 rep office in UK

Customers

Over **9.5** million customer accounts

ADCs

Over **1,480** ATMs

Over **1.9M** MCB Live users

Deposits

Market Share
5.53 % of Domestic Industry deposits

Advances

Market Share
4.64 % of Domestic Industry advances

Home Remittance

Market Share
10.94%

Trade

Market Share
7.71%

Credit Rating

Long Term - **AAA**
Short Term - **A1+**

Dividends

One of the **Highest** dividend per share in Banking industry

Branch Network

2nd largest branch network on Group basis (including MIB branches)

Market Capitalization

One of the **Highest** market cap. in Banking industry

Highlights

Profit Before Tax PKR 115.5 Billion **-2.5%**

Profit After Tax PKR 54.2 Billion **-5.9%**

Return on Assets **1.82%**

Return on Equity **23.02%**

Assets PKR 3,247 Billion **+20.1%**

Investments PKR 1,947 Billion **+66.8%**

Deposits PKR 2,261 Billion **+17.6%**

BCR Awards 2025

2nd Position in Banking Sector
(3rd Overall)

Historical Major Events

1947
Incorporation

1974
Nationalization

2004
Investment in Adamjee Insurance Company Limited

2005
Incorporation of MCB Trade Services Limited

2005
Incorporation of MCB Asset management Company Limited

2005
Change of Name from Muslim Commercial Bank Limited

2011
Investment in Euronet Pakistan (Private) Limited

2011
Amalgamation of MCB Asset Management Company with Arif Habib Investment Limited

2014
Incorporation of MCB Islamic Banking Limited – a subsidiary company

2021
MCB Live launch

2022
75th Anniversary

Calender of Major Events 2025

Annual Results 2024 issued on	77th Annual General Meeting Held on	1st Quarter Results issued	2nd Quarter Results issued
2025 FEBRUARY 06	2025 MARCH 27	2025 APRIL 23	2025 AUGUST 06

1989



Investment in First Women Bank

1991



Privatisation

1992

Incorporation of MCB Financial Services Limited

2001



Incorporation of MNET Services (Private Limited)

2006

Issuance and Listing of Global Depository Reciepts on London Stock Exchange

2008



Strategic Acquisition by MayBank

2009

Incorporation of MCB Leasing Close Joint Stock Company

2017



Merger of NIB Bank with and into MCB Bank Limited

2019



Merger of MNET Services (Private) Limited with and into MCB Bank Limited

2020

Disposal of MCB Financial Services Limited

2023



Incorporation of MCB Exchange Company Private Limited

2023

Acquisition of additional interest in MCB Investment Management Limited

2024

Transfer of 39 MCB Branches to MIB

3rd Quarter Results issued on

2025
OCTOBER 22

Annual Results 2026 issued on

2026
FEBRUARY 04

78th Annual General Meeting Scheduled

2026
MARCH 27

AWARDS
2025



International Finance Awards

Fastest Growing Corporate Bank in Pakistan

ICAP and ICMAP

Overall Best Corporate Report Award 2024 – 3rd Position

Best Corporate Report Award 2024 – Runnerup (Banking Sector)

SAFA Awards

Silver Award for Best Presented Annual Report 2024 (Private Sector Banks)

PayPak Awards

PayPak Merchant Acquirer Award

Top Card-in-Force Issuer

Pakistan Stock Exchange

Top 25 Companies Award for 2024

Pakistan Remittance Initiative(PRI) Awards

3rd Largest Bank in Pakistan Remittance Market 2025

Trade and Supply Chain Awards

Leading Partner Bank in Pakistan

2024

ICAP and ICMAP INTERNATIONAL
- Overall Best Corporate Report Award 2023 - Winner
- Best Corporate Report Award 2023 - Winner (Banking Sector)

SAFA Awards
- Bronze Award - Best Presented Annual Report 2023 (Private Sector Banks)

Pakistan Remittance Initiative (PRI) Awards
- 3rd Largest Bank in Pakistan Remittance Market 2024

Visa
- Highest Visa Cards in Force - 2024

Trade and Supply Chain Finance Program (TSCFP) Awards
- Leading Partner Bank in Pakistan
- Momentum Award - Issuing Bank

International Finace Publications Limited
- Fastest Growing Investment Bank in Pakistan
- Best Sukuk Arranger in Pakistan

The Asset Triple A Awards
- Social Infrastructure Deal of the Years
- Telecom Deal of the Year

Pakistan Stock Exchange
- Top 25 Companies Award for 2023

2023

Pakistan Remittance Initiative (PRI) Awards
- Leading Remmitance Mobilizing Bank of Pakistan for 2023

The Asset Islamic Finance Awards
- Best Local Currency SUKUK

ICAP and ICMAP - Best Corporate Report Award 2022
- Runner up (Banking Sector)

The Asset Sustainable Infrastructure Awards
- Telecom Deal of the Year

SAFA Awards
- Bronze Award - Best Presented Annual Report 2022 (Private Sector Banks)

Asia Money Awards
- Best Corporate Bank of Pakistan

Pakistan Stock Exchange
- Top 25 Companies Award for 2022

2022

International Finance Awards
- Best Corporate Finance Bank - Pakistan

Asiamoney Best Bank Awards
- Best Corporate Bank - Pakistan

ICAP and ICMAP
- Best Corporate Report Award 2021 - Joint Winner (Banking Sector)
- Overall Best Corporate Report Award 2021 - Joint Runner up

SAFA Awards
- Joint Silver Award for Best Presented Annual Report 2021 (Private Sector Banks)

Pakistan Stock Exchange
- Top 25 Companies Award for 2021

2021

Asset AAA Sustainable Capital Markets Country & Regional Awards
- Best Loan Adviser in South Asian Region
- Best Structured Finance Deal in South Asian Region
- Best Equity - Linked Deal

Finance Asia's Country Awards
- Best Bank in Pakistan

ICAP and ICMAP
- Best Corporate Report Award 2020 - Winner (Banking Sector)
- Overall Best Corporate Report Award 2020 - Winner

SAFA Awards
- Joint 2nd Runner up Best Presented Annual Report 2020 - Banking Sector

2020

ABF Corporate & Investment Banking Awards
- Best Equity Deal of the Year - Pakistan
- Syndication Loan of the Year - Pakistan

Asset AAA Infrastructure Awards
- Telecom Deal of the Year in Pakistan

Asset AAA Islamic Finance Awards
- Best Corporate Sukuk
- Best Acquisition Financing
- Best Syndicated Loan

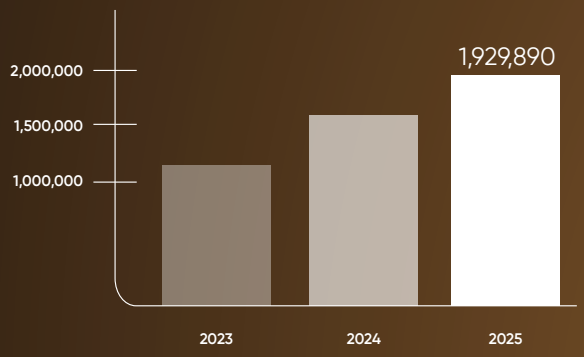
Asiamoney Awards
- Overall Most Outstanding Company in Pakistan
- Most Outstanding Company - Financial Sector in Pakistan

ICAP and ICMAP
- Best Corporate Report Award 2019 - Winner (Banking Sector)

SAFA Awards
- Joint 1st Runner up Best Presented Annual Accounts 2019 - Banking Sector

Pakistan Stock Exchange
- Top 25 Companies Award for 2019

Digital Snapshot



MCB Live achieved a significant milestone, with customer registrations exceeding **1.9 million**, reflecting a year-on-year growth of 33%.

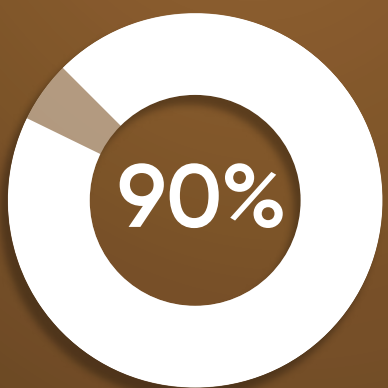
3,264,350 Mn

With a 86% annual growth rate, MCB Live achieved a transaction volume of PKR 3.2 trillion

+143 Million
ATM TRANSACTIONS

WITH **98.44%**
— UP TIME —

MCB Live achieved a 90% success rate for financial transactions.



37%

The remarkable growth in debit card retail spending, which reached a record-breaking PKR 97 billion (approximately) in 2025, marking a 37% year-on-year increase.

Active Alliances
275+

POS
6,974

Terminals deployed nationwide, facilitating a transaction volume approximating PKR 120 billion.

Forward Looking Statement

The Annual Report of MCB Bank Limited includes forward-looking statements across various sections. These statements are inherently subject to uncertainties regarding future events and should be interpreted accordingly by users of the report when making decisions.

Forward-looking statements often include terms such as “expect,” “anticipate,” “believe,” “seek,” “will,” “may,” “would,” “presume,” “assure,” “hope,” and similar expressions. By nature, they involve a degree of uncertainty and may not materialize as projected. Typically, these statements pertain to the Bank’s anticipated income, earnings, business expansion, operational costs, capital structure, dividend distribution, and other financial or strategic outlooks.

Pakistan’s Economic Performance

Global economic conditions have remained mixed amid persistent geopolitical tensions, evolving trade dynamics, and commodity price volatility. While global inflation has moderated in many advanced and emerging economies, uncertainty surrounding trade policies and geopolitical developments continues to pose downside risks to global growth. International commodity prices, particularly oil, have generally softened, though volatility remains elevated.

For Pakistan, lower global oil prices and relatively stable international food prices have supported inflation containment and moderated the import bill. However, global trade realignments, subdued international demand in certain markets, and price pressures in key export commodities—particularly rice—have created headwinds for export performance. Overall, the external environment has presented both supportive and challenging dynamics for the domestic economy. Economic activity has strengthened, with real GDP expanding by 3.7% in the first quarter of FY 2026, reflecting a broad-based recovery in commodity-producing sectors. The industrial sector posted notable improvement, supported by easing financial conditions, stable input availability, and strengthening domestic demand. Large-scale manufacturing recorded broad-based growth, particularly in automobiles, petroleum products, high value-added textiles, and construction-related industries.

Construction activity remained firm, as reflected in higher cement dispatches and increased imports of iron and steel. Agriculture also demonstrated resilience despite earlier flood-related disruptions. Kharif crop outcomes remained broadly stable, while wheat production is expected to improve due to higher sowing and better yields. Livestock, a major contributor to agricultural output, continued to grow in line with its historical trend. The improved performance of agriculture and industry is expected to generate positive spillovers into the services sector, particularly wholesale and retail trade and transportation.

The current account deficit remained contained at USD 1.2 billion during July–December FY 2026. Although the trade deficit widened due to rising imports in line with stronger domestic activity and relatively weak export prices, robust growth in workers’ remittances helped offset external pressures. Remittance inflows have remained strong, supported by increased overseas employment and improved formal channel utilization.

Exports faced challenges from lower global commodity prices, especially rice, intensified competition, and logistical constraints related to regional border closures. However, high value-added textile exports showed relative resilience in select markets. Imports increased, led primarily by non-oil items such as machinery, automobiles, iron and steel, and palm oil, reflecting strengthening economic activity. Meanwhile, the oil import bill remained manageable due to softer international crude prices.

SBP’s foreign exchange reserves strengthened to USD 16.1 billion, supported by contained external imbalances, interbank foreign exchange purchases, and official inflows. The accumulation of reserves has improved external buffers and enhanced the economy’s resilience to potential external shocks.

Fiscal consolidation efforts continued; however, revenue mobilization remained below target. Tax collection growth moderated, creating challenges in achieving fiscal objectives, particularly the primary balance surplus. This underscores the need for sustained structural reforms to broaden the tax base, enhance compliance, and improve public financial management. Maintaining fiscal discipline remains critical for preserving macroeconomic stability.

Monetary easing over the past year has led to a noticeable easing in financial conditions. Lending rates declined, supporting a pickup in private sector credit. Credit growth has remained above recent historical averages, with expansion observed across working capital, fixed investment, and consumer financing.

Key borrowing sectors include textiles, chemicals, telecommunications, wholesale and retail trade, and manufacturing industries. Broad money (M2) growth accelerated, driven by increased private sector credit and government borrowing. The reduction in the Cash Reserve Requirement from 6% to 5% is expected to further facilitate credit expansion and support economic activity.

Headline inflation moderated to 5.6% YoY in December 2025, remaining within the 5–7% target range. The moderation reflects favorable supply-side dynamics, including lower global oil prices, improved domestic food supplies following flood recovery, and stable exchange rate conditions. Energy inflation benefited from adjustments in domestic fuel and electricity prices, while food inflation eased amid improved supply conditions.

Core inflation, however, remained relatively elevated at around 6.9%, driven by persistent services inflation, including housing, education, healthcare, and transport costs, as well as higher global gold prices.

Overall, prudent monetary management, combined with fiscal consolidation and improved external buffers, has supported macroeconomic stability while facilitating a gradual and sustainable recovery in economic activity.

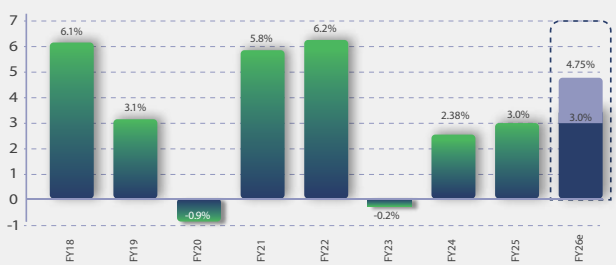
Pakistan's Economic Outlook

Pakistan's near-term economic outlook remains on an improving trajectory, supported by macroeconomic stabilization and policy discipline. Inflation is expected to remain broadly within the medium-term target range of the SBP, while the current account deficit is projected to stay contained. Economic activity is gaining momentum, underpinned by easing financial conditions, improved business sentiment, and strengthening domestic demand. Continued coordination between monetary and fiscal policies has helped build external and fiscal buffers, enhancing resilience against short-term shocks.

However, the outlook remains subject to external and domestic risks. Volatility in global oil prices, subdued export prices—particularly rice—and persistent trade tensions may weigh on export performance and external stability. Domestically, achieving fiscal targets amid revenue shortfalls, advancing structural reforms, and managing climate-related vulnerabilities remain key challenges. Sustained progress on export diversification, tax reforms, productivity enhancement, and energy sector restructuring will be critical to transitioning toward a more investment- and export-led growth model and ensuring durable, inclusive economic expansion

Economic Outlook

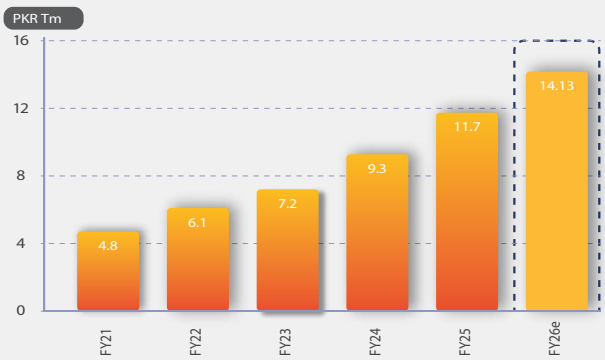
GDP Growth Forecast



Various organizations have forecasted Pakistan's GDP growth with differing outlooks for the FY2026. The Asian Development Bank (ADB) anticipates GDP growth of 3.0%. The International Monetary Fund (IMF) offers a slightly more optimistic estimate of 3.2% while the State Bank of Pakistan (SBP) expects GDP growth to fall within the range of 3.75% to 4.75%.

Global growth is projected at 3.3% for 2026 and 3.2% for 2027, revised slightly up since the October 2025 World Economic Outlook.

Fiscal Consolidation



FBR tax revenues rose by 9.5% in 1H FY2026, far below last year's 26% and the target, creating a PKR 329 billion shortfall and requiring a sharp pickup in 2H FY2026 to meet the annual target of Rs. 14,131 billion.

While lower interest rates provide temporary relief by reducing cash outflows, rising debt-servicing costs continue to anchor fiscal consolidation. The government's obligation to service rising debt stock limits discretionary spending, ensuring that even with cheaper borrowing, fiscal discipline remains imperative.

Other Key Prospects for Economic Growth

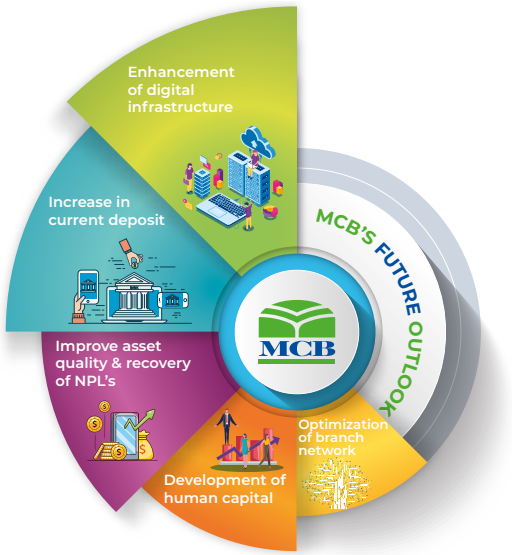


As the government navigates evolving dynamics, focusing on enhancing service exports and diversifying the overall export landscape will be essential for fostering economic resilience and maintaining a balanced trade outlook:

- **Reducing Export Concentration Risk:** Over 55% of exports are concentrated in textiles and apparel, with nearly half directed to the EU — underscoring vulnerability to external trade shocks and policy shifts
- **Enhancing Value Addition:** Transitioning from low-value-added textiles toward technical textiles, sustainable fashion, and higher value segments is critical to improving export earnings and margins.
- **Boosting Service Exports:** Strengthening ICT and other service exports can provide a stable, high-growth foreign exchange stream and reduce dependence on traditional merchandise exports.
- **Addressing Structural Competitiveness Gaps:** Lowering energy costs, improving logistics performance, easing financing constraints, and enhancing trade facilitation are essential to compete beyond tariff preferences.

- Rising remittance inflows are expected to provide strong support to Pakistan's external account, helping offset the widening trade deficit. With full-year remittances projected at around USD 41 billion in FY 2026, these inflows are anticipated to bolster SBP's FX reserves, enhancing macroeconomic stability and resilience against external shocks.
- Sustained increases in oil prices, currently rebounding between USD 60–73 per barrel, could pressure imports, widen the trade deficit, and drive inflation upward.
- Climate risks emanating from heavy rainfall or floods may disrupt agriculture and food supply chains, affecting food inflation, GDP growth, and import requirements.

MCB's Future Outlook



Considering the existing disruptions, complexities, and uncertainties, Pakistan's banking sector will continue to face challenges in 2026. The rapidly evolving socio-economic and regulatory landscape is likely to further complicate the operating environment.

Aligned with its Strategic Plan, which emphasizes customer centricity, geographical expansion, technology and cybersecurity, and people development, the Bank remains committed to delivering sustainable results for its investors, even in a challenging context.

To supplement its deposit mobilization drive, the Bank will focus on the conversion of home remittances, acquisition of quality NTB accounts, retention and deepening of existing relationships, and onboarding of cash management, collection, and payroll processing mandates. Maintaining a robust compliance and control culture, alongside operational efficiencies, will remain a key priority.

The Bank will continue efforts to improve asset quality. As credit constitutes a core business line, the Bank will pursue all prudent credit extension opportunities within its defined risk appetite, while actively monitoring underperforming portfolios to minimize potential deterioration and ensure recoveries in line with agreements.

On the investment front, the Bank is committed to optimally managing excess liquidity through strategic re-profiling of the investment book in an evolving yield curve scenario.

Digital transformation remains central to enhancing customer experience. The Bank's transformation drive integrates digital technologies across all operations, from internal systems to customer-facing interactions, through technological infrastructure upgrades, process digitization, advanced analytics, and a culture shift toward technology-driven solutions.

The Bank is also investing in workforce development for the "Digital Banking Age" by attracting and retaining the right talent. Employees are empowered to deliver an exceptional customer experience across all touchpoints, supported by capacity-building and skills enhancement programs. Employee development and training remain at the forefront of the Bank's strategic focus, ensuring the attraction and retention of top talent.

Finally, the Bank is committed to maintaining its position as a diversified financial institution with a strong heritage and reputation. Through enriched service offerings and financially viable products tailored to customer needs, the Bank aims to serve both current and next-generation clients while translating its underlying financial strength into sustainable profitability.

Key Projects to Support Future Performance

Details of Projects
Euronet Segment Infrastructure Enablement
Integration of MCB Live with Loan Origination System (LOS) for credit offerings
Oracle Exadata for Production and DR Site
Deployment of Cash Deposit Machines (CDM)
Single Sign On (SSO) Upgrade to Release 22
Learning Management System (Advance Search Query) for Contact Centre Agents
Oracle Digital Banking Solution (OBDX) for Bahrain
Enterprise-Wide Compliance Risk Assessment Program
Digital Rights Management (DRM) Solution
AI Enabled Security Operations Center (SOC) Solution
Email Security Gateway Revamp

Quantitative Projections

Outlook	Key Risks Going Forward
Deposit Mobilization: Targeting deposit growth exceeding the level achieved in 2025, supported by enhanced customer acquisition, deepening of relationships, and focus on low-cost granular deposits.	Intense industry competition amid low product differentiation and minimal switching costs may limit the Bank's ability to capture its targeted share of the expected expansion in the overall industry deposit base.
Net Interest Margin (NIM): The Bank aims to optimize asset-liability repricing, maintain a favorable deposit mix, and drive volume growth to protect spreads	Slower-than-expected growth in deposits and advances, or divergence from anticipated yield curve movements, may result in margins not materializing in line with projections.
Fee & Commission Income: Achieve double-digit growth through expansion in transactional banking, digital channels, trade finance, and cross-selling initiatives.	Transaction volumes may remain subdued amid moderation in domestic economic activity. Additionally, potential fiscal measures, including higher taxes on financial transactions, could dampen customer activity and fee generation
Cost Management: Contain expense growth at a modest level through disciplined budgetary controls, rationalization of discretionary spending, and operational efficiencies driven by automation and process re-engineering.	Cost-push pressures arising from currency depreciation, geopolitical uncertainties impacting commodity prices, and a potential resurgence in inflation may result in higher-than-anticipated operating expenses.
Capital Adequacy (CET1): Maintain CET1 comfortably above prescribed regulatory thresholds through prudent balance sheet growth and internal capital generation.	Elevated growth in Risk-Weighted Assets (RWAs), particularly from higher credit expansion or regulatory adjustments, may exert pressure on capital buffers.
Asset Quality & Recoveries: Focus on minimizing credit infection, proactive monitoring of vulnerable exposures, and realizing recoveries in line with contractual obligations.	Moderation in economic activity or realization of systemic and idiosyncratic risks may elevate credit risk, impacting asset quality and slowing recovery timelines.
Dividend Stability: Maintain a stable and consistent dividend payout, aligned with profitability, capital position, and shareholder expectations.	Regulatory revisions or supervisory constraints may impact dividend distribution capacity despite adequate profitability levels.

Uncertainties that could affect Bank's Resources, Revenues and Operations

Forward-looking statements, by their nature, involve inherent risks and uncertainties, many of which are beyond the Bank's control and may cause actual outcomes to differ materially from projections. The key uncertainties and risk factors that could impact the Bank's financial resources, revenue streams, operational performance, and capital position are outlined below:

Key Factor	Impact on Bank	Relevance
Discount rate / Monetary Policy Stance	Based on evolving macroeconomic indicators, SBP may adjust the policy rate. Any further reduction in the discount rate may initially support Net Interest Income (NII) and NIM due to repricing lags between earning assets and liabilities. However, as rates stabilize, margin compression may occur, adversely impacting profitability. The impact of interest rate sensitivity on the banks profitability has been disclosed in note 48.2.4 of the 'Unconsolidated Financial Statements'.	Short to Long Term
Inflation (projected upper single-digit range)	Inflation remains a key determinant of monetary policy direction. Any material uptick may prompt policy tightening, affecting funding costs, borrower repayment capacity, operating expenses, and overall credit risk profile.	Short to Medium Term
GDP Growth (moderate recovery trajectory)	Improved economic activity supports credit demand, fee generation, and asset quality. Conversely, slower growth may moderate advances expansion and elevate non-performing loans (NPLs).	Short to Medium Term
Political Stability & Law and order situation	Political stability and controlled law and order conditions are essential for sustaining investor confidence and economic activity. Any significant instability or security incidents may negatively impact equity markets, investment flows, credit growth, and overall profitability.	Short to Long Term
Corporate Tax rate / Additional Fiscal Measures	Any increase in corporate tax rate or imposition of additional fiscal levies may directly reduce profitability and internal capital generation. Transaction-based taxation could also dampen fee and commission income.	Short to Medium Term
Digital Transaction Growth	Increasing digital adoption may enhance low-cost deposit mobilization and fee income streams. However, it requires sustained investment in IT infrastructure, cybersecurity, and digital capabilities.	Medium to Long Term
AML/CFT & Evolving Regulatory Requirements	Increasing compliance stringency may elevate operating costs and capital requirements, while strengthening systemic resilience	Medium to Long Term
Workforce Transformation & Automation	Investments in automation and AI may increase short-term costs but are expected to improve long-term cost-to-income ratio and operational scalability.	Medium to Long Term

External Environment

The Bank's external environment, including political, economic, social, technological, environmental and legal factors have an impact on its business performance, strategic objectives and availability, quality and affordability of capitals.

Details have been disclosed in the 'Sustainable Value Creation through Strategy' and 'Strengthening Enterprise Resilience' sections of the Annual Report.

Status of Projects Disclosed in the Forward-Looking Statement of Previous Year:

Detail of last year projects	Status
Full Fledged DR & BCP Site for Sharjah Operations	In Progress
Cash Management Projects	Completed
Zero Trust Architecture (Consulting & Solution)	Completed
Digital Forensic & Incident Response (DFIR) Services	In Progress
SIEM Expansion & Log Servers	Completed
Network Detection & Response (NDR) Solution	In Progress
DNS Security Solution	Completed
Digital Customer Onboarding Application	In Progress
Data Governance Framework	In Progress
Application Security Solution	Completed

Performance of the Bank against Forward-Looking disclosure of 2025 as Presented in the Annual Report 2024

Forward-looking disclosure for 2025 as presented in annual report 2024	Performance of the Bank in 2025 against forward-looking disclosure
Considering the existing disruptions, complexities and uncertainties, Pakistan's banking sector will continue to face challenges in 2025. Furthermore, the rapidly evolving socio-economic and regulatory landscape is expected to further exacerbate the challenges surrounding its operating context. Remaining cognizant and following through on its 'Strategic Plan' centered around the key pillars of customer centricity, geographical expansion, technology & cyber security and people development (among others), the Bank is committed to deliver remarkable results to its investors; albeit in these challenging times. To supplement its deposit mobilization drive, the Bank will focus on conversion of home remittances, soliciting quality NTB accounts, retention and deepening of existing deposit relationships and further on-boarding of cash management, collection and payroll processing mandates. Disciplined implementation of policies and procedures in ensuring a robust compliance and control culture, along with creation of operational efficiencies, shall continue to remain a key focus area for the Bank. The Bank would continue to improve its asset quality. Credit being a mainstream business line of the Bank, instigates us to avail all righteous credit extension opportunities that fall within the defined risk appetite of the institution; while proactively monitoring watch listed portfolio of the Bank to minimize any further infection and ensure that recoveries are made in line with the agreements. On the investments side, the Bank is committed to optimally manage excess liquidity through strategic re-profiling of the investment book in an evolving yield curve scenario. Digital transformation is imperative to support enhanced customer experiences deducible from the adoption of advanced e-banking avenues. MCB's transformation drive is focused on integrating digital technologies into all areas of banking operations; from internal systems to customer-facing interactions by augmentation of its technological infrastructure, process digitization, leveraging advanced analytics and most importantly, by changing the entire culture within the Bank towards more technology driven solutions.	Demonstrating resilience and disciplined execution amid a moderating interest rate environment, MCB Bank delivered another year of strong financial performance in 2025. Profit Before Tax (PBT) was reported at Rs. 115.5 billion, while Profit After Tax (PAT) stood at Rs. 54.2 billion, translating into Earnings Per Share (EPS) of Rs. 45.73. The Bank declared cash dividends of Rs. 36 per share (360%), reflecting sustained profitability and prudent capital management. The key drivers for the reported performance included: • targeted expansion of no-cost deposits, with a historic increase in current deposits; • resilient net interest income in a declining rate environment, supported by balance sheet optimization; • diversification of revenue streams across cards, consumer banking, branch banking and cash management; • disciplined cost management, maintaining a healthy cost-to-income ratio of 37.73% despite continued investments in technology and talent; and • sound risk governance and capital strength, preserving asset quality and financial stability. During the year, the monetary easing cycle that commenced in mid-2024 continued, resulting in margin compression across the sector. Net interest income remained resilient at Rs. 145.6 billion, despite a 2% YoY decline, as healthy growth in earning assets was largely offset by yield compression. The impact was partially mitigated by a significant improvement in the deposit mix, with current account concentration improving to 54% as at year end. This favorable shift, coupled with a Rs. 198 billion increase in average current deposits, enabled the Bank to significantly reduce its domestic cost of deposits to 4.88% (2024: 9.98%), thereby reinforcing margin stability and earnings sustainability. Non-markup income of the Bank was reported at Rs. 35.8 billion. While fee and commission income moderated to Rs. 19.3 billion amid competitive pressures in the remittance segment, foreign exchange income increased by 11% to Rs. 10.2 billion and dividend income grew by 45% to Rs. 5.1 billion.

Forward-looking disclosure for 2025 as presented in annual report 2024	Performance of the Bank in 2025 against forward-looking disclosure
The Bank is also investing in developing a workforce for the 'Digital Banking Age' by attracting and retaining the right skillset and competence; hence, aligning its human capital with the evolving business dynamics. To further drive customer centricity in its service delivery, the Bank will invest in empowering employees to lead a pleasant customer experience across all touch points. Also, through capacity and skills enhancement programs for the employees, we will continue emphasizing the need for the staff to serve customers as a means of consolidating its position as the preferred Bank in the industry. To sum up, employees' development and trainings would remain at the forefront of our strategic focus and we would acutely remain conscious in attracting and retaining the best talent pool in the industry. The Bank is committed in maintaining its unique positioning of a diversified financial institution with a robust heritage and strong reputation; through enriched service offerings and financially viable products tailored to meet requirements of its esteemed customers, hence, enabling it to serve both its existing and next-generation customers in the coming years while simultaneously translating the underlying financial strength of the entity into profits.	Revenue diversification remained a key focus area: • Card-related income grew by 18% YoY, supported by higher transaction volumes and enhanced product offerings. • Debit card retail spending reached an all-time high of approximately Rs. 97 billion, up 37% YoY. • Branch banking fee income increased by 13%, while consumer banking fee income grew by 16%, reflecting stronger customer engagement and improved uptake of consumer financing products. • Cash management throughput exceeded Rs. 5.8 trillion during the year. • Bancassurance generated over Rs. 3 billion in new business during the year. Digital transformation continued to accelerate. MCB Live onboarded 482,662 new customers, bringing the total user base to over 1.9 million. Annual transaction throughput surpassed Rs. 3.2 trillion, reflecting 33% growth in customers and 86% growth in transaction volumes. Under the SBP's RAAST initiative, annual transaction volumes rose significantly to approximately 76 million, with the merchant network expanding to 1,397, underscoring the Bank's pivotal role in strengthening Pakistan's digital payments ecosystem. Operating expenses increased by 12% YoY, primarily reflecting continued investments in technology infrastructure, cybersecurity, talent development, brand-building, and network enhancement. Despite these strategic investments, the Bank maintained a disciplined cost structure, with a cost-to-income ratio of 37.73%, balancing operational efficiency with long-term growth objectives. On the balance sheet side, total assets grew by 20% to Rs. 3.25 trillion, mainly driven by a 67% increase in net investments. Asset quality remained sound, with non-performing loans (NPLs) at Rs. 49.8 billion, an infection ratio of 6.76%, and a coverage ratio of 92.47%. Return on Assets (RoA) and Return on Equity (RoE) were recorded at 1.82% and 23.02%, respectively, while the Book Value per Share improved to Rs. 205.59. On the liabilities side, total deposits grew strongly to Rs. 2.26 trillion, with an absolute increase of Rs. 339 billion during the year. Current deposits registered a historic increase of Rs. 274 billion, underscoring the Bank's strength in mobilizing cost-effective funding and reinforcing earnings sustainability in a softening rate cycle.

Forward-looking disclosure for 2025 as presented in annual report 2024	Performance of the Bank in 2025 against forward-looking disclosure
	The Bank's capital and liquidity positions remained robust, with a Capital Adequacy Ratio (CAR) of 19.53% and a Common Equity Tier-1 (CET1) ratio of 14.38%, comfortably above regulatory thresholds. Liquidity buffers remained strong, reflected in a Liquidity Coverage Ratio (LCR) of 267.35% and a Net Stable Funding Ratio (NSFR) of 163.71%. MCB maintained its leadership position in the home remittance market, achieving an 11% market share and processing USD 4,398 million in inflows during the year. The Bank was recognized as the 3rd Largest Bank in the Pakistan Remittance Market at the SBP's PRI Awards 2025, reaffirming its commitment to secure and efficient cross-border payment services. As at December 31, 2025, the Bank operated a network of 1,410 branches along with 10 sub-branches across Pakistan, UAE, Sri Lanka and Bahrain, supported by 1,494 ATMs. Its customer base expanded to over 9.5 million accounts, reflecting sustained trust and franchise strength. Overall, 2025 performance underscores MCB Bank's ability to navigate a transitioning macroeconomic environment through prudent balance sheet management, disciplined execution, digital innovation, and a steadfast commitment to sustainable growth and stakeholder value creation.

Sources of Information and Assumptions used for Projections and Forecast

The Bank develops its operational and financial forecasts on the basis of a comprehensive assessment of both internal and external information sources. This includes detailed analysis of internal business performance data, prevailing macroeconomic indicators, regulatory developments, and industry-specific trends.

These inputs are evaluated using in-house developed analytical tools, established forecasting methodologies, and the Bank's functional expertise across business and risk domains. The resulting assessments and assumptions form the basis for the preparation of the Bank's projections and forward-looking financial estimates

Our Response to Critical Challenges and Uncertainties

MCB remains firmly positioned to respond effectively to critical challenges and uncertainties arising from both systemic and idiosyncratic risks. Our response is anchored in a stable and diversified funding base, strong liquidity buffers, and a resilient capital position, which collectively provide the financial flexibility to withstand external shocks while continuing to support growth.

Leveraging our 78-year legacy, strong brand franchise, and prudent risk governance framework, the Bank adopts a pragmatic and forward-looking business strategy that emphasizes balance sheet strength, disciplined underwriting, operational continuity, and digital enablement. This integrated approach ensures that we remain agile in a dynamic operating environment while safeguarding stakeholder value.

For further details on the Bank's risk management framework and strategic preparedness, please refer to the 'Risks and Opportunities,' 'Business Continuity Management,' and 'Sustainable Value Creation through Strategy' sections of this Annual Report.

Bank's Future Research and Development Initiatives

In an increasingly dynamic financial landscape, both traditional and modern banks are investing in research and development (R&D) to maintain competitiveness and enhance operational efficiency. MCB remains committed to driving innovation through strategic R&D initiatives, aligning with technological advancements, evolving customer expectations, and regulatory requirements.

Key focus areas include:

Information Security: MCB continues to invest in cutting-edge cybersecurity measures to address the growing risk of cyber threats. R&D efforts focus on biometric authentication, encryption technologies, and threat intelligence systems to enhance data protection, ensure regulatory compliance, and safeguard customer trust.

Mobile Banking & Digital Payments: To enhance digital banking capabilities, MCB is continuously improving mobile app functionalities, developing innovative digital payment solutions, and optimizing the overall user experience (UI/UX). The Bank's R&D efforts also focus on integrating emerging payment technologies to facilitate seamless, secure, and efficient transactions.

Artificial Intelligence (AI) & Machine Learning (ML): MCB is actively exploring AI and ML applications to strengthen fraud detection, enhance risk assessment, and improve customer service through AI-driven chatbots and predictive analytics. These technologies aim to streamline operations, increase efficiency, and offer personalized financial solutions.

Data Analytics & Regulatory Compliance: The Bank is developing advanced data analytics tools to gain deeper insights into customer behavior, market trends, and risk management. Additionally, R&D initiatives are focused on automating regulatory compliance processes to enhance reporting accuracy, improve operational efficiency, and ensure adherence to evolving regulatory frameworks.

MCB's commitment to innovation, security, and regulatory excellence ensures its continued leadership in the financial sector, enabling the Bank to adapt to emerging challenges while delivering superior banking experiences.

Future Plans for AI adoption and its Potential Impacts on Long-term Strategy

The Bank recognizes AI as a transformative enabler that will shape the future of financial services by enhancing efficiency, strengthening risk management, deepening customer engagement, and reinforcing operational resilience. As part of its long-term strategy, the Bank is progressively embedding AI-driven capabilities across key functional domains, with a measured and governance-led approach to adoption.

In the near to medium term, the Bank's AI roadmap is focused on strengthening risk intelligence, cybersecurity, data analytics, customer insights, and process automation. These initiatives are aligned with the Bank's broader digital transformation agenda and are designed to enhance scalability, improve service delivery, and optimize cost structures while maintaining robust oversight and regulatory compliance.

A key milestone in this journey is the planned implementation of an AI-enabled Security Operations Center (SOC). This initiative involves the acquisition and deployment of a modern security solution that leverages AI and ML technologies to enhance the detection, analysis, and response to cybersecurity threats. By integrating advanced behavioral analytics, automated threat correlation, and predictive intelligence, the AI-enabled SOC is expected to:

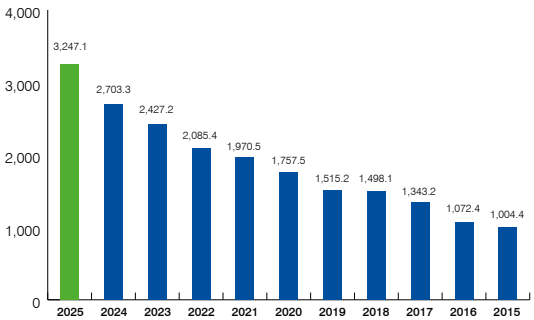
- strengthen real-time monitoring and early threat detection capabilities;
- reduce response times through automated incident triaging and prioritization;
- enhance the accuracy of threat analysis by minimizing false positives; and
- improve the Bank's overall cyber resilience in an increasingly complex threat landscape.

The adoption of AI within the SOC framework will not only reinforce the Bank's cybersecurity posture but also support compliance with evolving regulatory expectations relating to data protection, operational resilience, and information security governance.

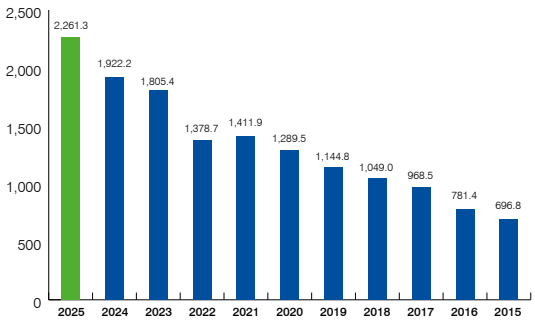
Financial & Non-financial Performance Analysis

10 Years Trend (2015 - 2025) - Rupees in Billion

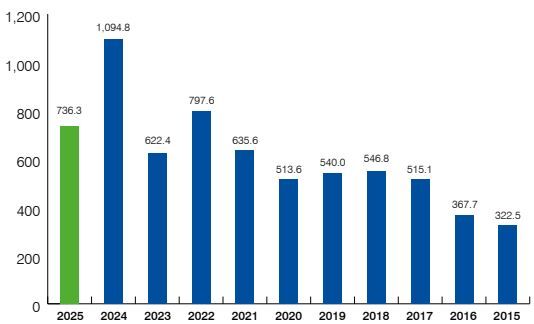
Total Assets
CAGR 12.5%



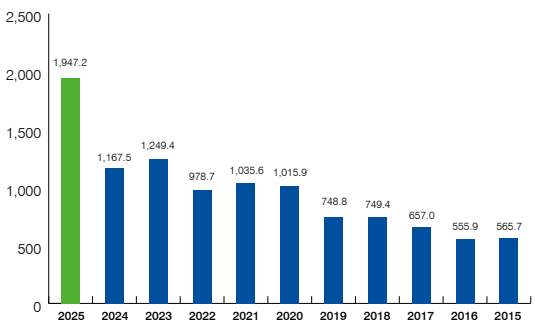
Deposits
CAGR 12.4%



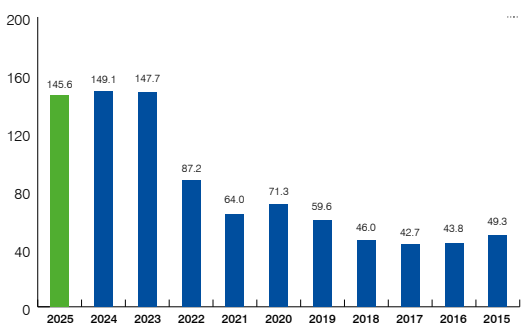
Gross Advances
CAGR 8.6%



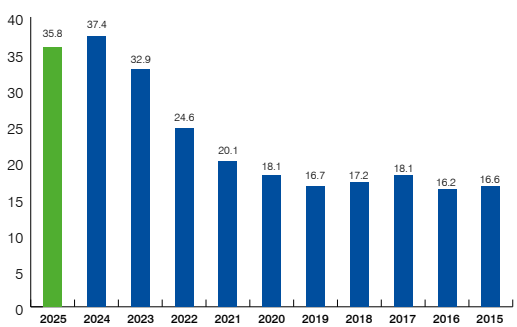
Investments
CAGR 13.2%



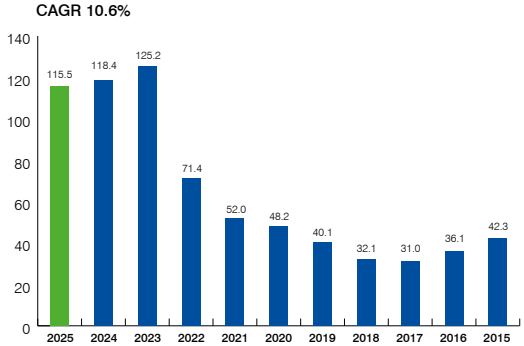
Fund Based Income
CAGR 11.4%



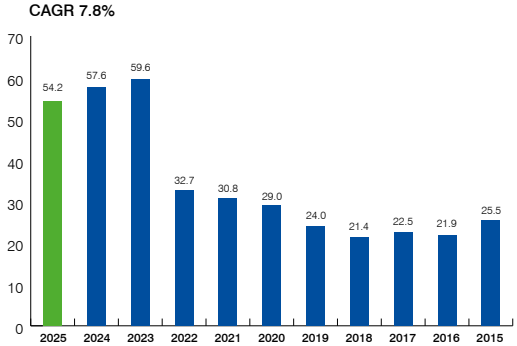
Non Markup Income
CAGR 8.0%



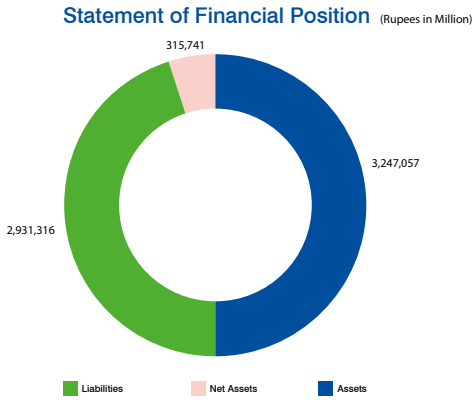
Profit Before Tax
CAGR 10.6%

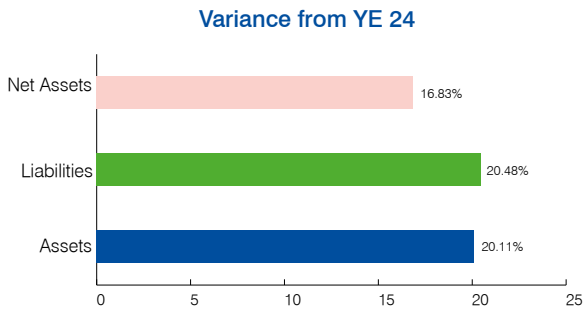


Profit After Tax
CAGR 7.8%

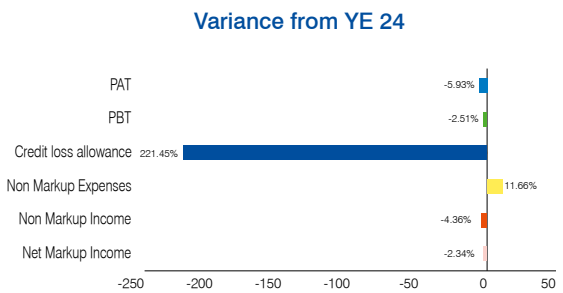


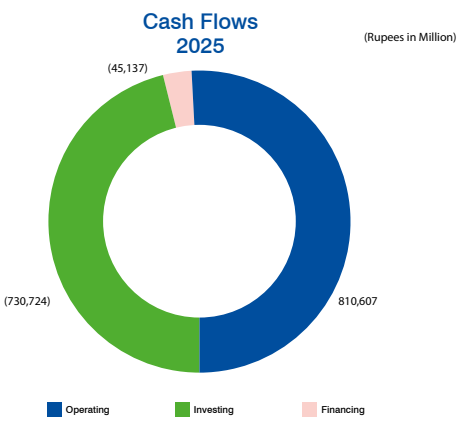
Graphical Presentation of Financial Statements

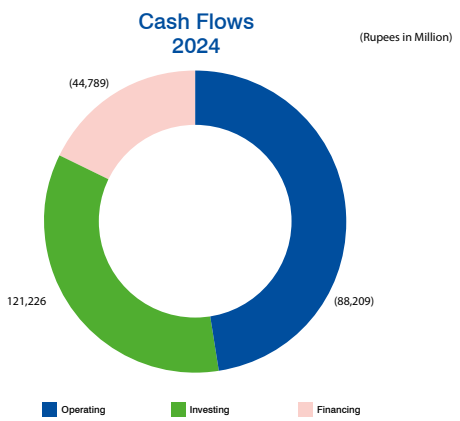












Analyses of Assets and Liabilities

Maturities of Assets and Liabilities

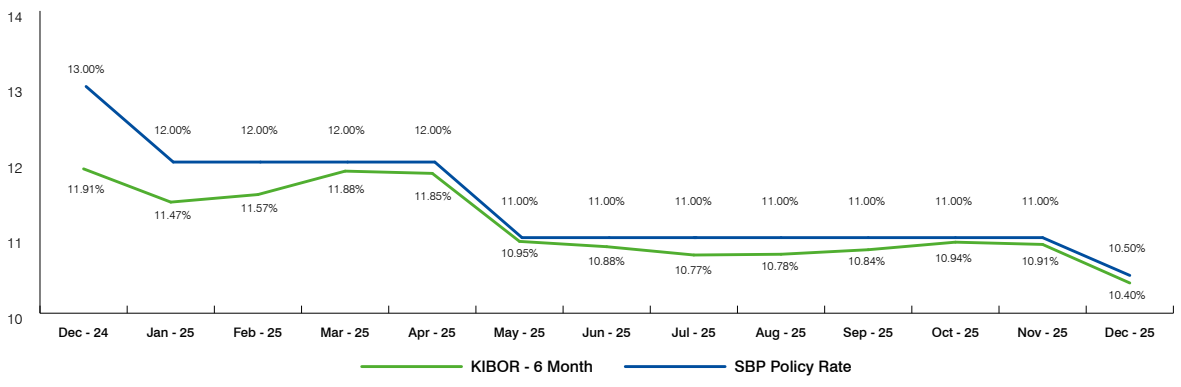
Rs. in Million

	2025	Upto 3M	3M to 1Y	1Y to 3Y	3Y to 5Y	5Y & above
Assets (PKR Mln)						
Cash and balances with treasury banks	190,084	190,084	-	-	-	-
Balances with other banks	39,698	38,297	1,401	-	-	-
Lendings to financial institutions	99,048	98,234	814	-	-	-
Investments - net	1,947,224	45,273	312,167	400,480	596,188	593,116
Advances - net	690,319	259,750	102,751	134,439	106,383	86,996
Property and equipment	97,069	2,619	7,858	10,078	5,338	71,176
Right-of-use assets	7,457	345	967	2,134	1,550	2,461
Intangible assets	1,351	296	904	151	-	-
Other assets - net	174,807	124,313	22,474	2,868	19,226	5,926
	3,247,057	759,211	449,336	550,150	728,685	759,675
Liabilities (PKR Mln)						
Bills payable	25,617	25,617	-	-	-	-
Borrowings	457,872	422,454	10,562	20,835	1,691	2,330
Deposits and other accounts	2,261,276	232,650	232,130	1,077,935	538,924	179,637
Lease liabilities	11,804	319	940	2,492	2,321	5,732
Deferred tax liabilities - net	44,947	134	(350)	8,748	16,350	20,065
Other liabilities	129,800	80,107	24,832	3,283	19,024	2,554
	2,931,316	761,281	268,114	1,113,293	578,310	210,318

* Based on Contractual Mauturities

Key Interest Bearing Assets and Liabilities

	2025			2024		
	Avg. Vol (Mln)	Effective interest rate %	Interest (Mln)	Avg. Vol (Mln)	Effective interest rate %	Interest (Mln)
Interest Earning Assets						
Lendings to Financial Institutions	78,210	5.27	4,125	69,745	9.81	6,842
Gross Advances (excluding NPLs)	707,430	10.69	75,641	662,995	16.87	111,838
Gross Investments (excluding equity investments)	1,703,865	12.32	209,891	1,323,783	18.60	246,252
Interest Bearing Liabilities						
Deposits (excl. current deposits)	1,019,427	9.38	95,577	1,024,092	17.32	177,398
Borrowings	483,322	9.99	48,270	240,735	14.85	35,758



Analyses of Financial & Non Financial Performance

Financial Highlights

Gross markup income declined by Rs. 73.190 billion in 2025 compared to the preceding year. Income from advances decreased by Rs. 33.647 billion, primarily attributable to the reduction in the policy rate during the year, which resulted in a 618 basis points decline in the yield on advances. Markup income from investments also recorded a negative variance of Rs. 36.361 billion, mainly due to a 628 basis points reduction in the earning yield. This adverse impact was partially offset by a volumetric increase of Rs. 380 billion in the average investment portfolio.

Rs in million

			Variance	
Mark-Up/ Return / Interest Earned	2025	2024	Amount	% age
Loans and advances	77,659	111,306	(33,647)	-30%
Investments	209,891	246,252	(36,361)	-15%
Lending's to financial institutions	4,125	6,842	(2,717)	-40%
Balances with banks	1,436	2,089	(653)	-31%
IFRS 9 adjustment for staff loans - notional	720	532	188	35%
	293,831	367,021	(73,190)	-20%

The Bank reported a decrease of Rs. 69.698 billion in markup expense compared to the previous year. Markup expense on deposits declined by Rs. 81.821 billion; however, markup expense on borrowings increased by Rs. 14.530 billion during the year. The average cost of deposits decreased by 471 basis points, primarily reflecting the continuation of the monetary easing cycle by the State Bank of Pakistan (SBP). The policy rate was reduced by 900 basis points in the second half of 2024, followed by a further reduction of 250 basis points in 2025.

Rs in million

			Variance	
Mark-Up/Return / Interest Expensed	2025	2024	Amount	% age
Deposits	95,577	177,398	(81,821)	-46%
Borrowings	50,288	35,758	14,530	41%
Cost of foreign currency swaps	465	3,202	(2,737)	-85%
Unwinding cost of liability against right-of-use assets	1,898	1,568	330	21%
	148,228	217,926	(69,698)	-32%

The Bank's non-markup income was reported at Rs. 35.802 billion, with major contributions from fee and commission income, foreign exchange income, and dividend income. Fee and commission income declined by 9% during the year, primarily due to negative contribution of home remittance income. This adverse impact was partially offset by growth in branch banking fee and card-related income, driven by improved transactional volumes, diversification of revenue streams through the continuous enhancement of the Bank's product suite, and sustained investments in digital transformation initiatives. Fee and commission income constituted 54% of the total non-markup income and was reported at Rs. 19.274 billion. Dividend income reported at Rs. 5.060 billion, reflecting a 45% increase over the previous year, while foreign exchange income recorded a positive variance of Rs. 1 billion.

Rs in million

			Variance	
Non Mark-Up / Interest Income	2025	2024	Amount	% age
Fee and commission income	19,274	21,199	(1,925)	-9%
Dividend income	5,060	3,492	1,568	45%
Foreign exchange income	10,187	9,168	1,019	11%
Income from derivatives	4	2	2	100%
Gain / (loss) on securities	685	3,142	(2,457)	-78%
Other income	592	429	163	38%
Total non-markup / interest Income	35,802	37,432	(1,630)	-4%

The Bank continues to maintain a disciplined approach to cost management and operational efficiency. Despite sustained investments in human resources, expansion of the branch network, and technological upgrades, operating expenses were recorded at Rs. 68.44 billion, reflecting a 12% year-on-year increase. Notwithstanding these investments, the Bank maintained an efficient cost-to-income ratio of 37.73%.

Performance against Targets

During 2025, the Bank achieved and exceeded its budgetary targets for interest based income; while the operating expenses were successfully kept within approved budgetary limit. Furthermore, Bank's current year's performance against targets disclosed in the Annual Report of 2024 is covered in the 'Forward Looking Statement' section.

Objectives to Assess Stewardship of Management

The Bank strives to maximize shareholder value through delivering remarkable returns and achieving sustainable performance that exceeds market and shareholder expectations. Key Performance Indicators (KPI's) to measure Bank's performance against its short, medium and long term objectives along with corresponding strategies have been disclosed in the 'Sustainable Value Creation through Strategy' section of the Annual Report.

Future Prospects for Profit

Future prospects about Bank's profitability have been covered in the 'Directors Report' and 'Forward Looking Statement' sections of the Annual Report.

Explanation of negative change in the performance against prior year

During the year under review, the Bank's Profit Before Tax (PBT) decreased by Rs. 2.967 billion, representing a contraction of 2.5% compared to the previous year. This decline was primarily attributable to the narrowing of earning spreads amid the accommodative monetary policy stance adopted by the State Bank of Pakistan (SBP), coupled with a reduction in non-markup income. Although the Bank achieved healthy growth in earning assets, the positive impact of higher volumes was largely offset by yield compression in the declining interest rate environment. In addition, operating expenses increased by 12% year-on-year, broadly in line with the prevailing moderate inflationary environment, alongside continued investments in technology, talent development, and brand-building initiatives to support sustainable long-term growth. Collectively, these factors resulted in a decline of Rs. 3.419 billion in the reported Profit After Tax (PAT).

Non-Financial Highlights

Human Capital

Our employees, numbering 15,410 receive well remunerated, secure and satisfying employment with generous retirement benefits. Our strategy is to align what is best for the employees with what is best for the Bank. Our performance management system has been designed to motivate employees to pursue goals that will enable the Bank to achieve its strategic objectives. Our development and training activities also contribute to the same objective in the longer term. Thus, we have built a performance-based culture that will support both short term and long-term value creation.

Primary Interest Stakeholder Groups




			2025	2024	2023
Average number of employees	Absolute	▲	14,664	14,212	14,249
Staff compensation expense	Rs. In million	▲	31,029	25,892	23,238
Mean Gender Pay Gap*	%	▼	10	9	-
Training and development	Rs. In million	▲	162	72	89
Staff strength	Absolute	▲	15,410	14,289	14,420
Staff turnover ratio	%	▲	15	21	16
Number of promotions	Absolute	▲	2,959	2,318	1,508
Number of training participants	Absolute	▲	74,768	51,414	54,252
Women in senior leadership (%)	%	▲	17.2	16.8	12.8
Female staff ratio	%	▲	20.25	19.77	18.54
Number of training days	Absolute	▲	63,344	42,628	49,912

*KPI tracking initiated from 2024 (SECP Circular 10 of 2024)

Human Resource Accounting Policy

At MCB Bank we believe in pursuing a modern 'Human Resource Accounting Policy (HRA)' which encapsulates accounting of Bank's management and employees as 'human assets' or 'capital' that provides future benefits, rather than them being considered as an expense which is what comprises a typical approach under traditional human resource accounting.

The Bank has progressed forward to ensure that the people aspect of its business focuses on improving the standards and proficiency of employee skills and retaining talent for succession planning and expansion into new domains; thus, generating greater contribution and improving returns through implementation of higher investment, efficiency and resource productivity initiatives. In fact, HRA has allowed the Bank to keep track of investments it is making in its human resources, and the specific returns it is generating from these investments, thus fostering a virtuous cycle of growth and returns.

The Bank leverages its HRA strategically to drive positive change in its human resources, which comprises the most vital assets of the bank. Over time, through insights from its HRA, the Bank has been able to strategically reposition its human resources to face the rapid changes in the banking and financial services sector, especially now when digital banking is gaining fast credence. At the Bank, we have not only ensured that the skills and capabilities of our human resources are aligned to the times, but have also made sure that the Bank always remains in a position of deep strength through its people resources, notwithstanding the challenges prevalent in the external environment.

Key Steps for Addressing Integrity and Ethical Issues:

- Ensuring that all members of the organization understand that they have a responsibility to promote integrity.
- Conducting systemic integrity risk assessments on an ongoing basis.
- Facilitating open communication about integrity-related issues; recognizing and rewarding ethical conduct.
- Providing a mechanism for members to consult about integrity related issues.
- Ensuring that performance management systems are in alignment with the organization's ethical goals.
- Providing ongoing training for integrity-related practices.



Manufactured Capital

MCB's manufactured capital constitutes its pan-Pakistan distribution network of banking outlets, corporate offices, ATMs and other touchpoints that facilitate engagement with its various stakeholders. It also covers Bank's IT infrastructure and security.

The banking model is in gradual transformation from traditional banking to digital era. Hence, to cater to the growing segment of millennials among our customers, the Bank has been continuously investing on the digital banking platforms. We are increasing our digital touch points on a gradual pace, providing our customers transactional convenience while ensuring financial security.

Primary Interest Stakeholder Groups





			2025	2024	2023
Capital expenditures on physical and digital infrastructure	Rs. in million	▲	12,129	10,679	7,452
Domestic Branches (excl. EPZ & sub-branches)	Absolute	▲	1,401	1,394	1,430
Overseas Branches (Inc. EPZ branch)	Absolute	◆	9	9	8
Overseas Representation Office	Absolute	◆	1	1	–
Domestic ATMs	Absolute	▲	1,489	1,472	1,475
Domestic POS	Absolute	▲	6,974	6,825	6,323
MCB Live customers	Absolute	▲	1,929,890	1,447,228	1,093,519

Intellectual Capital

Intangibles associated with the Bank – culture, ethics, values, organizational knowledge, systems, procedures and brand value. These intangibles, while not reflected in the balance sheet, are indeed the real assets of the Bank. They permeate the Bank's operations at all levels – whether it is high level decision-making or day-to-day functions.

In 2025, we have focused on following points to enhance of our intellectual capital:

- Explore customers' views and expectations with regard to selected Deposit products on features, processes and service delivery
- Evaluate customer satisfaction to understand the service level of the Bank
- Explore the new trends in consumer banking to ascertain future banking preferences

Primary Interest Stakeholder Groups




			2025	2024	2023
ATM uptime	%	▲	98.44	98.08	98.01
Independent Directors on the BoD	Absolute	◀▶	4	4	4

Natural Capital

MCB being a responsible corporate citizen, aims to preserve natural capital while pursuing its business objectives. The Bank has rigorously undertaken to its responsibility of reducing carbon footprints on the environment by making its processes, usage of information technology and physical infrastructure more sustainable and environmentally efficient. The Bank is also focused on implementing robust systems to inculcate a sense of environmental concern amongst its stakeholders such that operational processes are transformed to safeguard the Bank against heightened threat of external vulnerabilities.

Primary Interest Stakeholder Groups






			2025	2024	2023
No. of branches monitored under real time IoT based fuel management & monitoring system.	Absolute	▲	954	952	976
Plantation	Rs. In million	▲	32	30	27
Solarization of branches	Absolute	▲	311	275	49

Social & Relationship Capital

Pakistan's banking industry continues to operate in an increasingly competitive environment, where customer experience, service quality, and convenience serve as key differentiators. In this landscape, strong and enduring customer relationships remain central to sustainable value creation. Leveraging one of the most extensive branch networks in the country, MCB maintains a distinctive geographic presence that enhances accessibility, deepens community engagement, and strengthens its ability to serve a diverse and expanding customer base across urban and rural markets alike

Primary Interest Stakeholder Groups



			2025	2024	2023
No. of accounts	Absolute	▲	9,589,227	9,053,850	8,826,027
Customer Satisfaction Score	%	◀▶	84	84	75
Net Promoter Score (NPS)	%	◀▶	74	74	-
Dividends to Shareholders	Rs. In million	◀▶	42,662	42,662	35,552
Education Allowance	Rs. In million	▼	23	26	29
Staff Capacity Building & Trainings	Rs. In million	▲	162	72	89
Contribution to National Exchequer (Income Tax)	Rs. In million	▼	73,783	77,074	60,787
Contribution To Staff Welfare Fund	Rs. In million	▲	7	6	5
Donation	Rs. In million	◀▶	10	10	21

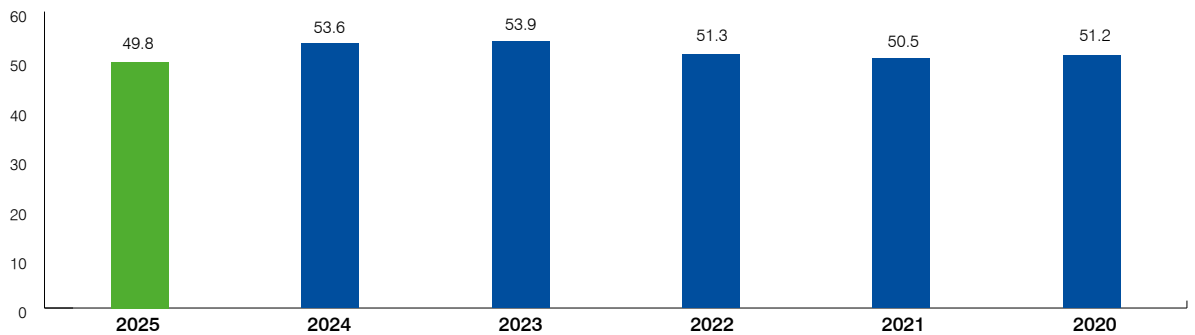
Non - Performing Loans (Stage 3 Advances)

Rs. in Million

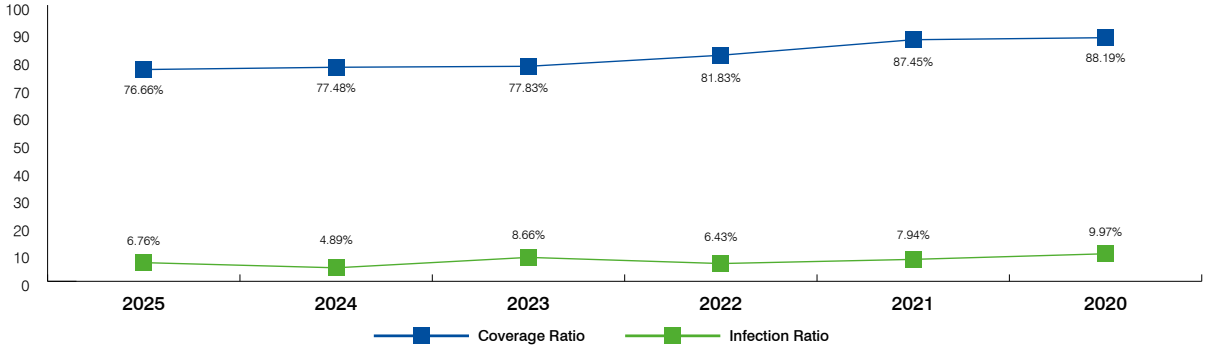
	2025		2024		Variance		2025
	NPLs	ECL	NPLs	ECL	NPLs	ECL	Coverage
Categorywise							
OAEM	1,419	709	1,432	687	-0.89%	3.18%	49.98%
Substandard	2,303	1,181	972	507	137.02%	132.74%	51.27%
Doubtful	1,005	506	2,709	1,363	-62.88%	-62.86%	50.33%
Loss	45,029	35,745	48,439	38,935	-7.04%	-8.19%	79.38%
Total	49,756	38,141	53,551	41,492	-7.09%	-8.08%	76.66%

	NPLs	ECL	NPLs	ECL	NPLs	ECL	Coverage
Groupwise							
Retail	794	667	1,217	995	-34.79%	-33.02%	84.00%
Consumer	435	274	691	562	-37.08%	-51.18%	63.07%
Corporate	3,218	2,472	4,876	3,940	-34.01%	-37.27%	76.81%
Overseas	15,362	5,692	14,261	5,159	7.72%	10.35%	37.05%
Others	29,947	29,036	32,505	30,836	-7.87%	-5.84%	96.96%
	49,756	38,141	53,551	41,492	-7.09%	-8.08%	76.66%

NPLs (Stage-3 Advances) (Rupees in Billion)



Infection and Coverage Ratios (Stage-3 Advances)



Non - Performing Assets

Rs. in Million

	Non-performing Loans (Stage 3 Advances)		Non-performing Investments (Debt Securities only)		Non-performing Assets	
	2025	2024	2025	2024	2025	2024
1. Movements in NPA						
Opening balance	53,551	53,882	475	477	54,026	54,359
Impact of adoption of IFRS 9	–	1,510	–	–	–	1,510
Other adjustments	(1,792)	(3,235)	–	–	(1,792)	(3,235)
Additions	3,286	5,486	–	–	3,286	5,486
Recovery	(2,965)	(1,780)	(8)	(2)	(2,973)	(1,782)
	321	3,706	(8)	(2)	313	3,704
Amounts written off	(131)	(1,120)	–	–	(131)	(1,120)
Amounts charged off	(2,193)	(1,192)	–	–	(2,193)	(1,192)
Closing balance	49,756	53,551	467	475	50,223	54,026

	Non-performing Loans (Stage 3 Advances)		Non-performing Investments (Debt Securities only)		Non-performing Assets	
	2025	2024	2025	2024	2025	2024
2. Sector-wise breakup of NPA						
Agriculture, forestry and fishing	398	291	–	–	398	291
Construction	98	120	–	–	98	120
Electricity, gas, steam and air conditioning supply	1,244	1,642	–	–	1,244	1,642
Financials	46	129	–	–	46	129
Individuals	1,242	1,587	–	–	1,242	1,587
Manufacture of cement	393	393	285	285	678	678
Manufacture of chemicals and pharmaceutical products	456	193	–	–	456	193
Manufacture of food & beverages products	5,127	6,260	–	–	5,127	6,260
Manufacture of sugar	3,135	3,598	140	145	3,275	3,743
Manufacture of textiles	10,059	11,761	37	40	10,096	11,801
Services	229	333	–	–	229	333
Telecommunications	28	57	–	–	28	57
Transportation and storage	275	433	–	–	275	433
Wholesale and retail traders	17,139	17,611	–	–	17,139	17,611
Others	9,886	9,145	5	5	9,891	9,150
	49,756	53,551	467	475	50,223	54,026

	Non-performing Loans (Stage 3 ECL only)		Non-performing Investments (Stage 3 ECL only)		Non-performing Assets	
	2025	2024	2025	2024	2025	2024
3. Movement of Expected Credit Loss made against NPA						
Opening balance	41,492	41,937	475	477	41,967	42,414
Impact of ECL on adoption of IFRS 9	–	1,592	–	–	–	1,592
Exchange adjustments	(7)	(9)	–	–	(7)	(9)
Charge for the year	3,124	4,238	–	–	3,124	4,238
Reversals	(4,144)	(3,954)	(8)	(2)	(4,152)	(3,956)
	(1,020)	284	(8)	(2)	(1,028)	282
Amounts written off	(131)	(1,120)	–	–	(131)	(1,120)
Amounts charged off	(2,193)	(1,192)	–	–	(2,193)	(1,192)
Closing balance	38,141	41,492	467	475	38,608	41,967

4. Details of accounts restructured as per regulatory guidelines

The outstanding amount against restructured accounts in NPA amounts to Rs. 9,282.818 million as at December 31, 2025 (December 31, 2024 : Rs. 11,001.450 million)

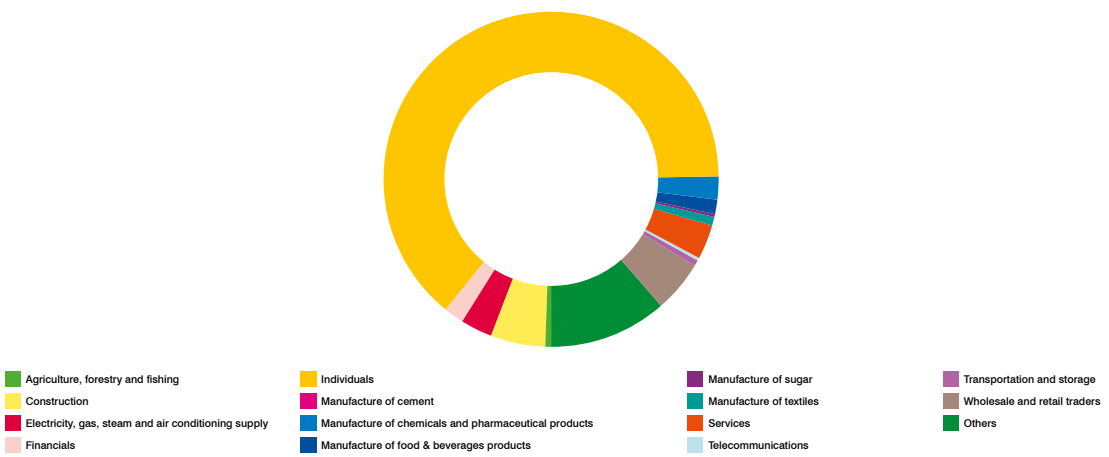
Analyses of Deposits, Advances & Investments

Deposits & Advances - Sectorwise

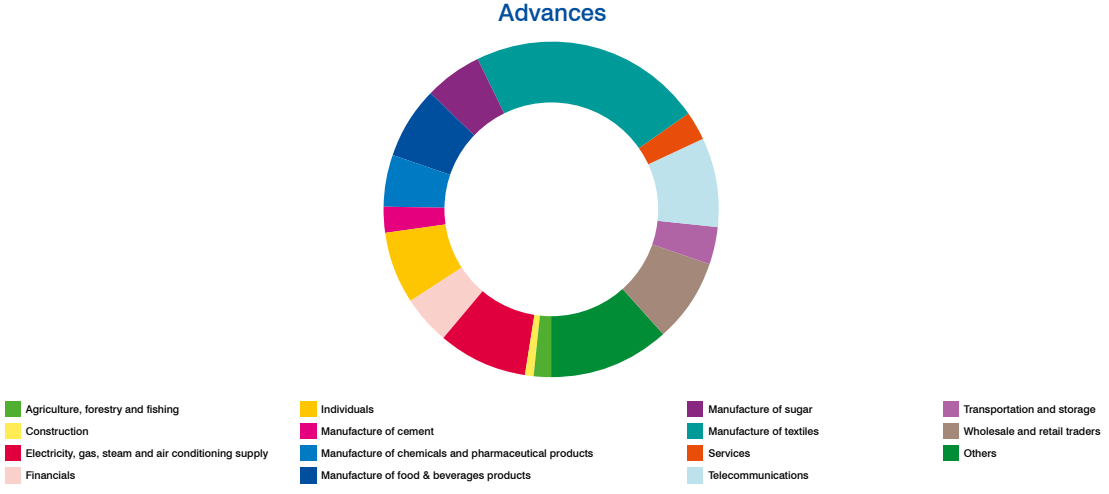
Rupees in Million

Sector	December 31, 2025 Deposits	Advances
Agriculture, forestry and fishing	14,725	12,739
Construction	118,448	7,251
Electricity, gas, steam and air conditioning supply	72,345	63,832
Financials	42,370	33,306
Individuals	1,442,383	51,193
Manufacture of cement	4,377	18,430
Manufacture of chemicals and pharmaceutical products	47,472	36,306
Manufacture of food & beverages products	31,775	51,379
Manufacture of sugar	9,623	41,186
Manufacture of textiles	13,887	166,357
Services	75,649	20,672
Telecommunications	6,816	63,115
Transportation and storage	15,622	25,418
Wholesale and retail traders	112,094	60,280
Others	253,689	84,865
	2,261,275	736,329

Deposits



Advances

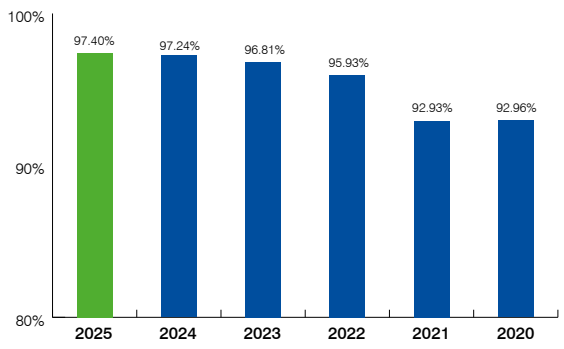


Deposits & Advances - Groupwise

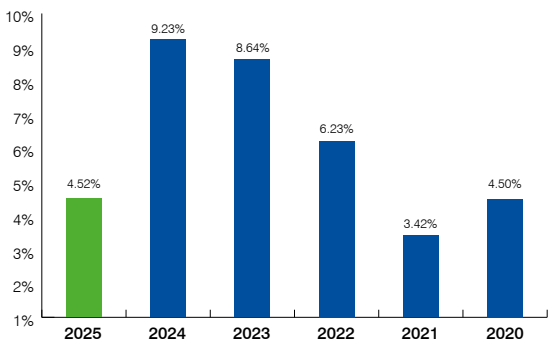
Rs. in Billion

	Group wise Deposits				Group wise Gross Advances			
	2025	2024	Variance		2025	2024	Variance	
			Amount	%			Amount	%
Retail	1,870.9	1,589.2	281.7	17.73%	48.0	62.3	(14.2)	-22.88%
Consumer	38.7	36.1	2.6	7.10%	50.7	37.2	13.5	36.12%
Corporate	105.5	111.7	(6.2)	-5.56%	541.6	902.7	(361.1)	-40.00%
Overseas	246.2	185.2	61.0	32.96%	66.1	60.2	5.9	9.86%
Others (SAM)	-	-	-	-	29.9	32.5	(2.6)	-7.79%
Total	2,261.3	1,922.2	339.1	17.64%	736.3	1,094.8	(358.5)	-32.74%

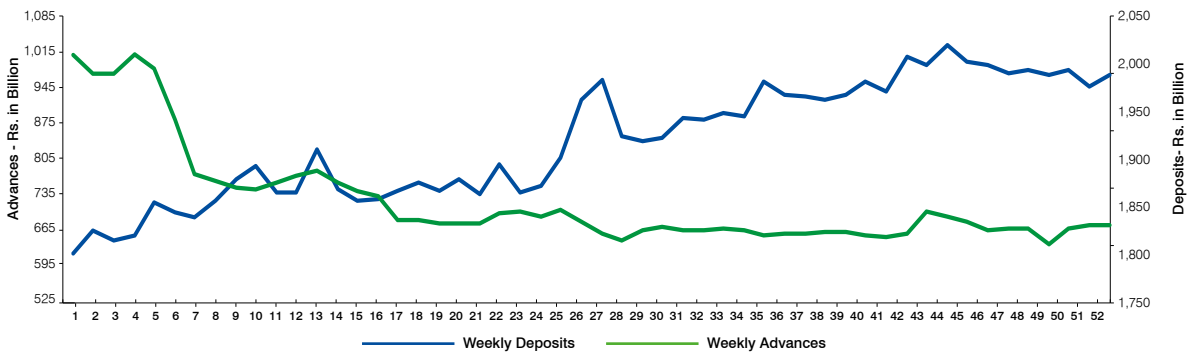
CASA Mix



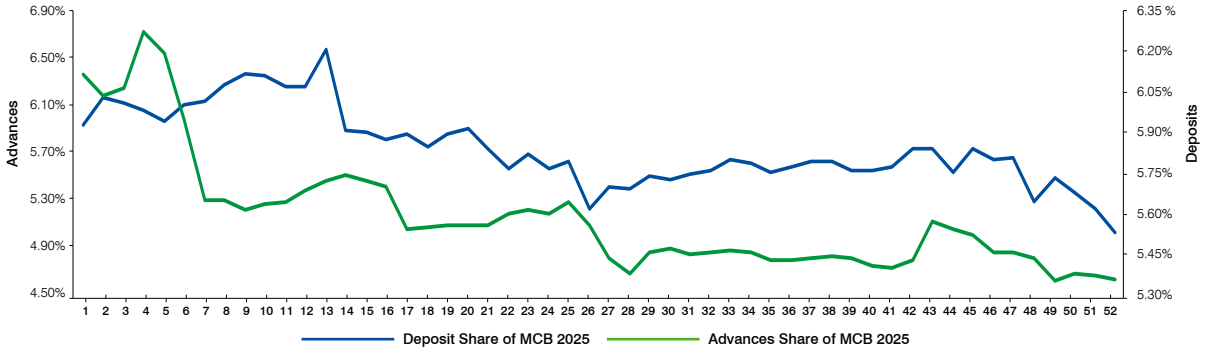
Weighted Average Cost of Deposits



Weekly Trend of MCB Deposits and Advances - 2025 (Domestic)



MCB's Industry Share in Deposits and Advances - 2025 (Domestic)

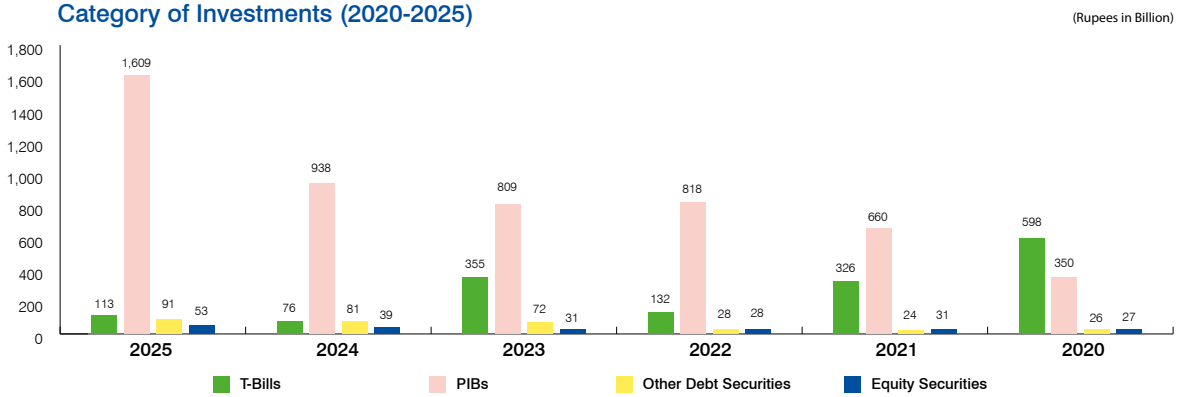


Investments

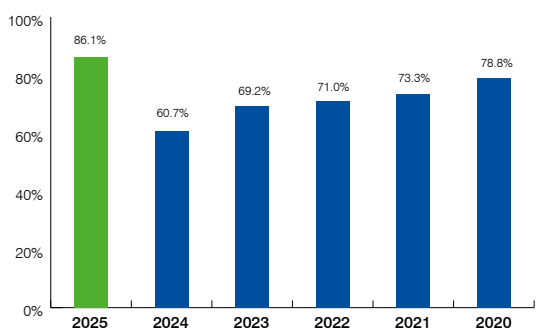
	2025	2024	Var.	Rupees in Million % Var.
Treasury Bills	112,757	76,304	36,453	48%
Pakistan Investment Bonds	1,609,218	937,666	671,552	72%
Other government securities	79,198	69,691	9,507	14%
Other Debt Securities	11,598	11,199	400	4%
Shares in Listed, Unlisted Co.s & Mutual funds	53,363	39,342	14,022	36%
Subsidiaries & Associated Undertakings	18,669	18,669	–	0%
Investments at cost	1,884,803	1,152,870	731,933	63%
Credit loss allowance	(841)	(1,121)	280	-25%
Surplus/(Deficit) on revaluation of securities	63,263	15,703	47,560	303%
Investments at revalued amount – net of credit loss allowance	1,947,225	1,167,453	779,772	67%
Non–Statutory Investment Portfolio*	943,233	492,407		

*maintained in excess of Statutory Liquidity Requirement

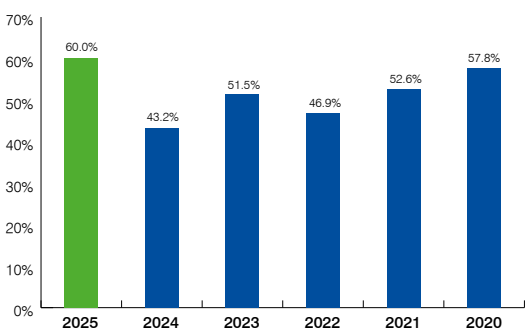
Category of Investments (2020-2025)



Investments to Deposits Ratio (2020-2025)



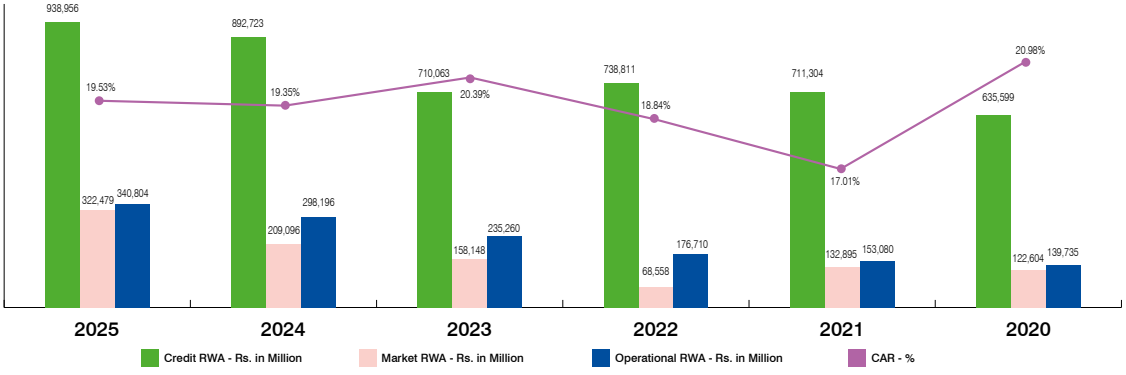
Investments to Total Assets Ratio (2020-2025)



Capital Structure

	2025	Rupees in Million 2024
Capital Structure		
Tier 1 Capital		
Shareholders equity /assigned capital	11,851	11,851
Share premium	23,751	23,751
Reserves	85,324	80,270
Unappropriated profits	121,802	110,426
	242,728	226,298
Deductions:		
Book value of intangible and advances given for intangible	1,351	1,314
Defined benefit pension fund assets – net	8,310	6,402
Other deductions	2,729	1,655
	12,390	9,371
Total Tier 1 capital	230,337	216,927
Tier 2 Capital		
General provisions subject to maximum of 1.25% of total risk weighted assets	10,668	11,159
Revaluation reserves	71,903	42,784
	82,571	53,943
Deductions:		
Other deductions	–	–
Total Tier 2 Capital	82,571	53,943
Total Regulatory Capital Base	312,908	270,869
Capital Adequacy		
Risk Weighted Assets		
Credit Risk	938,956	892,723
Market Risk	322,479	209,096
Operational Risk	340,804	298,196
Total RWA	1,602,238	1,400,015
Capital Adequacy Ratio		
Total eligible regulatory capital held	312,908	270,869
Total Risk Weighted Assets	1,602,238	1,400,015
Capital Adequacy Ratio	19.53%	19.35%

Capital Adequacy Ratio (2020-2025)

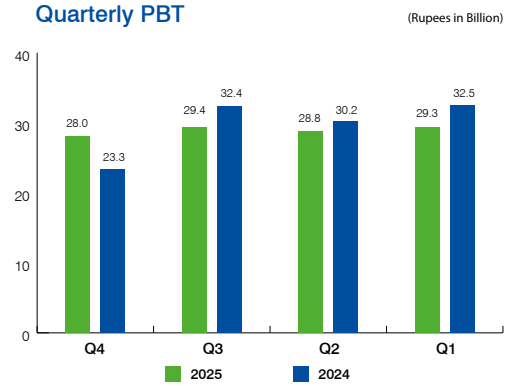


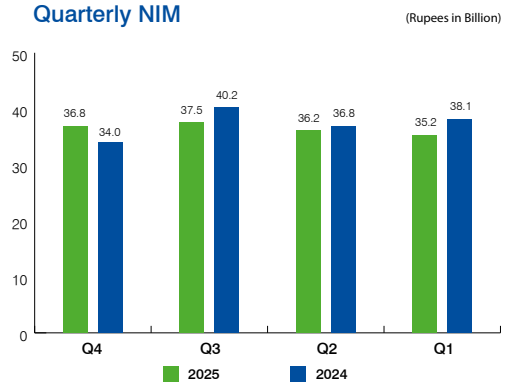
With reference to BPRD Circular Letter No. 02 of 2025 issued by SBP, it was decided to treat Foreign Exchange Translation Reserves as part of Common Equity Tier-1 (CET-1) Capital with effect from December 31, 2024. Previously Foreign Exchange Translation Reserves were treated under Tier-II.

Quarterly Performance Analysis 2025 - 2024

Rupees in Million

	2025				2024			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Statement of Profit & Loss Account								
Mark-up earned	73,075	76,611	74,305	69,840	83,895	99,168	94,949	89,009
Mark-up expensed	(36,277)	(39,153)	(38,143)	(34,656)	(50,134)	(58,830)	(58,024)	(50,938)
Net mark-up income	36,798	37,458	36,162	35,184	33,761	40,338	36,924	38,071
Non-mark-up income	9,781	8,499	8,314	9,208	10,579	8,598	9,132	9,124
Total Income	46,580	45,957	44,476	44,392	44,340	48,936	46,056	47,195
Non-mark-up expenses	(18,326)	(17,748)	(17,512)	(17,626)	(17,364)	(16,382)	(15,307)	(14,722)
Profit before credit loss allowance/provisions	28,254	28,209	26,964	26,765	26,976	32,553	30,749	32,473
Credit loss allowance/provisions & write off	(284)	1,208	1,799	2,537	(3,666)	(160)	(574)	69
Profit before taxation	27,970	29,417	28,763	29,303	23,310	32,393	30,175	32,542
Taxation	(14,873)	(15,625)	(15,270)	(15,491)	(14,146)	(15,879)	(14,794)	(15,986)
Profit after taxation	13,098	13,792	13,494	13,812	9,164	16,514	15,381	16,555
Statement of Financial Position								
Assets								
Cash and balances with treasury banks	190,084	180,240	213,720	178,624	168,508	191,328	222,764	189,658
Balances with other banks	39,698	25,639	42,791	34,552	27,842	34,222	38,501	38,351
Lendings to financial institutions	99,048	109,521	122,190	79,863	55,656	122,592	80,861	50,042
Investments	1,947,225	2,010,728	2,073,083	1,825,349	1,167,453	1,507,152	1,481,699	1,288,592
Advances	690,319	634,512	656,619	759,943	1,041,626	674,756	608,684	596,042
Property and equipment	97,069	87,892	87,633	83,457	82,694	80,867	79,525	78,220
Right–of–use assets	7,457	6,912	6,720	5,920	6,045	5,375	5,638	5,643
Intangible assets	1,351	1,321	1,338	1,352	1,314	1,317	1,384	1,426
Deferred tax assets	–	–	–	–	–	–	4,829	9,645
Other assets	174,807	176,007	174,592	194,078	152,202	177,115	149,474	151,338
	3,247,057	3,232,771	3,378,686	3,163,138	2,703,339	2,794,724	2,673,359	2,408,958
Liabilities								
Bills payable	25,617	11,307	17,510	11,288	41,827	10,636	14,579	11,416
Borrowings	457,872	510,921	658,201	600,556	268,487	285,763	284,402	153,091
Deposits and other accounts	2,261,275	2,231,657	2,235,472	2,092,459	1,922,212	2,064,826	1,993,954	1,851,330
Lease liabilities	11,805	10,827	10,710	9,416	9,586	8,510	8,752	8,475
Deferred tax liabilities	44,947	33,607	28,333	19,321	16,638	8,076	–	–
Other liabilities	129,800	138,030	140,413	155,658	174,330	154,753	129,492	152,709
	2,931,316	2,936,350	3,090,639	2,888,698	2,433,080	2,532,563	2,431,180	2,177,021
Net assets	315,741	296,420	288,047	274,439	270,259	262,160	242,179	231,937
Represented by:								
Share capital	11,851	11,851	11,851	11,851	11,851	11,851	11,851	11,851
Reserves	109,983	108,976	107,939	106,357	104,930	103,841	102,041	100,583
Surplus on revaluation of assets – net of tax	72,105	57,218	53,590	43,570	43,053	37,840	24,077	18,600
Unappropriated profit	121,802	118,376	114,668	112,662	110,426	108,629	104,210	100,903
	315,741	296,420	288,047	274,439	270,259	262,160	242,179	231,937

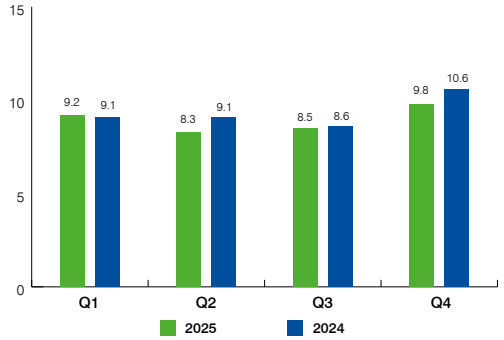




Net Interest Income	Non Markup Income	Non Mark up Expenses	Profit
Quarter 1			
During the first quarter of 2025, the Bank's Net Interest Income (NII) decreased by 8%, and reported at Rs. 35.184 billion. Markup income was predominantly derived from investments, which contributed Rs. 44.733 billion, representing 64% of the total markup income, while markup income from advances was reported at Rs. 23.753 billion. The decline in gross markup income was broad-based and primarily driven by narrowing earning margins in a downward-sloping yield curve, despite the volumetric growth achieved in the Bank's earning assets. On the markup expense side, the Bank reported Rs. 25.535 billion in markup expense on deposits, reflecting a decrease of 43% compared to the corresponding period. This decline was primarily attributable to rate reductions arising from the ongoing monetary easing cycle.	Non-markup income for the first quarter of 2025 was reported at Rs. 9.208 billion, compared to Rs. 9.124 billion in the corresponding period of the previous year, reflecting a modest increase of 1%.	Non-markup expenses increased by 20% in the first quarter of 2025 compared to the corresponding period of the previous year. Despite inflationary pressures, the Bank successfully contained growth in its operating expense base through targeted cost management initiatives and ongoing process enhancements aimed at improving operational efficiency.	Driven by a 8% decline in Net Interest Income (NII) and a modest 1% growth in non-markup income, MCB's profit before tax and credit loss allowance for the first quarter of 2025 was reported at Rs. 26.765 billion, compared to Rs. 32.473 billion in the corresponding period of the previous year. A net reversal of Rs. 2.537 billion recognized under the credit loss allowance resulted in a Profit Before Tax (PBT) of Rs. 29.303 billion, reflecting a 10% decline. Profit After Tax (PAT) was reported at Rs. 13.812 billion, down 17%, after incorporating an average tax charge of 53%, compared to 49% in the corresponding period.
Quarter 2			
During the second quarter of 2025, NII was reported at Rs. 36.162 billion, reflecting a modest decline of 2% compared to the corresponding period. Analysis of the markup income mix indicates that the contribution from investments and gross advances was 72% and 26%, respectively, compared to 67% and 30% in the corresponding period of the previous year.	Non-markup income for the second quarter of 2025 was reported at Rs. 8.314 billion, reflecting a decline of 9% compared to the corresponding period of the previous year. The primary contributor to this decrease was fee and commission income, which declined by Rs. 665 million, representing an unfavorable variance of 13%. Dividend income increased by 30%, while foreign exchange income and gains on securities declined by Rs. 303 million (10%) and Rs. 44 million (49%), respectively.	Amidst a persistently high inflationary environment and continued investments in human resources and technological upgrades, non-markup expenses increased by 14% in the second quarter of 2025. The growth was broad-based, with major expenditure outlays related to staff costs (16%), communication expenses (21%), and IT-related expenses (39%).	During the second quarter of 2025, a decrease of Rs. 1.580 billion in total income, coupled with an increase of Rs. 2.205 billion in non-markup expenses, resulted in a profit before tax and credit loss allowance of Rs. 26.964 billion. A net reversal recognized under credit loss allowance posted a favorable variance of Rs. 2.373 billion. Overall, these factors led to a decrease in PBT of Rs. 1.412 billion for the quarter under review.
Quarter 3			
During the third quarter of 2025, Net Interest Income (NII) reported at Rs. 37.458 billion, reflecting a decline of 8% compared to the corresponding period in 2024. Mark-up income decreased by Rs. 22.556 billion, primarily attributable to a contraction in advances and investment income, which declined by Rs. 11.440 billion and Rs. 10.492 billion, respectively. The reduction was largely driven by the impact of monetary easing during the period. Mark-up expense on deposits declined by Rs. 22.726 billion, representing a substantial reduction of 50% over comparative period. This decrease was principally aligned with regulatory adjustments in deposit rates.	Non-markup income registered a slight decline of 1.17% over the corresponding period, and reported at Rs. 8.499 billion. Within the non-markup income components, fee and commission income and dividend income declined by 23% and 33% respectively, whereas foreign exchange income and gains on securities increased by 13% and 97% respectively.	Continuing their upward trajectory, non-markup expenses grew by 8% in the third quarter of 2025, driven primarily by increases in staff costs and IT-related expenses.	PBT for the third quarter of 2025 declined by 10%, and reported at Rs. 29.417 billion compared to Rs. 32.393 billion in the corresponding period. PAT was reported at Rs. 13.792 billion. The decline in profitability was primarily driven by moderating NII and non-markup income, coupled with a broad-based increase in the non-markup expenses.
Quarter 4			
During the last quarter of 2025, NII recorded a modest growth of 9%, primarily reflecting the gradual dilution impact of the monetary easing cycle and a pricing lag between earning assets and liabilities in the comparitive quarter of 2024. Markup income for the quarter was reported at Rs. 73.075 billion, representing a decline of 12%, while markup expense decreased by Rs. 13.217 billion (27%), compared to the corresponding period.	Non-markup income for the fourth quarter of 2025 declined by 8%, and reported at Rs. 9.781 billion. Net gains on securities decreased by Rs. 2.837 billion; however, this decline was partially offset by increases in dividend income and fee & commission income of 81% and 11% respectively. Other income was reported at Rs. 82.569 million, reflecting a substantial increase of 92% compared to the corresponding period.	Non-markup expenses for the fourth quarter of 2025 continued the upward trend observed in the first three quarters, registering a modest growth of 6% to reach Rs. 18.326 billion.	During the fourth quarter of 2025, the Bank's PBT increased by 20% reaching Rs. 27.970 billion. The primary contributor to this growth was a negative variance in credit loss allowance charge amounting to Rs. 3.382 billion compared to the comparitive period. Collectively, these factors resulted in an increase of Rs. 4 billion in PAT for the quarter under review.

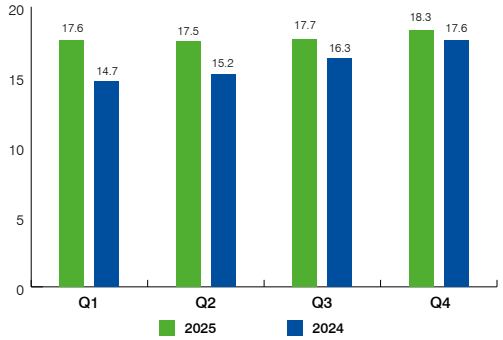
Quarterly Non Markup Income

(Rupees in Billion)



Quarterly Non Markup Expense

(Rupees in Billion)



Six Years' Performance 2020 - 2025

Financial Performance / Financial Ratios

		2025	2024	2023	2022	2021	2020
STATEMENT OF PROFIT AND LOSS ACCOUNT							
Mark–up/ return earned	Rs. Mln	293,830	367,020	328,057	200,763	123,334	136,076
Mark–up/ return expensed	" "	148,228	217,926	180,356	113,607	59,347	64,741
Fund based income	" "	145,602	149,095	147,701	87,156	63,987	71,334
Fee, Commission & FX income	" "	30,057	30,799	29,074	23,664	17,011	13,594
Dividend and capital gains	" "	5,745	6,634	3,842	949	3,062	4,542
Total income	" "	181,404	186,527	180,617	111,769	84,061	89,470
Operating expenses	" "	71,212	63,775	55,003	43,186	36,894	33,908
Operating profit before tax and credit loss allowance / provision	" "	110,192	122,752	125,613	68,583	47,167	55,562
Credit loss allowance / Provisions & write–offs	" "	(5,261)	4,332	373	(2,782)	(4,823)	7,313
Profit before tax	" "	115,453	118,420	125,241	71,365	51,989	48,249
Profit after tax	" "	54,195	57,615	59,631	32,741	30,811	29,037
Cash Dividends	" "	42,662	42,662	35,552	23,701	22,516	23,701
STATEMENT OF FINANCIAL POSITION							
Authorised capital	" "	15,000	15,000	15,000	15,000	15,000	15,000
Paid up capital	" "	11,851	11,851	11,851	11,851	11,851	11,851
Reserves	" "	109,983	104,930	98,724	88,578	84,602	80,696
Unappropriated Profit	" "	121,802	110,426	96,040	70,425	63,683	69,835
Shareholder's equity	" "	243,636	227,206	206,614	170,854	160,136	162,382
Surplus on revaluation of assets – net of tax	" "	72,105	43,053	24,093	18,641	14,272	27,720
Shareholder's funds	" "	315,741	270,259	230,707	189,495	174,407	190,102
Total Assets	" "	3,247,057	2,703,339	2,427,179	2,085,355	1,970,468	1,757,462
Earning Assets	" "	2,303,348	2,303,348	2,002,674	1,870,527	1,732,055	1,544,536
Gross Advances	" "	736,329	1,094,822	622,425	797,572	635,574	513,550
Advances – net of provisions	" "	690,319	1,041,626	577,863	753,400	589,711	462,942
Non–Performing Loans (NPLs)	" "	49,756	53,551	53,883	51,260	50,491	51,189
Investments	" "	1,947,225	1,167,453	1,249,439	978,731	1,035,585	1,015,869
Total Liabilities	" "	2,931,316	2,433,080	2,196,472	1,895,861	1,796,061	1,567,361
Deposits & other accounts	" "	2,261,275	1,922,212	1,805,387	1,378,717	1,411,852	1,289,502
Current & Saving Deposits (CASA)	" "	2,202,382	1,869,102	1,747,836	1,322,549	1,312,059	1,198,785
Borrowings	" "	457,872	268,487	216,611	340,237	269,526	164,002
Interest bearing Liabilities	" "	1,501,306	1,246,675	1,151,364	1,038,842	1,118,182	964,119
Contingencies and Commitments	" "	836,509	1,009,777	813,473	665,655	619,187	714,038
Profitability ratios:							
Profit before tax ratio	%	39.29%	32.27%	38.18%	35.55%	42.15%	35.46%
Gross Yield on Average Earning Assets	" "	13.20%	18.19%	17.57%	11.15%	7.53%	9.59%
Gross Yield on Avg. Earning Assets (incl. dividend & capital gains)	" "	13.46%	18.52%	17.77%	11.20%	7.72%	9.91%
Gross Spread	" "	49.55%	40.62%	45.02%	43.41%	51.88%	52.42%
Cost to income ratio	" "	37.73%	32.68%	28.70%	37.13%	42.09%	36.49%
Return on average equity (ROE)	" "	23.02%	26.56%	31.60%	19.78%	19.11%	18.88%
Return on average assets (ROA)	" "	1.82%	2.25%	2.64%	1.61%	1.65%	1.77%
Return on Capital Employed (ROCE)	" "	23.02%	26.56%	31.60%	19.78%	19.11%	18.88%
Shareholder Funds (Shareholder Funds/Total Assets)	" "	9.72%	10.00%	9.51%	9.09%	8.85%	10.82%
Return on Shareholder Funds	" "	18.50%	23.00%	28.38%	17.99%	16.91%	16.18%
Return on Investment	" "	12.32%	18.60%	18.37%	12.41%	8.30%	10.77%
Total Shareholder Return	" "	47.66%	83.89%	71.79%	–11.86%	–1.58%	–4.71%
Non interest income to total income	" "	19.74%	20.07%	18.22%	22.02%	23.88%	20.27%
Operating Exp to Profit before Tax	" "	59.28%	51.48%	41.39%	58.14%	68.05%	67.66%
Investment ratios / Market Ratios:							
Earnings per share (after tax)	Rs.	45.73	48.62	50.32	27.63	26.00	24.50
Earnings per share (before tax)	" "	97.42	99.93	105.68	60.22	43.87	40.71
Breakup value per share							
– without surplus on revaluation of fixed assets & investments	" "	205.59	191.73	174.35	144.17	135.13	137.02
– without surplus on revaluation of fixed assets	" "	231.28	198.22	164.54	128.49	131.49	144.45
– with surplus on revaluation of fixed assets & investments	" "	266.43	228.06	194.68	159.90	147.17	160.42
– with surplus on revaluation of fixed assets & investments & investment in related party at fair / market value	" "	280.78	232.95	196.73	161.42	149.82	162.80
Cash Dividend	%	360%	360%	300%	200%	190%	200%
Dividend Yield ratio (based on cash dividend)	" "	9.49%	12.80%	17.39%	17.22%	12.39%	10.79%
Dividend Payout ratio	" "	78.72%	74.05%	59.62%	72.39%	73.08%	81.62%
Price to book value ratio	Times	1.85	1.47	0.99	0.81	1.13	1.35
Price to earning ratio	" "	8.30	5.79	3.43	4.20	5.90	7.56
Dividend cover ratio	" "	1.27	1.35	1.68	1.38	1.37	1.23

		2025	2024	2023	2022	2021	2020
Share Information:							
Market value per share – Dec 31	Rs.	379.38	281.30	172.55	116.16	153.35	185.28
High – during the year	" "	400.00	295.40	203.82	166.20	202.40	225.71
Low – during the year	" "	247.37	171.25	106.99	108.95	146.00	130.20
Market Capitalisation	Rs. Mln	449,588	333,357	204,482	137,657	181,729	219,568
Asset Quality and Liquidity ratios:							
Gross Advances to deposits ratio	%	32.56%	56.96%	34.48%	57.85%	45.02%	39.83%
Net Advances to deposits ratio	" "	31.07%	54.19%	32.01%	54.64%	41.77%	35.90%
Investments to deposits ratio	" "	86.11%	60.73%	69.21%	70.99%	73.35%	78.78%
Weighted Average Cost of Deposits	" "	4.52%	9.23%	8.64%	6.23%	3.42%	4.50%
CASA to total deposits	" "	97.40%	97.24%	96.81%	95.93%	92.93%	92.96%
NPLs to Gross advances ratio	" "	6.76%	4.89%	8.66%	6.43%	7.94%	9.97%
NPLs to Shareholders Equity	" "	20.42%	23.57%	26.08%	30.00%	31.53%	31.52%
Coverage Ratio (stage 3 ECL / NPLs)	" "	76.66%	77.48%	77.83%	81.83%	87.45%	88.19%
Coverage Ratio (total ECL/ NPLs)	" "	92.47%	99.34%	82.70%	86.17%	90.83%	98.87%
Earning assets to total assets ratio	" "	83.77%	85.20%	82.51%	89.70%	87.90%	87.88%
Investments to total assets ratio	" "	59.97%	43.19%	51.48%	46.93%	52.56%	57.80%
Cash & Cash Equvilants to Total Assets	" "	6.94%	7.10%	8.43%	5.77%	9.23%	8.30%
Cash to Current Liabilities	" "	4.53%	4.01%	6.43%	4.92%	4.52%	6.34%
Cost of Funds	" "	6.18%	9.09%	8.68%	5.96%	3.40%	4.31%
Cash flow coverage ratio	" "	177.04%	–32.85%	174.57%	–20.00%	41.08%	174.27%
Net interest income as a percentage of working funds	" "	132.13%	121.46%	117.58%	127.08%	135.66%	128.39%
Non–interest income as a percentage of working funds	" "	32.49%	30.49%	26.20%	35.89%	42.56%	32.64%
Cash Reserve Ratio	" "	6.00%	6.00%	6.00%	5.91%	5.09%	5.02%
Liquid Assets to Total Assets	" "	45.33%	35.66%	51.78%	51.12%	54.10%	50.99%
Gross Non Performing Assets to Gross Advances & Investments	" "	1.89%	2.94%	2.94%	2.93%	3.05%	3.38%
Credit–Deposit Ratio	" "	32.11%	55.74%	32.06%	54.51%	41.77%	37.00%
Earning assets to interest bearing Liabilities	Times	1.81	1.85	1.74	1.80	1.55	1.60
Deposits to shareholder equity	" "	9.28	8.46	8.74	8.07	8.82	7.94
Assets to Equity	" "	13.33	11.90	11.75	12.21	12.30	10.82
Current / Quick Ratio	" "	1.16	1.39	1.87	1.39	1.53	2.38
Risk Adequacy:							
Tier I Capital	Rs. Mln	230,337	216,927	189,956	160,614	150,354	152,901
Total Eligible Capital	" "	312,908	270,869	224,949	185,384	169,604	188,409
Risk Weighted Assets (RWA)	" "	1,602,238	1,400,015	1,103,471	984,079	997,279	897,938
Tier I to RWA	%	14.38%	15.49%	17.21%	16.32%	15.08%	17.03%
RWA to total assets	" "	49.34%	51.79%	45.46%	47.19%	50.61%	51.09%
Capital Adequacy Ratio	" "	19.53%	19.35%	20.39%	18.84%	17.01%	20.98%
Statutory Liquidity Reserve (Ratio)	" "	70.13%	49.51%	72.89%	56.68%	72.92%	68.66%
Net Return on Average RWA	" "	3.61%	4.60%	5.71%	3.30%	3.25%	3.29%
Duo Pont Analysis:							
Net Operating Margin	%	29.88%	30.89%	33.02%	29.29%	36.65%	32.45%
Asset Utilization	%	6.10%	7.27%	8.01%	5.51%	4.51%	5.47%
Leverage Ratio / Equity Multiplier	Times	12.64	11.83	11.95	12.25	11.56	10.64
Industry Share:							
Deposits	%	5.53%	5.74%	5.92%	5.87%	6.41%	6.91%
Advances	" "	4.64%	6.55%	4.71%	6.46%	5.98%	5.69%
Market Capitalisation	" "	9.21%	12.59%	12.71%	13.40%	13.03%	16.08%
Consolidated:							
Total Assets	Rs. Mln	3,578,742	3,009,722	2,680,085	2,274,333	2,122,121	1,891,276
Shareholders' Equity	" "	261,600	240,935	215,670	174,287	161,592	163,409
Net Assets	" "	337,179	287,247	241,751	194,478	177,569	192,991
Profit before tax	" "	125,119	131,177	137,519	75,340	53,275	49,318
Profit after tax	" "	58,775	63,466	65,271	34,451	31,328	29,562
Return on Average Assets	%	1.78%	2.23%	2.63%	1.57%	1.56%	1.69%
Return on Average Equity	" "	23.33%	27.75%	33.38%	20.42%	19.19%	19.02%
Earnings per share	Rs.	49.29	53.35	54.94	29.00	26.31	24.82
Breakup value per share	" "	284.52	242.39	204.00	164.11	149.84	162.85
Capital Adequacy Ratio	%	18.69%	18.74%	19.77%	17.98%	15.99%	19.69%
Per Branch:							
Gross Advances	Rs. Mln	522.22	780.34	432.84	550.81	442.29	359.38
Deposits	" "	1,603.74	1,370.07	1,255.48	952.15	982.50	902.38
CASA	" "	1,561.97	1,332.22	1,215.46	913.36	913.05	838.90
PBT	" "	81.88	84.40	87.09	49.29	36.18	33.76

Six Years' Non Financial Summary 2020-2025

		2025	2024	2023	2022	2021	2020
No. of accounts	Absolute	9,589,227	9,053,850	8,826,027	8,586,001	8,372,786	8,217,065
No. of branches	"	1,410	1,403	1,438	1,448	1,437	1,429
Staff strength	"	15,410	14,289	14,420	14,341	13,849	13,643
Staff turnover ratio	%	15%	21%	16%	19%	14%	10%
Customer Satisfaction Index	%	84%	84%	75%	75%	–	–
Customer Retention Ratio	%	99%	96%	96%	95%	95%	93%
Employee Productivity Rate							
Deposits per Employee	Rs. Mln	146.7	134.5	125.2	96.1	101.9	94.5
Advances per Employee	"	47.8	76.6	43.2	55.6	45.9	37.6
Revenue (Total Income) per Employee	"	11.8	13.1	12.5	7.8	6.1	6.6
PBT per Employee	"	7.5	8.3	8.7	5.0	3.8	3.5
Digital Banking							
No. of ATMs (Domestic)	Absolute	1,489	1,472	1,475	1,484	1,454	1,434
No. of Debit cards/smart cards issued during the year	"	684,395	693,765	728,133	820,188	796,215	577,406
Credit Cards							
No. of new issuance	Absolute	21,572	16,058	19,383	21,545	18,828	13,944
No. of customers	"	99,113	93,235	99,105	95,516	87,882	84,542
Total spend (transaction volume)	Rs. Mln	41,376	32,739	25,569	17,905	11,681	8,327
Auto Loan							
No. of Loans disbursed	Absolute	5,643	2,476	1,837	4,981	8,706	5,549
Outstanding Volume	Rs. Mln	18,491	13,437	16,266	22,552	24,445	19,777
Home Loan							
No. of Loans disbursed	Absolute	59	25	57	706	676	67
Outstanding Volume	Rs. Mln	8,262	8,274	9,785	11,694	8,528	4,733
Personal Loan							
No. of Loans disbursed	Absolute	1,025	1,004	1,297	1,972	1,293	1,764
Outstanding Volume	Rs. Mln	788	850	1,344	1,500	1,519	1,912
Bancassurance							
No. of customers	Absolute	368,170	345,700	328,053	300,579	273,178	232,035
No. of new customers	"	22,470	19,229	27,474	27,401	41,143	35,402
No. of policies	"	23,189	19,960	28,336	25,999	40,205	35,791
Bancassurance Premium	Rs. Mln	10,945	9,783	10,755	10,617	10,756	9,654
Home Remittance							
Volume of home remittance	USD Mln	4,398	4,592	3,247	3,434	3,527	3,206
Volume of home remittance	Rs. Mln	1,236,823	1,278,523	912,093	703,189	567,154	518,882
Home Remittance MCB Market Share	%	10.94%	13.25%	12.32%	11.60%	11.40%	12.35%
Cash Management							
Throughput of Cash Management	Rs. Mln	5,815,298	5,375,375	4,699,010	3,866,980	3,020,171	2,082,095

Performance Commentary:

In this section, commentary on the six years' performance of the Bank is being provided, covering key highlights:

Statement of Financial Position

Total Assets:

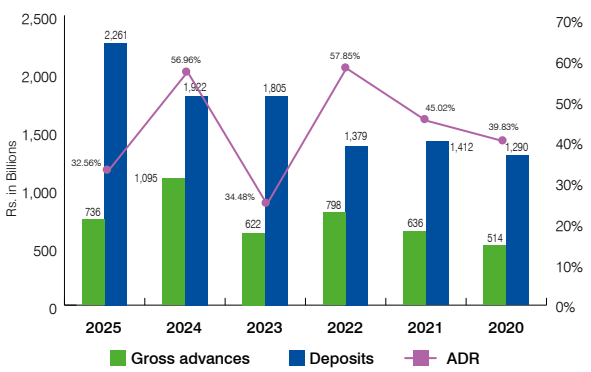
The Bank's asset base has registered a compound annual growth rate (CAGR) of 13.06% over the past six years, reaching Rs. 3,247 billion as of December 31, 2025. Key contributors to this growth have been advances and investments, with investments increasing at an annualized rate of approximately 13.90%, while gross advances recorded a growth of 7.47% per annum. Amidst evolving yield curve dynamics, the Bank has proactively and prudently managed the mix of earning assets to ensure sustainable returns for its stakeholders. Approximately 80% of the growth in total assets during the period was concentrated in earning assets, supporting an improvement in the Bank's Return on Assets (RoA) from 1.77% in 2020 to 1.82% in 2025.

Advances:

The Bank recorded strong growth in advances during 2021 and 2022, supported by the post-pandemic economic normalization phase and a strategic focus on capitalizing on credit expansion opportunities within the Bank's defined risk appetite. Following a year of negative growth in advances in 2023, due to a restrictive monetary policy stance by the State Bank of Pakistan (SBP) and limited quality lending opportunities, 2024 witnessed a strong rebound, supported by the Bank's concerted efforts and operational execution. In the current year, however, gross advances declined by 33%, closing at Rs. 736.329 billion, reflecting a calibrated approach to credit deployment in line with prevailing risk-return dynamics. Concurrently, the Bank optimized the allocation of earning assets through active management of its investment portfolio, resulting in a strategic balance sheet realignment and the deployment of surplus liquidity into money market instruments.

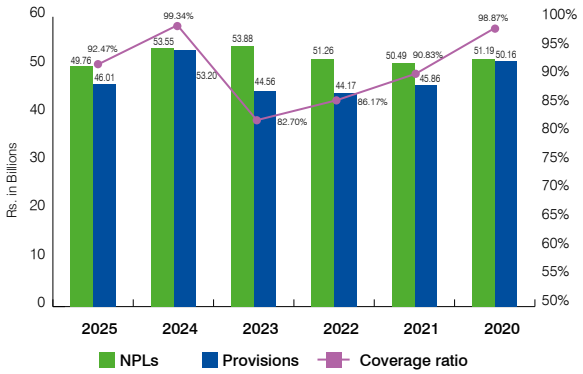
During the course of the review period, concentration of gross advances in the total assets mix has declined from 29% in 2020 to 23% in 2025.

Non-performing Loans:



Strengthened risk management policies coupled with refined credit appetite has enabled the Bank to keep a check on the quality of its assets. During 2025, the Bank continued with its trend of registering significant recoveries to post another year of impressive performance; the total recoveries for the year amounted to Rs. 3.564 billion. Effective management of Bank's credit risk by leveraging a robust risk management framework, together with a growing credit book has improved Bank's credit profile; the infection ratio improving to 6.76% in 2025 as compared to 9.97% reported in 2020. The coverage ratio of the Bank is being reported at 92.47%, as compared to 98.87% in 2020 due to the comparatively lower amount of NPLs classified in loss category in the current year. However, NPLs classified in "loss" category still constitute more than 90.50% of the NPLs base, which indicates adequacy of provision held against advances in the banking book.

Investments:

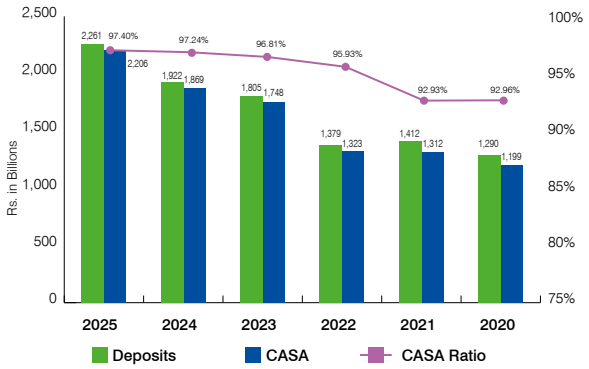


During the earlier phase of the time-series analysis (2020–2023), limited availability of quality lending opportunities led the banking sector to channel surplus liquidity predominantly into government securities, in line with elevated sovereign borrowing requirements. This trend reversed in 2024, when the Bank recorded exceptional growth in advances, resulting in a moderation of the investment portfolio's share in total assets to 43%, compared to 58% in 2020. In 2025, however, a strategic optimization of the earning asset mix — aligned with prevailing risk-return dynamics — led to a renewed shift toward investments, with their concentration in total assets rising to 60% during the year.

The Bank's investment base has grown at an average annual rate of 13.90% over the past six years, increasing from Rs. 1,016 billion in 2020 to Rs. 1,947 billion in 2025. The composition and duration of the investment portfolio have been proactively managed amid evolving yield curve dynamics to optimize liquidity and maximize shareholder returns. The Bank's equity portfolio comprises investments in a diversified set of companies with strong fundamentals, aimed at generating stable dividend income.

Deposits:

The Bank's deposit base has expanded significantly over the past six years, rising from Rs. 1,290 billion as of December 31, 2020, to Rs. 2,261 billion as of December 31, 2025, reflecting a compound annual growth rate (CAGR) of 11.89%. The CASA base has also demonstrated remarkable growth, increasing from Rs. 1,199 billion in 2020 to Rs. 2,202 billion in 2025. This growth has been strategically achieved through a focus on service excellence, strategically located customer touchpoints, and enhanced transactional convenience offered via a diversified range of products.



Equity and Dividends

- The paid-up capital of the Bank is Rs. 11.8 billion as at December 31, 2025, meeting the statutory capital requirements set by the SBP.
- In 2008, most affluent strategic partnership occurred in Pakistan where the largest Bank of Malaysia, Maybank Berhad, acquired a 20% holding in MCB Bank Limited (current holding at 18.78% as holding diluted due to issuance of shares under the merger scheme).
- The equity base of the Bank is reflective of the outstanding financial results achieved through consistent performances over the years. The capital base of the Bank is rated as strong; which is substantiated by the reported CAR of 19.53% as at December 31, 2025 against the statutory requirement of 11.50%. The Shareholders' equity has grown significantly from Rs. 162 billion in 2020 to Rs. 244 billion in 2025.
- The Bank has one of the highest cash dividend payouts per share in the industry, with regular interim dividends, and remains one of the prime stocks preferred in the Pakistani equity market.

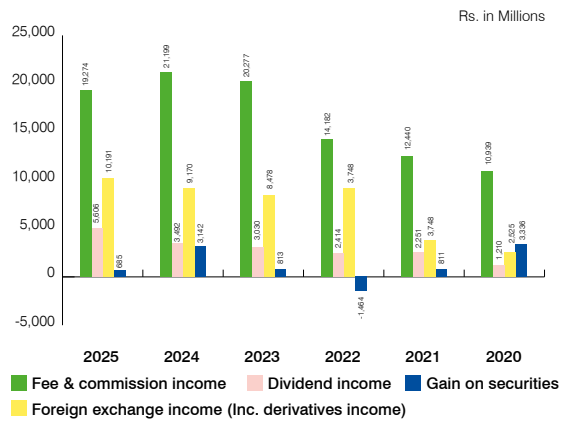
Statement of Profit and Loss account

Net Interest Margin

- The composition of markup income has exhibited a mixed trend over the past six years, reflecting shifts in the concentration of the Bank's earning assets. The contribution of markup income from advances in the total markup income mix increased from 31.51% in 2020 to 33.65% in 2023. Over the same period, the contribution from markup income on investments declined from 67.60% to 62.07%. Subsequently, on the back of improved investment yields and disciplined liquidity optimization, the share of markup income from investments in the Bank's total income mix rose to 71.43% in 2025, underscoring the evolving composition of earnings during the year.
- The investment-to-total-asset ratio increased from 58% in 2020 to 60% in 2025, reflecting the allocation of liquidity toward the investment portfolio. In contrast, the advances-to-total-asset ratio exhibited a declining trend, decreasing from 29% to 23% over the same period.
- Achieving growth in no-cost current accounts to improve their concentration in the deposits base and maintain a balanced mix of earning assets has remained at the forefront of MCB's key strategic focus; CASA base of the Bank has remained above 92% throughout the period covered by the time series analysis and has supported optimization of net interest margins achieved by the Bank.

Non-Markup Income

- Over the past six years, non-markup income growth has been primarily supported by fee and commission income, foreign exchange earnings, and capital gains. With the exception of 2020 — when a combination of systemic and idiosyncratic disruptions arising from the COVID-19 outbreak weighed on income streams — fee and commission income has generally exhibited broad-based growth. This sustained performance reflects the Bank's strategic focus on revenue diversification across business lines, including the introduction of new products and services and the expansion of remote and digital banking initiatives. The current year, however, marked a deviation from this trend, as fee and commission income declined, mainly due to intensified competition in the home remittance segment.
- The fee, commission and brokerage block of the Bank have been constant contributors to its bottom line growth; major thrust to the income has been provided by branch banking fees, commission earned on trade business, bancassurance business, and card related incomes.
- The equity book of the Bank consists of investments in diverse companies with strong fundamentals and has been a stable contributor to the non markup income block by providing outstanding dividend yields. During the past 6 years, around Rs. 25 billion have been realized by way of capital gains and dividend income.
- During 2025, MCB prudently managed its foreign exchange assets and liabilities in line with evolving market conditions, resulting in a significant increase in FX income, which stood at Rs. 10.191 billion. FX income for 2024 and 2023 was reported at Rs. 9.170 billion and Rs. 8.478 billion, respectively, reflecting the Bank's consistent focus on optimizing returns from its foreign exchange portfolio.



Credit Loss Allowance / Provisions and write offs

The Bank's risk management platform is being driven by an augmented framework of sound risk principles, optimum organizational structure, robust risk assessment models and effective monitoring systems, in an IT enabled environment, to effectively identify, evaluate and mitigate all risks undertaken in the achievement of its long-term strategic objectives. The captioned platform has formed the basis for a declining trend in credit loss allowance / provision charge booked against advances over the years; with the Bank posting significant reversals over the years on the back of extensive recovery efforts undertaken.

During 2020, the Bank had witnessed a trend reversal in recognition of provision against advances. The subjective

classification of obligor accounts on a prudent basis coupled with an additional recognition of general provision charge, amounting to Rs. 4 billion, in anticipation of the impact realization of COVID-19 pandemic post expiration of SBP's relaxations and waivers were the prime contributors to the captioned increase.

During 2021, as part of the continuous credit assessment process, the Bank, while creating specific provisions against exposures that reflected signs of financial distress, reversed the general provision charge created in 2020 as a preemptive measure to counter COVID-19 impact; as the systematic risks surrounding the economic recovery receded. In the following years (2022 & 2023), proactive monitoring and recovery efforts cumulatively led to a net provision reversal of Rs. 3.3 billion in specific provision maintained against NPLs.

In 2024, the Bank recorded a credit allowance charge of Rs. 711 million under IFRS 9, along with an additional charge of Rs. 4.046 billion to its general reserve, maintained over and above the IFRS 9-based ECL, in line with SBP's BPRD Circular Letter No. 01 dated January 22, 2025. In 2025, the Bank posted a net reversal of Rs. 2.221 billion in the credit allowance charge, driven by recoveries and changes in risk parameters. An additional reversal of Rs. 2.61 billion was recognized in the general reserve, reflecting a reduction in advances.

The Bank has not taken any benefit of FSV in its provision calculation

Operating expense:

Considering expansion in Bank's branch outreach, continued investment in technological infrastructure, regular performance merit adjustments for the Human Capital, rising regulatory compliance costs and sustained inflationary patterns witnessed over the period of six years and particularly, the surge recorded in the two years preceding the current year, the growth posted in the administrative block of the Bank has been kept in strict check.

Introduction of cost-effective techniques/methods, automation led saving initiatives, centralization of operations and imposition of annual capping's have been the key pillars of cost management drive undertaken by the Bank and have, in turn, laid the basis for the Bank to boast one of the lowest costs to income ratios in the industry.

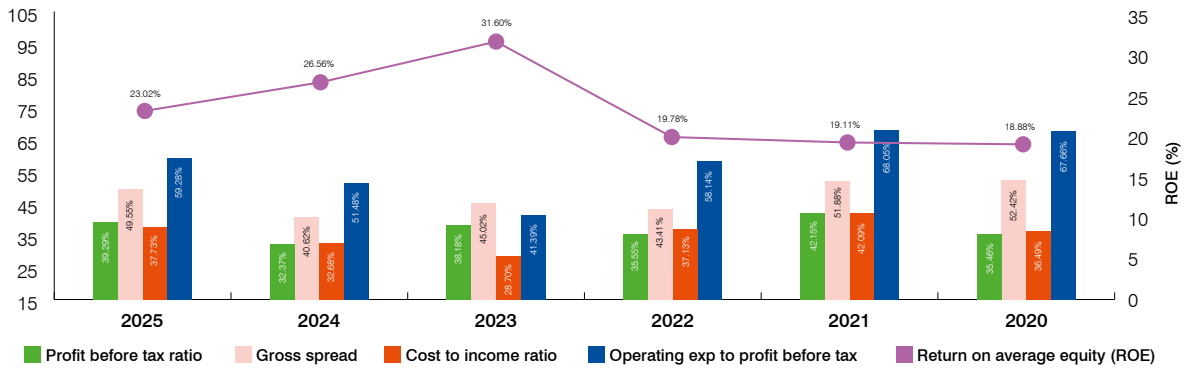
Profit Before Tax and Profit After Tax:

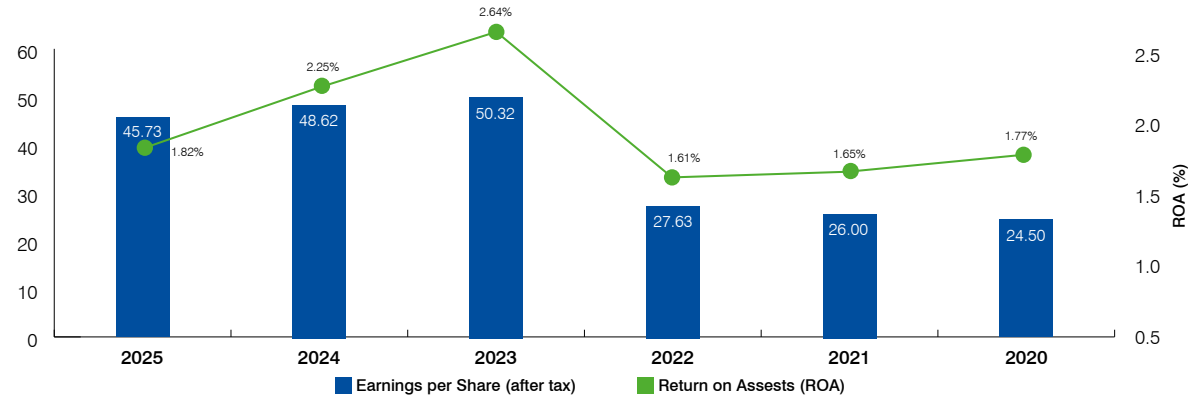
- MCB Bank has been able to post outstanding profitability numbers over the period of last six years as substantiated by one of the highest industry EPS and a remarkable RoA ratio.
- The aggregate profit after tax for the last six years has approximated around Rs. 264 billion.
- Profitability ratios have been one of the best in the banking industry, which are reflective of effective management of the affairs and adoption of prudent strategies.

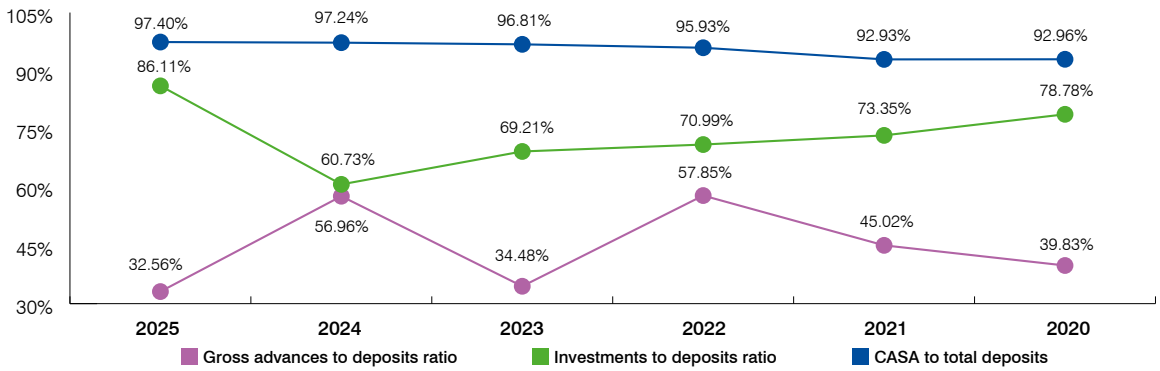
Other statistics

- The Bank has added in excess of 1.3 million bank accounts to its base during the past 6 years with the current statistics highlighting the existing total bank accounts to be over 9.5 million.
- With active participation in trade, MCB Bank has been able to improve its trade volumes in the last 6 years. The volumes have more than doubled as compared to the base year; reaching Rs. 1,711 billion for imports and Rs. 909 billion for exports respectively.
- The Bank has been able to increase its market share in the remittance business growing from Rs. 519 billion in 2020 to the volume of Rs. 1,237 billion in 2025. The total home remittance inflows attracted by MCB in 2025 stood at USD 4.398 billion and hence further consolidated MCB's position as an active participant in SBP's cause for improving flow of foreign reserves into the country through banking channels. MCB has been recognized as the 3rd largest bank in Pakistan's remittance market by the State Bank of Pakistan at the PRI awards 2025. This award highlights MCB's dedication to connecting families and supporting economic growth through reliable and efficient remittance services.
- In 2008, the Bank launched Bancassurance which was a unique cross functional service to the customers of the Bank. Starting with only 131 policies and 129 customers in 2008, MCB Bank issued 23,189 new policies in 2025; with the total customer base of 368,170.
- MCB Bank launched mobile banking in 2009 with approximately 53,000 customers reported by the end of 2009. In 2021, in line with the technological advancements, MCB launched its new flagship omnichannel mobile application "MCB Live". As of 2025, MCB Live has approximately 2 million registered users with a transaction volume of Rs. 3,264 billion for the current year.
- In 2015, MCB Annual Report had been honored to receive 1st place by South Asian Federation of Accountants (SAFA) for best presented Annual Accounts 2014. MCB was the 1st Pakistani bank to receive this accolade. In the past years, we have been awarded merit certificate and runner up awards for the same.
- In 2016, the Bank was awarded Best Bank in the "Corporate Finance and Investment Banking" by Euro Money Awards. We have also been awarded Best Bank in the Finance Asia Country Awards.
- The Bank has been continuously focusing on CPEC related infrastructure projects and has been able to achieve various awards on outstanding performance under CPEC arrangements. In this regard, the Bank received the award for "Best Regional Bank in South Asia" for BRI (Belt & Road Initiative) - Asiamoney New Silk Road Finance Awards 2017.
- In 2019, the Bank was declared as the "Most Outstanding Company in Pakistan" in the financial sector category by Asiamoney.
- In 2021, MCB's 'Annual Report 2020' was adjudged winner of the "Best Corporate Report" award in the financial sector category for the 9th consecutive year, while, for the very first time, MCB's annual report was adjudged as the "Overall Best Corporate Report" across all industry sectors. Furthermore, Bank's exceptional performance was recognized by the globally coveted Finance Asia's Country Awards wherein it has been bestowed with the "Best Bank in Pakistan" award.
- In 2024, the 'Annual Report 2023' of MCB Bank was rated 1st in the Banking Category and was also declared overall winner across all categories by the Joint Evaluation Committee of ICAP & ICMA. This award is a testament to MCB's focus on achieving excellence in governance practices and transparency in corporate reporting. In the current year, 'Annual Report 2024'of MCB Bank was rated second in the Banking Category; continuing its legacy of fair and transparent corporate reporting.

Graphical Summary of Ratios

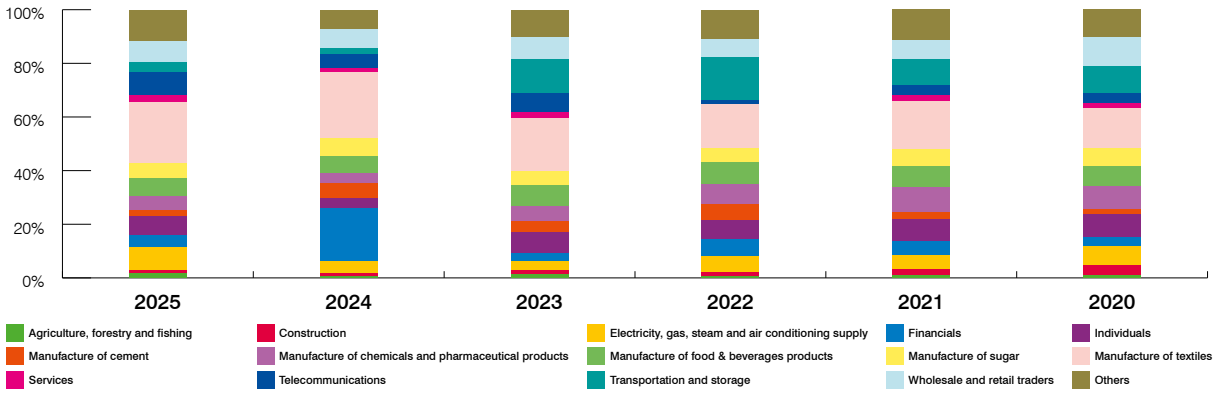




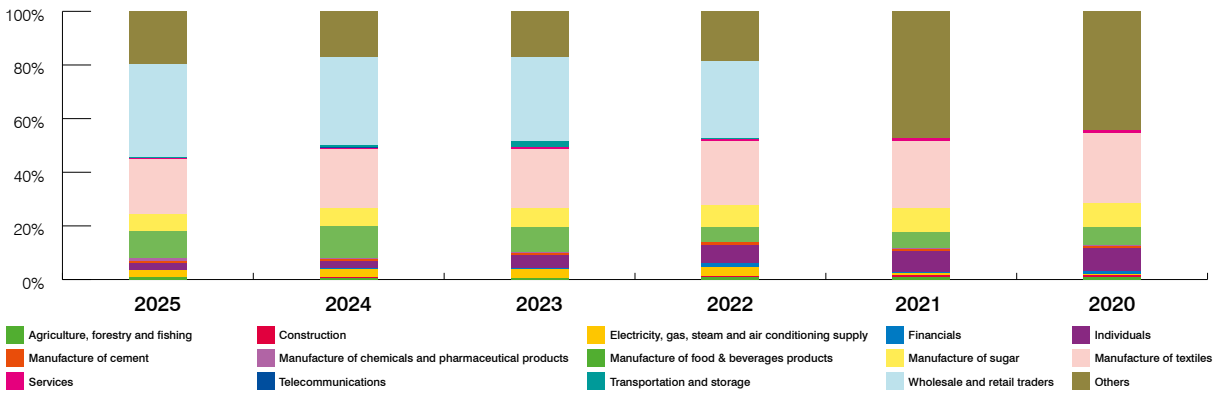


Concentration of Advances, NPLs (Stage 3) and Off Balance Sheet Items

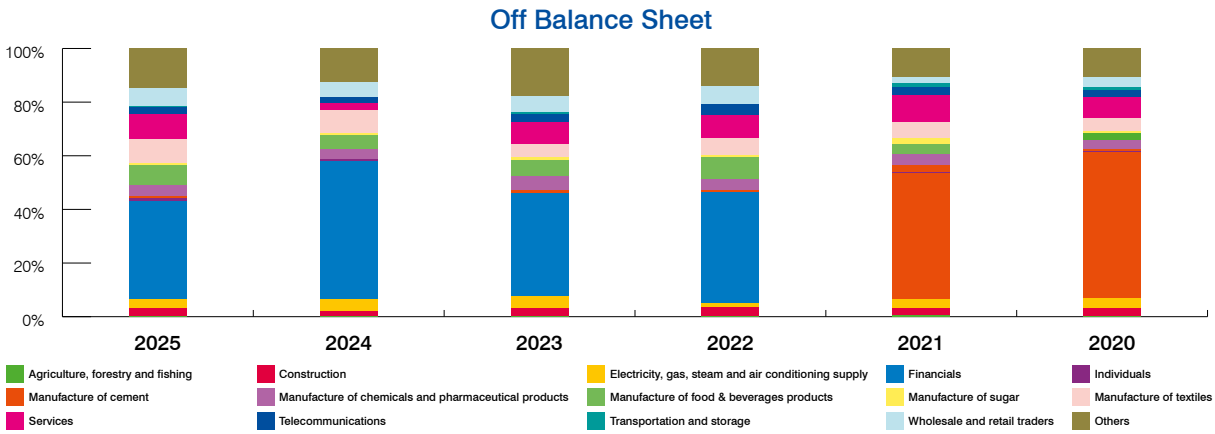
Gross Advances



Non Permorming Loans (Stage 3)

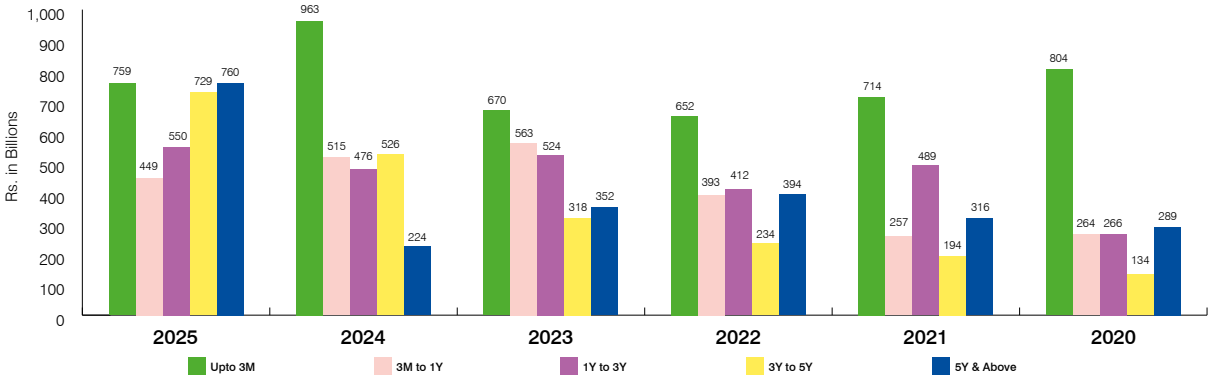


Off Balance Sheet

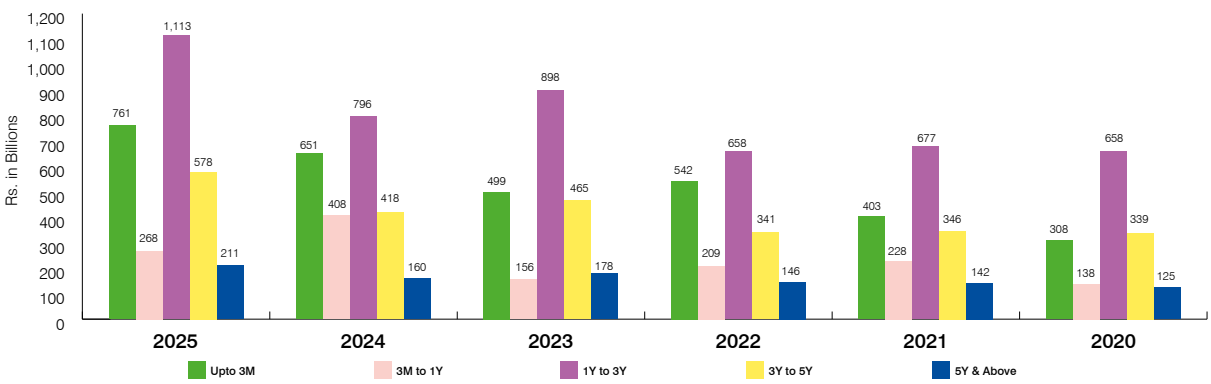


Maturities of Assets & Liabilities

Maturities of Assets



Maturities of Liabilites



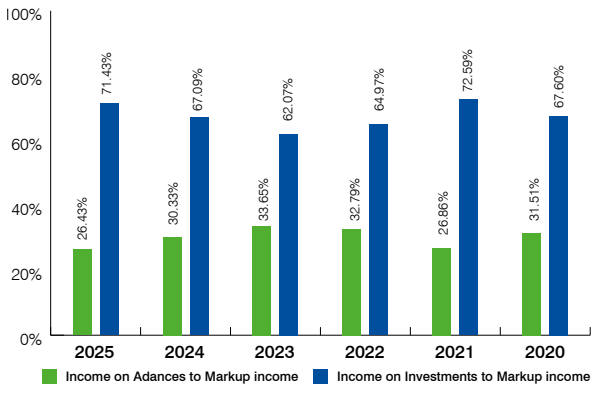
*Based on expected maturities

Markup & Non Markup Income

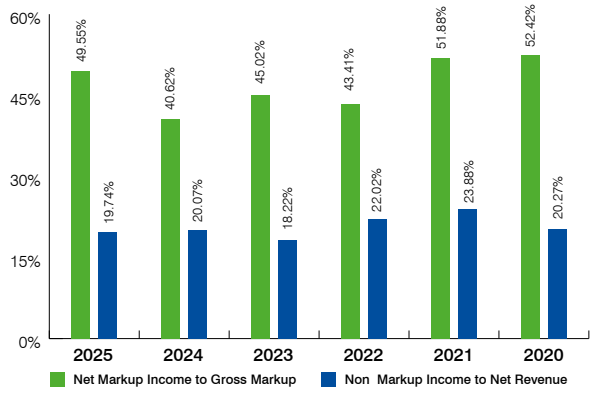
Rupees in Million

	2025	2024	2023	2022	2021	2020
Markup Income						
Loans and advances	77,659	111,306	110,387	65,835	33,123	42,879
Investments	209,891	246,252	203,612	130,432	89,523	91,983
Lendings to Financial Institutions	4,125	6,842	11,866	3,918	567	998
Balance with banks	1,436	2,089	2,193	579	122	215
IFRS 9 adjustment for staff loans	720	532	–	–	–	–
	293,830	367,020	328,057	200,763	123,334	136,076
Markup Expense						
Deposits	95,577	177,398	139,597	93,996	47,107	55,095
Borrowings	50,288	35,758	35,850	16,239	9,717	6,152
Cost of foreign currency swaps	465	3,202	3,549	2,198	1,610	2,387
Unwinding cost of liability against RoUA	1,898	1,568	1,361	1,174	914	1,107
	148,228	217,926	180,356	113,607	59,347	64,741
Net Markup Income	145,602	149,095	147,701	87,156	63,987	71,334
Non Markup Income						
Fee & commission Income	19,274	21,199	20,227	14,182	12,440	10,936
Dividend Income	5,060	3,492	3,030	2,414	2,251	1,210
Foreign exchange income	10,191	9,170	8,478	9,193	3,748	2,525
Gain / (Loss) on securities	685	3,142	813	(1,464)	811	3,336
Other Income	592	429	368	290	823	128
	35,802	37,432	32,916	24,613	20,074	18,136

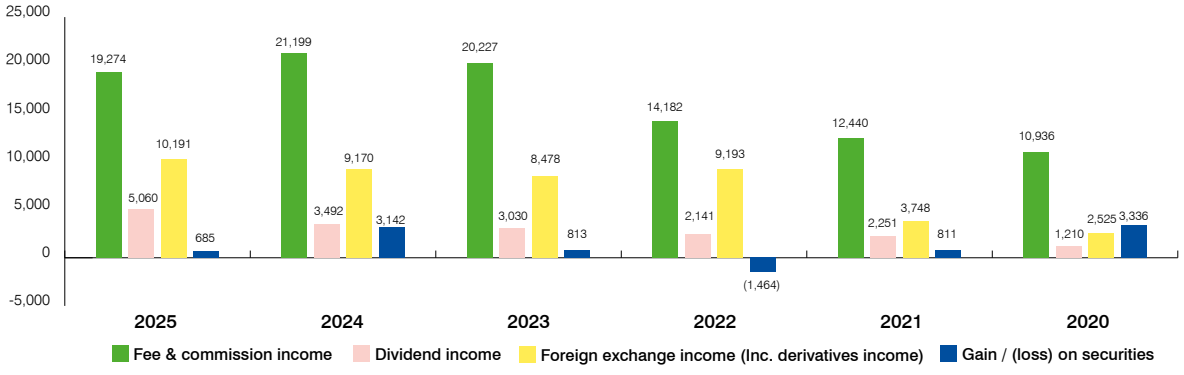
Markup Income from Advances and Investments (2020-2025)



Income Composition (2020-2025)



Non Markup Income (2020-2025)

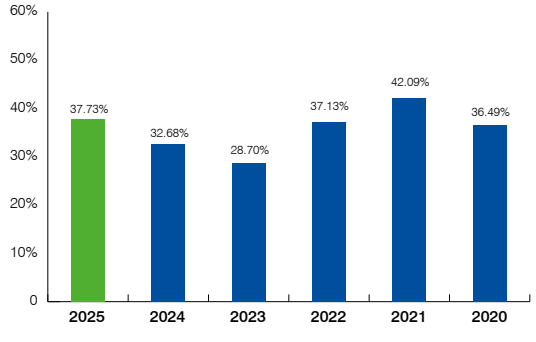


Operating Expenses

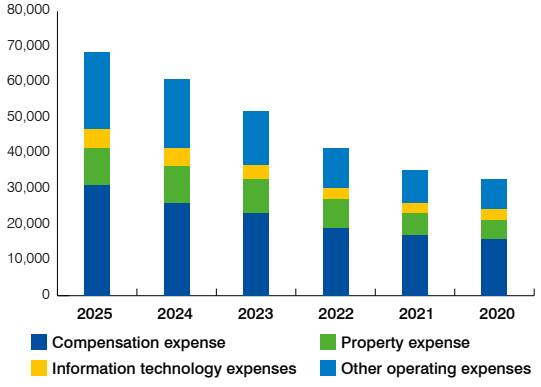
Rupees in Million

	2025	2024	2023	2022	2021	2020
Total compensation expense	31,029	25,892	23,238	19,020	16,940	15,806
Property expense						
Rent & taxes	305	406	306	208	193	161
Insurance	27	26	26	20	21	23
Utilities cost	2,399	2,892	2,377	1,957	1,567	1,218
Fuel Expense	864	959	1,245	1,042	414	335
Security (including guards)	2,350	2,214	1,960	1,673	1,506	1,240
Repair & maintenance (including janitorial charges)	1,384	1,248	1,089	935	716	653
Depreciation on right–of–use assets	1,812	1,695	1,521	1,327	1,202	1,217
Depreciation	1,272	1,143	956	766	710	642
	10,412	10,582	9,479	7,928	6,329	5,488
Information technology expenses						
Software maintenance	2,357	1,985	1,668	1,282	1,097	1,148
Hardware maintenance	334	336	336	264	185	212
Depreciation	1,542	1,334	877	642	619	548
Amortization	547	573	358	377	317	318
Network charges	569	614	642	568	518	598
Insurance	12	7	5	4	3	4
	5,362	4,850	3,887	3,137	2,740	2,829
Other operating expenses						
Directors' fees and allowances	71	64	46	46	46	50
Legal & professional charges	468	427	382	434	268	268
Outsourced services costs	1,221	1,095	959	860	766	692
Travelling & conveyance	671	599	502	345	272	261
NIFT clearing charges	291	233	212	190	154	166
Depreciation	1,622	1,347	1,140	968	847	816
Depreciation on non–banking assets	16	18	24	23	36	30
Training & development	162	72	89	62	35	37
Postage & courier charges	304	310	252	293	236	234
Communication	2,713	2,150	1,498	513	365	326
Stationery & printing	1,140	1,216	1,151	784	587	563
Marketing, advertisement & publicity	2,681	2,121	795	736	778	695
Donations	10	10	21	1	8	113
Auditors Remuneration	121	92	68	61	57	30
Cash transportation charges	1,150	1,242	1,107	922	860	709
Repair & maintenance	869	800	662	585	445	402
Subscription	48	35	28	28	13	21
Entertainment	526	438	407	279	203	184
Credit Card Related Expenses	3,681	3,733	2,793	1,473	992	829
CNIC verification charges	343	415	391	387	262	129
Insurance	2,581	2,315	1,953	1,806	1,668	1,483
Others	947	906	754	613	474	486
	21,636	19,639	15,234	11,410	9,372	8,523
Operating excluding compensation	37,410	35,071	28,601	22,475	18,441	16,840
Total operating expenses	68,439	60,963	51,838	41,495	35,381	32,646

Cost to income ratio



Operating Expenses Mix



Horizontal Analysis

	2025	25 vs 24	2024	24 vs 23	2023	23 vs 22	2022	22 vs 21	2021	21 vs 20	2020	20 vs 19
	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%
Statement of Financial Position												
Assets												
Cash and balances with treasury banks	190,084	13%	168,508	–1%	170,717	77%	96,369	–41%	164,613	35%	122,181	–8%
Balances with other banks	39,698	43%	27,842	–21%	35,073	41%	24,872	32%	18,830	–22%	24,030	92%
Lendings to Financial Institutions	99,048	78%	55,656	–42%	96,213	91%	50,416	19%	42,467	148%	17,139	1472%
Investments	1,947,225	67%	1,167,453	–7%	1,249,439	28%	978,731	–5%	1,035,585	2%	1,015,869	36%
Advances	690,319	–34%	1,041,626	80%	577,863	–23%	753,400	28%	589,711	27%	462,942	–7%
Property and equipment	97,069	17%	82,694	7%	76,944	4%	74,203	44%	51,582	1%	51,271	1%
Right–of–use assets	7,457	23%	6,045	3%	5,878	3%	5,715	–1%	5,746	–15%	6,757	–12%
Intangible assets	1,351	3%	1,314	27%	1,035	29%	801	–18%	979	4%	938	–2%
Deferred tax assets	–	–	–	–	–	–	7,547	100%	–	–	–	–
Other assets	174,807	15%	152,202	–29%	214,016	129%	93,301	53%	60,955	8%	56,334	–12%
	3,247,057	20%	2,703,339	11%	2,427,179	16%	2,085,355	6%	1,970,468	12%	1,757,462	16%
Liabilities												
Bills payable	25,617	–39%	41,827	67%	25,096	–36%	39,137	59%	24,590	3%	23,981	103%
Borrowings	457,872	71%	268,487	24%	216,611	–36%	340,237	26%	269,526	64%	164,002	83%
Deposits and other accounts	2,261,275	18%	1,922,212	6%	1,805,387	31%	1,378,717	–2%	1,411,852	9%	1,289,502	13%
Lease liabilities	11,805	23%	9,586	10%	8,686	9%	7,944	7%	7,400	–8%	8,035	–3%
Deferred tax liabilities	44,947	170%	16,638	16419%	101	100%	–	–100%	729	–90%	6,975	19%
Other liabilities	129,800	–26%	174,330	24%	140,591	8%	129,826	58%	81,965	9%	74,866	–13%
	2,931,316	20%	2,433,080	11%	2,196,472	16%	1,895,861	6%	1,796,061	15%	1,567,361	16%
Net Assets	315,741	17%	270,259	17%	230,707	22%	189,495	9%	174,407	–8%	190,102	13%
Represented by												
Share capital	11,851	0%	11,851	0%	11,851	0%	11,851	0%	11,851	0%	11,851	0%
Reserves	109,983	5%	104,930	6%	98,724	11%	88,578	5%	84,602	5%	80,696	4%
Surplus on revaluation of assets – net of tax	72,105	67%	43,053	79%	24,093	29%	18,641	31%	14,272	–49%	27,720	17%
Unappropriated profit	121,802	10%	110,426	15%	96,040	36%	70,425	11%	63,683	–9%	69,835	25%
	315,741	17%	270,259	17%	230,707	22%	189,495	9%	174,407	–8%	190,102	13%
Statement of Profit & Loss Account												
Mark–up earned	293,830	–20%	367,020	12%	328,057	63%	200,763	63%	123,334	–9%	136,076	–2%
Mark–up expensed	(148,228)	–32%	(217,926)	21%	(180,356)	59%	(113,607)	91%	(59,347)	–8%	(64,741)	–18%
Net mark–up income	145,602	–2%	149,095	1%	147,701	69%	87,156	36%	63,987	–10%	71,334	20%
Non–mark–up income	35,802	–4%	37,432	14%	32,916	34%	24,613	23%	20,074	11%	18,136	9%
Total income	181,404	–3%	186,527	3%	180,617	62%	111,769	33%	84,061	–6%	89,470	17%
Non–mark–up expenses	(71,212)	12%	(63,775)	16%	(55,003)	27%	(43,186)	17%	(36,894)	9%	(33,908)	1%
Profit before credit loss allowance / provisions	110,192	–10%	122,752	–2%	125,613	83%	68,583	45%	47,167	–15%	55,562	30%
Credit loss allowance / provisions & write off	5,261	–221%	(4,332)	1062%	(373)	–113%	2,782	–42%	4,823	–166%	(7,313)	194%
Profit before taxation	115,453	–3%	118,420	–5%	125,241	75%	71,365	37%	51,989	8%	48,249	20%
Taxation	(61,258)	1%	(60,806)	–7%	(65,609)	70%	(38,624)	82%	(21,178)	10%	(19,212)	19%
Profit after taxation	54,195	–6%	57,615	–3%	59,631	82%	32,741	6%	30,811	6%	29,037	21%

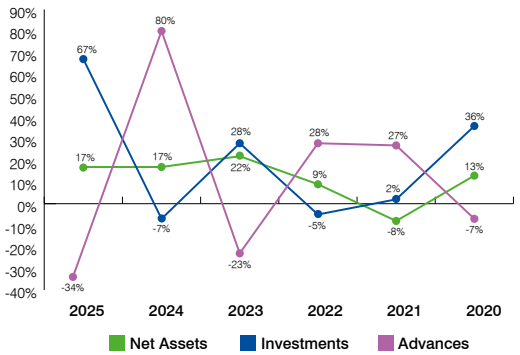
Vertical Analysis

	2025		2024		2023		2022		2021		2020	
	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%
Statement of Financial Position												
Assets												
Cash and balances with treasury banks	190,084	6%	168,508	6%	170,717	7%	96,369	5%	164,613	8%	122,181	7%
Balances with other banks	39,698	1%	27,842	1%	35,073	1%	24,872	1%	18,830	1%	24,030	1%
Lendings to Financial Institutions	99,048	3%	55,656	2%	96,213	4%	50,416	2%	42,467	2%	17,139	1%
Investments	1,947,225	60%	1,167,453	43%	1,249,439	51%	978,731	47%	1,035,585	53%	1,015,869	58%
Advances	690,319	21%	1,041,626	39%	577,863	24%	753,400	36%	589,711	30%	462,942	26%
Property and equipment	97,069	3%	82,694	3%	76,944	3%	74,203	4%	51,582	3%	51,271	3%
Right-of-use assets	7,457	0%	6,045	0%	5,878	0%	5,715	0%	5,746	0%	6,757	0%
Intangible assets	1,351	0%	1,314	0%	1,035	0%	801	0%	979	0%	938	0%
Deferred tax assets	–	–	–	–	–	–	7,547	–	–	–	–	–
Other assets	174,807	5%	152,202	6%	214,016	9%	93,301	4%	60,955	3%	56,334	3%
	3,247,057	100%	2,703,339	100%	2,427,179	100%	2,085,355	100%	1,970,468	100%	1,757,462	100%
Liabilities												
Bills payable	25,617	1%	41,827	2%	25,096	1%	39,137	2%	24,590	1%	23,981	1%
Borrowings	457,872	14%	268,487	10%	216,611	9%	340,237	16%	269,526	14%	164,002	9%
Deposits and other accounts	2,261,275	70%	1,922,212	71%	1,805,387	74%	1,378,717	66%	1,411,852	72%	1,289,502	73%
Lease liabilities	11,805	0%	9,586	0%	8,686	0%	7,944	0%	7,400	0%	8,035	0%
Deferred tax liabilities	44,947	1%	16,638	1%	101	0%	–	–	729	0%	6,975	0%
Other liabilities	129,800	4%	174,330	6%	140,591	6%	129,826	6%	81,965	4%	74,866	4%
	2,931,316	90%	2,433,080	90%	2,196,472	90%	1,895,861	91%	1,796,061	91%	1,567,361	89%
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Unappropriated profit	121,802	4%	110,426	4%	96,040	4%	70,425	3%	63,683	3%	69,835	4%
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Mark-up expensed	(148,228)	-45%	(217,926)	-54%	(180,356)	-50%	(113,607)	-50%	(59,347)	-41%	(64,741)	-42%
Net mark-up income	145,602	44%	149,095	37%	147,701	41%	87,156	39%	63,987	45%	71,334	46%
Non-mark-up income	35,802	11%	37,432	9%	32,916	9%	24,613	11%	20,074	14%	18,136	12%
Total income	181,404	55%	186,527	46%	180,617	50%	111,769	50%	84,061	59%	89,470	58%
Non-mark-up expenses	(71,212)	-22%	(63,775)	-16%	(55,003)	-15%	(43,186)	-19%	(36,894)	-26%	(33,908)	-22%
Profit before credit loss allowance / provisions	110,192	33%	122,752	30%	125,613	35%	68,583	30%	47,167	33%	55,562	36%
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Profit before taxation	115,453	35%	118,420	29%	125,241	35%	71,365	32%	51,989	36%	48,249	31%
Taxation	(61,258)	-19%	(60,806)	-15%	(65,609)	-18%	(38,624)	-17%	(21,178)	-15%	(19,212)	-12%
Profit after taxation	54,195	16%	57,615	14%	59,631	17%	32,741	15%	30,811	21%	29,037	19%

Horizontal and Vertical Analyses:

Horizontal Analyses

The Bank's asset base has expanded significantly over the past six years, achieving several key milestones, including surpassing the landmark threshold of Rs. 3 trillion in 2025. On an annualized basis, the asset base has grown by 13.06%, on a compounded basis, compared to the base year, while investments and gross advances have increased by 13.90% and 7.47%, respectively. In 2025, total assets grew at a rate of 20.11%, exceeding the five-year compound annual growth rate (CAGR). During the year, advances declined by 33%, whereas investments recorded a substantial growth of 66.79%, reflecting a realignment of the Bank's balance sheet.



The Bank's deposit base has demonstrated steady growth over the years, increasing from Rs. 1,290 billion in 2020 to Rs. 2,261 billion in 2025, reflecting a CAGR of 11.89% over the past six years. In 2023, the Bank achieved unprecedented growth in its deposit base, recording a year-on-year increase of 31%. During the current year, the Bank delivered a deposit growth of 18%. This performance reaffirms the Bank's strength in mobilizing low-cost and sustainable deposits.

Equity base of the Bank has also posted a healthy increase due to higher profitability in the past 6 years; translating into a CAGR of 10.68% over the base year.

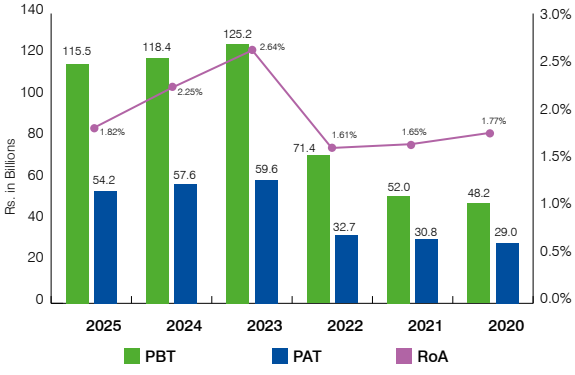
On the Profit and Loss side, gross markup earned has recorded an average annual growth of 16.64% over the past six years. This growth reflects higher markup income from both investments and advances, driven by the expansion of the earning assets base and evolving yield curve dynamics. The highest growth in gross markup income during this period was reported in 2023, when a more than 700 basis point increase in the average policy rate applicable for the year, coupled with robust volumetric gains in the earning assets base, contributed to a year-on-year increase of 63%. The increase in markup expense on deposits is attributable to regulatory adjustments by the SBP and the volumetric growth of the deposit base. The Bank has strategically managed the cost of deposits by maintaining an appropriate CASA mix, with a focus on increasing the proportion of current accounts to align with the overall earning mix. In 2025, current deposits recorded unprecedented growth of Rs. 274 billion, representing a 29% year-on-year increase. Markup expense posted an average annual growth of 18.02% over the six-year period under review.

The Bank's non-markup income continued to serve as a stable and meaningful contributor to bottom-line growth. Meanwhile, operating expense growth was effectively contained through the realization of initiatives undertaken as part of the Bank's cost management drive. As a result, expenses recorded an average increase of 16.00% over the period under review, despite ongoing investments in the Bank's digital and physical infrastructure, sustained inflationary pressures, merit-based HR adjustments, and currency devaluation.

One of the key strengths of the Bank has been the recovery of its non-performing loan portfolio which is clearly reflected in the reduced / reverse credit loss allowance charge booked against loans and advances over the last few years, barring the exception of:

- year 2024, where the Bank has booked an additional charge of Rs. 4.046 billion within its general reserve maintained against loans and advances, over and above the IFRS 9 based ECL, as permitted by SBP under BPRD Circular Letter No. 01 dated January 22, 2025; and
- year 2020. wherein the management had proactively booked a general provision charge of Rs. 4.0 billion in anticipation that the customers affected by the Covid 19 pandemic might require provisioning once SBP's relaxations and waivers expire post year end along with subjective provisioning of obligor accounts, on a prudent basis.

MCB enjoys one of the highest spreads in the banking industry which are duly reflected in the profitability ratios of the Bank.



Vertical Analyses

Vertical analysis reflects a higher concentration of investments and advances within the Bank's asset base.

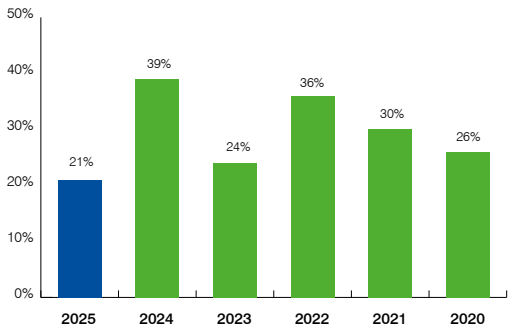
The advances portfolio had generally exhibited steady growth over the years. However, the decline observed in the current year is attributable to a recalibrated approach to credit deployment in line with the prevailing risk-return dynamics, with excess liquidity being diverted towards the investment portfolio. Consequently, the concentration of advances in the total assets base declined to 21% in 2025, down from 26% in 2020.

In 2020, advances constituted 26% of the total asset base, which increased to 30% in 2021 following a V-shaped recovery in key economic sectors, laying the foundation for broad-based growth in the Bank's advances. This upward trajectory continued in 2022, and despite a challenging economic environment, the Bank achieved historic growth of Rs. 162 billion in advances, raising their concentration in total assets to 36%. Growth momentum moderated in 2023, as elevated interest rates and a slowdown in economic activity constrained private sector credit growth, resulting in advances concentration declining to 24%, as excess liquidity was allocated to investments. In 2024, improving economic activity and monetary easing drove unprecedented growth in advances, culminating in an all-time high concentration of 39% in the asset mix. In 2025, despite the continuation of the monetary easing cycle, advances concentration decreased to 21% due to realignment of the Bank's balance sheet.

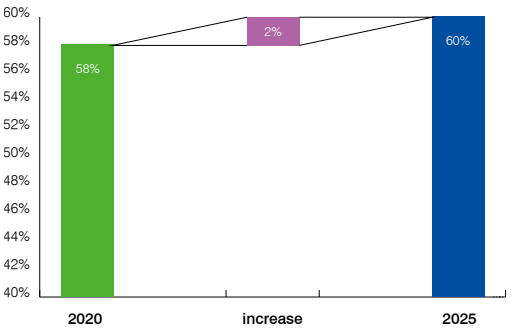
During 2020, the Banking industry steered through challenging economic conditions prevalent due to the ongoing COVID-19 pandemic. Timely and well calibrated policy measures rolled out by the SBP facilitated the banking industry to improve profitability, enhance resilience and restrict the credit risk to an acceptable level. However, the accumulation of Deposits was majorly diverted towards investments which resulted in a spike in investments to Deposit (IDR) ratios of the banking industry; MCB's IDR increased to 78% in 2020 from 65% in the preceding year.

Subsequently, on account of resurgence in economic activity witnessed in 2021 and growth achieved by the Bank in its credit book expansion in 2022, the concentration level of investment in the total asset base declined to 47% in 2022 from 58% in 2020; correspondingly, IDR declined to 71% from 79% in the same period. In the current year, investment book of the Bank showed significant increase of 67% with the IDR being reported at 86%.

Advances Concentration Level in Assets



Investments Concentration Level in Assets



In line with the Bank's sustained investments in technology, infrastructure, and operations, the deposit base has grown steadily over the past six years. Enhanced service quality and tailored product offerings have strengthened customer loyalty and deepened relationships. This is evidenced by the Bank's CASA ratio, which has consistently remained above 92% during the period under review, underscoring management's strategic focus on strengthening the deposit franchise and proactively optimizing its cost mix.

Markup income has demonstrated a steady increase over the past six years, with the exceptions of 2021 and 2025, when earning margins were adversely impacted by shifts in the yield curve, which partially offset the benefits of volumetric growth in the Bank's asset base. In 2023, markup income recorded robust growth of 63%, primarily driven by expanding earning margins amid a 7.3% increase in the average policy rate during the year. In 2024, markup income grew by 12%. However, in the current year, the positive impact of higher volumes was largely offset by yield compression in a declining interest rate environment, resulting in a 20% reduction compared to the previous year.

Markup expense has increased over the last 6 years based on regulatory revisions enacted over the period and volumetric growth registered in the deposit base. However, the Bank's strategic focus on mobilizing no-cost deposits has helped contain the overall growth in deposit costs, mitigating the impact of these factors and supporting margin resilience.

The share of non-markup income in total income remained broadly stable, moderating marginally from 12% in 2020 to 11% in 2025. This slight shift reflects the comparatively stronger contribution of gross markup income, whose share increased from 88% to 89% over the same period. Overall, the income mix demonstrates resilience and balance amid evolving interest rate dynamics, with the Bank maintaining a diversified revenue base.

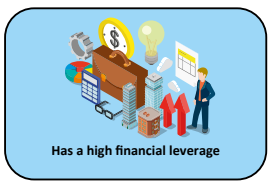
Over the six-year period, the Bank maintained relative cost discipline despite persistent inflationary pressures and continued investments in technology, infrastructure, and operational capacity. As a result, the cost-to-income ratio increased only marginally to 37.73% in 2025 from 36.87% in 2020.

DuPont Analysis

DuPont analysis consists of extended examination of Return on Equity (ROE) of a bank which analyses Net Profit Margin, Asset Turnover and Financial Leverage. It gives a broader view of the Return the bank in earnings on its Equity. This analysis, in turn, helps management to take various strategic and operational decisions.







			2025	2024	2023	2022	2021	2020
Net Operating Margin	PAT / Total Income	A	29.88%	30.89%	33.02%	29.29%	36.65%	32.45%
Asset Utilization	Total Income / Average							
	Assets	B	6.10%	7.27%	8.01%	5.51%	4.51%	5.47%
Return on Assets		C = A x B	1.82%	2.25%	2.64%	1.61%	1.65%	1.77%
Leverage Ratio / Equity Multiplier	Average Assets /							
	Average Equity	D	12.64	11.83	11.95	12.25	11.56	10.64
Return on Equity		C X D	23.02%	26.56%	31.60%	19.78%	19.11%	18.88%

DuPont analysis highlights:

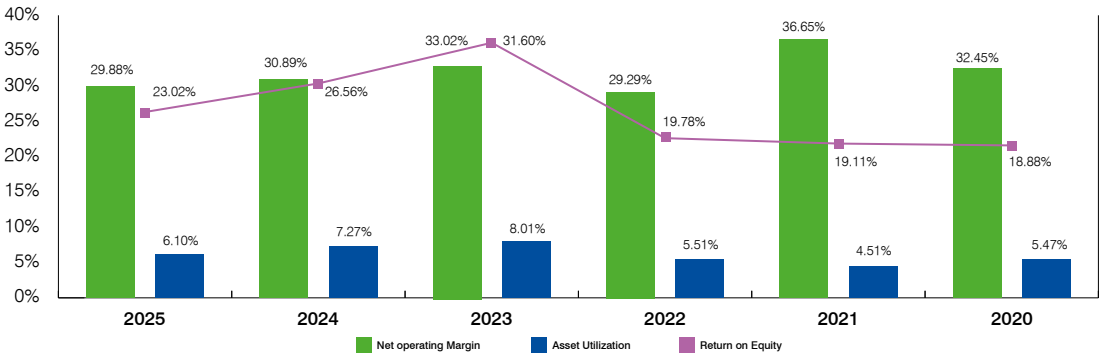
1 **Net Operating Margin (Profitability)** Net Operating Margin declined to 29.88% in 2025 from 30.89% in 2024 and 33.02% in 2023. The moderation reflects pressure on earnings spreads and relatively higher operating costs compared to prior peak years. While margins remain broadly aligned with the long–term average, the declining trend since 2023 indicates normalization of profitability following an exceptionally strong performance period.

2 **Asset Utilization (Efficiency)** Asset Utilization stood at 6.10% in 2025, compared to 7.27% in 2024 and a high of 8.01% in 2023. The decrease reflects comparatively lower income generation relative to average asset levels. The elevated utilization observed in 2023 was driven by strong revenue momentum; subsequent years reflect balance sheet expansion at a pace exceeding income growth, resulting in reduced asset turnover.

3 **Return on Assets (Operating Return)** As a combined effect of margin and efficiency movements, Return on Assets (ROA) decreased to 1.82% in 2025 from 2.25% in 2024 and 2.64% in 2023.

4 **Financial Leverage (Equity Multiplier)** The Equity Multiplier increased to 12.64 in 2025, compared to 11.83 in 2024 and 11.95 in 2023, reflecting higher leverage relative to equity. The gradual increase in leverage has supported overall shareholder returns during a period of moderating operating performance. The Bank continues to manage its capital structure within approved risk appetite and regulatory thresholds.

5 **Return on Equity (Overall Performance)** ROE stood at 23.02% in 2025, compared to 26.56% in 2024 and a peak of 31.60% in 2023. The decline over the last two years is primarily attributable to softer operating margins and lower asset utilization, partially offset by higher leverage. While ROE remains strong in absolute terms and above pre–2023 levels, the analysis indicates that recent returns are increasingly supported by financial leverage rather than purely operating performance. Management remains focused on enhancing sustainable profitability, improving asset productivity, and maintaining a prudent leverage profile to ensure stable and resilient shareholder returns.



Analyses of Cash Flows

Summary of Cash Flows

Rupees in million

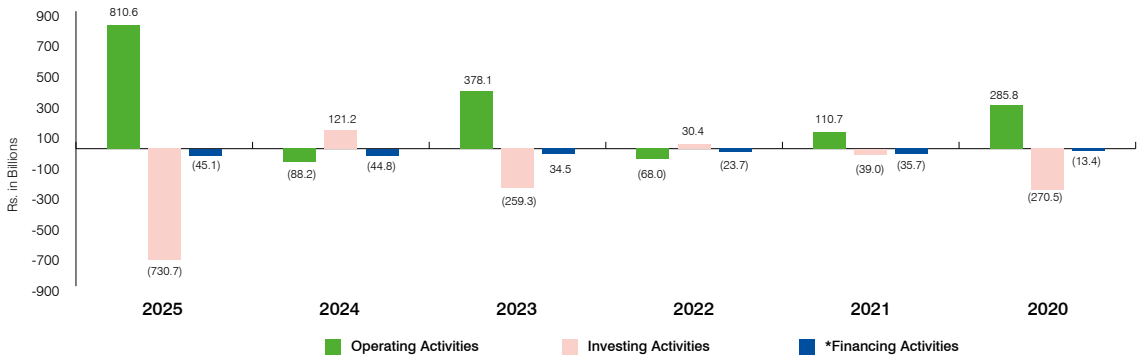
	2025	2024	2023	2022	2021	2020
Cash flows from operating activities	810,607	(88,209)	378,129	(68,036)	110,719	285,808
Cash flows from investing activities	(730,724)	121,226	(259,335)	30,356	(39,027)	(270,459)
*Cash flows from financing activities	(45,137)	(44,789)	(34,526)	(23,676)	(35,723)	(13,433)
Cash and cash equivalents at the beginning of the year	192,047	204,090**	120,427	181,783	145,814	143,898
Effect of credit loss allowance changes on cash and cash equivalents	(57)	53	–	–	–	–
Cash transferred to MIB under demerger	–	(324)	–	–	–	–
Cash and cash equivalents at the end of the year	226,737	192,047	204,695	120,427	181,783	145,814

Commentary on Cash Flow Statement:

Operating cash flows represent the net cash generated from the Bank's core business activities, primarily deposit mobilization and the disbursement of loans and advances. During 2025, net cash inflows from operating activities amounted to Rs. 810.607 billion, compared to net cash outflows of Rs. 88.209 billion recorded in 2024. This trend reversal was primarily driven by strong deposit mobilization of Rs. 339.063 billion and a net contraction of the credit portfolio by Rs. 356.409 billion during the year under review.

Investing activities recorded a net cash outflow during 2025, mainly attributable to the expansion of the investment portfolio and the diversion of excess liquidity from loans and advances. The limited availability of credit extension opportunities within the Bank's defined risk appetite necessitated a realignment of the balance sheet. Consequently, net cash outflows from investing activities amounted to Rs. 730.724 billion during the year.

Cash outflows from financing activities primarily represent dividend payments to shareholders. During the year, financing cash outflows registered a modest increase, consistent with the Bank's policy of maintaining stable and predictable dividend payouts, underscoring its commitment to delivering sustainable and resilient returns to shareholders. MCB's strong dividend track record — among the highest in the financial sector — is reflected in cumulative interim and final dividend distributions exceeding Rs. 150 billion over the past five years, demonstrating the Bank's consistent profitability and capital strength.



*Net Cash from financing activities include effects of exchange rate changes.

**Updated post adoption of IFRS 9 on January 01, 2024.

Free Cash Flows

Rupees in million

	2025	2024	2023	2022	2021	2020
Profit before taxation	115,453	118,420	125,241	71,365	51,989	48,249
Adjustment for non-cash items & Dividends	(796)	7,788	6,123	1,540	(1,833)	11,687
Operating assets / liabilities changes	695,950	(214,417)	246,766	(140,942)	60,563	225,872
Net cash generated from / (used in) operating activities	810,607	(88,209)	378,129	(68,036)	110,719	285,808
Capital expenditure	(12,129)	(10,679)	(7,452)	(4,598)	(3,121)	(3,090)
Free cash flows	798,478	(98,888)	370,677	(72,635)	107,598	282,718

Free cash flow is the cash a company produces through its operations, less the cost of expenditures on assets. In other words, free cash flow—or FCF—is the cash left over after a company pays for its operating expenses and capital expenditures, also known as CAPEX.

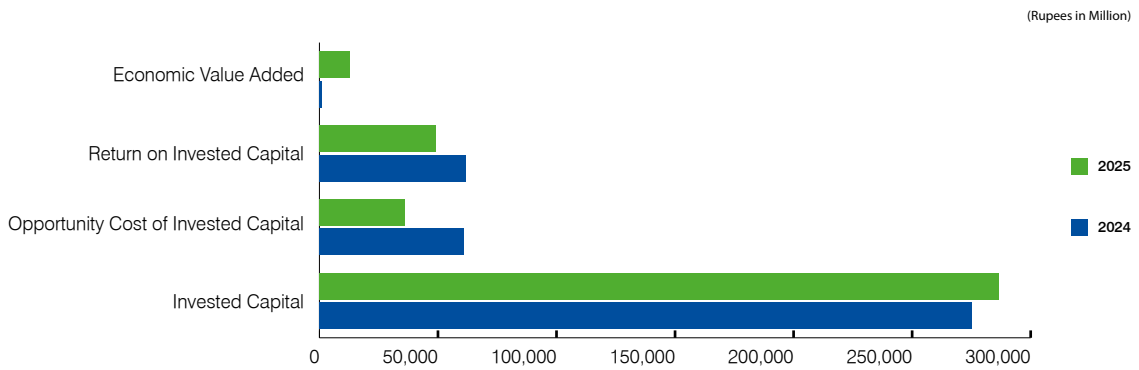
Cash Flow Statement - Direct Method

	2025	2024
	(Rupees in Million)	
Cash flows from operating activities		
Mark–up / return / interest and commission receipts	301,773	399,293
Mark–up / return / interest payments	(180,692)	(180,377)
Payments to employees, suppliers and others	(62,113)	(53,588)
	58,968	**165,328**
Decrease / (increase) in operating assets		
Lendings to financial institutions	(43,394)	40,558
Securities classified as FVTPL	(527)	2,625
Advances	356,409	(489,922)
Other assets	8,201	64,055
	320,689	**(382,684)**
Increase / (decrease) in operating liabilities		
Bills payable	(16,210)	16,847
Borrowings from financial institutions	190,643	58,875
Deposits and other accounts	339,063	122,257
Other liabilities (excluding current taxation)	(8,762)	8,243
	504,734	**206,222**
Income tax paid	(73,783)	(77,074)
Net cash flow from / (used in) operating activities	**810,608**	**(88,208)**
Cash flows (used in) / from investing activities		
Net (investment) / divestment in securities classified as FVOCI	(731,935)	131,607
Net investment in securities classified as amortised cost	6,311	1,826
Dividends received	5,057	3,498
Investments in property and equipment	(11,543)	(9,829)
Investments in intangible assets	(586)	(850)
Disposals of property and equipment	2,057	328
Disposals of non–banking assets acquired in satisfaction of claims	281	280
Net cash outflow on demerger	–	(5,079)
Investment in subsidiary	–	(1,000)
Effect of translation of net investment in foreign branches	(366)	445
Net cash flow (used in) / from investing activities	**(730,724)**	**121,226**
Cash flows from financing activities		
Dividend paid	(42,300)	(42,336)
Payment of lease liability against right–of–use–assets	(2,837)	(2,453)
Net cash flow used in financing activities	**(45,137)**	**(44,789)**
Effects of credit loss allowance changes on cash and cash equivalents	(56)	52
Cash and cash equivalents transferred to MIB under the scheme of demerger	–	(324)
Increase / (decrease) in cash and cash equivalents	**34,691**	**(12,043)**
Cash and cash equivalents at beginning of the year	192,110	205,098
Effects of exchange rate changes on cash and cash equivalents	498	(403)
Opening expected credit loss allowance on cash and cash equivalents	(562)	(605)
	192,046	**204,090**
Cash and cash equivalents at end of the year	**226,737**	**192,047**

Cash flow statement in annual financial statements is required to be prepared in line with the format prescribed by State Bank of Pakistan under BPRD Circular letter No. 13 dated July 01, 2024.

Economic Value Added Statement

	2025	2024
	(Rupees in Million)	
Invested Capital		
Average shareholders' equity	235,421	216,910
Add: Cumulative credit loss allowance against assets	51,071	58,490
	286,492	275,400
Return on Invested Capital		
Profit after taxation	54,195	57,615
Add: Credit loss allowance and write offs – net	(5,261)	4,332
	48,934	61,946
Economic cost	12.54%	22.10%
Opportunity cost of invested capital	35,926	60,863
Economic Value Added (EVA)	13,008	1,083



Comments

The increase in Economic Value Added during the year reflects the Bank's improved risk-adjusted profitability and disciplined capital deployment. The Bank continues to focus on optimizing its risk-weighted asset mix, maintaining robust capital buffers, and investing in high-return segments to ensure sustainable value creation for shareholders.

Capital Expenditures

Capital expenditure during the year

The total capital expenditure during 2025 was Rs. 12.129 billion for business expansion, renovation and improvement of IT infrastructure.

Capital expenditures planned for next year

The Bank has budgeted capital expenditure of Rs. 23.3 billion for the next year. This would primarily be invested in increasing our operational outreach, continuous improvement in our Information Technology platforms and safeguarding our existing infrastructure / relationships from growing threats on cyber security front along with normal replacements to ensure smooth operations.

Segment Analysis

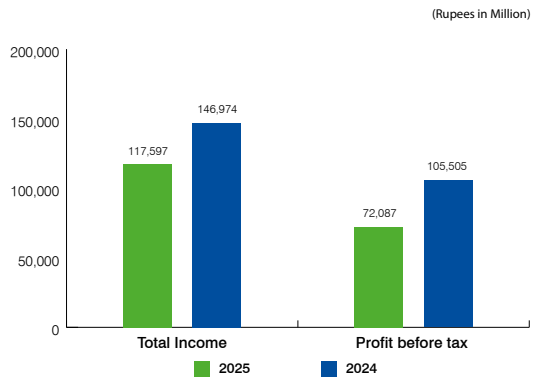
A segment is a distinguishable component of the Bank that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Business Segments

The Bank's primary format of reporting is based on business segments.

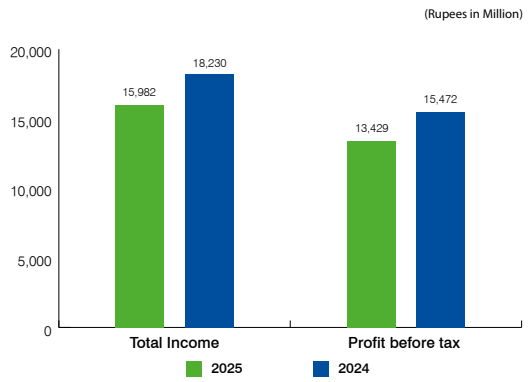
Retail

This includes retail lending and deposits, banking services, cards and branchless banking.



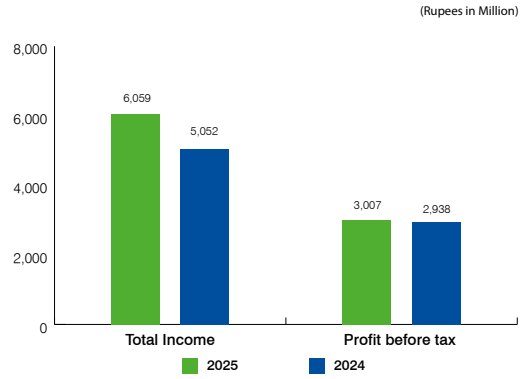
Corporate

This comprises of loans, deposits, project financing, trade financing, investment banking and other banking activities with Bank's corporate and public sector customers.



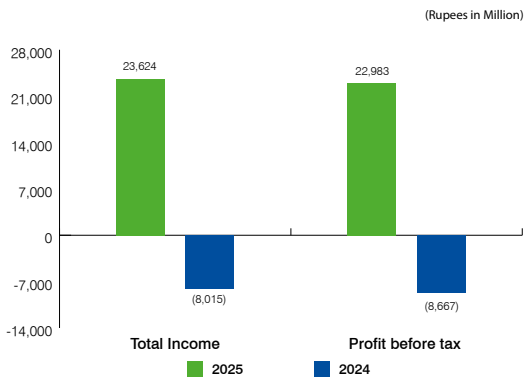
Consumer

This segment primarily constitutes consumer financing activities with individual customers of the Bank. Product suites offered to these customers include credit cards, auto loans, housing finance and personal loans.



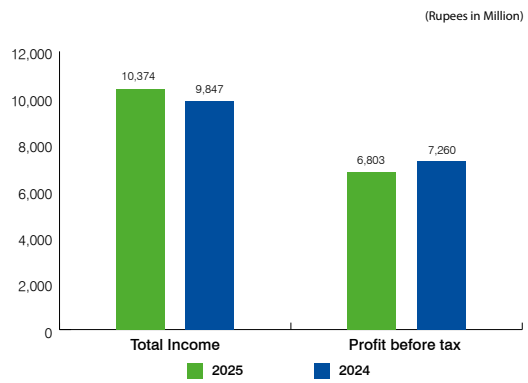
Treasury

This includes fixed income, equity, foreign exchange, credit, funding, own position securities, lending's and borrowings and derivatives for hedging and market making.



International

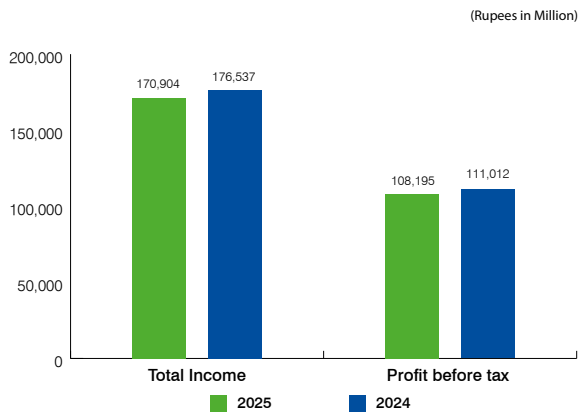
This comprises of loans, deposits, project financing, trade financing, investment banking and other banking activities by the Bank's overseas operations.



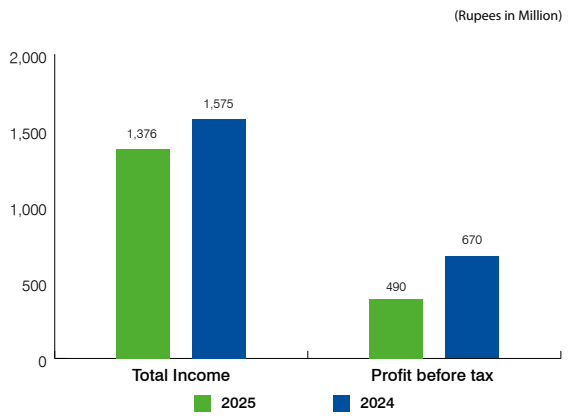
Geographical Segments

The Bank operates in following geographic regions:

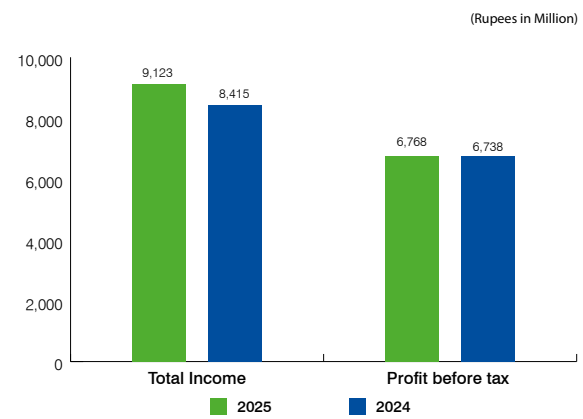
Pakistan



South Asia



Middle East



Product Revenue Analyses

Rupees in Million

	2025					
	Retail Banking Products	Consumer Banking Products	Corporate Banking Products	Treasury Products	Others	Total
Profit & Loss						
Mark–up / return / interest earned	211,373	6,749	64,618	228,304	236,662	747,705
Mark–up / return / interest expensed	109,372	4,037	54,973	213,143	220,578	602,103
Net mark–up / interest income	102,001	2,712	9,644	15,161	16,084	145,602
Non Mark–Up / Interest Income	15,596	3,347	6,337	8,462	2,059	35,802
Total Income	117,597	6,059	15,982	23,624	18,143	181,404
Non Mark–Up / Interest Expenses	43,477	2,927	3,179	641	20,988	71,212
Profit before credit loss allowance	74,120	3,132	12,803	22,983	(2,845)	110,192
Credit loss allowance	2,033	125	(627)	–	(6,792)	(5,261)
Profit before tax	72,087	3,007	13,429	22,983	3,947	115,453

Statement of Charity and Donation

Statement of charity fund management by MCB Islamic Bank Limited (Wholly owned subsidiary of MCB Bank Limited) is as follows:

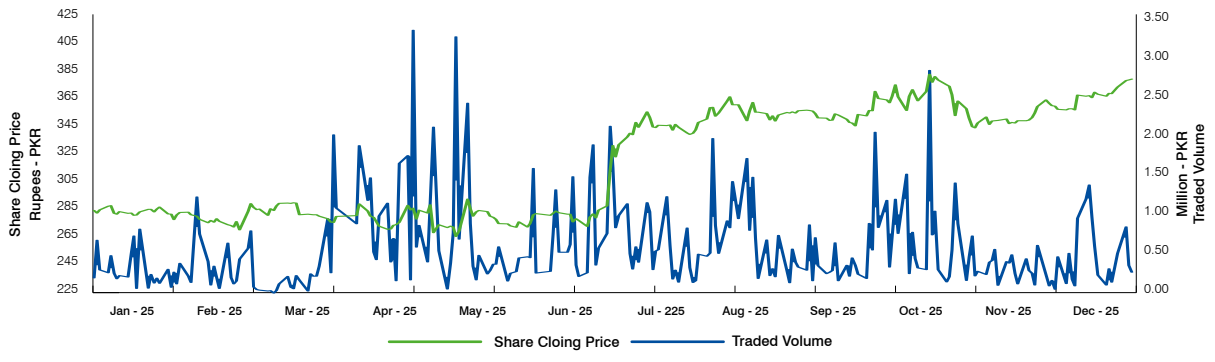
	2025	2024
	(Rupees in '000)	
Reconciliation of charity fund balance		
Opening balance	26,310	23,238
Additions during the year		
- Received from customers against late payment	30,243	23,269
- Dividend purification amount	742	–
- Charity against other Non-Shariah compliant income	4,344	–
- Profit on charity saving account	1,599	1,303
	36,928	24,572
Charity paid during the year	(31,394)	(21,500)
Closing balance	31,844	26,310
Charity was paid to the following institutions:		
Al-Khidmat Foundation Pakistan	1,000	–
Aziz Jehan Begum Trust for the Blind	1,000	1,000
CEIF - IMSciences	1,394	–
Center For Islamic Finance (CIF) - Lums	2,000	–
Family Welfare Society	1,000	1,000
Hasan Suleman Foundation	2,000	–
Indus Hospital	2,000	1,500
Infaq Memorial Trust	1,000	1,000
Mind Organization	500	500
Saleem Memorial Trust Hospital	5,000	4,000
Saylani Welfare Trust	5,000	4,000
The Citizens Foundation	1,500	1,000
The Lahore Hospital Welfare Society	500	500
Sindh Institute of Urology & Transplantation	1,500	1,500
Shifa Tameer e Millat University	1,000	500
Shaukat Khanam Memorial Cancer Hospital	1,500	1,500
Pakistan Children Heart Foundation	500	500
Faizan Global Relief Foundation	1,000	1,000
Edhi Foundation	1,000	1,000
Progressive Education Network	1,000	1,000
	31,394	21,500
In addition to the above charity, detail of donation by the MCB Bank is given below:		
FAST - National University of Computer and Emerging Science	100	10,100
Saleem Memorial Trust Hospital	10,000	–
	10,100	10,100

Market Statistics of MCB's Share

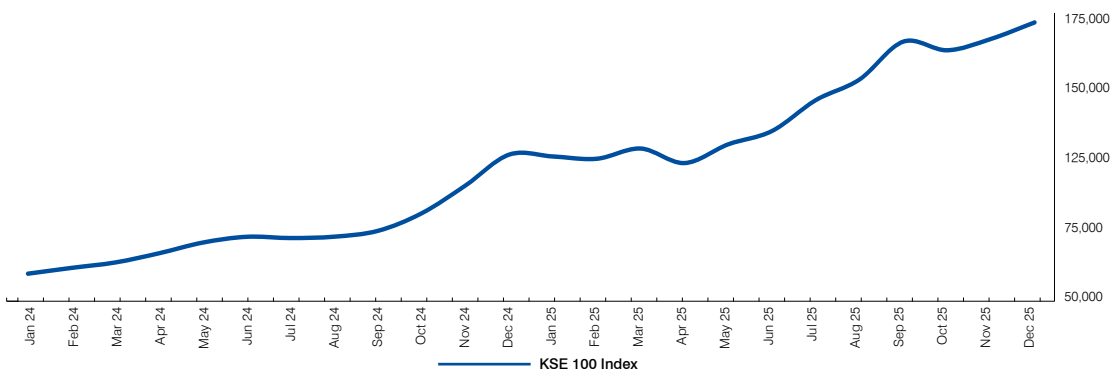
	Share Prices			Free Float		Market Capitalisation	
	MCB Scrip (Rs.)			Share ('000s)	%	Capital	Value
2025	High	Low	Closing			(Mln)	(Mln)
4th Quarter	400.00	343.70	379.38	382,157	32.25%	11,851	449,588
3rd Quarter	371.89	287.50	356.98	382,323	32.26%	11,851	423,043
2nd Quarter	297.35	253.01	288.34	382,395	32.27%	11,851	341,700
1st Quarter	294.00	247.37	280.66	380,308	32.09%	11,851	332,599
2024							
4th Quarter	295.40	238.00	281.30	380,096	32.07%	11,851	333,357
3rd Quarter	247.50	210.00	240.40	380,248	32.09%	11,851	284,888
2nd Quarter	255.30	193.00	227.02	380,342	32.09%	11,851	269,032
1st Quarter	205.77	171.25	203.26	380,456	32.10%	11,851	240,875

Dividend Distribution	2025		2024	
	Mln	%	Mln	%
Final cash dividend	10,666	90	10,666	90
3rd interim dividend	10,666	90	10,666	90
2nd interim dividend	10,666	90	10,666	90
1st interim dividend	10,666	90	10,666	90

MCB Share Performance



KSE 100 Index



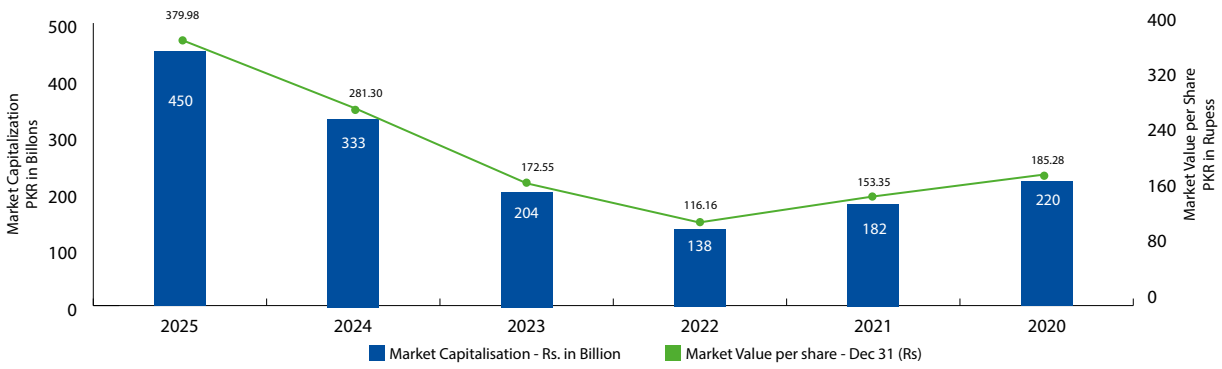
Share Price Sensitivity Analysis

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



Sensitivity Analysis of Change in Market Capitalization

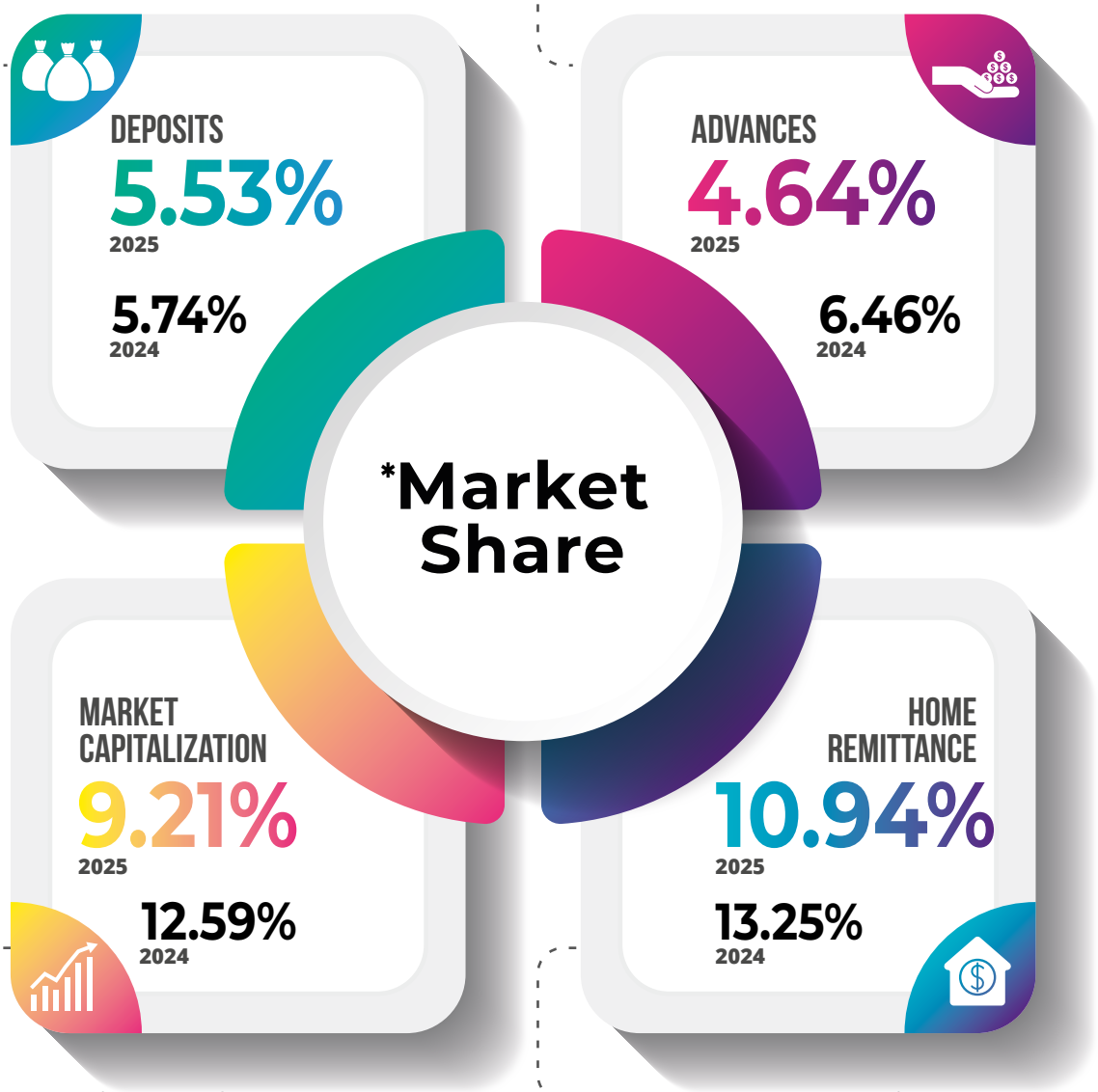
Share Price as on December 31, 2025	PKR 379.38
Market Capitalization as of December 31, 2025	PKR 449,588 Million
Change in Share Price by	Change in Market Capitalization
+10%	PKR +44,959 Million
-10%	PKR -44,959 Million



Market Share of Product and Services

Deposits base of Rs. 2,261 billion and maintaining the highest CASA base in the industry i.e. 97.40%

Disciplined lending strategy anchored advances at Rs. 736 billion, led by Corporate strength and growing Consumer Momentum



MCB is one of the most preferred stock in Pakistani Equity Market having one of the highest market capitalization in banking Industry i.e. Rs. 450 billion.

Attracted home remittance inflows of USD 4.4 billion to further consolidate its position as an active participant in SBP's cause for improving flow of remittances into the country through banking channels.

*Based on Pakistani Domestic Industry Numbers

Other Information

Forced Sales Value in case of Revaluation of Property, Plant & Equipment

The Bank engages professionally qualified and independent valuers on a periodic basis to revalue its land and buildings, ensuring that their carrying amounts do not differ materially from their fair values.

The most recent revaluation was conducted during the year under review (2025), resulting in the recognition of an additional revaluation surplus of Rs. 9,026.378 million in respect of land and buildings. Following this exercise, the total market value and forced sale value (FSV) of these properties amounted to Rs. 74,794.092 million and Rs. 59,835.274 million, respectively. The next revaluation of the Bank's land and buildings is scheduled for 2028.

Particulars of Significant/Material Assets and Immovable Property

MCB has sustained a strategic focus on strengthening its network, within the ambit of its branch expansion plan, in order to improve market coverage through increased customer touchpoints and widen the outreach of its service offerings; while simultaneously contributing towards SBP's objective of expanding financial inclusion in the underbanked and unbanked segments of the society.

The Bank's network, as at December 31, 2025, extends across more than 1,400 branches and offices (including sub-branches). Of these, premises owned by the Bank represent a material infrastructural investment in immoveable properties amounting to Rs. 74,794.092 million (82.2% of the total investment in Property and Equipment).

Outstanding & Overdue Payments on account of Taxes, Duties, Levies etc

There were no outstanding or overdue payments on account of taxes, duties, levies, or any other statutory obligations as at the reporting date. The Bank has remained fully compliant with all applicable fiscal and regulatory requirements, and all such payments were made within the prescribed timelines.

Management's Assessment of Sufficiency of Tax

The Bank maintains provisions for taxation in accordance with the applicable accounting standards and relevant regulatory requirements. Contingencies relating to direct and indirect taxation matters have been appropriately disclosed in Note 26 to the Unconsolidated Financial Statements.

Based on a review and comparison of the tax provisions recognized in the financial statements over the past three years vis-à-vis the corresponding tax assessments, Management is of the view that the provisions for taxation maintained by the Bank have been adequate and sufficient for their intended purposes

Particulars of Loans/Advances and Investments in Foreign Companies or Undertakings

The Bank's overseas branches in Bahrain, UAE and Sri Lanka invest and lend to companies and undertakings operating in their respective jurisdictions. Details are given in note 44 of the 'Unconsolidated Financial Statements'. Further the Bank holds 99.94% shareholding in MCB Non-Bank Credit Organization "Closed Joint Stock Company" Azerbaijan.

Disclosures beyond BCR Criteria

In recent years, the corporate reporting landscape has undergone significant transformation, with growing emphasis on enhanced transparency and the depth and breadth of information presented in annual reports. Stakeholders increasingly rely not only on the audited financial statements and the auditor's report, but also on supplementary disclosures that provide broader insights into an entity's strategy, governance, risk profile, and long-term value creation.

In response to these evolving expectations, the Bank has continuously refined the manner in which it communicates with its stakeholders. Recognizing the importance users attach to contextual and forward-looking information—particularly in areas involving complexity and judgment—the Bank endeavors to present comprehensive, clear, and decision-useful disclosures that facilitate informed analysis and a deeper understanding of its operational and financial performance.

Accordingly, MCB strives to go beyond the minimum reporting requirements prescribed under the Best Corporate Report (BCR) criteria by voluntarily providing additional disclosures that enhance transparency and accountability. The following is a summary of the key disclosures made in addition to the BCR requirements:

- President / CEO review
- Key interest bearing Assets and Liabilities
- Group-wise Advances and Deposits
- Quarterly Performance Analysis
- Six Years' – Non Financial Performance 2020-2025
- Six Years' summary of operating expenses
- Six Years' summary of markup and non-markup income
- Statement on Internal Controls
- Detail of Management Committees & Other Senior Management
- Profile of Shari'ah Advisor Board
- Role of Shari'ah Board
- Statement of Charity & Donations
- Investor Awareness through Jama Punji Initiative by the Securities & Exchange Commission of Pakistan (SECP)

President's Review

The President/CEO's video message on the Bank's business performance and strategy is available at:
https://www.mcb.com.pk/investor-relations/ceo-message

Our Value Creating Strategic Framework

MCB's approach towards value creation for its stakeholders is underpinned by integrated thinking; connecting the emerging trends affecting its business and the material topics that influence execution and achievement of its strategic objectives. The successful execution of MCB's strategy will deliver a robust business that creates value and drives sustainable growth for all its stakeholders over the long term.

<table>
<tr><td>Delivering Our Purpose</td><td>Our Vision
To be the leading financial services provider, partnering with our customers for a more prosperous and secure future.</td><td>Our Mission
We are a team of committed professionals, providing innovative and efficient financial solutions to create and nurture long-term relationships with our customers. In doing so, we ensure that our shareholders can invest with confidence in us.</td></tr>
<tr><td>Informing Our Strategy</td><td colspan="2">We continuously assess our operating environment and emerging trends, evaluating their implications for the country and the Bank, while balancing the diverse perspectives and shared interests of our stakeholders. This enables us to proactively identify opportunities, manage risks, and anticipate potential constraints in delivering sustainable growth and long-term value creation.

Integrating Sustainability Into Strategy
Our approach to sustainability is embedded in our strategy, ensuring that our business contributes to addressing the country's challenges while fostering inclusive prosperity. We are committed to conducting our core activities in a way that drives growth and value creation, generates positive impact for the communities we serve, and proactively minimizes potential negative effects. Read more Page # 145

 
</td></tr>
<tr><td>Executing our Strategy</td><td colspan="2">Our strategy is purpose-driven, designed to create sustainable value for our stakeholders and the country. We track its execution through clearly defined measures and targets, enabling us to monitor progress, assess performance, and ensure that our strategic initiatives deliver tangible outcomes.

Governing value creation
Our governance framework supports ethical and effective leadership, responsible corporate citizenship and a sustainable organization. Read more Page # 207

Strengthening Enterprise Resilience
Our Risk Management framework enables proactive identification, assessment and mitigation of risks, fostering a resilient and well-controlled environment that supports sound decision-making, financial stability and sustainable business growth. Read more Page # 170</td></tr>
<tr><td>Organizing Business & Our Model</td><td colspan="2">Our business is organized around key business units that own client relationships and are responsible for designing and delivering the value proposition, translating the Bank's strategic commitments into meaningful outcomes for our customers and stakeholders. Our people are guided by our code of ethics and conduct, and by an organizational culture rooted in the principle of doing the right business the right way.</td></tr>
<tr><td>Allocating Resources</td><td colspan="2">Our strategic priorities and financial targets guide the allocation of resources, ensuring that investments, capital, and efforts are aligned to deliver on our commitments and create sustainable value for our stakeholders.</td></tr>
<tr><td>Overseeing Our Progress & Accountability to Stakeholders</td><td colspan="2">We maintain transparency, responsibility, and timely communication to keep our stakeholders well-informed and confident in our decisions and performance. By embedding accountability into everything we do, we strengthen trust and reinforce enduring relationships with our stakeholders.</td></tr>
</table>

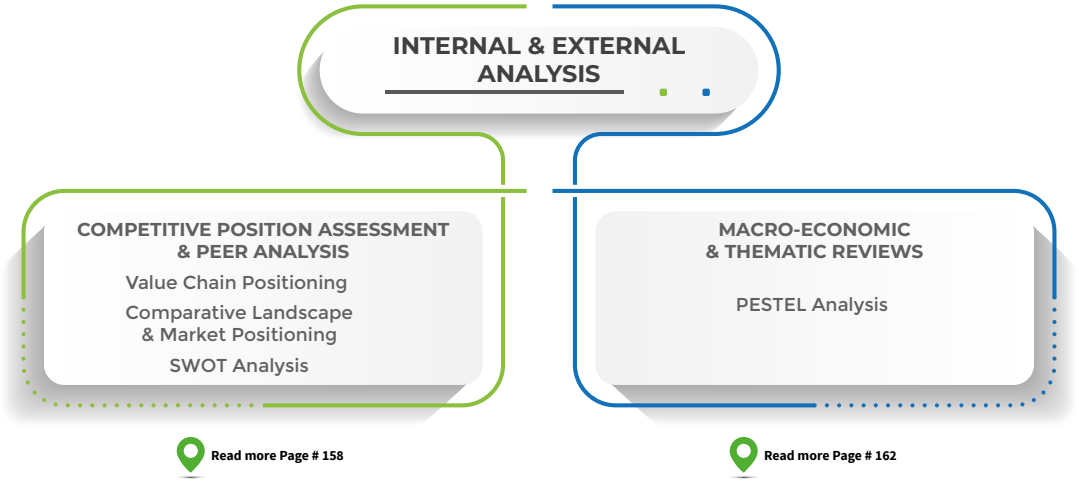
Informing Our Strategy

Understanding the Operating Context

The Banks operates in a constantly evolving environment, where complex and inter-related risks and opportunities influence our strategic direction and our business activities. The geopolitical and macroeconomic outlook and Pakistan-specific structural and industry-related mega-trends impact on our business, shape our thinking and influence our strategy execution.

Global Context	Domestic Context
The global economy in 2025 was shaped by trade disruptions, geopolitical tensions, evolving monetary and fiscal policies, and the transformative rise of artificial intelligence (AI). Trade barriers and ongoing conflicts constrained trade, investment, and industrial output, while moderating inflation and cautious policy easing improved liquidity, supporting selective risk-on conditions. AI-driven technological optimism bolstered growth in technology-focused sectors and certain commodities, offsetting some weakness in traditional cyclical industries. Global banks navigated this complex environment amid rising competition from private credit funds and neo-banks, evolving regulatory expectations, and operational challenges. Technology and AI became key enablers of efficiency, customer experience, and risk management, while proactive strategies—such as real-time analytics, early warning systems, and forward-looking stress testing—helped institutions anticipate and mitigate emerging risks. Looking to 2026, banks are expected to scale AI and digital initiatives, strengthen alignment between strategy and risk management, and leverage predictive analytics to improve decision-making. Institutions that combine agility, strong governance, and data-driven insights will be best positioned to manage uncertainty, capture opportunities, and maintain resilience in a rapidly evolving global banking landscape.	In 2025, Pakistan's economy began a gradual transition from crisis management to stabilization. Disinflation was a key achievement, with average CPI inflation declining sharply to 4.5% in FY 2025, supported by tight monetary policy, moderating commodity prices, and exchange rate stability. This improvement, along with measured policy easing, strengthened business sentiment, encouraged private-sector credit growth, and created a more favorable environment for banking sector operations, particularly by reducing the cost of funds and supporting lending activity. The external and fiscal positions also showed signs of stabilization. Strong remittance inflows, lower energy import bills, and disciplined foreign exchange management raised reserves to USD 16.1 billion by December 2025. Fiscal consolidation, underpinned by expenditure restraint and higher tax revenues, delivered a primary surplus of 2.4% of GDP, reinforcing macroeconomic credibility while moderating public-sector demand. Real GDP grew by 3.0% for the year, with industrial and construction sectors leading a modest recovery, although structural constraints and productivity challenges continue to limit growth potential. The banking sector navigated these conditions with resilience. While lower interest rates created pressure on deposit retention and margins, improved liquidity management, operational efficiencies, and accelerated digitization supported performance and customer engagement. Regulatory focus on capital adequacy, cyber resilience, AML/CFT compliance, and customer protection continues to shape strategic priorities. Intensified competition in low-cost deposits and digital financial services reinforces the importance of innovation, service excellence, and prudent balance sheet management in sustaining growth and profitabtility.

Organizational analysis involves evaluating both the internal and external environments to understand a company's position and create effective strategies.



Read more Page # 158

Read more Page # 162

Effect of Key External Factors Impacting Strategy and Resource Allocation

Factor	Effect on Bank's Strategy & Resource Allocation	Bank Response to Align its Strategy & Resource Allocation
Technological Innovation and Evolving Consumer Behavior	Technological innovation is reshaping customer expectations, banking habits, and employee workflows. New market entrants, such as startups and FinTech's, are disrupting traditional models, creating both challenges and opportunities for collaboration and innovation.	MCB continuously upgrades its technology infrastructure and leverages market research and intelligent analytics to drive innovation and maintain market relevance. The Bank also invests in employee development, helping staff acquire new skills or enhance existing capabilities to contribute to MCB's digital and agile mission. *Refer to "Group Review" and the section on initiatives promoting and enabling innovation for further details*
Societal Outlook	An ever growing impact of corporates on the society at large is creating a moral obligation on businesses to play an active role in adeptly responding to a myriad of social issues when conducting its operations; including society's expectations on ethics, compliance, respect for human rights, diversity, etc.	MCB prides itself in conducting its affairs in a fair and responsible manner. This includes: • advancing Government's financial inclusion agenda; • taking a proactive stance to protect our customers' information and preventing financial crime; • developing innovative and best-fit financing and investment solutions for customers that enable them in turn to make positive impact choices; • providing an inclusive work environment for its employees; • responsibly & actively contributing to Governments key digitalization initiatives ; and • ensuring seamless and uninterrupted provision of essential banking services to the general public at large. *Refer to "Group Review" and "Sustainability & Corporate Social Responsibility" sections of the Annual report for further details.*
Climate and Ecosystem Changes	Climate change poses an increasing threat to mankind and the global economy. Transitioning to a low-carbon economy may entail extensive policy, legal, technology and market changes. Physical risks such as frequent or severe weather events may also give rise to credit, operational and reputational risks.	MCB has incorporated responsible financing in its lending practices by capitalizing on its extensive environmental risk management framework. The Bank endeavors to support customers' transition towards a more sustainable low-carbon business model and improve customers' access to ESG investments. *Refer to the "Group Review" and "Sustainability & Corporate Social Responsibility" sections of the Annual report for further details.*

Identifying Key Stakeholders and their Needs & Interests

Proactive engagement with key stakeholders provides insights that help MCB shape its strategy, informs the identification of material issues, and ultimately enables the Bank to manage and respond to their concerns.

MCB's engagement with its stakeholders is governed by guiding principles that provide an outline for its operations across geographical areas while accommodating local contexts. For details please refer to "Stakeholders Relationship and Engagement" section of the Annual Report Read more Page # 310

Determining Emerging Trends & Key Risks

MCB's material issues are those that matter most to its stakeholders and providers of capital; and that impact on its ability to create value in the short, medium and long term.

Key Trends and Expectations

MCB, undertakes a comprehensive analysis of its internal and external environment to identify emerging trends that are reshaping the financial solutions and service offering's landscape:

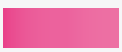
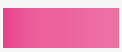
 **Women as a Strategic Growth Segment in Advancing Financial Inclusion**	 **Digital Transformation Drive in Banking**	 **Sustainable and Ethical Banking (ESG)**	 **Expanding Markets for Financial Services**
Women in Pakistan remain disproportionately underserved by the formal financial system, reflecting deep-rooted socioeconomic and cultural barriers. In 2025, Pakistan ranked **148th** in the Global Gender Gap Index, highlighting persistent challenges in economic participation and opportunity. Female labor force participation remains low at approximately **24.3%** (World Bank, 2024), limiting women's access to income generation and formal financial services. Despite these structural constraints, meaningful progress has been achieved. Women's financial inclusion has increased from **4%** in 2018 to **52%** in 2025. Since 2021, over **17.6 million** new women-owned bank accounts have been opened, and more than **974,000 loans** totaling **Rs. 230.3 billion** have been extended to women-led businesses between November 2024 and October 2025. These trends demonstrate both rising engagement in the formal financial system and the scalability of targeted banking interventions.	Pakistan's accelerating digital transformation is reshaping customer expectations and redefining the competitive landscape for financial institutions. Customers increasingly demand intuitive digital platforms, seamless user experiences, and personalized financial solutions. This shift is reinforced by national investments in technology, including the Government's commitment to invest USD 1 billion in artificial intelligence (AI) by 2030 to strengthen the country's digital ecosystem. Pakistan's digital economy has expanded from approximately **USD 100 million** in 2000 to USD 12–15 billion in 2023, with projections of **USD 60–75 billion** by 2030 and potentially USD 80–150 billion by 2035. Its contribution to GDP is expected to rise to **5–7%** by 2030 and could reach 15–25% by 2035, driven by rapid growth in fintech, e-commerce, and IT services. Digital payments have surged to **PKR 10 trillion**, growing at around 30% annually, while e-commerce is expanding at a **CAGR of 25–30%**, connecting more than 500,000 SMEs to digital consumers.	Environmental, Social, and Governance (ESG) considerations are increasingly shaping the global financial system, influencing capital allocation, risk management, and stakeholder expectations. Globally, ESG-related assets are projected to exceed **USD 53 trillion** by 2025, representing nearly one-third of total assets under management. This shift reflects growing investor demand for sustainable finance and responsible business practices. In Pakistan, ESG momentum is strengthening amid regulatory developments and evolving market expectations. The Securities and Exchange Commission of Pakistan (SECP) has announced a phased adoption of the ISSB standards **(IFRS S1 and IFRS S2)**, reinforcing disclosure, climate-related reporting, and sustainability governance requirements. At the same time, Pakistan's SDG performance—ranking **140th** out of 166 countries in the 2025 report—highlights persistent development challenges and underscores the scale of investment required to advance inclusive growth and climate resilience.	Pakistan's demographic and economic transformation is expanding the addressable market for financial services. The country's population is projected to surpass **400 million** by 2050, with urbanization expected to reach **40.7%** by 2030, driving demand for structured financial products, housing finance, consumer banking, and SME services. Nearly **two-thirds** of the population is under 30, representing a digitally engaged generation with evolving expectations around convenience, personalization, and technology-enabled financial solutions. Simultaneously, the growth of Pakistan's digital economy—reflected in **USD 3.8 billion** in IT exports in FY24–25 and a rapidly expanding freelancing segment—signals the emergence of new income segments requiring cross-border payment solutions, digital savings, and tailored credit products.

 **Women as a Strategic Growth Segment in Advancing Financial Inclusion**	 **Digital Transformation Drive in Banking**	 **Sustainable and Ethical Banking (ESG)**	 **Expanding Markets for Financial Services**
Significant headroom for growth remains. Expanding access to tailored savings products, digital financial solutions, micro and SME financing, and financial literacy initiatives presents a compelling opportunity for banks to deepen market penetration while supporting inclusive economic participation. Advancing women's financial inclusion is not only aligned with national development priorities but also represents a sustainable avenue for long-term franchise growth and value creation.	In response, banks are accelerating investments in mobile banking platforms and advanced data analytics to deliver end-to-end digital journeys. Artificial intelligence and predictive analytics are increasingly being embedded into customer onboarding, credit underwriting, fraud detection, and personalized financial advisory services. This digital shift presents a significant opportunity for banks to deepen customer engagement, expand financial inclusion, and enhance operational efficiency while remaining competitive in an evolving financial ecosystem.	For banks, this evolving landscape presents both a responsibility and a strategic opportunity. Integrating ESG considerations into credit appraisal, risk assessment, and product innovation enables institutions to mobilize capital toward renewable energy, climate adaptation, SME inclusion, and socially responsible enterprises. As regulatory frameworks mature and investor scrutiny intensifies, sustainable finance is poised to become a key driver of long-term value creation, resilience, and competitive differentiation within Pakistan's banking sector.	While digital banking adoption continues to accelerate, physical branch networks remain integral to relationship-building, advisory services, and complex financial transactions. The future model is increasingly omnichannel—integrating digital capabilities within branches to deliver seamless customer journeys. By aligning branch transformation with digital innovation, banks can capture growth across urban centers, youth segments, digital professionals, and emerging SMEs, thereby strengthening market penetration and long-term franchise value.

Key Risks from Our Operating Context

Macro-economic & Thematic Reviews				
Category	**Key Watchout**	**Description**	**Risk Outlook**	**Sustainability Linkage**
Political	Political instability & policy discontinuity	Frequent shifts in governance disrupt regulatory certainty and strategic planning.		Disrupts long-term sustainability investment cycles and weakens policy certainty needed for ESG and climate commitments
	Regional geopolitical tensions	Cross-border conflicts elevate security, trade, and financial contagion risks.		Heightens systemic uncertainty, affecting resource security, energy stability, and cross-border sustainability initiatives
	Structural economic reforms	Reform measures, impacting financial markets, create transitional volatility in credit, capital, and liquidity conditions		Influences capital availability for sustainable finance, green lending, and transition-aligned investments.
Economic	Macroeconomic volatility (inflation, growth cycles, fiscal pressures)	Fluctuating macro indicators weaken asset quality, profitability, and pricing stability.		Affects affordability, financial inclusion, SME resilience, and long-term portfolio sustainability.
	External financing dependence & sovereign risk exposure	Heavy reliance on external inflows heightens vulnerability to global shocks and rating actions.		Impacts financial stability, reduces fiscal space for sustainable development programs
	Long-term economic reconfiguration (global supply chains, capital flows)	Shifts in international economic structures reshape sector growth and financial demand patterns		Pressures banks to reassess portfolio alignment with sustainable sectors
Social	Rising customer expectations for digital, transparent, and fair service	New service benchmarks pressure banks to enhance technology, pricing fairness, and experience quality		Directly impacts fair treatment of customers, financial inclusion goals, and customer trust
	Demographic shifts impacting demand for financial services	Changing population structure influences product design, channels, and long-term portfolio growth.		Alters customer needs, increases demand for digital and inclusive products, and pressures banks to adjust service models
	Urbanization patterns affecting branch strategy & service delivery	Migration trends demand reconfiguration of physical networks and service models		Challenges equitable service delivery; affects financial inclusion metrics.
	Poverty & inequality pressures affecting payment behavior & creditworthiness	Socioeconomic stress reduces repayment capacity and increases delinquency risks.		Increases retail credit vulnerability and signals need for inclusive finance and responsible lending.

Short Term Medium Term Long Term

Macro-economic & Thematic Reviews				
Category	**Key Watchout**	**Description**	**Risk Outlook**	**Sustainability Linkage**
Technological	Rapid national digital adoption & shift toward fintech ecosystems	Fast digital uptake increases competition and accelerates technology investment needs		Expands financial inclusion but increases digital inequality and data-governance risks
	Fragile third-party ecosystem partnerships (fintech, cloud, processors)	Dependence on external service providers introduces operational and continuity vulnerabilities		Creates governance and oversight challenges around outsourcing, data protection, and cyber resilience.
	Accelerating AI adoption & autonomous financial systems	Emerging AI models pose risks in governance, accuracy, ethics, and regulatory compliance		Enhances efficiency but raises ethical, fairness, transparency, and workforce-transition concerns.
	Long-term shift in funding models (digital deposits, non-bank competition)	New players reshape deposit mobilization and threaten traditional bank funding stability		Pressures traditional banks to maintain trust, inclusion, and responsible product design
Environmental	Climate-related borrower exposure (floods, drought, energy disruptions)	Physical climate events elevate borrower default risks and sectoral credit concentration		Elevates credit impairments and threatens the resilience of vulnerable sectors and communities.
	Institutional capacity constraints in national climate response	Weak climate governance slows adaptation and increases systemic environmental vulnerability		Limits effective adaptation and mitigation, increasing long-term financial and social vulnerability.
	Climate transition policies & carbon regulation	Policy shifts may reprice high-emission sectors and alter credit, compliance, and investment decisions		Drives portfolio-level transition risk and requires alignment with low-carbon financing pathways
Legal	Increasing stringency in consumer protection requirements	Tougher rules demand stronger disclosures, grievance handling, and fair treatment practices.		Reinforces fair-treatment, transparency, and responsible product practices central to social sustainability.
	AML/CFT/CPF compliance tightening	Enhanced scrutiny increases operational, reporting, and technology compliance burdens.		Central to governance, ethical banking, and responsible operations
	Rapidly evolving regulatory environment	Frequent regulatory updates elevate compliance costs and require organizational agility		Introduces compliance, reporting, and governance burdens; accelerates adoption of sustainability governance frameworks
	Future regulatory evolution toward systemic risk, digital finance & climate reporting	Forthcoming rules may expand compliance scope and reshape risk management frameworks		Drives mandatory climate disclosures, stress testing, and sustainability reporting.



Competitive Position Assessment & Peer Analysis				
Category	**Key Watchout**	**Description**	**Risk Outlook**	**Sustainability Linkage**
Operational & Process	Process inefficiencies affecting turnaround times & productivity	Ineffective workflows delay service delivery and inflate operating costs.		Reduces service quality and weakens operational resilience critical for sustainable delivery
	Workforce transformation requirements (upskilling, reskilling, automation readiness)	Talent gaps hinder digital execution and future operating model transitions		Future-ready skills are essential for long-term human capital sustainability
Technology & Cyber Security	Cybersecurity threats targeting financial data & infrastructure	Increasing attacks endanger service continuity, customer trust, and data integrity.		Protecting customer data is fundamental to responsible digital sustainability and trust.
	Legacy IT systems impeding modernization	Outdated platforms limit innovation, scalability, and operational resilience		Constrains digital sustainability and increases long-term operational footprint.
Strategic & Organizational	Long-term sustainability expectations from stakeholders (ESG integration)	Rising ESG demands require enhanced reporting, risk integration, and strategic alignment		Drives strategic ESG alignment and responsible banking commitments.
	AI adoption challenges (governance, ethical use, model validation)	Weak oversight of AI systems creates risks in bias, accuracy, and regulatory compliance		Ensures ethical, transparent, and responsible technology deployment
	Internal alignment needed for digital transformation & operating model redesign	Cross-functional gaps slow execution and reduce transformation effectiveness.		Organizational cohesion enables sustained digital transformation and adaptability.

In assessing our operating context, we consider key trends and emerging risks through a rigorous organizational analysis that evaluates both internal and external environments. The key trends and risks detailed above guide our assessment of material topics, enabling us to identify the priority issues most relevant to our strategy, risk profile, and long-term value creation.

The table on the next page presents these material topics, along with their descriptions, the capitals they impact, stakeholder engagement channels, relevant GRI disclosures, and contributions to the UN SDGs—illustrating the alignment between our strategic priorities, sustainability commitments, and reporting framework.



Material Topics Influencing Operating Context					
Topic	**Description**	**Capitals Impacted**	**Stakeholders Engagement**	**Relevant GRI Topic**	**Contribution to UN SDG's**
Transparency & Disclosure	MCB recognizes the criticality of transparency and disclosures, whether about the products it offers, its engagement with stakeholders or contribution to the society. The Bank aims to maintain robust governance and ethical and transparent relationship with all stakeholders.			GRI 2: General Disclosures	
Digitalization	MCB aspires to create digital innovations with rich features and functionalities. The Bank's digital platforms have transformed to provide a seamless digital journey and ensure it is future ready through continued investment in technology and talent.			GRI 417: Marketing and Labeling GRI 418: Customer Privacy	
Financial Inclusion	Financial inclusion is a pressing issue, and the banking sector bears the burden of serving the underbanked people in rural, semi-urban, and metropolitan areas. MCB sees this as an opportunity to broaden customer reach and make its services more accessible across the country.			GRI 203: Indirect Economic Impacts	
Risk Management	The Bank continuously reviews the operating environment and closely monitors significant risks that could impact business. The Bank's multi-layered Risk Management Framework articulates the risk appetite, and drills down the same into a limit framework for various risk categories under which various business lines operate.			GRI 2: General Disclosures	

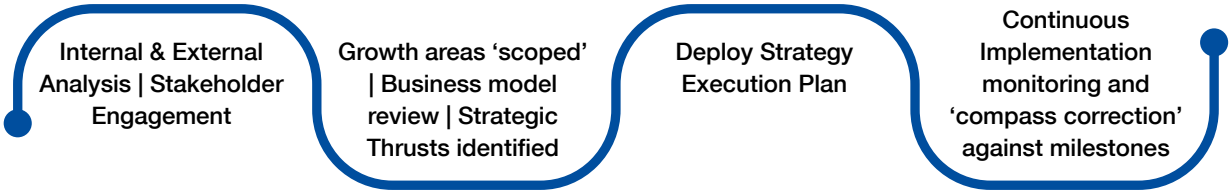
Topic	Description	Capitals Impacted	Stakeholders Engagement	Relevant GRI Topic	Contribution to UN SDG's
Employee Practices	At MCB, we believe our people are the cornerstone of our success. The Bank strives to establish a positive working atmosphere that encourages active development of its employees and constant engagement. MCB's structured human resource management practices, including key performance indicators, provide operating flexibility and accountability to business centers. The Bank's aim is to provide greater agility and synergy across the organization to support improved business performance and financial results.			GRI 403: Occupational Health and Safety GRI 404: Training and Education GRI 405: Diversity and Equal Opportunity GRI 406: Non-discrimination	
Asset Quality	The Bank's business strategy is comprehensive and flexible, especially with the intent of being risk-responsive and opportunity-aware. MCB's business strategy encompasses offering a wide range of products and services and maintaining a healthy asset quality besides digitization and others.			GRI 201: Economic Performance	
Customer Satisfaction	The Bank's customer centric philosophy emphasizes the need to cater their financial goals while providing insightful, relevant contextualized and hyper-personalized experiences to customers, including selling products and offering services which meet societal needs and are in the best interest of customers.			GRI 201: Economic Performance GRI 203: Indirect Economic Impacts 205 GRI 417: Marketing and Labeling GRI 418: Customer Privacy	

Topic	Description	Capitals Impacted	Stakeholders Engagement	Relevant GRI Topic	Contribution to UN SDG's
Data Privacy & Cybersecurity	Dealing with cyber risks form an integral part of the Bank's Enterprise Risk Management framework. The Bank is committed to working towards aligning itself with the changing landscape and has a dedicated team for cyber/ information risk management.			GRI 418: Customer Privacy	
Corporate Governance & Ethics	We have established effective policies and frameworks that encourage employees to act in accordance with the highest professional and ethical standards. MCB's corporate governance philosophy, provides direction around the cardinal principles of independence, accountability, transparency, fair disclosures, responsibility and credibility in the way the Bank conducts its operations.			GRI 2: General Disclosures GRI 205: Anti-corruption	
Economic & Financial Performance	MCB's strategic focus is on maximizing profit within the guardrails of risk and compliance. The Bank continues to invest in areas that are critical for improving its productivity and operational efficiency. The Bank strives to always provide its stakeholders with increased long-term value; even in the most difficult of economic times.			GRI 201: Economic Performance GRI 202: Market Presence GRI 203: Indirect Economic Impacts	

Executing our Strategy

MCB's approved 'Strategic Plan' sets out a clear roadmap for the future, anchored in key value drivers across growth, productivity, and disciplined risk and capital management. By executing this plan with focus and agility, the Bank aims to achieve its short-, medium-, and long-term financial objectives, effectively navigate evolving economic and competitive dynamics, and deliver sustainable value creation for its stakeholders.

For strategy formulation, the Bank follows a structured approach to map itself in the industry / operating context through detailed internal & external analysis and engagement with key stakeholders:



Strategic Objectives

Driven by its Vision, Mission & Core Values, MCB's strategic objectives are delivered over three time horizons:

Short Term We will leverage the competitive advantages we have to defend our franchise, grow in our chosen segments and markets, and optimize our business.	**Medium Term** We will allocate scarce resources to the areas that will need it most to defend and grow our business and deliver attractive growth and returns.	**Long Term** We will build long-term resilience and agility to respond to future trends, and capture opportunities that arise to deliver sustainable growth and value
• Enhance digitalization and automate key processes to improve efficiency, reduce costs, elevate customer experience, and strengthen risk and compliance standards. • Improve management and control of expenditures by containing administrative cost growth while preserving capacity required for strategic delivery. • Ensure disciplined asset quality management by reducing the Bank's NPL base. • Consistently enhance service quality standards across customer touchpoints. • Increase current account concentration by leveraging emerging market opportunities	• Grow market share within the domestic deposit base through targeted acquisition and relationship-building initiatives. • Maintain a strong and resilient capital base to support business growth and regulatory requirements. • Expand operational capabilities, geographic presence, and systems to deliver value-added services and support business scalability.	• Establish the Bank as a top generator of stakeholder value within Pakistan's banking sector while upholding strong socio-environmental responsibility. • Deliver sustainable, market-leading returns that consistently exceed stakeholder expectations. • Foster a corporate culture defined by equality, trust, collaboration, and social responsibility, enabling long-term organizational strength and performance
Our Value Drivers		
Client Focus + **Employee Engagement** + **Risk & Conduct** + **Operational Excellence** = **Financial Outcome** + **Positive Impact**		
Our Targets		
• Deposit mobilization to exceed growth level achieved in 2025. • Minimizing credit infection and realizing recoveries in line with contractual stipulations.	• Fee and commission income to achieve double digit growth. • Expenses growth to be contained at a modest level. • Minimizing credit infection and realizing recoveries in line with contractual stipulations.	• Constant / stable dividend payout to be maintained. • The Bank will continue to build long-term resilience and agility to respond to future trends and opportunities and to enable it to deliver sustainable growth and value in and for Pakistan, our home

Strategies in Place and Corresponding KPI's:

The Bank's strategic objectives form the foundation of its long-term direction and define the key priorities required to strengthen competitiveness, enhance customer value and ensure sustainable performance. To translate these objectives into actionable outcomes, the Bank has developed a set of corresponding strategies that outline the specific initiatives, programs and operational improvements required to achieve the desired results.

Each strategic objective is supported by measurable Key Performance Indicators (KPIs) that enable the Bank to evaluate progress, monitor execution discipline and ensure accountability across the organization. These KPIs are aligned with financial, customer, operational and people dimensions, allowing for a balanced assessment of performance. Through this structured linkage, the Bank ensures that strategic objectives are not only clearly articulated but also effectively operationalized, with strategies guiding implementation and KPIs providing transparent measurement of results

Strategic objectives	Strategies for Meeting Objectives	KPI	Future relevance
Enhance digitalization and automate key processes to improve efficiency, reduce costs, elevate customer experience, and strengthen risk and compliance standards	• Centralization and monitoring of operating expenses to restrain them within conventional limits to maintain a low 'cost to income' ratio. • Work on automation of existing manual systems. • Gradual investment on a unified digital platform for an overwhelming customer experience. • Manage Information security risks through development, documentation and implementation of policies, standards, procedures and guidelines that ensure confidentiality and integrity of sensitive information.	• Reduction in manual processing time / turnaround times (TAT) • Cost savings achieved through automation • Increase in digital transaction volumes and penetration • Reduction in operational errors and control breaches • Adoption rate of digital channels by customers.	The KPI will remain relevant in the future.
Ensure disciplined asset quality management by reducing the Bank's NPL base.	• Increased focus on quality asset growth while maintaining low infection ratio by continuously striving to manage risk through an augmented framework of sound risk principles; to be reinforced by optimum organizational structures, robust risk assessment models and effective monitoring systems in an automated environment. • Focus on recoveries of existing NPL stock.	• Infection Ratio • Coverage Ratio • Credit Concentration Analysis (Customer / Group / Segment / Industry) • Recovery and write-back performance • PD/LGD model accuracy and override trends	The KPI will remain relevant in the future.
Consistently enhance service quality standards across customer touchpoints.	Maintaining the Bank wide drive for inculcating a 'customer service' culture, extracting operating efficiencies to improve service delivery timelines, offering 24/7 real time service availability, expanding self-service avenues, exploring new revenue streams that create maximum value for the customers and revamping service quality assessment models to focus on key customer impact areas.	• Customer satisfaction scores (CSAT) • Net Promoter Score (NPS) • Complaint resolution time and reduction in complaints • Service quality audit scores • Channel uptime and service availability metrics	The KPI will remain relevant in the future.

Strategic objectives	Strategies for Meeting Objectives	KPI	Future relevance
Improve management and control of expenditures by containing administrative cost growth while preserving capacity required for strategic delivery.	Undertaking cost transformation initiatives including continuous assessment of digital and operational maturity to eliminate non-value added work, deflecting work to lower cost channels (lower cost to serve), improving efficiency through technology and gradually transitioning away from paper intensive, predominantly employee-assisted channels to more effective and cost-efficient digital solutions.	• Administrative cost growth rate vs. budget • Cost-to-income ratio • Efficiency ratio improvements • Cost savings from process optimization and vendor rationalization	The KPI will remain relevant in the future.
Maintain a strong and resilient capital base to support business growth and regulatory requirements.	Healthy equity translating into strong capital buffers.	• Capital Adequacy Ratio (CAR) • Tier-1 capital ratio • Leverage ratio • Risk-weighted assets (RWA) optimization metrics • Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) compliance	The KPI will remain relevant in the future.
Grow market share within the domestic deposit base through targeted acquisition and relationship-building initiatives. Increase current account concentration by leveraging emerging market opportunities	• Expansion / increase in deposit market share through mobilization of new products and penetration into emerging markets; thereby further widening customer base beyond the realm of prevailing organic growth. • Increased focus on current account growth.	• Growth in total deposits • Current Account • concentration • CASA Mix • Deposit market share • New-to-bank customer acquisition numbers • Share of wallet increases for key segments	The KPI will remain relevant in the future.
Deliver sustainable, market-leading returns that consistently exceed stakeholder expectations.	Higher profitability to pay higher returns to the shareholders.	• ROE, ROA trends • Earnings growth rate • Total shareholder return (TSR) • Dividend payout ratio • Profitability vs. peer benchmarks	The KPI will remain relevant in the future.

Strategic objectives	Strategies for Meeting Objectives	KPI	Future relevance
Expand operational capabilities, geographic presence, and systems to deliver value-added services and support business scalability	• Lead market position through focused initiatives encompassing launch of innovative and customer centric solutions, penetration of emerging markets, adoption of digital banking avenues and instilling effective cost management techniques. • Rationalize & optimize usage of existing branch network and network strengthening through branch expansion plan. • Service portfolio enhancement of all digital products / channels i.e. call center, internet banking, mobile banking, mobile wallet, SMS alerts, E-statement, ATMs and Debit Cards to increase non markup income. • Integrate service standards across all the channels and outlets in the network to provide a uniform customer experience.	• New branches/service touchpoints launched • System upgrade/ modernization milestones achieved • Expansion in digital and remote servicing capacity • Increase in customer penetration across new geographies • Uptime and performance of upgraded systems	The KPI will remain relevant in the future.
Foster a corporate culture defined by equality, trust, collaboration, and social responsibility, enabling long-term organizational strength and performance	• Improve governance structure and update existing policies as per industry dynamics. • Maintain employee engagement levels and provide opportunities for internal mobility to enhance professional and personal growth.	• Employee engagement and satisfaction scores • Diversity and inclusion indicators • Leadership development and succession readiness metrics • Staff turnover and retention rates • Participation in culture-building and CSR programs	The KPI will remain relevant in the future.
Establish the Bank as a top generator of stakeholder value within Pakistan's banking sector while upholding strong socio-environmental responsibility.	• Generate higher profitability to pay higher returns to the shareholders. • Introduce socio environmental activities such as green banking.	• ESG rating and score improvements • Social/environmental impact indicators (green financing, CSR output) • Brand equity and market perception surveys • Stakeholder engagement metrics	The KPI will remain relevant in the future.

Method and Assumptions in Compiling KPI's

KPI's are the metrics utilized by the Management to measure performance against strategic objectives. The Bank identifies and compiles indicators which effectively reflect Bank's performance. In doing so, the Bank analyses its market positioning, competitors and the general market conditions.

Quantitative aspects: relate to the Bank's financial base, ability to generate funds, deployment of funds in the most profitable avenues, profitability/earning's generation and dividend distribution, market share, growth in share price as a measure of Bank's perception in the market and being an indication of investor confidence, value addition over the book price of shares, cash flow analysis and adequacy of capital and liquidity buffers.

Qualitative aspects: relate to customer satisfaction and retention, service execution, brand identity and loyalty, innovation, employee confidence, data security, strategic partnerships, governance and risk management..

Change in Indicators and Performance Measures

KPIs provide understanding of the Bank's performance in key areas. These indicators are used as a gauge to analyze current standing of the Bank and the likely path the Bank would follow.

MCB has identified KPIs that are critical to its business. While identifying KPIs, the Bank analyzed various factors, their interpretations and accordingly the extent to which they may correctly and clearly communicate the Bank's performance. Change in important indicators is discussed in 'Recognitions, Performance Analysis & Market Statistics' section of the Annual Report.

Bank's Strategy on Market Development, Product and Service Development

Market and product / service development are key components of MCB's strategic planning process. The strategy focuses on expanding Bank's outreach by introducing existing products / services into new markets or expanding into untapped segments, while simultaneously augmenting service quality and driving growth through innovation. Through a comprehensive analysis of its internal and external environment, MCB has identified following emerging trends in the financial solutions' and service offerings' landscape that shall continue to drive its focus on market and product / service development:



Bank's Strategic Initiatives towards Promoting and Enabling Innovation

The Bank continues to prioritize innovation as a fundamental driver of long-term competitiveness, operational excellence and enhanced customer experience. Our strategic commitment to innovation is reflected in a structured approach that integrates new technologies, modern operating models and emerging industry practices across the organization.

During the year, the Bank advanced its innovation agenda by accelerating digital transformation initiatives that automate processes, strengthen controls and deliver faster, more seamless customer journeys. Investments in next-generation platforms, data analytics and cloud-aligned infrastructure have enabled the Bank to introduce scalable, secure and efficient services that support both retail and corporate clients.

To promote internal innovation, the Bank is fostering a culture that encourages experimentation, collaboration and continuous improvement. Cross-functional teams are being engaged to identify pain points and design customer-centric solutions, while targeted upskilling programs are enhancing digital literacy and future-ready capabilities across the workforce.

The Bank is also exploring partnerships with fintech firms, technology providers and industry ecosystems to broaden access to innovative solutions and accelerate time-to-market for new offerings. These collaborations support the development of advanced payments capabilities, digital onboarding tools, risk analytics enhancements and value-added services that elevate customer convenience.

Through these initiatives, the Bank continues to embed innovation into its strategic and operational fabric—ensuring that it remains adaptive, forward-looking and well-positioned to meet evolving market expectations while creating sustainable value for all stakeholders

Bank's Strategy to Overcome Liquidity Problems

Bank carries a substantial portfolio of marketable securities that can be easily traded and realized in known amounts of cash in the event of liquidity stress. An analysis of key liquidity ratios indicates the strong liquidity position of the institution; Bank's 'Liquidity Coverage Ratio' and 'Net Stable Funding Ratio' are well over and above the regulatory benchmarks. Liquidity position of the bank is discussed in the risk management section (note 48) of the 'Unconsolidated Financial Statements'.

Board's Statement on the Significant Plans and Decisions

The Board confirms that the Bank did not undertake or approve any significant plans or decisions during the year relating to corporate restructuring, major business expansion, substantial capital expenditure programs, or discontinuance of operations. All activities continued in the normal course of business, in line with the Bank's approved strategic direction.

Material Changes in Business Model During the Year

There were no material changes to the Bank's business model during the year. The core operating framework, value proposition, revenue streams, and risk management approach remained consistent with prior periods. While the Bank continued to refine processes, enhance digital capabilities, and optimize product offerings in line with its Strategic Plan, these initiatives represent ongoing improvements rather than fundamental shifts in the underlying business model.

Organizing Business & Our Model

Our business model enables us to manage our resources and relationships responsibly to deliver the best outcomes for all our stakeholders Read more Page # 168

MCB's core banking activities, products and services

Underpinned by our strategy and market presence, our fully integrated business offering is delivered through our customer first digital solution, ecosystems of financial services and lifestyle and value chain offering's

Providing payment services and a safe place to save and invest	Providing funds for purchases and growth	Managing business and financial risks	Providing financial and business support	Protecting against risks
Accepting customers' deposits, facilitating payments, remittances and cash management, providing transactional banking services, international trade services and investment management products.	Extending secured and unsecured credit, based on customers' credit standing, affordability and risk appetite. Trade and supplier finance, working capital solutions, access to capital markets and inter-bank lending.	Providing solutions, including fixed rate loans as well as hedging, which includes interest rate and foreign exchange.	Providing individual and business advice, and advisory on large corporate deals.	Providing savings and investment and insurance policies, on behalf of its service partners, for a specified loss such as damage, illness or death.

For a detailed discussion on the performance, operations, and strategic initiatives of individual business units and back-office functions, please refer to the "Groups Review" section of this Annual Report Read more Page # 193

MCB secures the inputs required to transform, grow, innovate and compete effectively. The Bank uses these inputs to deliver targeted outcomes through its business activities for the benefit of all stakeholders.

Capital inputs — **Value is created over time as stocks of capitals increase**

Business Dependency on CAPITAL

	Low	Medium	High
High		**Human Capital** Our people are our strength, so our business model is dependent on our	**Financial Capital** As a financial services provider our primary capital created and transformed is financial capital. **Manufactured Capital** We maintain a strong physical footprint supported by significant investment in manufactured capital. The Bank continues to upgrade its branches and infrastructure to ensure reliable, efficient, and accessible service delivery.
Medium		**Intellectual Capital** As a bank we are systemic to the financial system. Systems, processes, protocols and technological architecture provide effective security and protection to our customers' data and wealth.	**Social and Relationship Capital** Our relationships with key stakeholders are crucial for our license to operate.
Low	**Natural Capital** We are not a large consumer of natural capital. However, our lending decisions can affect natural capital under the stewardship of others.		

Long-term value created per capital

Allocating Resources

MCB uses a formal decision-making framework to allocate resources and apply scenario planning to deal with the volatility, uncertainty, complexity and ambiguity of the environment it operates in.

Resource Allocation Plan

The inputs to the Bank's business processes are capitals, or stores of value, in various forms. Of these capitals, financial, manufactured and intellectual capitals are internal capitals owned by the Bank while the others, human, social & relationships and natural capitals are external to the Bank.

The Bank has resources to meet its strategic objectives. The Bank utilizes and enhances its resources to differentiate itself and maximize value creation for its stakeholders in the long run. A transitory resource allocation plan is as follows:

Nature of Capital	Factors impacting Availability, Quality & Affordability of Capital	Key Resources & Capabilities Providing Competitive Advantage	Resource allocation plan
Human Capital	There remain significant competitive pressures, both within the banking sector and more broadly, in attracting and retaining top skills and diverse talent. This pressure is being heightened by changing dynamics in the workplace environment – such as the shift to remote and hybrid working models – as well as by the changing skill sets needed for the digital banking age.	The Bank's agile, engaged and motivated workforce with technical, commercial and managerial skills and experience that enables MCB to be nimble and react quickly to arising opportunities.	• Redeploy human capital to enhance productivity through segmentation; • Undertake human capital capacity enhancement and capability building by focusing on trainings, talent management and talent retention; • Creating an inclusive work environment that supports resilience, innovation and inclusion, with ongoing focus on mental, physical, social and financial wellbeing of the human capital. • Onboard versatile human resource that can multi task easily.
Manufactured Capital	Ensuring continued access to reliable manufactured assets within our operational network requires targeted investment in the acquisition, maintenance and/or replacement of property and equipment. Key challenges in securing necessary inputs include competing demands for access to financial capital, unexpected events contributing to equipment failure, and potential delivery and other delays from service providers.	MCB's best-in-class technology and physical infrastructure encompassing its brick & mortar footprint and digital access points allows it to remain resilient.	• Branch layout improvement and widening of branch and ATM network; • Re-align the business model through segmentation to increase the customer base.

Nature of Capital	Factors impacting Availability, Quality & Affordability of Capital	Key Resources & Capabilities Providing Competitive Advantage	Resource allocation plan
 **Financial Capital**	MCB's ability to generate financial capital for reinvestment is a function of various internal and external factors reviewed in more detail throughout this report. Current prospects regarding country's economic outlook and fiscal sustainability are impacting fundamentals and investor sentiment.	MCB's strong capital base and diversified funding sources allow it to support customers through good and bad times, and enables it to provide banking solutions competitively and seamlessly.	• Investment in process automation and IT network improvements; • Investment in infrastructure including buildings and equipment; • Invest in good quality asset base with high yield.
 **Natural Capital**	As an important indirect player / financial intermediary in the value chain of carbon intensive sectors, and in the context of a growing uptake of "net-zero" commitments, the Bank faces pressure to reduce energy usage and switch to renewable energy sources as part of a "just transition".	MCB impacts the natural environment directly in its operations, as well as indirectly through its customers and suppliers.	• Increase financing to resource efficient, alternative energy generation and environmentally friendly projects • Introduce innovative 'Green' products (assets / liability) • Exploring international funding options for investment in 'Green' projects and acquiring globally recognized accreditations • Adoption of resource conservation measures to reduce carbon footprint of the Bank due to its own activities and operations.
 **Intellectual Capital**	Protecting and enhancing intellectual capital is linked to Bank's investment in research & development, skills development, maintaining its ability to attract and retain top skills and diverse talent, and effectiveness in instilling a performance-based ethical culture that drives innovation. Material potential constraints include the increasing competition for talent (both within and external to the banking sector), and competing interests for investment of financial capital.	MCB's key intellectual capital pertains to how it continuously re-engineers its business processes and invests in technological transformation to lead into the digital age.	• Reengineering of processes to capture synergies and improve service delivery • Improvement in governance culture by utilizing over 78 years of institutionalized knowledge.

Nature of Capital	Factors impacting Availability, Quality & Affordability of Capital	Key Resources & Capabilities Providing Competitive Advantage	Resource allocation plan
Social and Relationship Capital	Growing stakeholder expectations on businesses to demonstrate enhanced performance has heightened the importance for organizations to develop strong relationships. Managing the competing interests of different stakeholder groups necessitate the Bank to take difficult decisions and trade-offs.	At MCB, customers are at the heart of business; with trust gained over a rich legacy of 78 years of service excellence. This enables the Bank to differentiate itself in the industry while also building lasting relationships to deepen wallet share and improve customer satisfaction & retention. The Bank recognizes that not all returns can be monetized and its license to operate comes from the society at large	• Invest in a series of initiatives that enhance collaboration and ongoing dialogue with our customers; • Enhance brand image through public awareness campaigns.

Overseeing Our Progress & Accountability to Stakeholders

Connecting our strategic progress to value creation

Our purpose and strategy enable the creation of value for our stakeholders. We use our value drivers to focus and measure our strategic delivery.

Our Value Drivers	What this means	The Value we aim to create and preserve
Client Focus	• We leverage our capabilities to offer relevant, competitive and innovative solutions through our digital offerings. • We are responsive to their changing expectations. • We ensure fair outcomes for our clients	We provide consistently excellent client experiences via an expanded range of innovative solutions.
Employee Engagement	• We strive to provide a work environment in which all our people feel a strong sense of belonging, are enabled to realize their full potential and can bring their whole selves to work. • We respect the rights of our employees and endeavor to offer a safe and fair work environment for all.	We ensure our people feel deeply connected to our purpose and are empowered and recognized
Risk & Conduct	• We operate with integrity and hold ourselves to high ethical standards. • We understand the risks and opportunities facing our business and have robust policies and processes to manage them. • We ensure the security of our information and that of our clients and we guard against cyber threats.	We do the right business, the right way, with worldclass governance and risk management embedded across the group.
Operational Excellence	• Our on-the-ground presence is complemented by our modernized digital capabilities, increasingly simplified systems architecture and investment in system security that enables us to improve efficiency and lower our cost to serve	We use technology and data to better serve and protect our clients, reduce costs and scale our platforms
Financial Outcome	• We deliver sustainable earnings growth and attractive returns to our shareholders	We allocate our resources to deliver attractive shareholder returns
Positive Impact	• We achieve positive impact by understanding the needs and challenges of Pakistan's people and delivering solutions to address these. • We balance social, economic and environmental considerations to drive sustainable growth.	We drive Country's growth by effectively managing ESG risk and delivering positive impact.

Our Performance Outcomes

Our CAPITAL's	Value Drivers	KPI	Progress	2025	2024	2023
Human Capital		**Employee Engagement & Development**				
		Investment in training (Rs. in million)	▲	162	72	89
		Number of training participants	▲	74,768	51,414	54,252
		Number of training days	▲	63,344	42,628	49,912
		Employee Retention				
		Staff turnover ratio (%)	▲	15	21	16
		Number of promotions	▲	2,959	2,318	1,508
		Employee Diversity				
		Female staff ratio (%)	▲	20.25	19.77	18..54
		Women in senior leadership (%)	▲	17.2	16.8	12.8
		Mean Gender Pay Gap (%)	▼	10	9	–
		Employee Strength & Compensation				
		Average number of employees	▲	14,664	14,212	14,249
		Staff compensation (Rs. in million)	▲	31,029	25,892	23,238
		Staff strength	▲	15,410	14,289	14,420
Manufactured Capital		**Branch Footprint**				
		Domestic Branches (exc. EPZ & sub-branches)	▲	1,401	1,394	1,430
		Overseas Branches (Inc. EPZ)	◆	9	9	8
		Overseas Representation Office	◆	1	1	–
		Customer Touchpoints				
		Domestic ATMs	▲	1,489	1,472	1,475
		Domestic POS	▲	6,974	6,825	6,323
		Capital Expenditure				
		Capital expenditures on physical and digital infrastructure (Rs. in million)	▲	12,129	10,679	7,452
Financial Capital		**Responsible Risk Taking**				
		Capital Adequacy Ratio (%)	▲	19.53	19.35	20.39
		Liquidity Coverage Ratio (%)	▲	267.35	241.33	250.62
		Net Stable Funding Ratio (%)	▲	163.71	128.29	147.41
		Credit Loss Ratio (%)	▼	6.76	4.89	8.66
		System Security & Stability				
		Cyber security Incidents	◆	0	0	0
		Financial Resilience				
		Headline Earning (Rs. in million)	▼	181,404	186.527	180,617
		Return on Equity (%)	▼	23.02	26.56	31.60
		Return on Assets (%)	▼	1.82	2.25	2.64
		Dividend Payout Ratio (%)	▲	78.72	74.05	59.62
		Cost to Income Ratio (%)	▼	37.73	32.68	28.70

Our CAPITAL's	Value Drivers	KPI	Progress	2025	2024	2023
Natural Capital		**ESG Performance**				
		No. of branches monitored under real time IoT based fuel management & monitoring system.	▲	954	952	976
		Solarization of branches	▲	311	275	49
		Plantation (Rs. in million)	▲	32	30	27
Intellectual Capital		ATM uptime (%)	▲	98.44	98.08	98.01
		Independent Directors on the BoD	▲	4	4	4
		Leading Partner Bank in Pakistan – TSCFP Award Fasting Growing Corporate Bank in Pakistan – IFPL 3rd largest Bank in Pakistan Remittance Market – PRI Awards				
Social and Relationship Capital		**Active Client Numbers**				
		No. of accounts	▲	9,589,227	9,053,850	8,826,027
		MCB Live customers	▲	1,929,890	1,447,228	1,093,519
		Client Satisfaction				
		Customer Satisfaction Index (%)	◆	84	84	75
		Net Promoter Score (%)	◆	74	74	–
		Economic Value Added				
		Contribution to National Exchequer - Income Tax (Rs. in million)	▼	73,783	77,074	60,787
		Contribution To Staff Welfare Fund (Rs. in million)	▲	7	6	5
		Education Allowance (Rs. in million)	▼	23	26	29
		Donations (Rs. in million)	◆	10	10	21
		Regulatory Fines & Penalties				
		SBP Penalty (Rs. in million)	▼	148	96	206

Accountability to Stakeholders

The Bank remains fully committed to transparent and responsible conduct, ensuring its decisions and performance consistently reflect the interests of all stakeholders. Through a structured stakeholder engagement process, the Bank actively identifies expectations, gathers feedback, and integrates these insights into strategic and operational priorities. This continual dialogue strengthens accountability, enhances trust, and ensures that the Bank's governance, reporting, and service delivery remain aligned with stakeholder needs and long-term value creation.

For details please refer to "Stakeholders Relationship and Engagement" section of the Annual Report Read more Page # 310

Competitive Position Assessment & Peer Analysis

MCB uses competitive analysis to gain valuable insights into the evolving market dynamics, customer preferences, and strategic opportunities. This analysis enables the Bank to develop innovative solutions and target specific segments by creating unique value propositions that resonate with the customers.

Value Chain Positioning

Upstream — **Downstream**

Key value chain paterners

Regulator:
The Bank acts as a trusted partner of the regulators. The Bank also aims at being a responsible tax paying and collection agent.

Suppliers/Services Providers:
Entities offering various supplies and services in order to enable the Bank to optimally offer all of its products and services.

Government:
Banks play a central role in the transmission of monetary policy, one of the government's most important tools for achieving economic growth without inflation.

Credit Rating Agencies & Market Infrastructure Institutions:
Engagement with rating agencies, clearing houses, payment networks, and settlement systems strengthens market credibility and operational continuity.

Primary Activities

- Providing Payment Services & a Safe Place to Invest
- Providing Funds for Purchases & Growth
- Managing Business & Financial Risks
- Providing Financial & Business Support
- Protecting Against Risks

Support Activities

- Governance & Risk Management
- Human Capital Management
- Marketing & Service Quality
- Information Technology
- Finance & Compliance

Channels

- Branch Banking
- Online Banking
- ATM Channel
- Mobile Banking

Key Resources

Key Enablers

- Insight Driven Strategies
- Responsive Operations & Supply Chain
- Aligned & Empowered Management Team
- Leading Market Innovation
- Digitally Enabled Technology Architecture
- Integrated Partner & Alliance Eco System

Key value chain paterners

Customer:
They are the core of the Bank's business and drive profitability.

Competitors:
Healthy competition keeps the Bank updated. The Bank constantly innovates and emphasizes on quality service standards.

Institutional / Investors Shareholders / Analysts:
The Bank maintains regular interaction and keep them updated with performance and actions taken in the normal course of business.

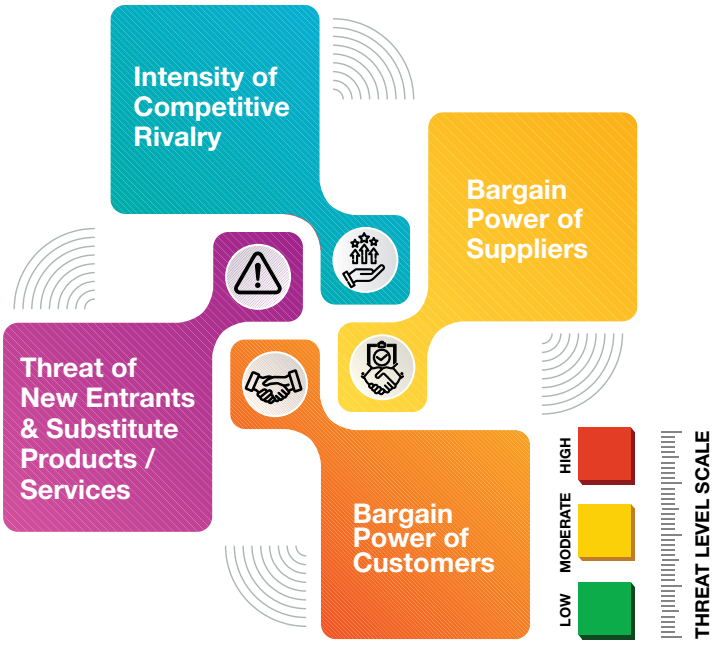
Communities:
The Bank prioritizes giving back to the society.

Employees:
The Bank's employees are central to delivering value across the chain. Engagement, training, and a performance-driven culture strengthen long-term service delivery.

Comparitive Landscape & Market Positioning

As the nature of competition evolves, it creates an opportunity for the Bank to rethink how it defines banking markets, and develop a more comprehensive understanding of the ways consumers and businesses access financial products and services today and how they might do so in the future.

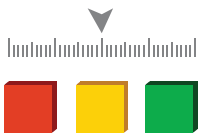
The Bank analyzes its competitive landscape encompassing multiple internal and external factors that impact its operational activities and financial performance.





Key 'Impact' Factors

- Technological Advancements
- Open banking initiatives and API-driven ecosystems
- Growing market demand & untapped segments
- Evolving regulatory frameworks enabling digital banks and EMI/FinTech licenses



Implications

The banking sector traditionally presents high entry barriers due to substantial capital requirements, stringent regulatory obligations, robust compliance expectations, and the time required to build brand credibility and customer trust.

However, the competitive landscape is evolving. FinTech firms and digital-native entrants are leveraging technology-driven, asset-light models to offer specialized, customer-centric solutions—particularly in payments, lending, and transactional services. While these players may not replicate the full-service banking model, they have the potential to disintermediate specific revenue streams and reshape customer expectations around speed, convenience, and personalization.

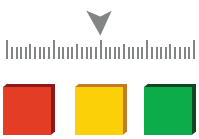
Corresponding Strategies

Despite the imminent threat of new entrants and emerging FinTech disruptions, MCB is countering these threats by engaging in the following activities:

- Deepening customer relationships beyond transactional interactions to reinforce loyalty and brand affinity
- Sustained investment in digital platforms to enhance convenience, security, and service delivery
- Continuous innovation and launch of diversified products tailored to evolving customer needs
- Strengthening regulatory compliance and governance frameworks to maintain trust and operational resilience
- Strategic collaboration with FinTech partners to leverage technological capabilities and integrate innovative solutions into the Bank's ecosystem; and
- Leveraging scale, capital strength, and risk management expertise to sustain competitive advantage



Key 'Impact' Factors



- Low switching costs, particularly in retail and digital banking
- Increased transparency of pricing and service standards
- Availability of alternative financial service providers
- Growing demand for customized and value-added solutions
- Digital channels enabling easy comparison of products and rates
- Heightened price sensitivity in a competitive banking environment

Implications

Retail customers generally face relatively low switching barriers and may diversify their banking relationships across institutions, potentially reducing the depth of engagement. However, the financial impact of individual retail migration remains limited due to portfolio diversification.

In contrast, corporate clients, institutional customers, and high-net-worth individuals possess comparatively greater bargaining power.

Corresponding Strategies

MCB addresses the issue of customer bargaining power primarily by focusing on clearly directed customer retention and acquisition strategies; customer service standards are being continuously augmented, services are being tailored to suit individual needs, innovative solutions are being devised to make customer experiences more enjoyable, convenient and hassle-free and market competitive rates are being offered to effectively increase switching costs for customers.

Competitive intensity, pricing transparency, and tailored financing needs increase their negotiating leverage, and the loss of significant relationships may materially affect revenue streams and profitability

Bargain Power of Suppliers

Key 'Impact' Factors

- Number and concentration of suppliers
- Availability of alternative investment avenues for depositors
- Differentiation & Switching Costs
- Talent availability and competition for specialized skill sets

Implications

MCB's suppliers primarily comprise of its deposit-holders who are the Bank's key resource for capital and its employees, also known as the resource of labor. In an industry scenario with low differentiation, it is easy for the primary deposit-holder group to switch to other banks, tempted by higher rates and better service standards. Further, share of deposits is highly concentrated, which gives them excess bargaining power.

With a view to fund gaps in the Bank's borrowings, MCB mobilizes debt from other financial institutions, with rates being largely market-driven. With respect to labor, while individual employees generally possess limited bargaining power, competition for specialized talent—particularly in digital banking, risk management, and technology functions—can elevate recruitment and retention pressures.

Corresponding Strategies

MCB has embraced following strategies in order to derive an edge over its supplier relationships:

- Providing a high degree of safety to its capital providers including investors, deposit-holders and other banking partners; A point further re-enforced by Bank's highest local credit ratings of AAA/A1+ for long term and short term debt respectively.
- Diversifying funding sources across retail, corporate, and institutional segments to mitigate concentration risk.
- Strengthening relationship management to enhance depositor loyalty and funding stability.
- Creating mutually-beneficial solutions across the entire engagement spectrum; and
- Fostering employee engagement and retention through competitive compensation, structured career progression, and a performance-driven work environment.

Intensity of Competitive Rivalry

Key 'Impact' Factors

- Number, size & diversity of competitors
- Industry Growth & Market Saturation
- Product Differentiation & Innovation
- Rapid technological investments
- Regulatory shifts and policy changes

Implications

Intensity of competition within the domestic banking sector has grown over the years. Banks have focused on developing a wide range of asset and liability product offerings at competitive rates in order to reinforce their customer acquisition strategies and attract existing market share.

Low switching costs, especially in retail and commercial banking, further amplify competitive pressures. Additionally, traditional banking models are being disrupted by digital technologies, compelling banks to adopt innovative solutions to deliver convenient, fast, and secure digital financial services. The entry of FinTech's and emerging digital-only players is reshaping customer expectations and raising the bar for service quality, efficiency, and value-added offerings

Corresponding Strategies

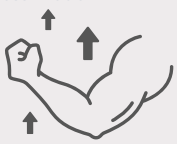
To strengthen its competitive positioning and consolidate market share, MCB has adopted the following strategic measures:

- By distinguishing itself in the marketplace primarily on the basis of its heritage and experience;
- Investing in marketing and branding to create a strong brand image and differentiate itself from competitors;
- Streamlining operations, optimizing costs, and enhancing efficiency to improve profitability and competitiveness
- Staying on the cutting edge of offering customer convenience and low-cost banking solutions.
- Expanding product and service offerings through innovation and data-driven insights to meet evolving customer needs
- Monitoring market trends and competitor strategies to anticipate changes and proactively respond to emerging threats.

SWOT Analysis

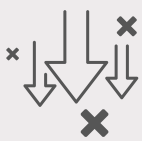
Strengths

- Strong financial performance and sustained profitability
- Robust and well-capitalized balance sheet
- Industry-leading CASA ratio (>97%)
- Among the lowest cost-to-income ratios within peer banks
- Comprehensive suite of financial solutions (debt, equity, advisory, facility arrangements)
- Diversified loan portfolio and income streams
- Established brand franchise and strong customer loyalty
- Competent & committed human capital
- Extensive customer outreach across physical and digital channels
- Conservative and sustainable business model



Weaknesses

- Need to further strengthen market share in deposits
- Concentration of investments in Government Securities
- Relatively limited international footprint compared to peers



Opportunities

- Growing demand for differentiated and customer-centric product offerings
- Evolving consumer preferences toward digital and personalized banking
- Large unserved and under-served traditional and digital customer base
- Expanding digital channels to enhance service delivery and outreach
- Strategic partnerships with leading technology platforms
- Leveraging retail & corporate relationships for cross-selling initiatives
- Deployment of advanced data analytics to drive growth and risk insights
- Low credit penetration offering room for expansion
- Expansion of advisory and value-added services
- Growth prospects in emerging markets and segments



Threats

- Unexpected movements in interest rates and yield curves
- Rising operating and technology infrastructure costs
- Regulatory changes and heightened compliance requirements
- Cybersecurity and operational risk exposures
- The Bank operates in a dynamic and increasingly competitive environment, shaped by growing FinTech participation and evolving PESTEL-related risks.
- The detailed threats identified through comprehensive internal and external analysis are disclosed in the “Informing Our Strategy” section of the Annual Report.



Macro Economic & Thematic Reviews

PESTEL Analysis

Political Scenario

Pakistan's political landscape has historically been characterized by episodes of instability and policy discontinuity, which have contributed to uneven economic growth and constrained long-term planning horizons. Persistent political uncertainty can limit the effectiveness and continuity of fiscal and monetary policies, as short-term stabilization measures often take precedence over deeper structural reforms necessary for sustainable development.

International governance assessments continue to highlight challenges relating to political stability, rule of law, institutional strength, and corruption control. These structural issues can weigh on investor confidence, delay reform implementation, and create unpredictability in the policy environment. Strengthening governance frameworks and ensuring policy continuity remain critical for enhancing macroeconomic stability and fostering sustainable economic progress.

Political Stability & Absence of Violence
6.6 Percentile ▲

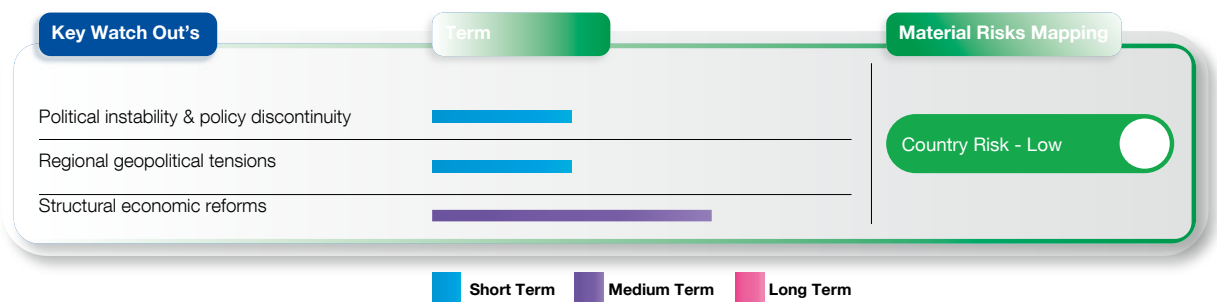
Control of Corruption
18.87 Percentile ▼

Rule of Law
21.22 Percentile ▲

EIU Democratic Index Deficit
Drop of 6 places to rank at 124th ▼

Corruption Protection Index
Score improved to 28 ▲

For the banking sector, political developments directly influence regulatory priorities, fiscal measures, and broader economic sentiment. Shifts in the political environment may affect capital flows, business confidence, and credit demand. While Pakistan's banking system has historically demonstrated resilience amid political cycles, sector performance remains closely intertwined with the broader macroeconomic and governance landscape.



Economic Overview

During FY2025, Pakistan's economy transitioned from crisis management toward a stabilization and early recovery phase. Real GDP growth improved to 3.0%, reflecting a broad-based recovery led by a sharp rebound in the industrial sector and steady expansion in services, while agricultural growth moderated considerably following the high base of the preceding year. The improvement in industrial activity, particularly in manufacturing and construction-linked segments, signaled a gradual normalization of domestic demand and supply conditions.

A notable macroeconomic achievement was the sharp decline in inflation, with average CPI easing to 4.5% from elevated levels in the prior year. The disinflation was driven by tight monetary policy, moderation in global commodity prices, relative exchange rate stability, and normalization of earlier food and energy shocks. This improved inflation trajectory created space for measured monetary easing during the year, while maintaining a cautious policy stance to preserve macroeconomic stability.

On the external front, FY2025 marked a significant turnaround, with Pakistan recording a current account surplus of approximately USD 1.9 billion — the first surplus in over a decade. Record-high workers' remittances of USD 38.3 billion, alongside a contained energy import bill and improved exchange rate management, supported the external balance. Multilateral inflows under the IMF program and support from bilateral partners contributed to a strengthening of foreign exchange reserves. Fiscal consolidation remained central to macroeconomic management, with the achievement of a primary surplus supported by expenditure discipline and robust revenue growth.

▲ Strengthen YoY ▼ Weaken YoY

2024			
With SBP: USD 9.39 billion With banks: USD 4.61 billion	12.57% YoY 23.41% Average	Current Account deficit at USD 2.1 billion	Agriculture: 6.25% Insustries: -1.7% Services: 2.2%
Foreign Exchange Reserves	**CPI Inflation**	**External Account**	**Real Account (Growth)**
With SBP: USD 14.51 billion With banks: USD 4.76 billion	3.2% YoY 4.5% Average	Current Account surplus at USD 1.9 billion	Agriculture: 0.18% Insustries: 19.95% Services: 3.72%
2025			

In the first half of FY2026, economic momentum strengthened further. Industrial production and large-scale manufacturing posted solid gains, supporting projections of full-year GDP growth in the range of 3.75%–4.75%. Inflation remained within SBP's target range, although persistence in core inflation and housing-related components warranted a prudent and steady monetary stance.

Business Confidence

Overall Business Confidence Index Deteriorated to **53.4**

Private Sector Credit Growth

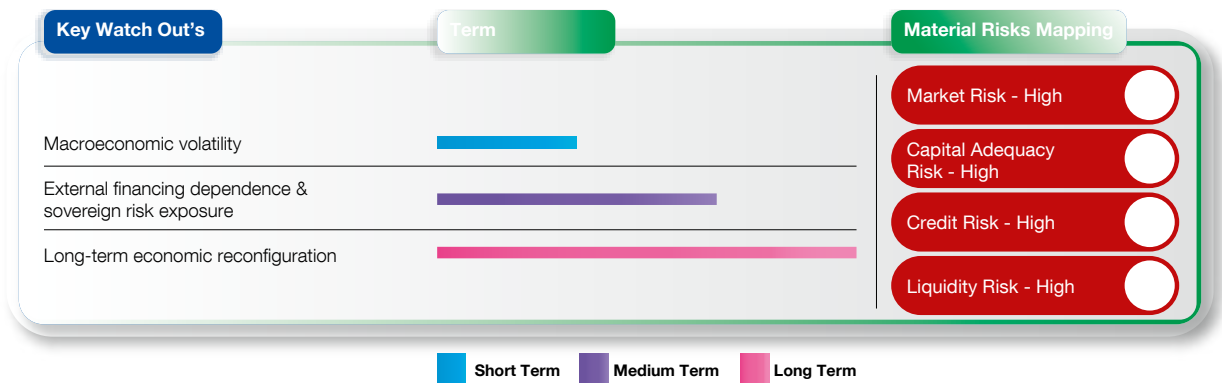
Expanded so far by Rs. **589** billion in FY2026

Ease of Doing Business

Ranked 108 from 190 economies (39 notch increase in 2 yr.)

The external account reverted to a modest deficit amid rising imports and relatively flat export performance; however, remittances remained resilient and ICT service exports continued to expand. Foreign exchange reserves sustained their upward trajectory, supported by ongoing program inflows and active reserve management. Fiscal discipline broadly continued, though revenue growth moderated, highlighting the importance of sustained reform momentum and revenue mobilization efforts.

Overall, while macroeconomic indicators point toward improved stability and strengthening growth dynamics, sustaining this trajectory will depend on continued policy coordination, structural reforms, external sector resilience, and effective management of emerging global and domestic risks.

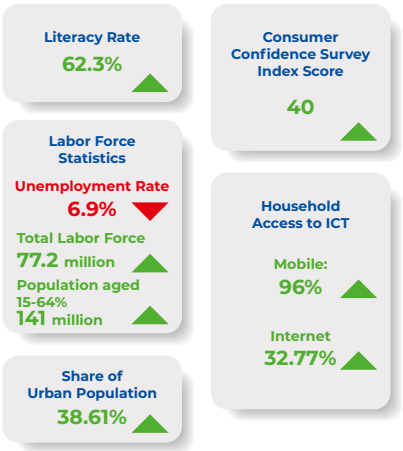


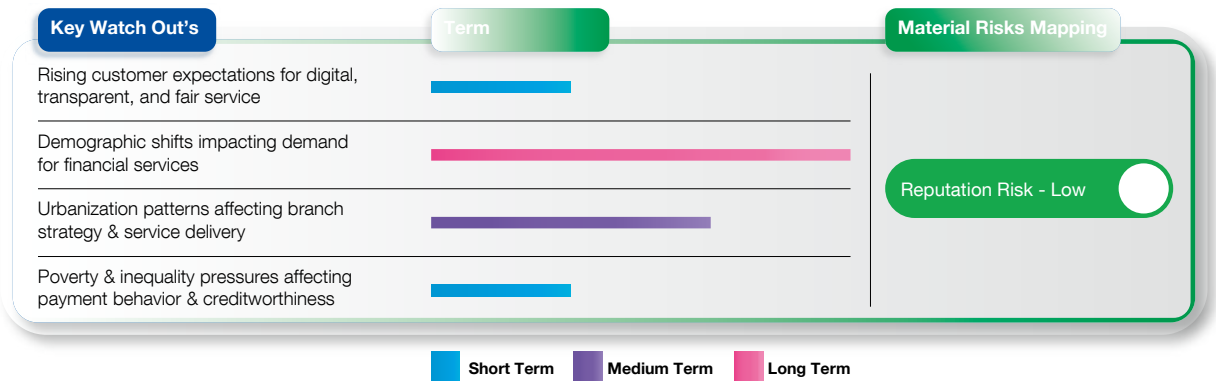
Social Factors

Pakistan's social landscape reflects a dynamic interplay of demographic expansion, urban transition, socioeconomic disparities, and deeply rooted cultural influences. While the country has achieved periods of economic progress and infrastructure development since independence, advancements in human capital formation — particularly in education, healthcare, and skill development — have remained comparatively gradual. In recent years, episodes of elevated inflation and moderated economic growth have intensified pressures on household incomes, contributing to challenges relating to poverty, employment generation, and financial vulnerability.

At the same time, Pakistan's demographic profile presents a structural opportunity. A predominantly young population, accelerating urbanization, improving literacy levels, and growing digital connectivity offer significant potential to drive consumption, entrepreneurship, and financial inclusion. Harnessing this demographic dividend through consistent policy implementation, investment in skills development, and inclusive growth strategies will be critical to strengthening long-term economic resilience.

For the banking sector, evolving social dynamics are reshaping customer expectations toward greater transparency, digital accessibility, fairness, and responsible business conduct. Rising awareness around sustainability, ethical practices, and inclusive finance further underscores the importance of socially responsible banking. In this context, MCB remains committed to conducting its operations with integrity, fostering financial inclusion, and maintaining accountability to stakeholders, while integrating sustainability and ethical considerations into its strategic and operational decision-making processes.





Technological Innovation & Digitization

The ongoing global technology revolution and widespread adoption of digital technologies have transformed the way people interact with financial services, including how they access banking services, make payments, invest, and manage their money. In many ways it has accelerated the adoption of digital products, services and channels, leading to new revenue channels, increased productivity, and cost savings. At the same time, technology continues to impact organizational structures and business models, skill requirements, internal processes and capabilities, as well as remote work practices.

Over the past few years financial services companies have increasingly started to embrace and leverage mobile technology, FinTech partnerships, cloud computing, big data, advanced analytics, machine learning, blockchain technology, AI, robotics and biometrics for optimization of legacy IT infrastructure; in pursuit of new revenue channels and opportunities.

With a growing youth population and a tech-savvy workforce, Pakistan is at a critical juncture to harness the power of digital transformation to shape its future. The rise of mobile banking and digital payment solutions has revolutionized the financial landscape, making transactions more efficient and accessible. As Pakistan navigates the complexities of the digital age, it must not only seize the opportunities but also proactively address the challenges to ensure an inclusive, sustainable, and digitally empowered future. Achieving this shall require undertaking a holistic approach that encompasses investment in education, cyber-security measures, and the development of a robust digital infrastructure.

Technological Capabilities & Adoption

- Pakistan is ranked 99th among 139 economies in the Global Innovation Index (GII)
- A talent pool of more than 300,000 IT professionals

Digital Payment Channels

- Mobile Banking Users: 25.9 million
- Internet Banking Users: 15.2 million
- Payment Cards in Issuance: 61.3 million
- Internet Banking users: 15.2 million

Currency in Circulation (CIC)

CIC stood at Rs 10,872.559 billion at December 2025 which was Rs 9,115.917 billion at December 2024.

Digital Payment Networks

- Registered E-commerce Merchants: >9,000
- Branchless Banking Agents: > 750,000

Transaction Mix

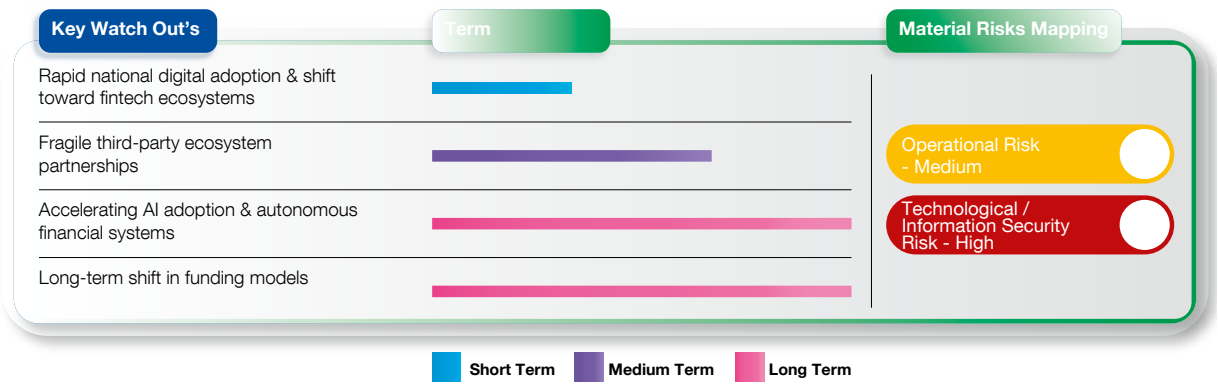
Mix of digital transactions in the total retail transactions stands at 90% as per the latest available estimates.

In terms of value of retail transactions, 33% are digital while 67% are OTC.

Technological Policy

- "Digital Pakistan" program has been launched to promote digitalization and improve access to digital services
- Govt. planning to establish technology "Centers of Excellence"
- Establishment of Special Technology Zones (STZ's) with tax exemptions

However, along with the benefits, the adoption of digital solutions has also introduced new risks, especially in terms of cyber risks. The rise of cyberattacks, aimed at accessing, changing, or destroying sensitive information, extorting money, or disrupting normal business processes, has underscored the need for financial institutions to enhance their cybersecurity measures. Banks have become attractive targets for cyberattacks because of their key role in payment and settlement systems, the volume of sensitive client information they hold and the potentially adverse impact of interfering with the smooth functioning of banking services. Remaining cognizant, MCB continues to invest in cutting-edge technologies and capabilities that prioritize the security of its clients' data and systems without adding needless friction to the client experience.



Environmental Factors

Climate change and environmental degradation pose significant humanitarian, economic, and fiscal challenges, with far-reaching implications for sustainable development. Extreme weather events — including floods, droughts, and heatwaves — result in substantial human and physical losses, disrupt supply chains, and strain public finances. Globally, policymakers, regulators, and investors increasingly recognize that climate-related risks can materially affect financial system stability, influencing the solvency, asset quality, and profitability of financial institutions.

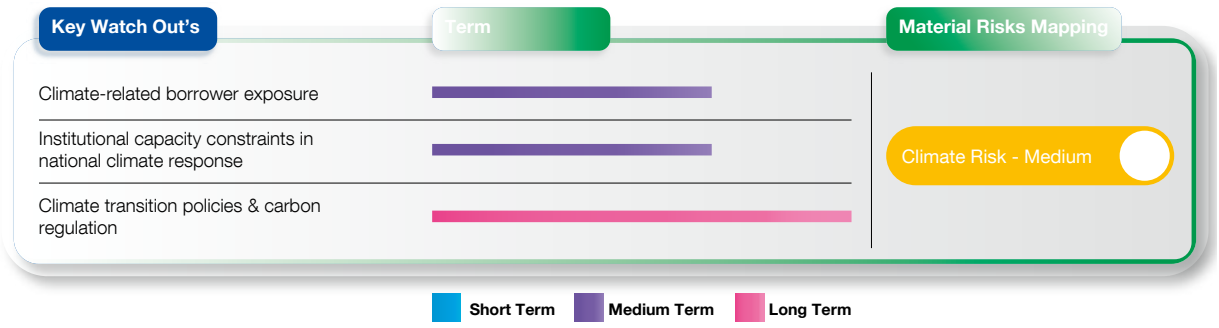
The financial sector is exposed to climate change through two primary channels. Physical risks arise from direct damage to property, infrastructure, and agricultural output, potentially leading to higher credit defaults, collateral impairment, and operational disruptions. Transition risks stem from policy shifts, regulatory reforms, technological advancements, and evolving consumer and investor preferences as economies move toward lower-carbon models. These dynamics can affect sectoral credit allocation, asset valuations, and long-term portfolio resilience. Additionally, climate-related supply shocks and productivity constraints may contribute to inflation volatility, indirectly influencing monetary policy direction within central bank mandates.

Despite contributing a minimal share to global carbon emissions (<1%), Pakistan remains highly vulnerable to climate impacts. Changing weather patterns, rising temperatures, glacier melt, and increasingly erratic monsoon cycles have heightened exposure to floods and water stress, particularly affecting agriculture and energy security. Strengthening climate resilience through investment in adaptive infrastructure, sustainable energy transition, and effective implementation of the National Adaptation Plan remains essential. For the banking sector, integrating climate risk considerations into credit assessment, risk management, and strategic planning will be critical to safeguarding long-term stability and supporting a sustainable economic transition.

Pakistan is ranked as the 8th most vulnerable country to climate change according to the Global Climate Risk Index.

Pakistan faces some of the highest disaster risk levels in the world, ranked 20 out of 191 countries in the Inform Risk Index (2025)

In 2022, SBP issued 'Environmental & Social Risk Management (ESRM) Implementation Manual' for financial institutions requiring adoption within 3 years whereas in 2025, guidelines have been issued on 'Climate Stress Testing'.



Legal & Regulatory Landscape to Address New Frontiers of Risk

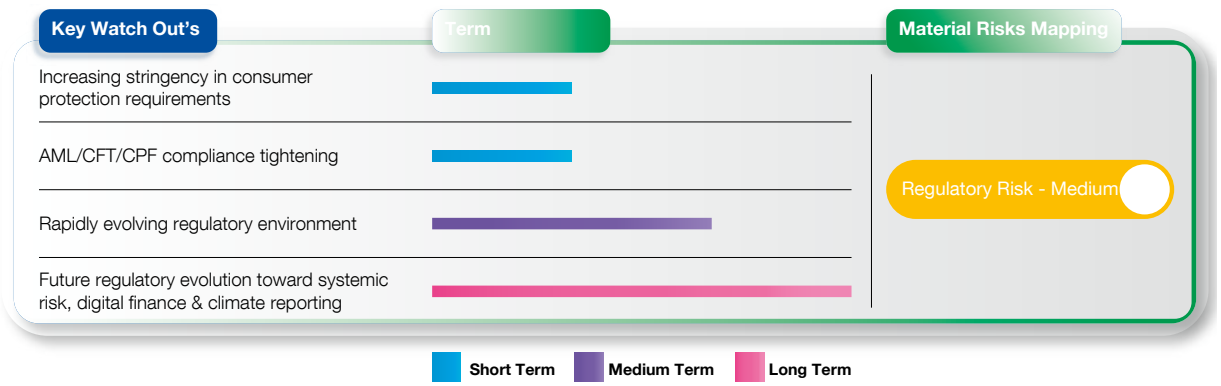
Pakistan's banking sector operates within a comprehensive legal, regulatory, and supervisory framework administered by the State Bank of Pakistan (SBP). This framework is designed to safeguard financial stability, promote transparency and market discipline, and ensure that banks operate in a fair, efficient, and well-governed manner. It emphasizes robust risk management, adequate capital buffers, strong corporate governance practices, and adherence to prudential standards aligned with international benchmarks.

To ensure effective oversight, the SBP employs a structured supervisory approach encompassing on-site inspections, off-site surveillance, thematic reviews of high-risk areas, and periodic institutional assessments under the CAMELS framework (Capital, Asset Quality, Management, Earnings, Liquidity, and Sensitivity to risk). The supervisory architecture continues to evolve in response to emerging risks, technological advancements, and global regulatory developments, reinforcing resilience across the financial system.

In 2025, the regulatory landscape emphasized fostering a resilient and inclusive financial system while supporting innovation. Key themes centered on promoting financial inclusion, enabling digital transformation across the banking ecosystem, strengthening consumer protection and market conduct, and ensuring prudential regulation to safeguard stability. In parallel, regulators focused on sustainability and green finance, SME and Islamic banking development, compliance with anti-money laundering and counter-terrorist financing standards, and robust technology risk management to address the evolving digital and operational landscape.

Financial Inclusion & Priority Sector Development	• Prime Minister's Youth Business & Agriculture Loan Scheme (SH&SFD Circular No. 01 of 2025) • Risk Coverage Scheme for Small Farmers and Underserved Areas (ACFID Circular No. 02 of 2025) • National Subsistence Farmers Support Initiative under Risk Coverage Scheme (ACFID Circular Letter No. 01 of 2025) • Cost Sharing Scheme for Electric Bikes and Rickshaws / Loaders (SH&SFD Circular No. 04 of 2025)
Digital Payments & Financial Ecosystem Development	• Enhancing Digitization Initiatives in Banks (PSP&OD Circular Letter No 01 of 2025) • Allocation of Subsidy for Raast Person-to-Merchant (P2M) QR Payments (PSP&OD Circular No 03 of 2025) • Facilitation of Merchants' Operations (PSP&OD Circular No 02 of 2025) • Technology Risk Management Framework for Payment Institutions (PSP&OD Circular No 04 of 2025)
Consumer Protection & Market Conduct	• Business Conduct and Fair Treatment of Consumers Regulatory Framework (BPRD Circular No. 04 of 2025) • Consolidated Customer Onboarding Framework (BPRD Circular No. 01 of 2025)
Prudential Regulation & Financial Stability	• Regulatory Framework on Recovery Planning (BPRD Circular No. 02 of 2025) • Revision in Framework for Managing Risks of Trade-Based Money Laundering and Terrorist Financing (EPD Circular Letter No. 08 of 2025)

The SBP's regulatory authority is derived from its enabling statutes, including the State Bank of Pakistan Act, 1956; the Banking Companies Ordinance, 1962; the Microfinance Institutions Ordinance, 2001; and the Foreign Exchange Regulation Act, 1947, among other applicable laws. The broader regulatory framework comprises licensing requirements, prudential regulations, capital adequacy standards, corporate governance guidelines, AML/CFT directives, consumer protection provisions, and market conduct rules — collectively forming the foundation for a stable, transparent, and forward-looking banking system.



Business Model

Understanding societal needs and stakeholder expectations

Inputs

Capitals

- Human Capital
- Manufactured Capital
- Financial Capital
- Intellectual Capital
- Natural Capital
- Social and Relationship Capital

Components of value creation

Human Capital
- A total of 15,410 Employees that are:
  - skilled, experienced and highly competent
  - client driven & people centric
  - increasingly innovative & competitive
  - strong in compliance & governance
  - accustomed to upholding principles of ethical practices
- Knowledge Management & Expertise
- Talent Acquisition & Retention
- Learning & Development Programs.

Manufactured Capital
- Branch Network & Physical Infrastructure: 1,410 Branches
- Digital Touchpoints: ATMs, POS, CDM, Call centers etc.
- Integrated Core Banking Solutions
- Market leading digital products, services and client value propositions
- Operational Tools & Platforms

Financial Capital
- Shareholders Equity : Rs. 244 billion
- Customer Deposits : Rs. 2,261 billion
- Strong CET1 Capital Ratio: 14.38%; well above the minimum regulatory requirements.

Intellectual Capital
- Robust Heritage and Strong Brand Reputation
- Experienced Leadership and Robust Management Structure
- Comprehensive Systems, Processes, and Procedures
- Knowledge Management and Intellectual Property

Natural Capital
- Sustainable Operations & Green Banking Initiatives.
- Resource Utilization & Environmental Management.
- Paperless & Digital Banking Initiatives
- Environmental Risk Assessment

Social and Relationship Capital
- Extensive Customer Base: 7 million+ customers & 9.5 million+ accounts
- Widespread Network of Agents, Trade Partners, and Merchants
- Strong Stakeholder Relationships.
- Community Engagement and Social Initiatives.

Business Activities

Primary Activities
- Providing payment services and a safe place to save and invest
- Providing funds for purchases and growth
- Managing business & financial risks
- Providing financial & business support
- Protecting against risks

Support Activities
- **Governance & Risk Management:** Improving Governance culture and Risk management framework by capitalizing on institutionalized knowledge and robust infrastructure
- **Human Capital Management:** undertaking human capital capacity enhancement and capability building through trainings, talent management and talent retention
- **Marketing & Service Quality:** Manage stakeholder relationships while recognizing the criticality of fair treatment, transparency and disclosures.
- **Information Technology:** Increased focus on digitization and process automation.
- **Finance & Compliance:** ensuring adherence to relevant legal and regulatory frameworks to protect both the Bank and all its stakeholders.

Insight Driven Strategies and Actions | **Responsive Operations and Supply Chain** | **Aligned & Empowered Management Team**

Strategic Objective

Outputs

Value Outcomes

Strategic Objective



Financial Capital
- Profit after Tax: Rs. 54.195 billion
- Earning per share : 45.73 / Share
- Dividend per share : Rs. 36 / Share
- Dividend Payout ratio : 79%
- Return on Equity (p.a) : 23.02%
- Return on Assets (p.a) : 1.82%

Human Capital
- Female Staff Ratio : 20.25%
- New Recruitments : 3,779 Employees
- Investment in Trainings : Rs.162 million
- No. of Training Participants : 74,768
- No. of Promotions : 2,959 Employees

Social & Relationship Capital
- Contribution to the National Exchequer (Income Tax): Rs. 73.783 billion.
- Continued socio economic spending
- Long Term entity credit rating : AAA
- Short Term entity credit rating : A1+
- Total complaints resolved: 357,924
- Complaint resolution rate : 98.96%
- Low Infection Ratio: 6.76%
- MCB Live throughput exceeded 3 trillion

Natural Capital
- Improved energy mix and conservation through reduction in non-renewable energy consumption
- World Wide Fund for nature "Green Office Certification" - Head Office Building.
- Successfully met timelines for phase wise ESRM implementation.

Intellectual Capital
- Digital Initiatives for all customers :Continuous revamping of MCB Live 'Internet & Mobile Banking App'; more than 1.9 million registered users
- Supported Government's policies aimed at fostering economic development and better utilization of resources
- Awarded "3rd Largest Remittance Bank in Pakistan" in the 5th Pakistan Remittance Summit and the "Fastest Growing Corporate Bank" at the International Finance Awards 2025.

Client Focus

Employee Engagement

Risk & Conduct

Operational Excellence

Financial Outcome

Positive Impact

Impact on stakeholders

Regulator

Suppliers/Service Providers

Customers

Employees

Institutional/Investors Shareholders/Analyst

Media

Government

Communities

Leading Market Innovation for Competitive Advantage | **Digitally Enabled Technology Architecture** | **Integrated Partner and Alliance Ecosystem**

Key Elements

Risk Management Framework

Risk is an inherent part of banking business activities. The risk management framework and governance structure at MCB effectively mitigates and counters any foreseeable risk in its various lines of business. Risk awareness forms an integral part of strategic and operational activities of risk management. Through its Global Risk Management Policy, the Bank sets the best course of action under uncertainty by identifying, prioritizing, mitigating and monitoring risk issues, with the goal of enhancing shareholders' value. The Bank's risk management structure is based on the following five guiding principles:

- Optimizing risk/return in a controlled manner
- Establishing clear responsibility and accountability
- Establishing & maintaining independent and properly resourced risk management function.
- Promoting an open risk culture
- Adopting international best practices in risk management

The Bank executes its risk strategy and undertakes controlled risk-taking activities within its risk management framework. The Board of Directors (BOD) at MCB Bank Limited actively drive the risk management framework. Under the valuable guidance of BOD, the Bank has a proactive approach in dealing with factors that influence the financial standing of the Bank, to generate recurrent earnings and to maximize shareholder's value by achieving an appropriate trade-off between risk and returns. An effective risk management framework along-with a robust risk governance structure, strong capital & liquidity coupled with good quality of credit portfolio remains a cornerstone of the Bank's risk management goals.

Empowerment and independence are the basic principles in risk management and it is implemented as a fundamental part of BOD's vision. Independence of areas that are responsible for measuring, analyzing, controlling and monitoring risk from the frontline risk takers (i.e. business soliciting groups) is ensured within the Bank.

Risk takers and Risk controllers have independent reporting lines, yet work together to increase Bank's value via efficient utilization of capital. Through a four eye principle for credit approval levels for corporate and retail banking, all exposure related requests are approved with the formal consent of at least two authorized individuals including one from the business side having credit approval authority and the other from risk management side having credit review authority.

The BOD and its Risk Management & Portfolio Review Committee (RM&PRC) have ensured formulation and implementation of a comprehensive risk management framework. Under the BOD's guidance, the Bank executed an effective risk strategy and continued to undertake controlled risk-taking activities within the risk management framework; combining core policies, procedures and process design with active portfolio management. The risk management framework requires strong integrated risk management practices in key strategic, capital and financial planning processes and day-to-day business processes across the organization, with a goal to ensure that risks are appropriately considered, evaluated and responded to in a timely manner.

As a matter of principle, the Bank constantly endeavors to improve its risk management framework in the light of the international best practices and regulatory guidelines. Accordingly, all policies and procedural documents that form part of the Bank's risk management framework are regularly reviewed to keep them aligned with changing market dynamics, regulatory environment and international standards. Keeping in view the international best practices and SBP requirements, The BOD of the Bank has approved a Risk Appetite Statement, which takes into account quantitative and qualitative risk indicators, covering target ratios, credit, market, operational and liquidity risks.

RM&PRC reviews and recommends the establishment of and revisions to Bank's risk governance framework to BOD for approval. The RM&PRC guides the management on its risk taking activities within the policy framework approved by the BOD. Regular meetings of RM&PRC are convened to oversee the risk exposures and their trends as a result of the various initiatives undertaken by the Bank. The committee reviews different aspects of the loan portfolio which, among others, includes asset growth, credit quality, credit concentration, lending business trend and cross sectional analysis. Review of various aspects of country risk, liquidity risk, market risk covering interest rate risk, foreign exchange risk, equity price risk and technology risk along with the stress-testing is also a regular feature. Operational risk assessments, key risk indicators and major findings of Risk & Control Self-Assessment (RCSA) pertaining to processes, people, systems, technology and reputation are also regularly reviewed by the committee. The committee also reviews in detail the Bank's capital levels under Internal Capital Adequacy Assessment Process (ICAAP) and Capital Adequacy Ratio.

The Management Credit & Risk Committee is the management platform for discussion and deliberation on key risk issues in the credit portfolio. Regular meetings of the committee are convened to oversee the risk exposures in the portfolio of the Bank.

Credit risk review ensures to minimize credit risk associated at account and portfolio level. During the year 2025, the Bank continued with the policy to remain selective in disbursing its loan to low risk customers across all the industries & maintains a fairly diversified loan portfolio. Risk Review successfully managed to evaluate and approve increased number of loan requests, within required turnaround time, both for domestic and international operations. In line with SBP directives on implementation of IFRS-9, Bank's internal guidelines for management of 'Deteriorating Credits' have been revamped. An in-house request tracking & turnaround time monitoring software ensures tracking of proposals and monitoring of turnaround-time of credit proposals routed through the Risk Management Group. The Bank's implemented Loan Origination System (LOS) for end to end automation of credit approval process, facilitates effective management of internal policies and controls as well as regulatory requirements while also contributing towards its transition to a paperless environment under the Green Banking initiative.

The Bank has an approved Policy on Green Banking and has updated its procedures in line with State Bank of Pakistan's Environmental and Social Risk Management (ESRM) Implementation Manual. The Bank takes fair review of Environmental and Social Risks of prospect obligors and same is part of Credit approval process. This exercise helps us identify, assess, manage, and mitigate potential environmental and social (E&S) risks associated with financing activities, while contributing to sustainable development

For risk categorized as sovereign/ government risk, the lending exposure is spread over multiple government owned or controlled organizations and departments which are engaged in a variety of tasks that range from different development related works to utility distribution and production. To manage adverse outcomes in terms of unfavorable scenarios, multiple control factors in the lending structure of the Bank provide additional comfort and support. Such controls range from quality of eligible collateral and pre-disbursement safety measures to post disbursement monitoring.

To strengthen its credit risk assessment, the Bank uses an Internal Credit Risk Rating (ICRR) system based on probability of default. This system is built on statistical modelling and validated in line with Basel principles. At present, the core ICRR framework primarily covers corporate-commercial customers category. In addition, dedicated scoring models are also in place to assign ICRR for Small and Medium Enterprises, Agriculture financing and Overseas exposures. Facility risk rating has also been implemented which reflects expected loss rate of a credit facility.

In addition to the credit risk, like all financial institutions, MCB is also exposed to market risk through its trading and other investment activities. A comprehensive control structure is in place to ensure that the Bank does not exceed its qualitative and quantitative tolerance for market risk. A number of metrics like VaR methodologies complemented by sensitivity measures, notional limits, stop loss triggers at portfolio level/asset class and stress testing are used to capture and report the multi-dimensional aspects of market risk.

As an authorized derivatives dealer, the Bank is an active participant in the derivatives market. Overall limits in derivatives are approved by the BOD. Counter party limits structure for derivatives transactions is in place and exposures are monitored and reported on a continuous basis.

Operational Risk is being managed in a structured and professional manner in accordance with the Global Risk Management Policy, Policy on Internal Controls, Operational Risk Management Framework and applicable regulatory instructions. Operational Risk Inventory database covering loss events, control breaches and near miss events is being maintained using professionally developed software. Operational risk events and Key Risk Indicators (KRI's) are systematically captured, analyzed and reported to facilitate informed decision making. A robust RCSA framework is in place to evaluate the operating effectiveness of controls and to ensure timely implementation of remedial actions where required. Regular updates on operational risk events are presented to the senior management and RM&PRC of the BOD on quarterly basis.

The Bank has developed Technology Risk Management Framework that provides guidelines to manage the technology and security risk with respect to the Information Security practices and standards. The Technology Risk Management Framework helps the management to identify and manage the key security risks and its associated threats for the critical infrastructure/IT assets of the Bank that includes people, process and technology. The Bank has also developed Key Risk Indicators (KRI) for the monitoring of risks related to technology and security in the areas of project/patch, incident, capacity, availability, security, operations/outsource and updates related to these are presented to the senior management and RM&PRC of the BOD on quarterly basis. The Information Security Awareness Program is designed to build capacity and foster a risk-aware culture among staff. In parallel, the Security Operations Center continuously monitors and responds to threats that may pose risks to the MCB environment.

Capital Structure of the Bank

The Bank remained a well-capitalized institution with a capital base well above the regulatory limits and capital requirements under Basel frameworks. The Bank continues with a policy of sufficient profit retention to increase its risk absorption capacity. Bank's total Capital Adequacy Ratio is 19.53% against the requirement of 11.50% (including capital conservation buffer of 1.50%). Quality of the capital is evident from Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio which comes to 14.38% against the requirement of 6%. The Bank maintained the leverage ratio of 5.82% which is well above the regulatory limit of 3.0%.

Liquidity Management and Strategy to Overcome Liquidity Position

The Asset Liability Management Committee of the Bank has the responsibility for formulation of overall strategy and oversight of the Asset Liability Management (ALM) function. The BOD has approved a comprehensive Liquidity Risk Policy (part of the Global Risk Management Policy), which stipulates policies regarding maintenance of various ratios, funding preferences and evaluation of Banks' liquidity under normal and stress scenarios. The underlying policies and procedures are reviewed and approved regularly at the senior management and BOD levels; covering the Global Risk Management Policy, Global Treasury Policy, Investment Policy and Liquidity Strategy including the Contingency Funding Plan.

The Bank's comprehensive liquidity management framework assists it to closely watch the liquidity position through monitoring of early warning indicators and stress testing in order to ensure effective and timely decision making. The liquidity risk management approach at the Bank involves intra-day liquidity management, managing funding sources and evaluation of structural imbalances in the statement of financial position. A large and stable customer deposits base, along with a strong capital base provides strength and support for maintenance of a strong liquidity position. The Bank also has a substantial portfolio of marketable securities that can be realized in the event of liquidity stress.

Further, in line with SBP's directives, the Bank has fully implemented BASEL III required liquidity standards and maintains liquidity ratios. The Bank reported Liquidity Coverage Ratio (LCR) of 267.35% and Net Stable Funding Ratio (NSFR) of 241.33% against requirement of 100%.

Sensitivity Analysis due to Foreign Currency Fluctuation

The PKR depreciated by around 0.56% against the US Dollar in 2025. Foreign exchange risk exposes the Bank to changes in the value of exposure denominated in foreign currencies due to the exchange rate fluctuation and volatility. The types of the instruments exposed to this risk are mainly investments in foreign branches, advances and deposits denominated in foreign currency, cash flows in foreign currencies arising from foreign exchange transactions etc.

The core objective of the foreign exchange risk management is to ensure that the foreign exchange exposure of the Bank remains within defined risk appetite and insulates the Bank against undue losses that may arise due to volatile movements in foreign exchange rates or interest rates.

Limit structure to manage foreign exchange risk including gap limits in different tenors in major currencies are in place to control captioned risk. The Bank's net open position and Foreign Exchange Exposure Limits (FEEL) are monitored and reported on intra-day and day end basis. Foreign exchange risk parameters including VaR are generated and monitored on a daily basis. Stress testing of foreign exchange portfolio and its reporting to senior management and RM&PRC of the BOD is also a regular feature.

Impact of 1% change in foreign exchange rates on the Profit and loss account:

	2025		2024	
	Banking Book	Trading Book	Banking Book	Trading Book
	Rs in '000'			
Profit & Loss account	(75,679)	–	(28,479)	–
Other comprehensive income	261,164	–	210,834	–

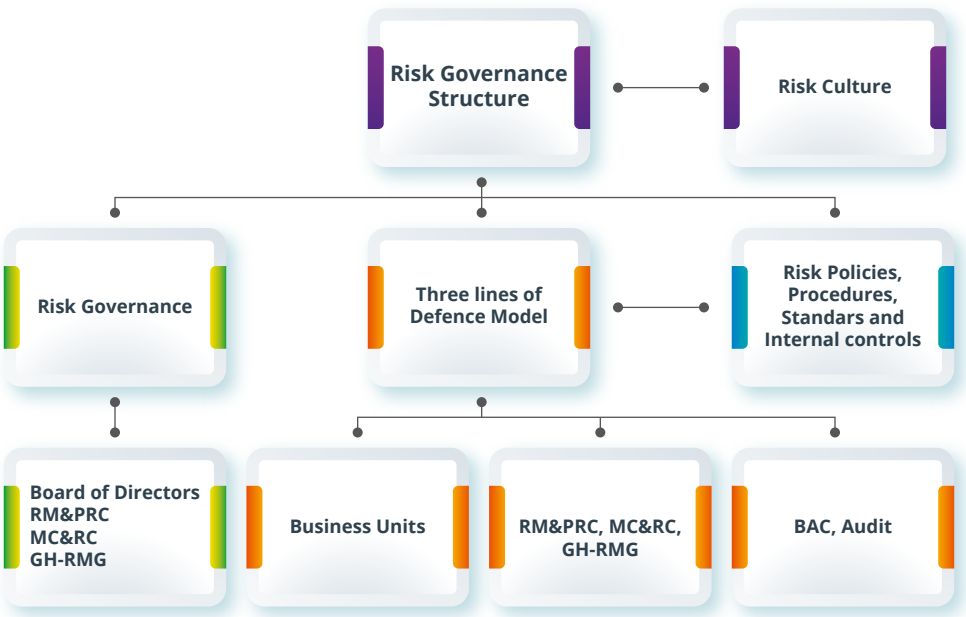
Risk and Opportunity Report

At MCB, a comprehensive Risk Management Framework around an approved risk appetite is in place. Mechanisms are defined for every identified risk to ensure that the Bank continuously evaluates the associated risks and ensures presence of operational mitigating controls. The Bank remains committed to exploring every possible opportunity to translate it into revenues / returns for the stakeholders, while making sure that the related risk is adequately managed.

Risk Governance Model

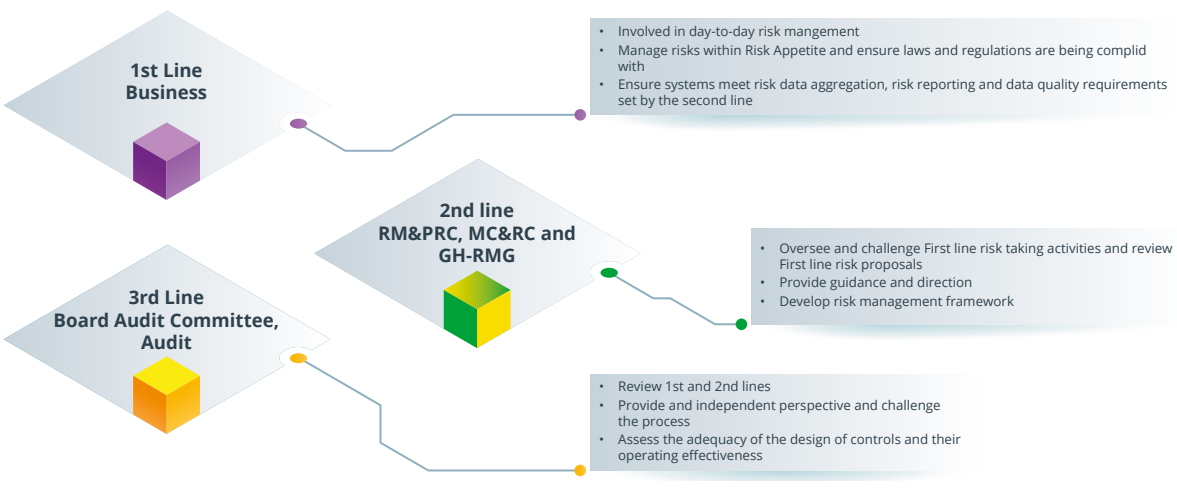
- Board of Directors (BOD)
- Risk Management & Portfolio Review Committee (RM&PRC)
- Management Credit & Risk Committee (MC&RC)
- Group Head – Risk Management (GH-RMG)

Graphical presentation of risk governance structure to is as follows:



Three lines of Defence model

The Bank has a well-structured Risk Management model based on three lines of defense which are independent of each other. Each line of defense is executed by different organizational units. The first line of defense consists of business divisions and support units from whose activities the risks arise. RM&PRC being the second line of defense develops frameworks, policies, procedures and establishes risk appetite. Periodical stress testing and continuous monitoring are also an integral part of the second line of defense. The third is the audit and compliance functions which offer an independent oversight.



Assessment of the principal risks facing the Bank by the Boards of Directors:

The BOD's have carried out a robust assessment of the principal risks facing the Bank, including those that would threaten the business model, future performance, solvency or liquidity.

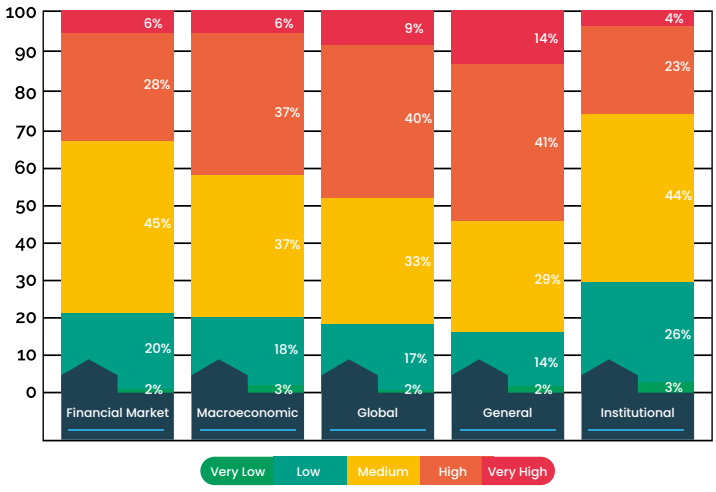
Bank has identified the following risks after analyzing the external and internal factors:

Factors	Source	Risks
Economic	External	**Market Risk:** The risk of loss arising from potential adverse changes in the value of the Bank's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.
	External	**Capital Adequacy Risk:** The risk that the Bank has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions.
	External	**Credit Risk:** The risk of loss to the Bank from the failure of clients, customers or counterparties, including sovereigns, to fully honor their obligations, including the whole and timely payment of principal, interest, collateral and other receivables.
	External/Internal	**Liquidity Risk:** The risk that the Bank is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.
Technology/ Systems	Internal/ External	**Technological /Information Security Risk:** Technology poses a formidable threat with the potential for disruptive anomalies, leading to critical disruptions or failures that can undermine MCB's business processes, severely compromising the Confidentiality, Integrity and Availability of its technology environment. Technology Risk Assessment servers as a vital tool for management enabling the identification and mitigation of key risks, potential threats, and vulnerabilities across the Bank's primary & secondary Technology Infrastructure. **Operational Risk** The risk of loss to the Bank from inadequate or failed processes or systems, human factors (errors, negligence or internal/external frauds) or due to natural / man-made disruptions (riots- earthquakes etc.) where the root cause is not due to credit or market risks.
Political	External	**Country Risk:** Political stability and controlled law & order situation is a pre-requisite for any economic development and reposes investor confidence in the country, providing corporates a potential investment opportunity. However, political instability can negatively impact the economy / equity market, thus resulting in decreased profitability.
Legal & Regulatory	Internal/External	**Regulatory Risk:** The risk of loss or imposition of penalties, damages or fines from the failure of the firm to meet its legal obligations including regulatory or contractual requirements. Key sources of uncertainty include unexpected regulatory requirements which may have negative impact on the bottom line of the banks.
Social	Internal/External	**Reputation Risk:** The risk that an action, transaction, investment or event will reduce trust in the Bank's integrity and competence by clients, counterparties, investors, regulators, employees or the public.
Environmental	External	**Climate Risk:** Climate change presents physical and transition risks with a direct impact on credit worthiness and likelihood of default for credit exposures.

Key Sources of Systemic Risks

Results of the latest SBP bi-annual 'Systemic Risk Survey' revealed following perceptions of market participants related to key risks that shall continue to impact stability of financial system in the country over the next 6 months:

Systemic Risk Category	MCB's Material Risk Type
Macro Economic Risk	Country Risk Credit Risk
Financial Market Risk	Market Risk Liquidity Risk
General Risk	Reputational Risk Climate Risk
Institutional Risk	Regulatory Risk Operational Risk Technological Risk/Informational Security Risk Captal Adequacy Risk



Materiality Approach

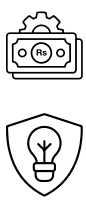
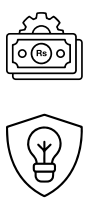
Matters are considered to be material if, individually or in aggregate, they are expected to significantly affect the reputation, performance and profitability of the Bank. The materiality process helps to navigate the complex landscape of stakeholder expectations, risks and opportunities. The BOD of the Bank has approved Materiality Policy for the Bank.

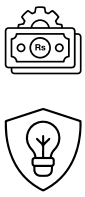
Summarized risks, opportunities and related mitigating factors are documented below:-

Risk type	Materiality Rating	Probability of Risk Occurrence	Strategy	Impacted CAPITAL
Market Risk	High	Medium probability	**Measurement:** Bank is exposed to market risk through its trading and other investment activities. Metrics like VaR methodologies complemented by sensitivity measures, notional limits, loss triggers at a detailed portfolio level and stress testing are used to capture and report the multi-dimensional aspects of market risk. **Monitoring:** A comprehensive structure, ensuring the Bank does not exceed its qualitative and quantitative tolerance for market risk, is in place. **Management:** The Bank has followed a conservative and balanced approach towards risk taking in the market risk area. The robust risk management architecture ensures that the exposures remain within the defined risk appetite. Furthermore, a comprehensive control structure is in place to ensure that the Bank does not exceed its qualitative and quantitative tolerance for market risk. A number of metrics like VaR methodologies complemented by sensitivity measures, notional limits, stop loss triggers at portfolio level/asset class, and stress testing are used to capture and report the multi-dimensional aspects of market risk.	
Capital Adequacy Risk	High	Medium probability	**Measurement:** The Bank is a well-capitalized institution with a capital base well above the regulatory limits and Basel-III requirements. **Monitoring:** The Bank regularly assesses the capital requirements and ensures that the minimum capital requirements specified by the State Bank of Pakistan are adhered to. Internal Capital Adequacy Assessment is a regular activity. Stress levels of major risks are assessed against the minimum capital requirement.	

Risk type	Materiality Rating	Probability of Risk Occurrence	Strategy	Impacted CAPITAL
			Regular assessment of capital enables an evaluation of the amount, type and distribution of capital required to cover these risks. **Management:** The Bank remained a well-capitalized institution with a capital base well above the regulatory limits and capital requirements under BASEL frameworks. The Bank continues with a policy of sufficient profit retention to increase its risk absorption capacity. Bank's total Capital Adequacy Ratio is 19.35% against the requirement of 11.50% (including capital conservation buffer of 1.50%). Quality of the capital is evident from Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio which comes to 15.49% against the requirement of 6%. The bank maintained a leverage ratio of 6.37% which is well above the regulatory limit of 3.0%. Going-concern capital requirements are assessed on a forward-looking basis – including as part of the annual budgeting process. These assessments consider the resilience of capital adequacy and leverage ratios under a range of hypothetical future states. The assessments incorporate assumptions regarding a range of regulatory and accounting aspects, such as IFRS 9, taking account of a number of factors including economic variables and impairments. The Bank will continue the policy of sufficient profit retention to increase its risk taking capacity and capitalize opportunities to protect the interests of stakeholders in the short, medium and long term.	
Credit Risk	High	Medium probability	**Measurement:** Credit Risk Management function identifies, measures, manages, monitors and mitigates credit risk. Credit Risk is measured, managed and estimated through multiple risk management techniques including detailed financial and non-financial analyses, internal and external credit risk ratings, environmental risk rating and customers' behavior analysis. Stress testing of top customers in credit portfolio is also carried out regularly. **Monitoring:** Credit Risk Management organizational structure ensures pre and post-facto management of credit risk. Credit Review function carries out pre-fact evaluation of counterparties & the credit structures and hindsight reviews, the Credit Risk Control (CRC) function performs post-fact monitoring including security documentation and limits monitoring. Business side continuously keeps in touch with customers to have updated information about the clients. **Management:** Bank has been selective in taking exposure on good quality borrowers across all industry segments. Multiple factors in Bank's lending structure provide additional comfort and support in mitigating credit risk. These include quality of eligible collateral, pre-disbursement safety measures, post disbursement monitoring, etc. Bank has a fairly diversified loan portfolio.	

Risk type	Materiality Rating	Probability of Risk Occurrence	Strategy	Impacted CAPITAL
			Credit Risk Review ensures to minimize credit risk associated at obligor and portfolio level. During the year, the Bank continued with the policy to remain selective in disbursing its loan to low risk customers across all the industries & maintains a fairly diversified loan portfolio. Risk Review successfully managed to evaluate and approve increased number of loan requests, within required turnaround time, both for domestic and international operations. Bank's implemented Loan Origination System (LOS) for end to end automation of credit approval process facilitates effective management of Bank's internal policies & controls as well as regulatory requirements. LOS has also contributed towards Bank's transition to paperless environment under the Green Banking initiative. To manage adverse outcomes in terms of unfavorable scenarios, multiple control factors in the lending structure of the Bank provide additional comfort and support. Such controls range from quality of eligible collateral, pre-disbursement safety measures to post disbursement monitoring. Through a four eye principle for credit approval levels for corporate and retail banking, all such exposure related requests are approved with the formal consent of at least two authorized individuals including one from business side having credit approval authority and other from risk management side having credit review authority. The MC&RC is the management platform for discussion and deliberation on key risk issues in the portfolio. Regular meetings of the committee are convened to oversee the risk exposures in the portfolio of the Bank. In order to further enhance the credit risk analysis, the Bank has in place a probability of default based Internal Credit Risk Rating (ICRR) system which is based on statistical modeling and validation in line with Basel principles. The ICRR is currently focused on corporate-commercial customer category. Furthermore; Scoring Models are also in place to calculate ICRR for Small Enterprise, Medium Enterprise, Agriculture Finance and Overseas exposures. An Internal Credit Risk Rating Model for facility risk rating has also been implemented which reflects expected loss rate of a credit facility.	
Liquidity Risk	High	Medium to Low probability	**Measurement:** MCB regularly performs Liquidity Risk Analysis and liquidity stress tests as part of its liquidity monitoring activities. The purpose of the liquidity risk assessments and stress tests is intended to ensure sufficient liquidity for the Bank under both idiosyncratic and systemic market stress conditions. **Monitoring:** Liquidity positions are regularly monitored through established early warning Indicators and liquidity risk analysis. Liquidity Coverage Ratio and Net Stable Funding Ratios are monitored regularly. **Management:** MCB's Liquidity Risk Management approach involves intraday liquidity management, managing funding sources and evaluation of structural imbalances in balance sheet structure.	  

Risk type	Materiality Rating	Probability of Risk Occurrence	Strategy	Impacted CAPITAL
			The Bank's large and stable base of customer deposits, along with Bank's strong capital base, indicates strong liquidity position. Bank also has a substantial portfolio of marketable securities that can be realized in the event of liquidity stress. The Asset Liability Management Committee of the bank has the responsibility for the formulation of overall strategy and oversight of the Asset Liability Management (ALM) function. BOD has approved a comprehensive Liquidity Risk Policy (part of Global Risk Management Policy), which stipulates policies regarding maintenance of various ratios, funding preferences, and evaluation of Banks' liquidity under normal and stress scenarios. Underlying policies and procedures are reviewed and approved regularly at the senior management and BOD levels; including Global Risk Management Policy, Global Treasury Policy, Investment Policy and Liquidity Strategy. Further, in line with SBP's directives, Bank has fully implemented BASEL-III required liquidity standards and maintains liquidity ratios including LCR and NSFR with a considerable cushion over and above the regulatory requirement to mitigate any liquidity risk.	
Technological/ Information Security Risk	High	Medium probability	**Monitoring & Management:** Through technology risk monitoring process for its IT assets, bank tracks and evaluates the levels of technology and security risk with the evolving risk & threat landscape. The findings of produced by risk monitoring processes are used to create new and updated risk mitigation and monitoring strategies considering the regulatory compliance in-line with the best practices. The Bank has developed and practice Information Technology Risk Assessment Framework which enables better management of technology and security risk properly. The Information Security Risk Division is headed by the Chief Information Security Officer (CISO) reporting to the Group Head Risk Management.	
Country Risk	Low	Medium to low probability	**Measurement:** Bank's Country Risk exposure is assessed against its cross border trade and treasury activities. **Monitoring & Management:** Monitoring of risk exposure is a regular activity. Country exposure limits both for trade and treasury exposures are in place, which broadly capture direct exposure on sovereigns and foreign domiciled counterparties.	
Operational Risk	Medium	Medium to low probability	**Measurement:** A database covering losses, control breaches, near misses & KRIs is being maintained. Operational Effectiveness of controls is assessed using the Risk & Control Self-Assessment (RCSA) process. **Monitoring:** Monthly/Quarterly updates on operational risk events are presented to senior management, MC&RC and the RM&PRC of the Board. **Management:** The Bank has an internal Operational Risk awareness program which is aimed at building capacity and inculcating risk culture in the staff through workshops and on-job awareness. Banks' capacity to capture & report operational risk events and KRIs is further enhanced by implementing more professionally developed Operational Risk Management Software. Bank uses RCSA as an important tool to assure control effectiveness and take timely corrective measures where required.	

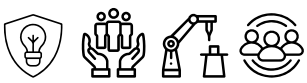
Risk type	Materiality Rating	Probability of Risk Occurrence	Strategy	Impacted CAPITAL
Regulatory Risk	Medium	Medium probability	**Measurement:** Management of regulatory risk entails early identification and effective management of changes in legislative and regulatory requirements that may affect the Bank. **Monitoring: & Management:** The Bank reviews key regulatory developments in order to anticipate changes and their potential impact on its performance. The Bank endeavors to maintain healthy relationships with regulators and continued compliance with regulatory requirements.	
Reputation Risk	Low	Low probability	**Monitoring & Management:** Reputational risk is managed on an ongoing basis through a policy framework that details expected behavior of the business and employees. It guides us on the monitoring of employee behavior and specific client responses as well as to society in general. This includes precise and transparent reporting through our integrated annual report, annual financial statements and through other public statements. Our risk mitigation strategy includes: • a centralized policy on media; • an escalation process for complaints; and • clear relationships with stakeholders	
Climate Risk	Medium	Medium Probability	**Monitoring & Management:** Effective management of climate risk requires its integration throughout existing workflows, as a separate dimension, within Banks' overall risk management framework. The Bank has an approved Policy on Green Banking and has updated its procedures in line with State Bank of Pakistan's Environmental and Social Risk Management (ESRM) Implementation Manual. The Bank takes fair review of 'Environmental and Social (E&S) Risks' impacting prospect obligors and the same is part of the credit approval process. This exercise helps the Bank to identify, assess, manage and mitigate possible E&S risks involved in financing and to contribute towards sustainable development.	

Opportunities

In pursuing long-term value creation, the Bank undertook a comprehensive assessment of its internal and external operating environment through structured analytical frameworks (refer to 'Sustainable Value Creation through Strategy' section of the Annual Report). This holistic review enabled the identification of key trends, emerging risks, and sustainability-related considerations that may influence the availability, quality, and affordability of the CAPITAL's. The analysis reflects a dynamic landscape shaped by macroeconomic volatility, regulatory evolution, rapid digitalization, climate transition imperatives, demographic shifts, and rising stakeholder expectations around responsible and ethical banking.

While these developments introduce complexity and potential constraints, they simultaneously present meaningful opportunities for strategic differentiation and sustainable growth. National initiatives such as "Digital Pakistan," climate commitments under the Nationally Determined Contribution (NDC) framework, energy transition projects, and SBP's evolving ESG and climate risk guidelines reinforce the need for forward-looking financial institutions capable of aligning commercial objectives with broader economic, social, and environmental priorities. By proactively embedding digital innovation, financial inclusion, ESG integration, and operational excellence into its strategic agenda, the Bank aims to strengthen resilience, enhance stakeholder trust, and safeguard long-term capital sustainability.

The key opportunity areas identified through this integrated assessment, along with the Bank's strategic responses and the corresponding Capital's impacted, are summarized in the table below

Source	Opportunity	Strategy to Materialize	Impacted Capital
External			
Social	Expand financial inclusion by targeting women as a strategic growth segment	Develop tailored products, services, and outreach programs for women customers to increase participation in banking	
Technological	Leverage "Digital Pakistan" initiatives to drive digital transformation	Accelerate digital banking, adopt AI responsibly, expand digital infrastructure, and engage youth in digital financial services	
Environmental	Promote climate- and environment-focused financing.	Offer sustainable agriculture, water management, and low-carbon financing solutions; align lending with SBP ESRM Manual and Climate Stress Testing guidelines	
Environmental	Support energy transition initiatives.	Finance solar projects, energy efficiency programs, and projects aligned with The National Energy Efficiency & Conservation Authority (NEECA) guidelines	
Economical	Capture opportunities in expanding financial services markets.	Expand branch and digital footprint, offer inclusive SME and retail products, and leverage emerging urban and rural markets	
Legal	Strengthen regulatory compliance and governance framework	Proactively implement evolving regulatory requirements, enhance risk management and internal control systems, and reinforce compliance monitoring across consumer protection, financial crime prevention, and risk oversight domains	
Internal			
Operational & Process	Enhance efficiency and customer service	Implement process optimization, lean operations, and automation to reduce turnaround times and operational risks	
Technology & Cybersecurity	Strengthen cybersecurity and data governance.	Upgrade IT systems, enforce data protection measures, and ensure responsible AI adoption.	
Strategic & Organizational	Develop future-ready workforce	Conduct upskilling, reskilling, and training programs to equip employees for digital transformation.	
	Embed sustainability into business strategy	Integrate ESG and sustainability goals into long-term strategic planning and decision-making.	

Information about defaults in payment of any debts and reason thereof

The Bank confirms that there have been no defaults in the payment of any debts or financial obligations during the period under review.

Inadequacy in the Capital structure and plans to address such inadequacy

The Bank confirms that it is not experiencing any inadequacy in its capital structure. The capital position remains strong and well above the regulatory minimum requirements, with adequate buffers to support current operations and future growth. Accordingly, no remedial plans are required in this regard.

Directors' Report

We are pleased to present, on behalf of the Board of Directors, the Directors' Report of MCB Bank Limited (MCB) for the year ended December 31, 2025.

Profit and Appropriation

The profit before and after taxation for the year ended December 31, 2025 together with appropriations is as under:

	(Rs. in Million)
Profit Before Taxation	**115,453**
Taxation	61,258
Profit After Taxation	**54,195**
Un-appropriated profit brought forward	110,426
Re-measurement gain on defined benefit obligations - net of tax	1,211
Surplus realized on disposal of investments in equity instruments through FVOCI - net of tax	3,108
Surplus realized on disposal of revalued property and equipment - net of tax	774
Surplus realized on disposal of non-banking assets - net of tax	40
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipment to un-appropriated profit - net of tax	131
	115,690
Profit Available for Appropriation	**169,885**
Appropriations:	
Transfer to Statutory Reserve	(5,419)
Final Cash Dividend at Rs. 9.0 per share - December 31, 2024	(10,666)
First Interim Cash Dividend at Rs. 9.0 per share - March 31, 2025	(10,666)
Second Interim Cash Dividend at Rs. 9.0 per share - June 30, 2025	(10,666)
Third Interim Cash Dividend at Rs. 9.0 per share – September 30, 2025	(10,666)
Total Appropriations	**(48,083)**
Un-appropriated Profit Carried Forward	**121,802**
Earnings Per Share (Rs)	**45.73**

Dividends

The Board of Directors declared a final cash dividend of Rs. 9.00 per share for the year ended December 31, 2025, which is in addition to Rs. 27.00 per share interim dividends already paid to the shareholders, taking the dividend payout ratio for 2025 to 78.7%. The effect of final cash dividend declared is not reflected in the above appropriations.

Performance Review

2025 marked another year of strong financial performance for the Bank. Profit Before Tax (PBT) and Profit After Tax (PAT), for the year ended December 31, 2025, were reported at Rs. 115.5 billion and Rs. 54.2 billion respectively, translating into earnings per share (EPS) of Rs. 45.73. These results underscore MCB's prudent balance sheet management, sustained focus on core banking services and continued adherence to robust risk governance.

The interest rate easing cycle that commenced in June 2024 extended through 2025, resulting in a 2% year-on-year (YoY) decline in net interest income. While the Bank delivered healthy growth in earning assets, the impact of higher volumes was largely offset by yield compression in the declining rate environment. This was partially mitigated by the Bank's strategic emphasis on strengthening its no-cost deposit base, with current deposits increasing by 29% on an absolute basis and 22% on an average basis, reinforcing earnings sustainability and positioning the Bank favorably for future margin normalization.

Non-markup income amounted to Rs. 35.8 billion, reflecting a 4% YoY decline. Fee and commission income decreased by 9% to Rs. 19.3 billion, primarily due to heightened competition in the home remittance segment. Foreign exchange income increased by 11% to Rs. 10.2 billion, while dividend income registered strong growth of 45% to Rs. 5.1 billion.

The Bank continued to benefit from strong traction across its digital banking ecosystem, supported by growing customer adoption of digital channels. Card-related income increased by 18% YoY, driven by higher transaction volumes and enhanced product offerings. Branch banking fee income rose by 13%, supported by stronger customer engagement and cross-selling initiatives, while consumer banking fee income grew by 16%, reflecting increased customer activity and higher uptake of consumer financing products following the reduction in the SBP policy rate.

Operating expenses increased by 12% YoY, primarily reflecting continued investments in technology, talent development, and brand-building initiatives to support long-term growth. Despite the planned expansion in the cost base, the Bank maintained a healthy cost-to-income ratio of 37.73%, demonstrating strong cost discipline alongside its focus on operational efficiency and innovation.

On the balance sheet, total assets grew by 20% to Rs. 3.25 trillion, driven mainly by a 67% increase in net investments. Asset quality remained sound, with non-performing loans (NPLs) of Rs. 49.8 billion,with infection and coverage ratios of 6.76%, and 92.47% respecetively.

Deposits closed at Rs. 2.26 trillion, underpinned by a historic increase of Rs. 274 billion in current deposits, reaffirming the Bank's strength in cost-effective deposit mobilization. This favorable shift in the deposit mix, coupled with the decline in the policy rate, resulted in a significant reduction in the domestic cost of deposits to 4.88%, compared to 9.98% in the corresponding year. The Bank reported Return on Assets (RoA) of 1.82% and Return on Equity (RoE) of 23.02%, while Book Value per Share improved to Rs. 205.59.

The Bank's capital and liquidity positions remained robust, with the Capital Adequacy Ratio (CAR) standing at 19.53% and the Common Equity Tier-1 (CET1) ratio at 14.38%, well above the minimum regulatory requirements. Liquidity buffers remained strong, reflected in a Liquidity Coverage Ratio (LCR) of 267.35% and a Net Stable Funding Ratio (NSFR) of 163.71%.

MCB's exceptional performance and leadership in the financial sector were recognized by the Asian Development Bank (ADB) at the 11th Annual Trade and Supply Chain Finance Program (TSCFP) Awards held in Singapore. The Bank received the 'Leading Partner Bank in Pakistan' award for the second consecutive year, underscoring its pivotal role in supporting trade growth and providing reliable international trade solutions to local businesses.

To retain and further consolidate its market position, the Bank has continued to invest in the upgradation of its existing locations with the objective of enhancing customer experiences while the digital access points are being continuously augmented to extend customer outreach. As at December 31, 2025, the overall branch network of the Bank stood at 1,410 branches along with 10 sub-branches while the ATM network increased to 1,494.

Impact of Government Policies on the Bank's Performance

Amidst the multifaceted challenges faced by the Bank, including a demanding operating environment, subdued economic activity, and an elevated cost of doing business, MCB remained steadfast in its commitment to supporting the Government's economic policies aimed at promoting sustainable growth and efficient resource utilization. In this regard, the Bank undertook a range of key initiatives aligned with the national agenda, encompassing financial inclusion, banking on equality, digitization of financial services, advancement of sustainable finance, and facilitation of overseas Pakistanis; including:

- Sustained focus on serving the economically significant and priority sectors, including agriculture and SME sectors:
    - The Bank actively participated in various initiatives launched by the SBP to promote SME financing nationwide. This included the 'Risk Coverage Scheme for Small and Medium Enterprises (SMEs)' introduced in 2024, under which cumulative disbursements reached Rs. 6,576 million as at December 31, 2025.

      In addition, the Bank strengthened its product suite through the launch of 'Nayab Freedom Finance', aimed at advancing women's financial empowerment and fostering a more inclusive entrepreneurial ecosystem within the SME sector. The Bank also successfully developed and rolled out its 'Digital Supply Chain Financing' platform, designed to enhance operational efficiency, scale transaction volumes, and reinforce risk management and compliance practices by digitally connecting all relevant stakeholders. As at year end, the Bank's total SME Financing stood at Rs. 18,689 million.
    - The Bank surpassed its regulatory target for agriculture credit disbursements in 2025, with total disbursements exceeding Rs. 216 billion, representing a strong YoY growth of 23%. Building on this solid performance and sustained momentum, the Bank remains well-positioned and on track to achieve its disbursement target for 2026.

      Reinforcing its strategic focus on expanding agricultural outreach, the Bank increased its dedicated Agri lending branches to 358 as at December 31, 2025. The Bank's performance was further recognized by the SBP, reflected in its improved ranking under the 'Agriculture Credit Scoring Model', which evaluates performance across key parameters including disbursement volumes, outstanding portfolio, number of borrowers, and sectoral and regional coverage.
- In line with its commitment to fostering financial inclusion through the promotion of digital financial services for unserved and underserved segments, the Bank undertook targeted initiatives to enhance financial awareness and access. Through structured engagement sessions at educational institutions and community platforms, more than 1,200 participants were equipped with essential knowledge on financial literacy, account ownership, and economic participation. Inclusive service delivery was further institutionalized as a core competency, with 93% of staff completing gender sensitivity training to better serve diverse customer segments. MCB also actively participates in the annual Pakistan Financial Literacy Week and supports the SBP's Women Entrepreneur Finance Code (WeFinance Code), reinforcing its commitment to advancing women's financial inclusion and strengthening the country's inclusive digital financial ecosystem.
- The Bank has further strengthened the integration of sustainability considerations into its overall credit assessment framework in line with SBP 'Environmental and Social Risk Management (ESRM)' implementation strategy. This ongoing transition supports the national objective of fostering a resilient and sustainable economy. As at December 31, 2025, the Bank has successfully achieved all prescribed milestones across the various phases of ESRM implementation, including the development and refinement of the policy and procedural frameworks, parallel screening of loan transactions, regulatory reporting, capacity building initiatives, and the full integration of ESRM requirements into its credit risk management processes.
- Facilitation of overseas Pakistani's under the RDA initiative, Sohni Dharti Remittance Program (SDRP) and other national financial inclusion/support initiatives have remained a key focus area for the Bank. During the year under review, the Bank successfully handled approximately 14 million home remittance transactions, attracting cumulative inflows of USD 4,398 million. In recognition of this strong performance, the Bank was named the 3rd Largest Bank in the Pakistan Remittance Market at the PRI Awards 2025, conferred by the SBP.

- The SBP had embarked on the deployment of Pakistan's first instant payment system, "RAAST", in 2021, laying a strong foundation for the digitization of the economy and the promotion of digital financial services across the country. Under this landmark initiative, MCB has successfully completed the formal rollout of all phases of the RAAST implementation project, including Bulk Payments, Person to Person (P2P), and Person to Merchant (P2M). The Bank has since experienced strong and sustained growth in digital transactions processed through RAAST, with its onboarded merchant network expanding to 1,397 as at December 31, 2025, and the annual transaction volumes rising significantly to approximately 76 million in 2025. This growth underscores increasing customer adoption and reaffirms the Bank's steadfast commitment to strengthening Pakistan's digital payments ecosystem.

Economy Review

Global Economy

The global macroeconomic environment in 2025 was primarily shaped by four predominant forces trade policy shocks, ongoing geopolitical tensions, evolving expectations around monetary and fiscal policies, and a significant wave of optimism fueled by artificial intelligence (AI). Together, these dynamics added complexity to the macro-financial landscape, increased volatility, and exhibited notable divergence across sectors and asset classes.

Trade policy shocks continued to impede real economic activity and contributed to market volatility. Elevated tariffs and broader protectionist measures curtailed global trade volumes and manufacturing output. This contraction in trade activity decreased export growth and deterred investment in industries heavily dependent on international trade. Furthermore, heightened trade barriers and renewed tariff threats cast uncertainty over global supply chains, prompting firms to delay capital expenditures or modify production strategies. As a result, these factors exerted downward pressure on industrial output and the equity valuations of logistics, industrial, and other sectors exposed to global markets. Additionally, declining manufacturing activity and subdued trade levels adversely affected oil demand. The resultant decrease in oil demand amid oversupply conditions exerted downward pressure on oil prices.

Geopolitical tensions, particularly the ongoing Russia–Ukraine conflict, continued to influence regional trade and energy routes, maintaining elevated geopolitical risk premiums. The uncertainty over the duration and escalation risks of the conflict generated periodic bouts of market volatility and reinforced investor preference for safe-haven assets. This environment supported strong demand for precious metals, particularly gold, as a hedge against geopolitical and macroeconomic shocks.

Expectations regarding monetary and fiscal policies evolved notably throughout the year and were reflected in bond and currency markets. As inflation subsided from pandemic-driven peaks, central banks transitioned from a markedly restrictive stance to a cautious easing bias. However, some jurisdictions maintained tighter policies to manage currency and inflation pressures. This gradual transition toward lower policy rates, coupled with sizable fiscal deficits and concerns about long-term debt sustainability in many advanced economies, led to lower short-term yields. Meanwhile, longer-term yields stayed relatively high due to term premia, inflation, and fiscal uncertainties. The combination of lower policy rates and softer real yields in key markets improved global financial conditions in the latter half of 2025. This fostered a broad risk-on environment despite periodic market reactions to tariff developments and sovereign fiscal issues.

Optimism regarding AI has emerged as a defining structural theme, reshaping growth narratives and cross-asset performance. Rapid advancements in AI, particularly in the US and parts of advanced Asia, fostered substantial investments in data centers, semiconductors, and software. This resulted in stretched valuations in AI and technology-intensive equities, and underpinned the strong performance of major indices despite weaker global trade and a soft energy complex. Additionally, AI-related momentum also spilled over into precious metals, notably silver, which has experienced stronger percentage gains owing to its dual role as a monetary hedge and a critical input in high-tech and green-technology applications.

Against this backdrop, sectors linked to AI, broader growth equities, and precious metals notably outperformed traditional energy, manufacturing, and other cyclical industries. This distinctive performance mitigated some of the adverse effects stemming from decreased trade and lower oil prices, while reinforcing expectations of strong medium-term productivity and earnings growth, despite an environment still characterized by heightened geopolitical and policy uncertainties.

Domestic Economy

The macroeconomic environment in Pakistan in 2025 was characterized by a gradual, yet fragile, shift from crisis response to a stabilization phase. A decline in inflation, easing external financing pressures, fiscal consolidation and initial signs of real-sector recovery enabled this transition, with the momentum carrying into the first half of FY 2026, albeit accompanied by new complexities and emerging vulnerabilities.

Disinflation represented the eminent macroeconomic accomplishment of 2025. The average Consumer Price Index (CPI) inflation for FY 2025 was reported at 4.5%, a significant reduction from 23.4% reported in FY 2024, driven primarily by the lagged effects of tight monetary policy, moderating international commodity prices, relative exchange rate stability, and the gradual normalization

following earlier shocks in food and administered prices. However, entering H1 FY 2026, this disinflation phase gave way to a modest reflation dynamic. Headline CPI inflation reverted towards the SBP's target range of 5–7%, remaining within that band throughout July–November FY 2026, before easing to 5.6% in December 2025, driven largely by a sharp decline in perishable food prices. Core inflation, nonetheless, remained sticky throughout the period, and housing and utilities inflation accelerated, underscoring that price pressures had not been fully extinguished. The disinflation trend achieved in FY 2025, combined with the continued containment of inflation within the target band in H1 FY 2026, created space for the SBP to cumulatively cut the policy rate by 200 basis points during calendar year 2025.

The external position witnessed a marked shift during the year under review. Pakistan closed FY 2025 with a current account surplus of approximately USD 1.9 billion, marking its first surplus in nearly fourteen years, driven by robust worker remittances that reached a historic USD 38.3 billion, rising by roughly 26.6% YoY and providing a critical buffer amid a persistent trade deficit. The decline in global oil prices throughout much of the year further contributed to a reduction in the energy import bill. Disbursements from the IMF linked to Extended Fund Facility (EFF) program implementation, along with support from multilateral organizations and key bilateral partners, elevated the State Bank of Pakistan's gross foreign exchange reserves to approximately USD 14.506 billion by the end of FY 2025, compared to approximately USD 9.390 billion the last year. Enhanced exchange rate discipline and stricter oversight of informal currency markets mitigated discrepancies between official and market rates, diminishing episodes of disorderly foreign exchange movements and fostering a more favorable perception of external sustainability.

In H1 FY 2026, however, the current account reversed, recording a deficit of USD 1.2 billion, compared to a surplus of USD 0.96 billion in the same period last year. Goods and services exports reached USD 20.3 billion, broadly flat relative to USD 20.4 billion a year earlier, while imports expanded to USD 37.8 billion from USD 33.5 billion, widening the trade deficit in goods and services to USD 17.6 billion from USD 13.1 billion, partly reflecting a sharp drop in food exports, particularly rice. Remittances nonetheless remained a robust cushion, rising 10.6% to USD 19.7 billion in H1 FY 2026, led by inflows from Saudi Arabia, while Information and Communication Technology (ICT) services exports expanded 19.5% to USD 2.2 billion. Foreign exchange reserves surpassed the SBP's end-December target, reaching USD 16.1 billion as of mid-January 2026, supported by ongoing SBP forex purchases and continued IMF disbursements, with reserves projected to surpass USD 18 billion by June 2026.

Fiscal consolidation remained central to the IMF-anchored strategy, though with a notable shift in the revenue dynamic. In FY 2025, Pakistan posted a primary surplus of 2.4% of GDP, a notable turnaround from primary deficits in earlier years and broadly in line with IMF's EFF program targets, underpinned by expenditure restraint and robust nominal revenue growth, with total FBR tax revenues increasing by approximately 26% YoY. This fiscal tightening, while stabilizing, constrained public-sector demand and curtailed space for development and social spending. In H1 FY 2026, FBR tax revenues grew by only 9.5%, reaching Rs. 6,161 billion, a marked deceleration from the prior year's pace and well below the annual target, resulting in a revenue shortfall of Rs. 329 billion that would necessitate a steep acceleration in the second half of the FY 2026. Contained expenditures, particularly lower interest payments, nonetheless helped improve the overall fiscal balance and support the full-year fiscal deficit target of 3.9% of GDP, with the primary surplus target for FY 2026 set at 2.4% of GDP, reflecting the government's continued adherence to fiscal discipline.

Real economic activity exhibited a sustained and strengthening recovery path. Real GDP growth in FY 2025 reached 3.0%, up from approximately 2.6% in the prior fiscal year, indicative of a broad-based recovery with notable strength in the industrial and services sectors, with Q4 FY 2025 growth estimated at approximately 5.7%, predominantly driven by a sharp rebound in industrial output including automobile manufacturing and construction-linked sectors after a prolonged period of contraction.

This recovery gained further traction in H1 FY 2026, with Q1 FY 2026 real GDP growth provisionally reported at 3.7% YoY, up markedly from 1.6% in the same quarter of the last fiscal year, driven primarily by the industrial and agricultural sectors. Large-scale manufacturing (LSM) posted growth of 8% YoY and 10.4% YoY in October and November 2025 respectively, raising cumulative LSM growth to 6% during July–November FY 2026. As of February 2026, the SBP projected full-year FY 2026 GDP growth in the range of 3.75–4.75%, exceeding a contemporaneous IMF forecast, though overall growth continued to face headwinds from structural bottlenecks in energy, global trade fragmentation, geopolitical tensions, and the lingering fiscal challenge of revenue mobilization.

Future Outlook of the Economy

The global economy in 2026 is expected to grow moderately, demonstrating resilience but with only limited acceleration relative to recent years. Expansion within advanced economies is expected to be constrained by weak demand, ageing demographics, and high levels of public debt. Conversely, the majority of additional growth is projected to originate from emerging markets. The primary drivers are likely to include easing financial conditions, continued investments in AI and digital infrastructure, and targeted fiscal spending. Nonetheless,

risks stemming from trade and geopolitical tensions, along with episodes related to debt sustainability, are expected to persist, potentially leading to ongoing market volatility and uneven performance worldwide.

Looking ahead from the 2025 vantage point, the macroeconomic outlook for Pakistan will increasingly depend on policy consistency rather than immediate stabilization gains. Sustaining investor and multilateral confidence in 2026 will require preserving fiscal discipline, deepening structural reforms in taxation and energy pricing, and continuing efforts to strengthen governance and improve the overall business environment. Simultaneously, policymakers will face the delicate challenge of gradually normalizing monetary and fiscal policies to promote growth, while safeguarding the significant progress achieved in inflation control and external stability, in an environment still susceptible to global shocks.

Risk Management Framework

The risk management framework has been separately disclosed in the Annual Report.

Credit Rating

MCB's credit ratings were reaffirmed by the Pakistan Credit Rating Agency (PACRA) at 'AAA' for long-term and 'A1+' for short-term through its notification dated June 23, 2025.

Statement on Internal Control

The Board is pleased to endorse the statement made by management relating to Internal Control over Financial Reporting (ICFR) and overall internal controls. The Management's Statement on Internal Controls is included in the Annual Report.

Statement under Code of Corporate Governance and section 227 of Companies Act 2017:

The Board of Directors is committed to ensure that the requirements of Corporate Governance set by the Securities and Exchange Commission of Pakistan and requirements of Section 227 of Companies Act 2017 are fully met. The Bank has adopted good corporate governance practices and the Directors are pleased to report that:

- The financial statements, prepared by the management of the Bank, present a fair state of its affairs, result of its operations, cash flows and changes in equity.
- Proper books of account of the Bank have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements except for the change in accounting policy as described in note 6.1.1.3 to the unconsolidated financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed and explained in the Annual Accounts.
- There has been no material departure from the best practices of corporate governance.
- There are no significant doubts upon the Bank's ability to continue as a going concern.
- Profit amounting to Rs. 5.419 billion has been transferred to the Statutory Reserve for the year 2025.
- The System of Internal Control is sound in design and has been effectively implemented and monitored.
- Key operating and financial data of the last six years is presented in the 'Recognitions, Performance Analysis & Market Statistics' section of this Annual Report.
- Pattern of Shareholding, complying with the requirements prescribed by the Code of Corporate Governance is annexed with this Annual Report.
- Statement of Compliance with Code of Corporate Governance is included in the Annual Report.
- Composition of the Board is given in the Statement of Compliance with the Code of Corporate Governance in the 'Governing Value Creation' section of this Annual Report.
- Names of the persons who, at any time during the year 2025, were directors of the Bank have been separately disclosed in the 'Governing Value Creation' section of this Annual Report.
- The Committees of Board of Directors along with their terms of reference/charter have been separately disclosed in the 'Governing Value Creation' section of this Annual Report.
- The number of Board and committees' meetings held during the year and attendance by each Director has been separately disclosed in the 'Governing Value Creation' section of this Annual Report.
- Details of directors' training programs are given in the Statement of Compliance with the Code of Corporate Governance.
- The remuneration policy of non-executive directors, including independent directors, as approved by the Shareholders of the Bank is disclosed in the 'Governing Value Creation' section of this Annual Report.
- Detail of remuneration of Chairman, President & CEO and non-executive directors is disclosed in note 42 of the unconsolidated financial statements.
- The principal risks and uncertainties facing the Bank have been disclosed separately in this Annual Report.
- The assessment of sustainability related risks and measures taken to promote diversity, equity and inclusion in the Bank are disclosed in the 'Sustainability and Corporate Social Responsibility' and 'Diversity, Equity & Inclusion' sections of this Annual Report.

Corporate Social Responsibility (CSR)

The Board acknowledges its rightful duty to operate as a highly socially responsible bank. The activities undertaken by the Bank with regard to CSR are disclosed in the Sustainability and Corporate Social Responsibility section of this Annual Report.

External Auditors

The Auditors, M/s A. F. Ferguson & Co., Chartered Accountants, have completed their term of five years and are not eligible for reappointment as per the regulations. Therefore, upon recommendation of the Audit Committee, the Board recommends appointment of M/s KPMG Taseer Hadi & Co. Chartered Accountants, as the statutory auditors of the Bank for the financial year 2026 in the forthcoming Annual General Meeting.

Appreciation and Acknowledgements

The Board of Directors of MCB Bank Limited would like to thank the Government of Pakistan, the State Bank of Pakistan, the Securities & Exchange Commission of Pakistan and other regulatory bodies for their continued support, all shareholders and customers of the Bank for their trust, and the Bank's employees for their continuous dedication and commitment.

For and on behalf of the Board of Directors,



Muhammad Nauman Chughtai
President & CEO
MCB Bank Limited



Mian Umer Mansha
Director
MCB Bank Limited

February 04, 2026

بسمرت رپورٹ کرتے ہیں کہ:

۔ بینک کی مینیجمنٹ کی طرف سے تیار کردہ فنانشل اسٹیمنٹس اسکے معاملات اور کارکردگی، صورتحال، نقدی کے بہاؤ (کیش فلوز) اور ایکویٹی میں تبدیلیوں کا واضح اظہار کرتی ہیں۔

۔ بینک کے اکاؤنٹس کی درست کتابیں تیار کی گئی ہیں۔

۔ فنانشل اسٹیمنٹس کی تیاری میں نوٹ 6.1.1.3 میں درج شدہ اکاؤنٹنگ پالیسیوں کی تبدیلی کے سوائے، اکاؤنٹنگ کی مخصوص پالیسیوں کا یکساں اطلاق کیا گیا ہے۔

۔ اکاؤنٹنگ کے تخمینے موزوں اور محتاط اندازوں پر مبنی ہیں۔

۔ فنانشل اسٹیمنٹس کی تیاری میں پاکستان میں قابل اطلاق انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کو مدنظر رکھا گیا ہے اور اس سے کسی بھی انحراف کو وضاحت کے ساتھ سالانہ اکاؤنٹس میں بیان کیا گیا ہے۔

۔ کارپوریٹ گورننس کے بہترین معیار اور ضابطہ عمل سے کوئی قابل ذکر روگردانی نہیں کی گئی ہے۔

۔ بطور ادارہ بینک کے کام جاری رکھنے کی اہلیت میں کسی شک و شبہ کی گنجائش نہیں ہے۔

۔ سال 2025ء کے دوران 5.419 بلین روپے کا منافع قانونی ریزرو میں منتقل کیا گیا ہے۔

۔ اندرونی انضباط کا نظام مضبوط خدوخال پر استوار کیا گیا ہے اور نہایت موثر انداز میں نافذ اور جانچا جاتا ہے۔

۔ چھ سال کا فنانشل مواد (ڈیٹا) اور اہم کارکردگی کے عوامل کو سالانہ رپورٹ کے کارکردگی، ریگولیشنز، پرفارمنس انیلیسز اینڈ مارکیٹ اسٹیٹسٹکس کے سیکشن میں پیش کیا گیا ہے۔

۔ کوڈ آف کارپوریٹ مجوزہ شرائط کی تعمیل میں شئیر ہولڈنگ (حصص کی ملکیت) کی ترتیب / نمونہ کو سالانہ رپورٹ سے منسلک کیا گیا ہے۔

۔ کوڈ آف کارپوریٹ گورننس کی تعمیل (کمپلائنس) کا بیان سالانہ رپورٹ میں شامل ہے۔

۔ بورڈ کی تشکیل کو کوڈ آف کارپوریٹ گورننس کے تعمیلات کے بیانیہ میں سالانہ رپورٹ کے گورننگ ویلیو کریئشن کے سیکشن میں بیان کیا گیا ہے۔

۔ سال 2025ء کے دوران کسی بھی وقت بینک کے ڈائریکٹرز رہنے والے اشخاص کے نام سالانہ رپورٹ کے گورننگ ویلیو کریئشن کے سیکشن میں الگ سے بیان کئے گئے ہے۔

۔ بورڈ آف ڈائریکٹرز کی کمیٹیاں اور انکے ضابطہء کار / چارٹر کو سالانہ رپورٹ کے گورننگ ویلیو کریئشن کے سیکشن میں الگ سے بیان کیا گیا ہے۔

۔ سال کے دوران بورڈ اور اسکی کمیٹیوں کے اجلاسوں کی تعداد اور اس میں ہر ڈائریکٹر کی شرکت کی تفصیل اس سالانہ رپورٹ کے گورننگ ویلیو کریئشن کے سیکشن میں الگ سے واضح کی گئی ہے۔

۔ ڈائریکٹرز کے ترتیبی پروگرام کی تفصیل کوڈ آف کارپوریٹ گورننس کی تعمیل کے بیان میں دی گئی ہے۔

۔ غیر انتظامی ڈائریکٹرز بشمول آزاد ڈائریکٹرز کے لیے، بینک کے حصص یافتگان کی جانب سے منظور شدہ، مشاہرے کی پالیسی اس سالانہ رپورٹ کے گورننگ ویلیو کریئشن کے سیکشن میں درج کیا گیا ہے۔

۔ چیرمین، پریزیڈنٹ اینڈ سی ای او اور غیر انتظامی ڈائریکٹرز کو ادا کیے گئے مشاہرہ کی تفصیل غیر مجموعی فنانشل اسٹیمنٹس کے نوٹ نمبر 42 میں درج کی گئی ہیں۔

۔ بینک کو درپیش بنیادی عوامل اور غیر یقینی کی صورتحال کو اس سالانہ رپورٹ میں الگ سے بیان کیا گیا ہے۔

۔ پائیداری سے متعلق خدشات کا اندازے اور بینک میں تنوع، مساوات اور شمولیت کو فروغ دینے کے لیے کیے گئے اقدامات کو اس سالانہ رپورٹ کے سسٹین ایبلیٹی اینڈ کارپوریٹ سماجی ذمہ داری اور تنوع، مساوات اور شمولیت (DE&I) کے سیکشن میں بیان کیا گیا ہے۔

کارپوریٹ معاشرتی ذمہ داریاں سی ایس آر (CSR):

بورڈ معاشرتی طور پر انتہائی ذمہ دار بینک کی حیثیت سے اپنے فرائض پر عملدرامد کا مکمل ادراک رکھتا ہے۔ سی ایس آر (CSR) کے حوالے سے بینک کے کیے گئے تمام اقدامات کو اس سالانہ رپورٹ میں موجود سسٹین ایبلیٹی اینڈ کارپوریٹ سماجی ذمہ داری کے سیکشن میں واضح کیا گیا ہے۔

بیرونی آڈیٹرز

آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاونٹنٹس، نے اپنی پانچ سالہ مدت مکمل کرلی ہے اور قواعد و ضوابط کے مطابق دوبارہ تقرری کے اہل نہیں ہیں۔ لہٰذا، آڈٹ کمیٹی کی سفارش پر بورڈ میسرز کے پی ایم جی، تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاونٹنٹس کو آئندہ سالانہ جنرل میٹنگ میں مالی سال 2026ء کے لیے بینک کے قانونی آڈیٹرز مقرر کرنے کی سفارش کرتا ہے۔

تسلیم و تحسین

ایم سی بی بینک کے بورڈ آف ڈائریکٹرز حکومت پاکستان، اسٹیٹ بینک آف پاکستان، سیکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر انضباطی اداروں کی جاری معاونت، بینک کے شئیر ہولڈرز اور صارفین کا انکے اعتماد اور اپنے ملازمین کا انکے خلوص اور عزم پر شکریہ ادا کرتا ہے۔

منجانب و برائے بورڈ آف ڈائریکٹرز

محمد نعمان چغتائی
پریزیڈینٹ اور سی ای او
ایم سی بی بینک لمیٹڈ

میاں عمر منشاء
ڈائریکٹر
ایم سی بی بینک لمیٹڈ

04 فروری 2026ء

آمدنی کے توازن میں نمایاں تبدیلی کے باوجود، مالیاتی استحکام آئی ایم ایف کی بنیادی حکمت عملی کا مرکزی حصہ رہا ہے۔ مالی سال 2025ء میں پاکستان نے جی ڈی پی کا 2.4 فیصد پرائمری سرپلس حاصل کیا۔ جو پچھلے سالوں کے پرائمری خسارے سے نمایاں تبدیلی ہے اور مجموعی طور پر آئی ایم ایف کے ایکسٹینڈڈ فنڈ فیسلٹی (EFF) پروگرام کے اہداف کے مطابق ہے۔ جس کی بنیاد اخراجات میں نظم و نسق اور مضبوط نامیاتی (Nominal) آمدنی میں اضافہ ہے۔ جس کے ساتھ ساتھ، ایف بی آر کی کُل ٹیکس آمدنی میں سال بہ سال کی بنے اوپر تقریباً 26 فیصد کا اضافہ ہوا۔ یہ مالیاتی سختی، اگرچہ معاشی استحکام فراہم کرتی ہے تاہم، عوامی شعبے کی طلب کو محدود کرتی اور ترقیاتی اور سماجی اخراجات کے لیے مواقع میں کمی کا باعث بھی بنتی ہے۔ مالی سال 2026ء کی پہلے ششماہی میں ایف بی آر کی ٹیکس کی آمدنی کا حجم صرف 9.5 فیصد کے اضافے کے ساتھ 6,161 بلین روپے تک پہنچ گیا۔ جو نا صرف پچھلے سال کی رفتار سے نمایاں کمی ہے بلکہ سالانہ ہدف سے بھی کافی کم ہے۔ جس کے نتیجے میں آمدنی میں 329 بلین روپے سے کمی ہوئی۔ یہ صورتحال اس امر کی متقاضی ہے کہ مالی سال 2026ء کی دوسری ششماہی میں اسکی رفتار تیز ہو۔ محدود اخراجات، خاص طور پر کم سود کی ادائیگیوں نے بحر حال، مجموعی مالیاتی توازن کو بہتر بنانے اور پورے سال کے مالی خسارے کو جی ڈی پی کے 3.9 فیصد کے ہدف تک لانے میں معاونت کی ہے۔ جبکہ، مالی سال 2026ء کے لیے بنیادی سرپلس کا ہدف جی ڈی پی کی 2.4 فیصد کی سطح پر مقرر کیا گیا ہے، جو حکومت کے مالی نظم و ضبط کی مسلسل پاسداری کو ظاہر کرتا ہے۔

حقیقی معاشی سرگرمی نے مسلسل اور مضبوط بحالی کا راستہ دکھایا ہے۔ مالی سال 2025ء میں حقیقی جی ڈی پی کی شرح نمو 3.0 فیصد تک پہنچ گئی، جو پچھلے مالی سال کی تقریباً 2.6 فیصد کی شرح سے زیادہ ہے اور صنعتی اور خدمات کے شعبوں میں نمایاں مضبوطی کے ساتھ وسیع پیمانے پر بحالی کی نشاندہی کرتی ہے۔ اس کے ساتھ مالی سال 2025ء کی چوتھی سہ ماہی کی نمو کا اندازہ تقریباً 5.7 فیصد پر اندازہ کیا گیا ہے جس کی بنیادی وجہ صنعتی پیداوار میں تیز بحالی ہے۔ جس میں آٹوموبائل مینوفیکچرنگ اور تعمیرات سے منسلک شعبے میں، طویل عرصے کے سکڑاو کے بعد، نمایاں اضافہ ہوا۔

یہ بحالی، مالی سال 2026ء کی پہلی ششماہی میں مزید زور پکڑ گئی، جب پہلی سہ ماہی میں حقیقی جی ڈی پی کی شرح نمو عارضی طور پر صنعتی اور زرعی شعبوں کے بنیادی کردار کی وجہ سے 3.7 فیصد سالانہ پر رپورٹ ہوئی، جو پچھلے مالی سال کی اسی تقابلی سہ ماہی کی 1.6 فیصد کی شرح سے نمایاں اضافہ ہے۔ بڑے پیمانے کی پیداواری صنعت (LSM) میں سال 2025ء کے اکتوبر اور نومبر کے مہینوں میں، سال بہ سال کی بنیاد پر، بالترتیب 8 فیصد اور 10.4 فیصد کا سالانہ اضافہ دیکھا گیا۔ جس کی بدولت مالی سال 2026ء کے جولائی تا نومبر کے دوران، بڑے پیمانے کی پیداواری صنعت کی مجموعی نمو 6 فیصد تک پہنچ گئی۔ فروری 2026ء تک اسٹیٹ بینک آف پاکستان نے مالی سال 2026ء کی GDP نمو 3.75 تا 4.75 فیصد کے مابین رہنے کی توقع کی جو آئی ایم ایف کی موجودہ پیش بینی سے زیادہ تھی اگرچہ مجموعی ترقی توانائی، عالمی تجارتی تقسیم، جغرافیائی و سیاسی تنازعوں اور آمدنی کے حصول میں تاخیر کا باعث بننے والے انضباطی چیلنجز جیسی رکاوٹوں سے مسلسل نبرد آزما ہے۔

مستقبل کی پیش بینی

سال 2026ء میں عالمی معیشت، اگرچہ لچک کا مظاہرہ کر رہی ہے تاہم اس کی رفتار حالیہ برسوں کے مقابلے میں قدرے محدود ہے، میں معتدل نمو کی توقع ہے۔ ترقی یافتہ معیشتوں میں کمزور طلب، زیادہ عمر کی آبادی اور عوامی قرض کی بلند سطحوں کی وجہ سے مالیاتی وسعت محدود رہے گی۔ اس کے برعکس، ابھرتی ہوئی منڈیوں میں ترقی کے زیادہ تر امکانات نظر آنے کی اُمید ہے۔ جس کے بنیادی محرکات میں مالی صورتحال میں نرمی، مصنوعی ذہانت اور ڈیجیٹل انفراسٹرکچر میں مسلسل سرمایہ کاری اور ہدف شدہ مالی اخراجات شامل ہوں گے۔ اس کے باوجود، تجارتی اور جغرافیائی وسیاسی کشیدگیوں سے پیدا ہونے والے خطرات اور قرض کی پائیداری سے متعلق مشکل حالات بھی متوقع طور پر برقرار رہیں گے، جو ممکنہ طور پر مارکیٹ میں مسلسل اتار و چڑھاو اور عالمی سطح پر غیر مساوی کارکردگی کا باعث بن سکتے ہیں۔

سال 2025ء کے تناظر میں مستقبل میں دیکھتے ہوئے، پاکستان کے لیے میکرو اکنامک پیش بینی کا فوری استحکام کے بجائے پالیسی کی مستقل مزاجی پر زیادہ منحصر ہوگا۔ سال 2026ء میں سرمایہ کاروں اور کثیر الجہتی اعتماد کو برقرار رکھنے کے لیے مالیاتی نظم و ضبط برقرار رکھنا، ٹیکسیشن اور توانائی کی قیمتوں میں ڈھانچہ جاتی اصلاحات کو گہرا کرنا اور حکمرانی کو مضبوط بنانے اور مجموعی کاروباری ماحول کو بہتر بنانے کی کوششیں جاری رکھنی ہوں گی۔ اسی مماثلت میں پالیسی سازوں کو، ایک ایسے ماحول میں جو اب بھی عالمی اثرات کا شکار ہے، مالیاتی اور انضباطی پالیسیوں کو آہستہ آہستہ معمول پر لانے کے کئی نازک چیلنجز کا سامنا کرنا پڑے گا تاکہ ترقی کو فروغ دیا جا سکے۔ اور افراط زر پر کنٹرول اور بیرونی استحکام میں حاصل ہونے والی نمایاں پیش رفت کو تحفظ فراہم کیا جا سکے۔

رسک مینیجمنٹ فریم ورک (خدشات کے تدارک کا انتظام)

رسک مینیجمنٹ فریم ورک کو سالانہ رپورٹ میں الگ واضح کیا گیا ہے۔

کریڈٹ ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی نے اپنے نوٹیفیکیشن مورخہ 23 جون 2025ء کے مطابق بینک کی طویل اور قلیل مدتی کریڈٹ ریٹنگ بالترتیب ٹرپل اے (AAA) اور اے ون پلس (A1+) پر برقرار ہے۔

انٹرنل کنٹرول اسٹیٹمنٹ

مینجمنٹ کی جانب سے فنانشل رپورٹنگ پر اندرونی انضباط (ICFR) اور مجموعی اندرونی انضباط (انٹرنل کنٹرول) سے متعلق بیان کی، بورڈ بخوشی توثیق کرتا ہے۔ مینیجمنٹ کا اندرونی انضباط سے متعلق بیان سالانہ رپورٹ میں شامل ہے۔

کوڈ آف کارپوریٹ گورننس اور کمپنیز ایکٹ 2017 کے سیکشن 227 کے تحت بیانیہ

بورڈ آف ڈائریکٹرز اس امر کو یقینی بنانے کے لئے پر عزم ہیں کہ سیکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے معین کردہ کارپوریٹ گورننس کے تمام معیار اور شرائط اور کمپنیز ایکٹ 2017 کے سیکشن 227 کے تمام مطلوبات کی مکمل پاسداری ہو۔ بینک نے کارپوریٹ گورننس کے بہترین معیار کو اختیار کیا ہے اور ڈائریکٹرز

مصنوعی ذہانت ایک مثبت رجحان کے طور پر ابھری ہے، جو ترقی کے بیانیے اور اثاثہ جات کے درمیان کارکردگی کو نئے سرے سے تشکیل دے رہی ہے۔ مصنوعی ذہانت کی مد میں تیز رفتار ترقی نے، خاص طور پر امریکہ اور ترقی یافتہ ایشیاء کے کچھ حصوں میں، ڈیٹا سینٹرز، سیمی کنڈکٹرز اور سافٹ ویئر میں خاطر خواہ سرمایہ کاری کو فروغ دیا۔ اس کے نتیجے میں کمزور ہوتی عالمی تجارت اور توانائی کی قیمتوں میں ہونے والی کمی کے باوجود مصنوعی ذہانت اور ٹیکنالوجی سے بھرپور حصص کی قیمتوں میں اضافہ ہوا، اور بڑے اشاریوں کی مضبوط کارکردگی کو تقویت ملی۔ اس کے علاوہ مصنوعی ذہانت سے متعلق تحریک قیمتی دھاتوں، خاص طور پر چاندی تک پھیل گئی، جس میں مالیاتی تحفظ اور ہائی ٹیک و گرین ٹیکنالوجی ایپلیکیشنز میں اپنے دہرے کردار کی وجہ سے زیادہ تناسب سے اضافہ دیکھا ہے۔

اس پس منظر میں، مصنوعی ذہانت، وسیع گروتھ ایکویٹیز (زیادہ نمو کے سرمائے) اور قیمتی دھاتوں سے منسلک شعبے، روایتی توانائی، پیداوار اور دیگر صنعتوں سے نمایاں طور پر بہتر کارکردگی دکھاتے رہے۔ جغرافیائی و سیاسی اور پالیسیوں میں غیر یقینیوں کے باوجود، اس منفرد کارکردگی نے تجارت اور تیل کی قیمتوں میں کمی سے پیدا ہونے والے منفی اثرات کو کم کیا۔ جبکہ، درمیانی مدت میں پیداواری صلاحیت اور منافع کی توقعات کو تقویت حاصل ہوئی۔

ملکی معیشت

سال 2025ء میں پاکستان کا میکرو اکنامک ماحول بحران کے ردعمل سے استحکام کے مرحلے کی طرف نازک مگر بتدریج تبدیلی کی جانب گامزن رہا۔ مہنگائی میں کمی، بیرونی مالیاتی دباو میں آسانی، مالی استحکام اور حقیقی شعبے کی بحالی کے ابتدائی آثار نے اس منتقلی کو ممکن بنایا۔ اور یہ رفتار مالی سال 2026ء کی پہلی ششماہی میں جاری رہی، اگرچہ اس کے ساتھ نئی پیچیدگیاں اور ابھرتی ہوئی کمزوریاں بھی سامنے آئیں۔

افراط زر میں کمی 2025ء کی نمایاں معاشی کامیابی تھی۔ مالی سال 2025ء کے لیے اوسط کنزیومر پرائس انڈیکس افراط زر 4.5 فیصد پر رپورٹ کیا گیا۔ جو مالی سال 2024ء میں درج شدہ 23.4 فیصد کی سطح سے نمایاں کمی ہے۔ جس کی بنیادی وجہ سخت مالیاتی پالیسی، بین الاقوامی اجناس کی قیمتوں میں اعتدال، شرح مبادلہ میں استحکام اور خوراک اور انتظامی قیمتوں میں سابقہ کمی و بیشی کے بعد بتدریج معمول پر آنے کے اثرات ہیں۔ تاہم، مالی سال 2026 کی پہلی ششماہی میں داخل ہوتے ہوئے، اس افراط زر کی کمی کا مرحلہ معمولی قدرے بلندی (reflation) کی جانب مائل ہو گیا۔ ہیڈ لائن سی پی آئی افراط زر اسٹیٹ بینک آف پاکستان کے مقرر کردہ 5 تا 7 فیصد کے اہداف کی طرف لوٹ آیا ہے، جو مالی سال 2026 کے جولائی تا نومبر کے عرصے کے دوران، اسی حد میں رہا اور دسمبر 2025ء میں 5.6 فیصد تک گر گیا۔ جس کی بنیادی وجہ جلد خراب ہونے والی خوراک و اشیاء کی قیمتوں میں تیز کمی تھی۔ تاہم، خالص افراطِ زر اس پورے عرصے میں مستحکم رہا اور ہاوسنگ اور یوٹیلیٹیز کی مد میں افراطِ زر میں تیزی دے کھی گئی، جس سے ظاہر ہوتا ہے کہ قیمتوں کا دباو مکمل طور پر ختم نہیں ہوا۔ مالی سال 2025ء میں مہنگائی میں کمی کے رجحان اور اس کے ساتھ ساتھ مالی سال 2026ء کی پہلی ششماہی میں افراطِ زر کی شرح کے مقررہ ہدف میں رہنے سے، اسٹیٹ بینک آف پاکستان کے لیے کیلنڈر سال 2025ء کے دوران پالیسی انٹرسٹ ریٹ کو مجموعی طور پر 200 بیسس پوائنٹس کم کرنے کا موقع فراہم ہوا۔

زیر جائزہ سال کے دوران بیرونی پوزیشن میں نمایاں تبدیلی دیکھی گئی۔ پاکستان نے مالی سال 2025ء کا اختتام تقریبا 1.9 بلین امریکی ڈالر کے کرنٹ اکاونٹ سرپلس کے ساتھ کیا۔ جو تقریبا چودہ سال میں اس کا پہلا سرپلس تھا۔ جس کی وجہ مضبوط افرادی ترسیلات زر تھیں جو تاریخی طور پر 38.3 بلین امریکی ڈالرز تک پہنچیں، جو سال بہ سال کی بنیاد پر، تقریبا 26.6 فیصد تک بڑھ گئیں اور تجارتی خسارے کے تسلسل کے دوران ایک اہم بفر فراہم کرنے کا موجب بنیں۔ سال کے بیشتر حصے میں تیل کی عالمی قیمتوں میں کمی، توانائی کے درآمدی بل میں مزید کمی کا باعث بنی۔ آئی ایم ایف کی جانب سے ایکسٹینڈڈ فنڈ فیسلٹی (EFF) پروگرام کے نفاذ سے منسلک ادائیگیاں، کثیر الجہتی اداروں اور اہم دوطرفہ شراکت داروں کی حمایت نے مالی سال 2025ء کے آخر تک اسٹیٹ بینک آف پاکستان کے مجموعی غیر ملکی زر مبادلہ کے ذخائر کو تقریبا 14.506 بلین امریکی ڈالرز تک پہنچایا۔ جبکہ، پچھلے مالی سال میں اس کا حجم تقریبا 9.390 بلین امریکی ڈالرز تھا۔ زر مبادلہ کی شرح کے نظم و ضبط میں اضافہ اور غیر رسمی کرنسی مارکیٹوں کی سخت نگرانی نے سرکاری اور مارکیٹ ریٹوں کے درمیان فرق اور غیر ملکی زر مبادلہ کی بے ترتیب نقل و حرکت کو کم کیا اور بیرونی پائیداری کے بارے میں زیادہ مثبت تاثر کو فروغ دیا۔

تاہم، مالی سال 2026 کی پہلی ششماہی میں کرنٹ اکاونٹ کا رخ تبدیل ہو گیا اور اس مدت کے لیے 1.2 بلین امریکی ڈالرز کا خسارہ ریکارڈ کیا گیا جبکہ پچھلے سال کے اسی تقابلی عرصے میں 0.96 بلین امریکی ڈالر کا سرپلس تھا۔ اشیاء و خدمات کی برآمدات، قدرے استحکام کے ساتھ گزشتہ سال کے 20.4 بلین امریکی ڈالر مقابلے میں 20.3 بلین امریکی ڈالرز تک رہیں۔ جبکہ، درآمدات 33.5 بلین امریکی ڈالرز سے بڑھ کر 37.8 بلین امریکی ڈالرز پر شمار ہوئیں۔ جس سے اشیاء اور خدمات کا تجارتی خسارہ 13.1 بلین امریکی ڈالرز سے بڑھ کر 17.6 بلین امریکی ڈالرز ہو گیا۔ جو جزوی طور پر خوراک کی برآمدات، خاص طور پر چاول کی برآمد میں شدید کمی کی عکاسی کرتا ہے۔ ترسیلات زر، بحرحال ایک مضبوط سہارے کا کردار ادا کرتی رہیں، جو مالی سال 2026ء کی پہلی ششماہی میں 10.6 فی صد کی شرح کے اضافے کے ساتھ 19.7 بلین امریکی ڈالر تک پہنچ گئیں۔ جس میں سعودی عرب سے آنے والی ترسیلات کی نمایاں شمولیت تھی۔ جبکہ، آئی سی ٹی سروسز کی برآمدات 19.5 فیصد کی بڑھوتی کے ساتھ 2.2 بلین امریکی ڈالر پر ریکارڈ ہوئیں۔ غیر ملکی زر مبادلہ کے ذخائر، اسٹیٹ بینک آف پاکستان کی جانب سے دسمبر کے اواخر کے لیے متعین شدہ ہدف سے تجاوز کر گئے۔ جو جنوری 2026ء کے وسط تک اسٹیٹ بینک آف پاکستان کی جانب سے جاری فارنیکس خریداری اور آئی ایم ایف کی مسلسل ادائیگیوں کی بدولت، 16.1 بلین امریکی ڈالرز تک جا پہنچے۔ اور جون 2026ء تک ان ذخائر کے 18 بلین امریکی ڈالر سے تجاوز کرنے کی توقع ہے۔

کی تائید بھی کی۔ جو خواتین کی مالی شمولیت کو فروغ دینے اور ملک کے جامع ڈیجیٹل مالیاتی نظام کو توانا کرنے کے عزم کو مضبوط کرتا ہے۔

۔بینک نے اسٹیٹ بینک آف پاکستان کی ماحولیاتی اور سماجی رسک مینجمنٹ (ESRM) نفاذ کی حکمت عملی کے مطابق اپنے مجموعی کریڈٹ اسیسمنٹ فریم ورک میں پائیداری کے پہلوؤں کو مزید تقویت دی ہے۔ یہ جاری تبدیلی ایک مضبوط اور پائیدار معیشت کو فروغ دینے کے قومی مقصد کی توثیق ہے۔ 31 دسمبر 2025ء تک بینک نے ESRM کے نفاذ کے مختلف مراحل میں تمام مقررہ سنگ میل کامیابی سے عبور کیے ہیں۔ جن میں پالیسی اور طریقہ کار کے فریم ورک کی ترقی اور بہتری، قرض کے لین دین کی متوازی اسکریننگ، ریگولیٹری رپورٹنگ صلاحیت سازی کے اقدامات اور ESRM کی ضروریات کا اپنے کریڈٹ رسک مینجمنٹ کے عمل میں مکمل انضمام شامل ہیں۔

۔آر ڈی اے، سوہنی دھرتی ریمیٹنس پروگرام (ایس ڈی آر پی) اور دیگر قومی مالیاتی شمولیت کی معاونت کے اقدامات کے تحت بیرون ملک مقیم پاکستانیوں کی سہولت، بینک کے لیے ایک اہم توجہ کا مرکز رہی ہے۔ زیرِ جائزہ سال کے دوران، بینک نے کامیابی سے تقریباً 14 ملین کی گھریلو ترسیلاتِ زر کے لین و دین کا انتظام کیا جس کا مجموعی بہاؤ 4,398 ملین امریکی ڈالر کی سطح پر ریکارڈ ہوا۔ اس مضبوط کارکردگی کے اعتراف میں بینک کو پی آر آئی ایوارڈز 2025ء میں، اسٹیٹ بینک آف پاکستان کی جانب سے پاکستان ریمیٹنس مارکیٹ میں تیسرا سب سے بڑا بینک قرار دیا گیا۔

۔اسٹیٹ بینک آف پاکستان نے 2021ء میں پاکستان کا پہلا فوری ادائیگی کا نظام "راست" نافذ کیا تھا۔ جس نے معیشت کی ڈیجیٹلائزیشن اور ملک بھر میں ڈیجیٹل مالیاتی خدمات کے فروغ کے لیے مضبوط بنیاد رکھی۔ اس تاریخی اقدام کے تحت ایم سی بی نے " راست" کے نفاذ کے تمام مراحل کے باقاعدہ رول آؤٹ کو کامیابی سے مکمل کیا ہے۔ جس میں بلک پیمنٹس (bulk Payments)، پرسن ٹو پرسن (P2P)، اور پرسن ٹو مرچنٹ (P2M) شامل ہیں۔ جس کے بعد بینک میں " راست" کے ذریعے ڈیجیٹل لین و دین میں مضبوط اور مسلسل اضافہ دیکھا گیا اور 31 دسمبر 2025ء تک اس کا آن بورڈڈ مرچنٹ نیٹ ورک 1,397 تک جا پہنچا اور سالانہ لین و دین کی مقدار 2025ء میں تقریباً 76 ملین روپے پر رپورٹ ہوئی۔ یہ ترقی صارفین کی بڑھتی ہوئی قبولیت کا مظہر ہے اور پاکستان کے ڈیجیٹل ادائیگیوں کے ماحولیاتی نظام کو مضبوط بنانے کے لیے بینک کے پختہ عزم کی تصدیق کرتی ہے

معاشی تجزیہ
عالمی معیشت
2025ء میں عالمی میکرو اکنامک منظرنامہ بنیادی طور پر چار غالب قوتوں سے تشکیل پایا۔ جن میں تجارتی پالیسی کے اُتار و چڑھاؤ، جاری جغرافیائی و سیاسی کشیدگی، مالیاتی اور انضباطی پالیسیوں کے حوالے سے بدلتی ہوئی توقعات اور مصنوعی ذہانت (AI) کی وجہ سے ایک بڑی امید کی لہر شامل ہیں۔ ان تمام محرکات نے مجموعی مالیاتی صورتحال کی پیچیدگی میں اضافہ کیا اور شعبوں اور اثاثہ جات کے درجات کے درمیان نمایاں فرق واضح کیا۔

غیر متوازن تجارتی پالیسی نے حقیقی معاشی سرگرمیوں میں رکاوٹ ڈالی اور مارکیٹ میں اتار چڑھاو میں نمایاں کردار ادا کیا۔ بڑھتے ہوئے ٹیرف اور وسیع تر تحفظ پسندانہ اقدامات نے عالمی تجارتی حجم اور مینوفیکچرنگ پیداوار کو محدود کر دیا۔ تجارتی سرگرمیوں کے اس سکڑاؤ سے نا صرف برآمدات کی نمو متاثر ہوئی بلکہ صنعتوں میں سرمایہ کاری، جس کا زیادہ تر انحصار بین الاقوامی تجارت پر تھا، کو بھی محدود کیا۔ مزید برآں، تجارتی رکاوٹوں میں اضافہ اور نئے ٹیرف کے خطرات نے عالمی سپلائی چینز پر غیر یقینی صورتحال پیدا کر دی۔ جس کی وجہ سے کمپنیاں سرمایہ جاتی اخراجات یا اپنی پیداواری حکمت عملیوں میں تبدیلی پے دا کر رہی ہیں۔ جس کے نتیجے میں، ان عوامل نے صنعتی پیداوار اور لاجسٹکس، صنعتی، اور عالمی منڈیوں کے دیگر شعبوں کے سرمائے کی قدر کے تعین پر بھی منفی دباؤ ڈالا۔ اس کے علاوہ پیداواری سرگرمیوں میں کمی اور تجارت کے حجم میں تطہیر نے تیل کی طلب پر ناموافق اثرات مرتب کیے۔ تیل کی طلب میں کمی اور اضافی رسد کی صورتحال کے دباؤ سے تیل کی قیمتوں میں کمی واقع ہوئی۔

جغرافیائی و سیاسی کشیدگی، خاص طور پر روس اور یوکرین کے مابین جاری تنازعہ، علاقائی تجارت اور توانائی کے راستوں پر اثر انداز ہوتی رہی جس سے جغرافیائی و سیاسی خطرات میں اضافہ ہوا۔ تنازع کے دورانیے اور اس میں مزید اضافے کے خطرات کے بارے میں غیر یقینی صورتحال نے وقتاً فوقتاً مارکیٹ میں اتار و چڑھاو پیدا کیا اور سرمایہ کاروں کی محفوظ پناہ گزین اثاثوں کی ترجیح کو مضبوط کیا۔ اس ماحول نے قیمتی دھاتوں خاص طور پر سونے کی طلب کو، اسکی جغرافیائی و سیاسی اور میکرو اکنامک خدشات سے ماوراء حیثیت کے حامل تاثر کی بناء پر، مضبوط کیا۔

مالیاتی اور انضباطی پالیسیوں کے حوالے سے توقعات سال بھر میں نمایاں طور پر بدلتی رہیں اور بانڈز اور کرنسی مارکیٹوں میں بھی انکے اثرات نظر آئے۔ جب مہنگائی عالمگیر وباء کی وجہ سے پیدا ہونے والی بلندیوں سے کم ہوئی تو مرکزی بینکوں نے نمایاں طور پر محدود بیانے سے محتاط نرمی کے رجحان کی طرف منتقلی کی۔ تاہم، کچھ جگہوں پر کرنسی اور افراط زر کے دباو کو کنٹرول کرنے کے لیے سخت پالیسیاں برقرار رکھی گئیں۔ کم پالیسی ریٹ کی طرف بتدریج منتقلی، بڑے مالی خسارے اور کئی ترقی یافتہ معیشتوں میں طویل المدتی قرض کی پائیداری کے خدشات قلیل المدت منافع میں کمی کا باعث بنے۔ دریں اثنا، طویل المدتی آمدنی بانڈز کی مدت، افراط زر اور مالی غیر یقینی صورتحال کی بدولت نسبتاً زیادہ رہی۔ اہم مارکیٹوں میں کم پالیسی ریٹس اور حقیقی منافع میں نرمی کے امتزاج نے 2025ء کی دوسری ششماہی میں عالمی مالیاتی حالات کو بہتر بنایا۔ اس نے ایک وسیع رسک سے مزین ماحول کو فروغ دیا حالانکہ مارکیٹ وقتاً فوقتاً ٹیرف کی پیش رفتوں اور خود مختار مالیاتی مسائل پر ردعمل بھی ظاہر کرتی رہی۔

بیلنس شیٹ کے حوالے سے، کل اثاثہ جات 20 فیصد بڑھ کر 3.25 ٹریلین روپے پر جا پہنچے۔ جس کی بنیادی وجہ خالص سرمایہ کاری میں 67 فیصد کا اضافہ ہے۔ اثاثہ جات کا معیار مستحکم رہا، جس میں غیر فعال قرضوں (NPLS) کی مالیت 49.8 بلین روپے رہی جبکہ انفیکشن کی شرح کا تناسب 6.76 فیصد رہا اور کوریج کی شرح 92.47 فیصد پر ریکارڈ ہوئی۔

ڈیپازٹس 2.26 ٹریلین روپے پر بند ہوئے، جس میں کرنٹ ڈیپازٹس میں 274 بلین روپے کا ایک تاریخی اضافہ ہوا، جو بینک کی موثر لاگت کے ڈیپازٹس کے حصول کی مضبوط تحریک پر ثابت قدمی سے عملدرامد کی تائید ہے۔ ڈیپازٹ کی ترکیب میں یہ مثبت تبدیلی اور پالیسی ریٹ میں کمی کے نتیجے میں ملکی ڈیپازٹس کی لاگت کی شرح گزشتہ تقابلی سال کی 9.98 فیصد کی سطح کے مقابلے میں نمایاں کمی کے ساتھ 4.88 فیصد پر درج ہوئی۔ بینک نے اثاثہ جات پر منافع (ROA) کی شرح 1.82 فیصد اور ایکویٹی پر منافع (ROE) 23.02 فیصد پر رپورٹ کیا۔ جبکہ، فی حصص بک ویلیو بہتری کے ساتھ 205.59 روپے پر رپورٹ ہوئی۔

بینک کے سرمایہ اور لیکویڈیٹی کی صورتحال مضبوط رہی۔ جس میں کیپیٹل ایڈیکوسی (CAR) کا تناسب 19.53 فیصد اور کامن ایکویٹی ٹیئر 1 - (CET1) کا تناسب 14.38 فیصد پر رہا جو کم از کم ضوابطی تقاضوں سے کہیں زیادہ شرح ہے۔ لیکویڈیٹی بفرز مضبوط رہے، جس میں لیکویڈیٹی کوریج (LCR) 267.35 فیصد اور خالص اسٹیبل فنڈنگ (NSFR) کی شرح 163.71 فیصد پر شمار ہوئی۔

ایم سی بی کی مالیاتی شعبے میں مضبوط کارکردگی اور قیادت کو ایشیائی ترقیاتی بینک (ADB) نے سنگاپور میں منعقدہ 11ویں سالانہ ٹریڈ اینڈ سپلائی چین فنانس پروگرام (TSCFP) ایوارڈز میں تسلیم کیا۔ بینک کو مسلسل دوسرے سال پاکستان میں لیڈنگ پارٹنر بینک ایوارڈ ملا جو تجارت میں نمو اور مقامی کاروباروں کو قابل اعتماد بین الاقوامی تجارتی حل فراہم کرنے میں بینک کے اہم کردار کی غمازی کرتا ہے۔

اپنی مارکیٹ پوزیشن کو برقرار اور مزید مضبوط رکھنے کے لیے بینک نے اپنے صارفین کے تجربات کو بہتر بنانے کے لیے موجودہ برانچوں و دفاتر کی اپ گریڈنگ میں سرمایہ کاری جاری رکھی ہے۔ جبکہ، ڈیجیٹل رسائی کے پوائنٹس کو مسلسل بڑھایا جا رہا ہے تاکہ صارفین تک اس سہولت کو بڑھایا جا سکے۔ 31 دسمبر 2025ء تک بینک کی مجموعی برانچ نیٹ ورک 10 ذیلی برانچز کے علاوہ 1,410 برانچز پر مشتمل ہے۔ جبکہ، اے ٹی ایم نیٹ ورک 1,494 مشنوں پر درج کیا گیا۔

حکومتی پالیسیوں کا بینک کی کارکردگی پر اثرات

بینک کو درپیش کثیر الجہتی چیلنجز کے مابین، جن میں مسابقتی کاروباری ماحول، کمزور معاشی سرگرمی اور کاروبار کرنے کی بڑھتی ہوئی لاگت شامل ہیں، ایم سی بی نے پائیدار ترقی اور وسائل کے موثر استعمال کو فروغ دینے کے لیے حکومت کی اقتصادی پالیسیوں کی معاونت کے لیے اپنی وابستگی برقرار رکھی۔ اس حوالے سے بینک نے قومی ایجنڈے کے مطابق کئی اہم اقدامات کیے، جن میں مالی شمولیت، مساوات پر بینکنگ، مالیاتی خدمات کی ڈیجیٹلائزیشن، پائیدار مالیاتی ترقی اور بیرون ملک مقیم پاکستانیوں کے لیے سہولیات کی فراہمی شامل ہے؛ جو کہ درج ذیل ہیں:

۔ معاشی طور پر نمایاں اور ترجیحی شعبوں بشمول ایس ایم ای (SME) اور زراعت کی بہتری پر مسلسل توجہ:

۔ بینک نے اسٹیٹ بینک آف پاکستان کی جانب سے ملک بھر میں SME فنانسنگ کو فروغ دینے کے لیے شروع کیے گئے مختلف اقدامات میں فعال طور پر حصہ لیا۔ اس میں 2024ء میں متعارف کرائی گئی چھوٹے اور درمیانے درجے کے اداروں کے لیے رسک کوریج اسکیم شامل تھی، جس کے تحت 31 دسمبر 2025ء تک مجموعی طور پر 6,576 ملین روپے کی رقم تقسیم کی گئی۔

۔ اس کے علاوہ، بینک نے "نایاب فریڈم فنانس" کے آغاز کے ذریعے اپنی مصنوعات کو مضبوط کیا۔ جس کا مقصد خواتین کی مالی خود مختاری کو فروغ دینا اور SME کے شعبے میں زیادہ جامع کاروباری نظام کی افزائش ہے۔ بینک نے اپنا ڈیجیٹل سپلائی چین فنانسنگ پلیٹ فارم بھی کامیابی سے تیار اور متعارف کرایا ہے، جو آپریشنل کارکردگی کو بڑھانے، لین دین کی مقدار میں اضافے اور تمام متعلقہ اسٹیک ہولڈرز کو ڈیجیٹل طور پر اکٹھا رکھ کر خدشات کے انتظام اور تعمیل کے طریقوں کو مضبوط کرنے کے لیے ڈیزائن کیا گیا ہے۔ سال کے اختتام تک بینک کی کل SME فنانسنگ 17,873 ملین روپے پر درج ہوئی۔

۔ بینک نے 2025ء میں زرعی قرضہ جات کی تقسیم کے لیے اپنے ضوابطی ہدف کو عبور کر لیا۔ جس کے تحت کل رقم کی تقسیم 216 بلین روپے سے تجاوز کر گئی۔ جو، سال بہ سال کی بنیاد پر، 23 فیصد کی مضبوط نمو کی عکاسی کرتی ہے۔ اس قابل ذکر کارکردگی اور تسلسل کی بنیاد پر، بینک ایک مضبوط صورتحال سے مستفید ہے اور سال 2026ء کے لیے اپنی ادائیگی کے ہدف کے حصول کی راہ پر گامزن ہے۔

زرعی رسائی کو بڑھانے کی اپنی اسٹریٹجک توجہ کو مضبوط کرتے ہوئے، بینک نے 31 دسمبر 2025ء تک اپنی مخصوص زرعی قرضہ جات فراہم کرنے والی مخصوص برانچوں کی تعداد کو 358 تک بڑھا دیا۔ بینک کی کارکردگی کو اسٹیٹ بینک آف پاکستان نے بھی تسلیم کیا، جس کا اظہار ایگریکلچر کریڈٹ اسکورنگ ماڈل کے تحت اس کی بہتر درجہ بندی سے ہوا، جو ادائیگی کی مقدار، دستیاب پورٹ فولیو، قرض لینے والوں کی تعداد اور شعبہ جاتی و علاقائی رسائی سمیت اہم عوامل پر کارکردگی کا جائزہ لیتا ہے۔

۔ ڈیجیٹل مالیاتی خدمات سے محروم اور کم سہولیات والے طبقات کے لیے ڈیجیٹل مالیاتی خدمات کے فروغ کے ذریعے انکی مالیاتی شمولیت کے عزم پر کاربند رہتے ہوئے، بینک نے مالیاتی آگاہی اور رسائی کو بڑھانے کے لیے کئی اہداف مقرر کیے ہیں۔ تعلیمی اداروں اور کمیونٹی پلیٹ فارمز پر منظم شمولیت کی نشستوں کے ذریعے، 1,200 سے زائد شرکاء کو مالیاتی خواندگی، اکاونٹ کی ملکیت اور اقتصادی شرکت کے بارے میں ضروری معلومات فراہم کی گئیں۔ شمولیتی خدمات کی فراہمی کو مزید ادارہ جاتی بنایا گیا، جس میں 93 فیصد عملہ نے صنفی حساسیت کی تربیت مکمل کی تاکہ صارفین کے مستوعف طبقات کو بہتر سہولیات مہیا کی جا سکیں۔ ایم سی بی نے سالانہ پاکستان فنانشل لٹریسی ویک میں بھی فعال طور پر حصہ لیا اور اسٹیٹ بینک آف پاکستان کے ویمن انٹرپرینیور فنانس کوڈ (WeFinance Code)

ڈائریکٹرز رپورٹ:

بورڈ آف ڈائریکٹرز کی جانب سے ہم ایم سی بی بینک لمیٹڈ کی سالانہ رپورٹ، برائے سال مختتم 31 دسمبر 2025ء کو پیش کرتے ہوئے نہایت مسرت محسوس کرتے ہیں۔

منافع اور تخصیص

31 دسمبر 2025ء کو اختتام پذیر سال میں بینک کے انفرادی منافع قبل و بعد از ٹیکس اور تخصیص مندرجہ ذیل ہے

	ملین روپے
منافع قبل از ٹیکس	115,453
ٹیکس	61,258
منافع بعد از ٹیکس	54,195
افتتاحی غیر تخصیص شدہ منافع	110,426
ڈیفائنڈ بینیفٹ واجبات کا دوبارہ تعین شدہ منافع/(نقصان) خالص از ٹیکس	1,211
ایف وی او سی آئی (FVOCI) کے ذریعے ایکویٹی انسٹرومینٹس کی فروخت سے حاصل شدہ سرپلس خالص از ٹیکس	3,108
از سر نو تخمینہ شدہ جائیداد و آلات کی فروخت سے حاصل شدہ سرپلس۔ خالص از ٹیکس	774
نان بینکنگ اثاثہ جات کی فروخت سے حاصل شدہ سرپلس۔ خالص از ٹیکس	40
از سر نو تخمینہ شدہ معین اثاثوں کے سرپلس سے اضافی فرسودگی کی غیر تخصیص شدہ منافع میں منتقلی۔ خالص از ٹیکس	131
	115,690
تخصیص کے لیے دستیاب منافع	169,885
تخصیص	
قانونی ریزرو میں منتقلی	(5,419)
حتمی کیش ڈیوڈینڈ 9 روپے فی حصص 31 دسمبر 2024ء	(10,666)
پہلا عبوری کیش ڈیوڈینڈ 9 روپے فی حصص 31 مارچ 2025ء	(10,666)
دوسرا عبوری کیش ڈیوڈینڈ 9 روپے فی حصص 30 جون 2025ء	(10,666)
تیسرا عبوری کیش ڈیوڈینڈ 9 روپے فی حصص 30 ستمبر 2025ء	(10,666)
کل تخصیص	(48,083)
اختتامی غیر تخصیص شدہ منافع	121,802
فی حصص آمدنی۔ (روپے)	45.73

ڈیوڈینڈز

بورڈ آف ڈائریکٹرز نے 31 دسمبر 2025ء کو اختتام پذیر سال کے لئے 9 روپے فی حصص کے حتمی کیش ڈیوڈینڈ کا اعلان کیا ہے جو کہ حصص یافتگان کو 27 روپے فی حصص، کے پہلے سے ادا شدہ عبوری ڈیوڈینڈز کے علاوہ ہے اور اس طرح سال 2025ء کے لیے ڈیوڈینڈ ادا کرنے کی شرح 78.7 فیصد پر ریکارڈ ہوئی ہے۔ حتمی کیش ڈیوڈینڈ کے اس اعلان کے اثرات کو مندرجہ بالا تخصیص میں شمار نہیں کیا گیا ہے۔

کارکردگی کا جائزہ

سال 2025ء بھی بینک کے لیے مالی کارکردگی کا ایک بہترین سال ثابت ہوا۔ 31 دسمبر 2025ء کو اختتام پذیر سال کے دوران، بینک کا منافع قبل از ٹیکس اور منافع بعد از ٹیکس کا حجم بالترتیب 115.5 بلین روپے اور 54.2 بلین روپے رہا۔ جس کے باعث فی حصص آمدنی 45.73 روپے فی شیئر پر درج ہوئی۔ یہ نتائج، ایم سی بی کے اپنی بیلنس شیٹ کے دانشمندانہ انتظام، بنیادی بینکنگ خدمات پر مرکوز توجہ اور مضبوط رسک گورننس کی مسلسل پابندی کو اجاگر کرتے ہیں۔

انٹرسٹ ریٹ میں نرمی کا جون 2024ء سے شروع ہونے والا سلسلہ 2025ء میں بھی جاری رہا۔ جس کے نتیجے، میں خالص انٹرسٹ کی آمدنی میں، سال بہ سال کی بنیاد پر، 2 فیصد کی کمی آئی۔ بینک نے اپنے پیداواری اثاثوں میں قابل قدر اضافہ کیا، تاہم، انٹرسٹ ریٹ میں کمی کے ماحول کی بدولت آمدنی میں پیدا ہونے والے سکڑاوء نے اثاثہ جات کے ان بلند اثرات کو قدرے متوازن کر دیا۔ بغیر لاگت کے ڈیپازٹس کی اساس کو مضبوط بنانے کے بینک کے عزم پر مسلسل کاربند رہنے سے، یہ سکڑاؤ جزوی طور پر کم ہوا۔ جس کے تحت، کرنٹ ڈیپازٹس میں، مطلق بنیاد پر 29 فیصد اور اوسط بنیاد پر 22 فیصد اضافہ ہوا۔ جس سے آمدنی کی پائیداری اور مستقبل میں، بینک کو اپنے مارجن کو معمول پر لانے کے لیے تقویت حاصل ہوئی۔

نان مارک اپ آمدنی 35.8 بلین روپے پر درج ہوئی۔ جو سال بہ سال کی بنیاد پر، 4 فیصد کی کمی کی عکاسی کرتی ہے۔ فیس اور کمیشن کی آمدنی 9 فیصد کی کمی کے ساتھ 19.3 بلین روپے رہ گئی۔ جس کی بنیادی وجہ گھریلو ترسیلات زر کے شعبے میں بڑھتی ہوئی مسابقت ہے۔ غیر ملکی زرمبادلہ کی آمدنی 11 فیصد بڑھ کر 10.2 بلین روپے ہو گئی۔ جبکہ ڈیویڈنڈ آمدنی 45 فیصد کے مضبوط اضافے کے ساتھ 5.1 بلین روپے تک پہنچ گئی۔

بینک اپنے ڈیجیٹل بینکنگ کے ایکو سسٹم میں مضبوط گرفت کے تسلسل سے مستفید ہے جس کی تصدیق صارفین کے ڈیجیٹل چینلز کے بڑھتے ہوئے استعمال سے ہوتی ہے۔ لین دین میں مقداری اضافہ اور مصنوعات کی پیشکش میں بڑھوتی کی بناء پر کارڈ سے متعلق آمدنی میں، سال بہ سال کی بنیاد پر، 18 فیصد کا اضافہ ہوا۔ جبکہ صارفین کی شمولیت اور کراس سیلنگ (Cross Selling) اقدامات کی فروغ سے برانچ بینکنگ فیس کی آمدنی میں 13 فیصد اضافہ ہوا۔ صارف بینکنگ فیس کی آمدنی میں بھی 16 فیصد اضافہ دیکھا گیا جو اسٹیٹ بینک آف پاکستان کے پالیسی ریٹ میں کمی کے بعد صارفین کی سرگرمیوں اور مالی مصنوعات کے استعمال میں اضافے کی عکاسی کرتا ہے۔

کاروباری اخراجات میں، سال بہ سال کی بنیاد پر، 12 فیصد کا اضافہ ہوا، جو بنیادی طور پر ٹیکنالوجی، صلاحیتوں کی نشوونما اور طویل المدتی نمو کیلئے ایک معیار کی تعمیر کی کوششوں میں جاری سرمایہ کاری جیسے عوامل کی بدولت ہے۔ لاگت کی بنیاد میں اضافے کے باوجود، بینک نے اپنی لاگت سے آمدنی کے تناسب کی شرح کو 37.73 فیصد کی صحت مند سطح برقرار رکھا۔ جو مضبوط لاگتی نظم و ضبط کے ساتھ ساتھ آپریشنل کارکردگی اور جدت پر توجہ کو ظاہر کرتا ہے۔

Groups Review

Wholesale Banking Group

The Group remained focused on all business areas during 2025 and all teams including Corporate Banking, Investment Banking and Transaction Banking contributed for another profitable year. Bottom line contribution for the Bank was through both mark-up income and un-funded income, with traction from large corporate entities during the year. A number of NTBs relationships were also added to the book on account of the Bank's strong standing in the market.

Corporate Banking continued to play a vital role in advancing the Bank's strategic objectives by supporting leading corporates and key economic sectors through disciplined growth and relationship-led banking. The segment remained focused on building long-term partnerships grounded in trust, responsiveness and sectoral expertise. By leveraging its deep understanding of client businesses and market dynamics, Corporate Banking delivered integrated financial solutions that enhanced balance sheet efficiency, improved liquidity management and supported sustainable business expansion.

During the year, the segment contributed meaningfully to the Bank's earnings through the expansion of trade-led business and the strengthening of core corporate relationships. Focused efforts to deepen client engagement across cross-functions resulted in greater product penetration. These initiatives not only diversified revenue streams but also reinforced the Bank's position as a primary banking partner for its corporate clients.

In line with regulatory priorities and the Bank's broader developmental mandate, targeted efforts were undertaken to extend value-chain financing to downstream sectors thereby supporting broader economic activity and financial inclusion. These initiatives were complemented by a continued emphasis on structured and bespoke financing solutions tailored to clients' capital investment, working capital and strategic growth requirements. Throughout the year, growth was pursued with a strong focus on credit quality, prudent risk management and robust governance standards ensuring portfolio resilience in a challenging operating environment.

The Investment Banking segment maintained its strong standing among peers, successfully executing numerous transactions and generating substantial fee-based revenue. The team led and participated in transactions totaling approximately PKR 1,460 billion across various sectors such as Telecom, Textile, Power Distribution, Packaging, Information Technology and digital Infrastructure etc.

Over the years, MCB's Investment Banking team has consistently received recognition for excellence from clients and esteemed local and international publications. In 2025, MCB was honored the following award:

MCB Awarded Title	Award Name	Publication
Fastest Growing Corporate Bank in Pakistan for the year 2025	International Finance Awards (IFM) 2025	International Finance Publications Limited

MCB Cash Management continues to solidify its leading position as a premier provider of cash management solutions in the country, achieving a remarkable milestone of PKR 5.8 trillion+ in annual volume in 2025. This impressive growth is a testament to our sustained growth and commitment to excellence and is driven by our strategic focus on expanding our customer base while prioritizing automation and digitization. MCB Cash Management's core offerings include the Payment Portal, Multi-Collection Channels, E-Dividend payments, Electronic Tax Payments, and Utility Bill Payments through its Digital Banking Platform. Moreover, Transaction Banking has enhanced domestic Cash Management capabilities to cater & deliver seamless, tailored solutions for businesses across the country. Cash Management has developed and implemented innovative cash management solutions, enhancing our customers experience and driving business growth which also reflected in reduction in influx of walk in customers.

In 2025, the biggest highlight for MCB Burqraftaar was the recognition at the PRI Awards in London, where the State Bank of Pakistan ranked MCB Bank as the third largest bank in the country for remittance volumes. This recognition goes beyond an award, it reflects the trust and efficiency with which we managed remittances across our global corridors throughout the year. Our goal for 2026 is to keep growing our international reach and making sure MCB Bank remains the easiest way for Pakistanis to send money home.

International Banking

MCB has a strategic presence in international jurisdictions and is working towards further expanding its global reach. The international network comprises MCB Sri Lanka, MCB UAE and MCB Bahrain. MCB's representative office in the United Kingdom also became operational in 2025. International Banking had PBT of USD 25 million in the year ending December 2025.

Sri Lanka Operations:

MCB Bank-Sri Lanka has been serving the people of Sri Lanka for over the past three decades. The Bank commenced its operations in Sri Lanka in 1994 as a single branch focused on trade finance and has since

grown steadily to serve Corporate, SME, Retail, and Islamic Banking segments through its network comprising five branches.

During 2025, MCB Sri Lanka expanded its loan portfolio by approx. 50% as compared financial year 2024. Supported by improving macro-economic conditions, MCB Bank Sri Lanka remains well positioned to further strengthen its market presence and enhance value creation for all stakeholders.

UAE Operations:

MCB Bank established its wholesale banking presence in Dubai, United Arab Emirates, in 2015. Over the past decade, MCB UAE has consistently executed a well-balanced diversification strategy, building a resilient and adaptable portfolio capable of responding effectively to evolving market dynamics. This policy applies to both assets and liabilities. The branch successfully achieved its growth objectives. The branch has been able to generate high-quality returns due to its increased production.

In 2024, MCB UAE expanded its footprint with the opening of MCB Bank Sharjah, which has emerged as a regional touchpoint for SMEs and community banking. This expansion complements the corporate and institutional focus of the Dubai branch, allowing the Bank to serve a broader client base and deepen its presence across the UAE.

Bahrain Operations:

MCB Bahrain has achieved its most profitable year. These results reflect our team's consistent execution of our current strategy. A key highlight was our focus on organic liquidity; by year-end, we reached a milestone where our asset base was entirely funded through these internal sources, establishing a stable foundation for future growth.

Our solid financial standing allows us to focus on improving how we serve our clients. By investing in better services and range of products, we are adapting to the changing needs of the region. Moving forward, we are prioritizing technology to make our operations more efficient and our risk management more effective. These steps will help us build on this year's results and continue supporting our customers and local communities.

Retail Banking Group

The Retail Banking Group (RBG) celebrated 2025 as a year of historic success, growth and expansion of new horizons. The re-unification of RBG paved the way for creating the desired synergies, building accelerated momentum and strengthening governance. The Retail Banking team demonstrated remarkable resilience and delivered unprecedented results despite low economic growth and production, natural calamities and unrest in some regions.

With a vast network of over 1,400 branches and a passionate RBG team of almost 10,000 employees, the Group served a customer base of more than nine and a half million across all economic geographies and business segments. The Group Head Retail Banking is responsible for the overall growth and governance of Retail Banking. The Group is divided into five business areas: Retail Banking North, Central, South, Privilege banking and Trade & Credit Division. The respective Retail Banking Heads manage 19 Circles and 9 Service Areas to ensure smooth, prosperous and effectively managed operations.

In line with the core objective of 2025, i.e., sustained growth in current and low-cost deposits alongside service excellence, Team RBG delivered unprecedented deposit growth, primarily driven by current account deposits. The CASA mix stood at an impressive 99%. The most notable aspect of this achievement was the collective contribution of all teams, who left no stone unturned in achieving the desired outcomes. Management support remained instrumental in enabling delivery, with one of the key initiatives being the introduction of "Free Inter-City Services" for all deposit customers, whether holding current or savings accounts.

Customer service excellence, which constitutes the foundation of our success and the true differentiator of Retail Banking Business, was also placed on priority during 2025. With the belief that Service Excellence has no bounds, Team RBG continuously strived to enhance overall customer satisfaction. Significant steps were taken to facilitate customers, including improvements in customer-centric processes, enhanced operational efficiencies, and substantial reductions in customer service turnaround times, all of which have begun to yield results. One notable achievement; the reduction of the individual new account opening turnaround time to less than one day, was made possible through digitalization of the account opening process and improved coordination among stakeholders. Additional customer facilitation initiatives, such as opening selected branches on Sundays and enabling Raast services at all MCB Bank branches for free interbank fund transfers, further enhanced customer convenience.

To provide a more conducive banking environment, improved branch ambiance remained a key priority. During the year, more than 400 branches and customer service areas were renovated to enhance overall customer experience. To further expand market presence, 6 new branches were added during the year. In line with the Bank's commitment to environmental sustainability and

energy conservation under the Green Banking initiative, over 300 branches are now converted to solar energy. Furthermore, to elevate the banking experience for high-net-worth customers, two new Privilege Centres were added, including the first Privilege Centre in Peshawar and an additional Centre in Karachi.

Recognizing that IT exports are the fastest-growing industry in Pakistan, two new foreign currency variants, in GBP & EUR, were added to the product suite for freelancers and IT exporters/service providers, in addition to the existing USD offering. Several customer engagement initiatives were also launched, including the "Eid Se Pehle Eidi Campaign" to acknowledge loyal home remittance customers, as well as the celebration of MCB Nayab Account Week on the occasion of Women Entrepreneurship Day, reflecting the Group's continued commitment to financial inclusion and gender empowerment.

RBG remained committed to providing a comprehensive suite of financing solutions to its commercial and SME clientele, ensuring seamless access to working capital, trade finance, seasonal financing, and other credit facilities. Focus on SME Trade business was particularly enhanced through HR capacity building, business deepening, regaining the confidence of lost customers and adding new customers. The introduction of the Nayab Freedom Finance Account is expected to further support the targeted female segment. Retail Banking continues to prioritize efficiency, offer innovative and tailor-made solutions, and embrace technological advancements to meet the evolving financial needs of businesses. Digital Supply Chain Management is one of the key initiatives in this regard, creating value in business mobilization and customer facilitation. By simplifying processes and enhancing accessibility, Retail Banking aims to enable entrepreneurs to secure financing conveniently, foster growth and deepen long-term relationship with the bank.

Beyond the delivery of KPIs, Team RBG excelled across multiple avenues of customer facilitation. Securing first position in conventional banks by facilitating intending pilgrims for Hajj 2026 stands as a notable achievement and a source of pride for the entire Bank.

Recognizing that a satisfied employee is essential to delivering a satisfied customer, several staff initiatives were undertaken across branch banking functions to promote recognition, encouragement and motivation. During the year, more than 250 brand-new cars were distributed to Branch Managers / Regional Heads/ General Managers. Professional grooming of high-performing frontline team members was also prioritized, alongside remuneration for their contributions. Over 200 employees across the country were sent to prestigious institutions to enhance their managerial, selling, and negotiation skills, along with the pride of certification.

Building on the success of 2025 with renewed passion, determination and hard work, Team RBG is fully geared to deliver even greater results in 2026. The focus will remain on strengthening the core deposit book, enhancing asset quality, and, most importantly, delivering Superior Service to customers to become a "Bank of Choice". The Bank will continue its efforts to attract new-to-bank customers and deepen relationships with existing clients, while placing strong emphasis on disciplined implementation of policies and procedures to drive operational efficiencies and foster a culture of compliance and control.

Special Assets Management Group

In 2025, the Special Assets Management Group (SAMG) achieved a cumulative recovery of Rs. 3.564 Billion and outperformed its annual target by 13%. This performance translated into an improved recovery yield of 10.19%, up from 9.66% in the previous year. Despite a volatile economic and legal landscape, the Group secured broad-based and sustainable results across all Segments; a success that stands as a testament to the hard work and persistent commitment of SAMG's entire team.

During this period, the Group successfully resolved several chronic and complex NPLs. Notably, the Group also achieved a historic milestone with its highest-ever recovery of Rs. 387 Million from the Consumer Unsecured & Auto loans portfolio. Additionally, the Group successfully expanded its recovery base to 7,451 cases, reflecting 21% growth in volume year-on-year. This operational depth was further highlighted by the fact that 12 out of 15 SAMG's Units met or exceeded their annual targets for the year under review.

Beyond financial metrics, SAMG upheld the highest standards of governance, with all Units, Departments and Divisions and maintained the top Audit Rating in 2025. This culture of rigorous internal control was further strengthened by the successful integration of SAMG's both Segments into a single entity in 2025, which not only streamlined workflows but also optimized resource allocation. This structural synergy has created a more agile and efficient recovery engine, reinforcing a legacy of excellence and compliance.

Looking forward, SAMG remains firmly committed to proactive innovation and strategic value creation. Supported by a restructured, highly motivated team and guided by a clear strategic vision, SAMG is fully equipped to not only meet but to exceed its future objectives, continuing to contribute meaningfully to the bank's growth and performance throughout 2026 and beyond.

Consumer Banking Group

In the year 2025, Consumer Banking Group remained a key pillar of MCB Bank's growth strategy, reinforcing its role as a brand ambassador and key driver for customer engagement. The year marked a shift from resilience to momentum, as the business capitalized on improved economic conditions with focus on consumer needs and seamless journey across consumer verticals.

Amid evolving market dynamics, the Auto Loan business continued to demonstrate strength, supported by sustained partnerships with leading automobile manufacturers. These collaborations enabled delivery of value-added propositions with competitive offering - reinforcing MCB's position as a preferred auto financing partner. The Auto loan portfolio yielded a year-on-year (YoY) growth of 38% with fresh financing showing a remarkable YoY growth of 145%. Fleet Financing delivered yet another year of solid performance - supported by increasing commercial activity and customized financing solutions for Corporate and SME clients; resulting in an YoY portfolio growth of 88%.

Consumer Banking Group also participated in various Government initiated schemes covering laptop and commercial vehicle financing to young entrepreneurs, E-bike financing and Mera Ghar Mera Ashiyana (MGMA) housing finance scheme – contributing towards uplift of middle to lower class income segments.

MCB Cards portfolio maintained a strong growth trajectory throughout 2025, supported by strategic lifestyle partnerships, premium merchant alliances, and targeted segment-led acquisition initiatives. These efforts reinforced customer engagement while expanding the portfolio's overall value proposition.

In alignment with State Bank of Pakistan directives, Agricultural Financing remained a key strategic priority. MCB successfully achieved its assigned targets while reinforcing its commitment to the agricultural economy. Marketing and business initiatives emphasized simplified access to credit, and climate-resilient financing solutions, aimed at empowering farmers, enhancing financial inclusion, and supporting sustainable agricultural practices nationwide.

Investment Services and Bancassurance businesses delivered strong performance in 2025, supported by targeted customer education, segment-based marketing, and a diversified product suite. Bancassurance new business volume reached PKR 3.1 billion, positioning MCB as the second-largest bank in this segment and reflecting 56% YoY growth. Shariah-compliant offerings remained a key growth driver, with Takaful contributing 22% of total business - highlighting growing customer preference.

Institutional Business continued to scale through Employee Banking - MCB Works proposition with and YoY average deposit growth of 42%. Doorstep account opening, tailored payroll solutions and integrated employee banking offerings strengthened institutional relationships and drove consistent growth in account acquisition. This initiative resulted in the opening of approximately 95,000 accounts in 2025, marking a 29% YoY growth.

2026 is expected to show healthy and sustainable growth, supported by continued improvement in macroeconomic conditions and gradual easing in interest rates. By providing seamless customer journey aided through innovation and competitive offerings – Consumer Banking Group is well positioned to build upon the momentum and end the year on a successful note.

Capital Market

The market continued its momentum in 2025 and continued moving upwards, posting a return of 51% and taking the three-year cumulative returns to 331%. The rally was driven by an improving external account position and sustained focus on reforms, amid political stability, which kept inflation in check and led to further monetary easing. Fresh inflows in the market were witnessed throughout the year due to subdued returns on alternative asset classes. MCB's Capital Market Division managed to post a decent return by focusing on dividend yielding investments. Going forward continued compliance with the IMF program, with a keen focus on structural reforms and privatization, macroeconomic discipline and muted geopolitical noise is a must for the market to reach new highs.

Treasury and FX Group

The Treasury & FX group has remained focused on addressing clients' foreign exchange and money market needs while ensuring they are well-informed about significant economic developments.

The interbank desks carefully maneuvered market volatility and ensured efficient market risk management. The Sales Desk continued to service both Retail and Corporate clients and offered tailored hedging solutions in both FX and Fixed Income. The Research Desk provided timely information on market trends, inflation projections, and insights into international developments and macroeconomic indicators, allowing the Treasury and FX group to capitalize on market opportunities more effectively.

Information Technology Group

In 2025, the Information Technology Group (ITG) continued to strengthen the digital and operational backbone of MCB Bank Limited. The year was defined by a focused emphasis on resilience, governance maturity, and scalable technology enablement aligned with the Bank's strategic growth objectives. ITG maintained consistently high service availability across mission-critical platforms while supporting increased digital adoption and rising transactional volumes.

Core banking and enterprise platforms were further optimized to enhance performance, integration capability, and operational stability. Application development initiatives adopted modular architecture, secure coding standards, and agile delivery practices, improving turnaround times and ensuring stronger alignment with evolving business requirements.

Globally, technology continues to redefine the banking industry, enabling financial institutions to navigate a rapidly changing economic and regulatory landscape. At MCB, technology integration remains central to operational excellence, innovation, and customer experience enhancement. At the same time, ITG continues to balance innovation with security, availability, and reliability through a disciplined and risk-aware approach.

Infrastructure modernization efforts focused on high availability architecture, disaster recovery readiness, and proactive capacity planning to support sustained digital growth. Automation initiatives reduced manual dependencies and enhanced operational efficiency. Data centre optimization and system performance tuning further strengthened service reliability while maintaining cost discipline.

ITG operates through specialized functional domains, including IT Operations, IT Software Solutions, IT Support Services, IT Governance, Data & Advanced Analytics, and Business Continuity & Disaster Recovery (DR). These functions collectively provide 24/7 support to internal stakeholders and customers, while enabling sustainable growth and customer-centric transformation.

Key Achievements in 2025

- Optimization and enhanced security of the Core Banking System and Digital Banking platforms, supported by seamless middleware integration.
- Deployment of an Automated Compliance Risk Management Solution with real-time transactional controls.
- Enhancement of Fraud Risk Management capabilities to safeguard customer trust and institutional integrity.
- Strengthening of digital and card payment security controls to mitigate card skimming, call spoofing, and phishing threats.
- Implementation of proactive technology performance monitoring to ensure operational stability and efficiency.
- Expansion and digitization of the Bills Payment System to streamline biller onboarding and support revenue growth.

Digital Banking Group

As a key financial services industry player, MCB Bank continues enhancing digital banking, connecting with customers innovatively, and prioritizing customer-centricity. Our strategy incorporates SBP objective of driving financial inclusion, providing financial access to underserved, and delivering affordable digital financial services.

In the year 2025, Digital Banking continued its philosophy of crafting "built-to-last" products and services to scale and deliver its characteristics growth path.

MCB Live

MCB Live goes beyond banking and it has become a one-stop solution for availing financial services and making convenient payments. MCB Live throughput crossed elusive ~PKR 3.2 trillion value milestone alongside customer base in excess of 1.9 million, showing a 86% & 33% year on year growth respectively.

MCB customers invested in mutual funds, booked tickets & embarked on dream adventures with travel insurance, prioritized their health with medical coverage, and safeguarded loved ones with life insurance – all through MCB Live.

MCB Payment Solutions

MCB Payments Solution continued to be a meaningful player on the digital payments landscape! With ~7,000 POS terminals, deployed across the country, generating a volume ~PKR 120 billion in 2025. We offer multiple payment schemes and incorporate various terminal models, ensuring retail businesses have the tools they need to accept payments seamlessly.

For online businesses, MCB eGate e-commerce platform excelled to provide secure acceptance of payments from major card networks like Visa, Mastercard, and recently on boarded UnionPay International, generating a significant e-commerce transaction volume of over PKR 28 billion in 2025, a growth of 17% year on year.

MCB ATMs:

In 2025, MCB's ATM Channel continued to demonstrate strong performance and operational excellence, supported by enhanced in-built modern banking features and a consistently high network uptime of 98.44%. During the year, MCB's domestic ATM network comprising 1,489 ATMs nationwide successfully processed close to 100 million financial transactions, reflecting high customer adoption, reliability and service availability.

As part of the Bank's commitment to delivering seamless banking solutions and uninterrupted access to services, MCB achieved a significant industry milestone by securing 1st position in the Year-to-Date (YTD) 1-Link Industry Ranking. This achievement underscores MCB's leadership in the ATM acquiring business and the collective efforts of cross-functional teams in maintaining service quality, operational efficiency, and customer trust.

Debit Cards:

Dedication to delivering customer value resulted in a remarkable growth in debit card retail spending, which reached an all-time high of ~PKR 97 billion, a growth of 37% year on year. The year witnessed a 23% YoY growth in monthly retail active users. These achievements underscore the pivotal role MCB Bank's debit cards play in empowering customers to manage their finances with ease and confidence.

Operations Group

In line with its vision to serve as a strategic partner to the Business, the Operations Group continued to play a pivotal role in enhancing customer and branch experiences by strengthening centralized oversight while enabling scalable delivery across the Bank. Under the theme 'Strengthening Foundations & Powering Transformation', Operations Group's strategy advances on two fronts by consolidating recent gains to strengthen and expand their impact while driving new initiatives for process excellence and innovation. Over the past years, Operations has steadily redefined its operating model by automating what was manual, digitizing what was physical and centralizing what was scattered. These efforts have streamlined processes, reinforced internal controls and empowered branches and customers with smarter and more connected solutions, thereby building a strong operational foundation to scale further improvements in customer experience and operational agility.

During the year 2025, Operations Group remained focused on fostering agility within its operating framework through digitization, process optimization and improved utilization of technology across products, processes and systems. These initiatives are aligned with the Bank's broader transformation objectives and position Operations Group as an engine for service agility by enabling consistent operating standards across the branch network through system driven validations and monitoring mechanisms.

Building upon the progress made in previous years, Operations Group further strengthened control environment by centralizing key activities such as Account Maintenance and KYC Reviews. The implementation of structured workflows has enabled standardized validation and improved data integrity across the branch network. These initiatives have enhanced operational reliability and enabled consistent outcomes through independent review mechanisms embedded within the processing framework. Additional initiatives including the implementation of a Payment Instrument Management Module and automation of regulatory reporting have further enhanced compliance while enabling more efficient and secure customer facilitation through system-based monitoring and validations.

In line with the Bank's commitment towards improving customer onboarding and operational efficiency, significant improvements were achieved in the Account Opening journey resulting in a material reduction in onboarding turnaround time during the year. The streamlined onboarding framework has enabled branch staff to facilitate customer acquisition in a more efficient manner while ensuring adherence to applicable regulatory requirements. Cross branch facilitation initiatives and the decentralization of selected customer related activities such as PRC issuance have enabled distributed execution, thereby improving accessibility and convenience for customers while reducing operational bottlenecks.

Operational efficiencies were also enhanced through rationalization of transaction and supervisory limits which enabled faster processing of routine customer transactions while maintaining adequate safeguards against operational risks. Strengthening of settlement monitoring and income recovery mechanisms further enabled timely identification and resolution of transactional exceptions. Adoption of RTGS STP+ capabilities has improved transaction processing efficiency and interoperability in payments infrastructure thereby supporting quicker and more reliable funds transfer processes while strengthening transactional resilience across payment channels.

In addition, various cost optimization initiatives including business process re-engineering of biometric verification process and digitization of customer intimations were undertaken during the year to mitigate income leakage and improve process efficiency. These initiatives have enabled the Bank to enhance responsiveness in day to day operations while reinforcing internal controls through automated monitoring mechanisms.

On the customer interaction front, the Contact Centre continued to deliver exceptional performance across multiple channels while expanding its footprint to support increased engagement. Improved accessibility coupled with enhanced processing capabilities has enabled Operations Group to support business growth through a scalable and responsive operating model. These initiatives collectively reflect Operations Group's continued commitment towards enhancing operational efficiency while reinforcing control and compliance frameworks across the Bank's processes.

Operations Group also remains committed to supporting the Bank's Green Banking objectives in line with the State Bank of Pakistan's Green Banking Guidelines and Environmental and Social Risk Management framework. Continued digitization of operational processes during the year has contributed towards reduction in paper consumption and improved sustainability across the Bank's operational environment, reflecting the Bank's commitment to minimizing its environmental footprint through technology enabled practices. In parallel, Operations Group has continued to enhance contingency planning and crisis response mechanisms through dedicated and tested Business Continuity Plans to ensure operational resilience and maintain continuity in the event of unforeseen environmental or external disruptions.

In the coming year, Operations Group will continue to advance its digitization and centralization agenda with a focus on enhancing customer onboarding journeys and improving turnaround times across operational processes. Planned initiatives include extension of the New Account Opening System to support additional customer segments, further enhancement of transaction platforms and continued centralization of selected operational activities. In addition, intelligent automation initiatives including workflow digitization and AI tools for both customers and branch staff are planned to further strengthen customer experience and operational agility as Operations Group continues to power the Bank's transformation journey through scalable and technology enabled operational solutions.

Compliance and Controls Group

The current Banking regime demands strong Compliance culture for maintaining financial stability, customer protection and upholding the integrity of the financial system. Criticality of the function has increased manifolds owing to enhanced Global focus on risks associated with Money laundering including Trade Based Money Laundering, Terrorist Financing, Proliferation Financing, internal & external frauds, exposure to embargoed jurisdictions, Cyber Security and Service Quality. Consequently, the Compliance and Controls Group is continuously striving to keep up with these challenges through a well-integrated and robust risk mitigation framework in the aforesaid areas of our banking operations. As heightened focus continues on tackling these issues, CCG is committed towards investing more in quality human resource, efficient processes and robust technologies to combat these and other risk areas.

CCG aims to ensure the highest standards of Anti Money Laundering (AML) / Countering Financing of Terrorism (CFT) / Countering Proliferation Financing (CPF) and sanction risk mitigating program, which requires management and employees to adhere to applicable standards to prevent use of Bank's customers, products, services, delivery channels, technologies, and different categories of employees etc. for money laundering and terrorist financing. AML Division of the Group provides a structural base to enable all concerned stakeholders of the bank across local and overseas jurisdictions to monitor out of patterns /unusual transactions to detect possible Money Laundering/ Terrorism Financing /Proliferation Financing activities through Transaction Monitoring Solution (FCCM) and Name List Screening System (SafeWatch). It also manages the Management/BOD Sub Committee on AML/ CFT/CPF for oversight of AML/CFT/CPF compliance with respect to relevant regulations, policies, procedures and steering of various AML/CFT/CPF initiatives in the Bank, to mitigate the risk of such activities, for both domestic and overseas operations.

Automation of systems and processes to ensure compliance of laws, regulations & international best practices with an emphasis on customer facilitation have been a focus of Compliance & Controls Group during the year. In this regard, a number of initiatives were undertaken and are either deployed or in process of development. Notable highlights of 2025 include successful completion of project on automated Sanction Screening of Home Remittance Transactions, implementation of automated delta screening module, implementation of FCCM TBML for scenario based automated monitoring of trade transactions in UAE & Bahrain and implementation of the new Risk Profiling system. To further strengthen the monitoring of trade transactions, Risk Profiling system of trade customers was updated in line with the latest regulatory requirements along with implementation of additional Trade Based FCCM scenarios for enhanced monitoring of Trade transactions. Further, through a structured model of Internal Risk Assessment, bank-wide Internal Risk Assessment Report (IRAR) as of December 31, 2024 on ML/TF/PF/TBML was devised and approved by the BoD during the year 2025. This activity also enables the bank to identify areas of improvement and strengthen its systems and controls to mitigate the residual ML/TF/PF/TBML risks. furthermore CCG, in coordination with Training Function of the Bank, conducts annual role-based training program on these risks for all

front end and associated support staff across the Bank equipping them with knowledge of latest regulations, laws & best industry practices. CCG also oversees adherence to the regulatory requirements through onsite reviews, with specific emphasis on Anti-Money Laundering (AML) / Combatting the Financing of Terrorism (CFT)/ Countering Proliferation Financing (CPF).

CCG, through its Regulatory Risk & International Compliance (RRIC) Division, is responsible to act as focal point for all engagements and tasks with the regulator i.e., State Bank of Pakistan (SBP). For all on-site reviews and off-site inspection/assessments of the Bank, conducted by SBP, CCG is the designated coordinating office. In this regard, CCG strives to affectively coordinate between SBP and Bank's internal stakeholder for smooth and efficient handling of tasks.

This Division of CCG also plays a vital role in management of Regulatory Risk. It liaises with the regulatory authorities, manages Bank's Regulatory Risk function, conducts activities and discharges its responsibilities in a way to determine impact of the compliance risk and address challenges faced by the Bank. In order to achieve its mandate, it coordinates with multiple quarters across all jurisdictions of the Bank to facilitate the management of Compliance Risk by effectively embedding methodology and furnishing advice and guidance relating to compliance issues of strategic nature by coordinating with State Bank of Pakistan (SBP) and Pakistan Banks' Association (PBA).

It manages Compliance related Policies and Procedures to ensure that obligations set out are meticulously observed and plays an effective role in managing / organizing Compliance Committee of Management (CCM) and matters pertinent to Board of Directors (BoD) & its sub-Committees.

To remain abreast with regulatory requirements, it pursues implementation of various dimensions of SBP Compliance Risk Management (CRM) Guidelines. In this regard, it continuously aims to inculcate and embed compliance culture within the Bank wherein ongoing regulatory requirements and industry challenges can be managed effectively in local and overseas jurisdictions of the Bank. Bank's compliance policy pursues zero tolerance to regulatory violations and to monitor this process effectively, Bank has implemented an automated CRM system to enhance the assessment and management of compliance risk on a Pan Bank basis.

During the year a number of key regulatory frameworks / circulars were issued by regulators in local & overseas jurisdictions on diverse subjects. Major focus areas included Merchant Facilitation, Consolidated Customer Onboarding, Managing Risk of Trade-Based Money laundering and Business Conduct and Fair Treatment of Consumers etc. The Regulatory Risk and International Compliance team engaged with the bank-wide stakeholders to ensure compliance with the respective regulatory instructions.

Another important function of CCG is to work as a bridge between the bank, its regulators and other Government Authorities. Hence, Law Enforcement Agencies (LEAs) Coordination function is responsible for mitigating the reputational risk of the Bank in addition to regulatory risk. In this regard, Regulatory bodies like State Bank of Pakistan (SBP), Securities & Exchange Commission of Pakistan, Competition Commission of Pakistan, Banking Mohtasib and Financial Monitoring Unit, along with various LEAs (e.g. NAB, FIA, NCCIA, ANF, CTD, NACTA etc.), Courts and Government Organizations regularly require the Bank to comply with their directions, besides soliciting various type of information with the purpose of monitoring, preparing reports, formulating policies/ strategies/regulations and for conducting investigations/ inquiries to ensure enforcement of laws and regulations. For all the above entities, CCG works as a focal point for ensuring compliance with all their requirement/directions effectively and efficiently.

The Fraud Risk Management Division (FRMD) of CCG is responsible to manage and takes measures to mitigate internal and external fraud risks for both conventional and digital banking domains. In 2025, through proactive Implementation of comprehensive Fraud Risk Management framework, the function was able to identify various process and technology-based controls to prevent, detect, and respond to fraudulent activities more effectively. This framework defines policies and procedures aligned with regulatory requirements and best practices, ensuring a robust control environment.

Accordingly, Fraud detection mechanisms, whistleblowing channels, and data analytics tools are utilized to monitor transactions and activities for unusual patterns. By following proactive approach in identifying key risk areas and implementing required controls, the bank was able to manage Digital Frauds significantly. In addition to this, regular fraud risk assessments, root cause analysis, whistle blower awareness programs, and continuous training initiatives further strengthened our Fraud Risk Mitigation mechanisms. While swift investigative procedures and corrective actions mitigated potential losses and reduced recurrence. Moreover, CCG continues to lead the Management's Sub-Committee on Fraud Risk Management (FRM), providing ongoing oversight of fraud risk management processes and procedures which resulted in enhanced monitoring of litigation process, reviewing mitigation measures, and tracking the implementation of action plans and controls during the year.

To keep our customers and other stakeholders abreast with evolving nature of fraud risks, public advisories & training activities have been increased as part of fraud awareness campaigns. These initiatives aim to enhance financial literacy, encourage early reporting through whistleblowing channels, and reinforce a proactive approach to combat fraud across the financial sector.

Women's Financial Services (WFS) function, within CCG, operates under the State Bank of Pakistan's Banking on Equality (BoE) Framework, which is a regulator-driven initiative aimed at strengthening women's financial inclusion across the banking sector. In this context, WFS plays a central role in ensuring institutional compliance by coordinating implementation, monitoring progress against regulatory targets, and embedding required governance and reporting mechanisms across the Bank. WFS also serves as the focal function for aligning business practices with BoE expectations, ensuring that inclusion commitments are translated into measurable and auditable actions.

In 2025, WFS supported the Bank's inclusion goals through targeted financial literacy and outreach engagements for women and young girls across urban, semi-urban, and rural areas, reaching over 1,200 participants. These efforts were complemented by outcome-driven on-boarding, resulting in the opening of over 300 women accounts through focused drives. WFS also contributed to internal capacity building, with 93% of staff completing gender sensitivity training to reinforce inclusive service delivery. Training of Women Champions, placed at branches, is also regularly conducted by WFS along with Learning & Development Function.

Service Quality Division (SQ) operating under the CCG, continued to play a central role in strengthening customer experience through focused oversight, innovation, and continuous improvement. SQ team ensured that all customer touch points deliver consistent and high-quality service to our customers. Over the course of the year, SQ significantly enhanced the evaluation framework, ensuring greater effectiveness and impact covering branch services, Consumer Banking, Digital Banking, Contact Center, Information Technology and Operations group.

In addition to in-house Voice of Customer (VoC) program, an application seeding project was launched through a third-party vendor to assess and enhance the customer onboarding experience, providing valuable insights into usability, process effectiveness, and customer journeys.

Understanding the importance of service excellence, the Bank has committed to strengthening the learning and development initiatives for both frontline and support staff. A digital quiz platform was introduced to assess and reinforce staff product and service knowledge, improving learning reach and consistency. Animated training modules and service snippets were also launched to simplify complex operational processes and regulatory requirements, enabling frontline staff to better understand customer handling, expectations and deliver improved service experiences. Additionally, our Customer Experience Clinics continued to provide essential learning opportunities, equipping staff with the skills required to manage customer interactions with empathy, professionalism, and confidence. During the year, following the issuance of the State Bank of Pakistan's Business Conduct & Fair Treatment of Consumers Regulatory Framework (BC&FRF), the Bank initiated structured internal coordination with relevant functions to understand requirements and support gradual alignment of existing practices. These efforts complemented ongoing service quality and customer protection initiatives, with continued focus on awareness, training, and reinforcement of responsible conduct across customer touchpoints. As part of strengthening staff readiness, new hires continue to undergo a comprehensive induction program covering compliance, processes, services, and products, which also reinforces the Bank's emphasis on fairness, ethical conduct, and customer-centric service delivery from the outset. These initiatives helped sustain continuity in customer protection standards while supporting the Bank's broader transition towards BC&FRF alignment.

Service Quality Division also remained responsible for the effective management of customer grievances, serving as the central point for complaint resolution. The SQ team worked closely with business units to ensure timely acknowledgment, investigation, and closure of complaints as defined by the State Bank of Pakistan (SBP) and strives to outperform these service indicators. Systematic root cause analyses were conducted to identify recurring issues and process gaps, supporting targeted corrective actions and preventive measures. Through these efforts, the Bank reinforced a strong culture of accountability, responsiveness, and customer-centricity, contributing to sustained improvements in service delivery and customer satisfaction.

Audit and Risk Assets Review Group

Audit function plays critical role in the overall risk and control environment of any organization. The function provides assurance that is vital for the Board and management in assessing overall strength of an organization's control environment. Furthermore, this function also adds value to the aforesaid control environment by virtue of its consultative role.

Audit & Risk Assets Review (Audit & RAR) Group is responsible for the internal audit function within MCB Bank Limited. Chief Internal Auditor (CIA) oversees the affairs of

this Group. CIA functionally reports to the Board's Audit Committee and administratively to the President. The Group conducts audits/reviews of various areas of the Bank under the globally recognized Risk Based Auditing Methodology whilst complying with the requirements of the Global Internal Audit Standards issued by the Institute of Internal Auditors (USA) {IIA}.

Audit & RAR Group continued to perform its role effectively on both the assurance and consultative fronts during 2025. The Group evaluated efficacy of Bank's control systems by enhancing visibility of the management and the Board Audit Committee on the risk management and control related matters of the Bank (for Bank's domestic and overseas operations). The Group also highlighted areas for improvement and worked closely with the management through regular engagement as well as consistent follow-up, monitoring and guidance towards resolution of significant issues. Staff training and development remained a focus area for the Group which helped in enabling the internal audit teams in performance of their duties objectively as well as with professional due care.

With the zeal and commitment to play an effective role in the Bank's endeavor for continuous improvement, Audit & RAR Group will persevere for further strengthening of its resources, processes and Framework in 2026.

Legal Affairs

The mission of the Legal Affairs Group is to achieve the strategic goals and to protect and preserve the legal, ethical and financial integrity and the reputation of MCB Bank. This is accomplished by providing strategic legal advice on contentious and non-contentious matters, thereby ensuring that businesses conduct their activities in accordance with applicable laws and bye laws consistent with the mission, vision, and values of the MCB Bank. Legal compliance is the process and procedure to ensure that an organization follows relevant laws, regulations and business rules.

Human Resources Management Group

In line with the Bank's commitment to fostering a positive workplace culture built on mutual respect, open communication, and a strong sense of belonging, the Human Resources Management Group (HRMG) reaffirms its dedication to maintaining a fair, transparent, harassment free, and respectful environment for all employees, irrespective of their background. Our priority remains to attract, develop, and retain talented individuals who contribute towards achieving the Bank's strategic goals and advancing its vision.

During 2025, the Talent Acquisition strategy remained focused on expanding outreach, fostering collaboration, and creating a direct link between the Bank and emerging talent. The strategy included, acquisition through University Collaborations, Job Fairs and Internships while ensuring equal employment opportunities, diversity and inclusion.

The flagship Management Trainee Officer (MTO) program continued to attract top talent from leading universities, while the Trainee Business Officer (TBO) program and lateral hiring initiatives contributed to workforce diversification and job creation. Together, these efforts reinforce the Bank's commitment to developing a dynamic, skilled, and future ready workforce.

Dedicated Women Protection and Empowerment unit of the Bank remained committed towards creating impactful solutions to address concerns and challenges faced by the female workforce at the Bank through policy improvements, capacity building opportunities, celebrating key milestones, and an equitable and inclusive environment for female staff.

The year 2025 marked significant progress in learning and development initiatives. HRMG empowered employees to navigate challenges and enhance organizational adaptability by upgrading Banks virtual infrastructure and introducing innovative learning opportunities. Years of investment in technology enabled a seamless transition to online learning platforms, ensuring accessibility and efficiency.

During 2025, a total of 74,768 trainings of 13,763 staff members were conducted, including senior management, female leaders, and other employees across the Bank mainly in the knowledge and skill areas of front end sales and service, regulatory compliance, leadership development and inclusion & social awareness. These efforts reflect HRMG's commitment to equipping our workforce with the skills and capabilities required to deliver superior service to our customers and strengthen the Bank's long term success.

The Bank's talent management programs are strategically designed to align with our vision, ensuring that the skills and competencies developed directly support business objectives. These initiatives encompass recruitment, employee development, retention, and succession planning. By identifying and nurturing high potential individuals, we are building a robust pipeline of future leaders essential to sustaining long term success.

To bridge the gap between academic learning and the corporate environment, internship programs were successfully conducted across Pakistan, with 2,407

internships facilitated in 2025. These programs provide valuable exposure to aspiring professionals while strengthening the Bank's talent pool.

key initiative taken by HRMG in 2025:

- **Special Additional Increments:** Special additional annual increments were approved over and above the regular annual performance increase for all staff up to AVP II in addition to annual appraisal cycle.
- **Extra Rewards for Top Performers:** A merit-based recognition program has been launched for high-performing front-line Retail Banking roles, including Branch Managers, Branch Service Managers, Regional Heads, Regional Head Services, General Managers, and Area Head Services.
- **Record Promotions:** This year marked a historic milestone with approximately 3,000 promotions.
- **Special Performance Review:** A special review was conducted for the following categories:
    - All new joiners to the Bank, eligible for Performance Appraisal 2025 cycle under policy
    - Staff at branches located in areas of economic hardship due to heavy rains & flooding and law & order situation.
- **Enhanced Bonus:** Enhanced Special Bonus payouts linked to both individual performance and overall bank performance.
- **HR Policy related initiatives:**
    - Revision of Limits related to Staff Finance-House and Car Loan
    - Enhancement of functional vehicle facilities to business positions across Bank
    - Provision of functional vehicles to Division Head(s) – EVP I & above and Business Department heads
    - Provision of Pilgrimage Leaves over and above the earned leaves balance(s)
    - Revision / Change in Charge Allowances of certain functional positions

Other Initiatives by HRMG:

HRMG launched the Harmony HCM Mobile App to strengthen digital HR enablement, offering secure Employee and Manager Self Service features that streamline approvals, improve governance, and reduce administrative overhead.

Employee medical and insurance benefits were enhanced in 2025, with higher hospitalization, room, and maternity limits across grades, extended coverage for family members, expanded group life insurance, additional Provident Fund contributions, and a Pay Continuation Plan providing one year's gross salary to families in the event of an employee's death.

HRMG also secured affordable family protection by negotiating exclusive discounts with insurance partners, hospitals, laboratories, and service providers for medical care, vehicle insurance, and related services.

Security Division

Security is a fundamental prerequisite for safe and uninterrupted business operations. At MCB Bank, the Security Division develops and enforces comprehensive plans and protocols to safeguard human resources, assets and operations. These plans are periodically reviewed and refined in line with feedback from the management and the Law Enforcement Agencies, and are executed by the professional security team in close coordination with branch staff and other service teams of the Bank.

The year 2025 presented significant challenges arising from the overall law and order situation in the country especially in Baluchistan and KPK where Banks were under direct threat. These were effectively managed by the Security Division through the concerted efforts of security team, supervisory tiers and business operational units, ensuring a safe and secure environment for the Bank's operations.

Throughout the year, continuous efforts were made to strengthen and modernize the Bank's security apparatus. Branches were equipped with latest surveillance and monitoring technologies, enhancing both preventive and responsive capabilities. To maximize coverage, branches in sensitive regions were consistently monitored remotely from Lahore, Islamabad and Karachi. The synergy between branch staff and security team ensured that the Bank's security framework remained robust, resilient and fully geared to meet emerging challenges while upholding the highest standards of safety and security.

Marketing Division

The Marketing Division continued to play a central role in strengthening the MCB Bank brand and supporting business objectives through consistent, well-integrated marketing initiatives across physical, digital and media platforms. The Division focused on brand stewardship, product and service promotion, branch merchandising, corporate communications, public relations and CSR support, while aligning closely with business and operations teams.

During 2025, Marketing led several key brand and digital initiatives. A major milestone was the development and launch of the MCB Exchange website, enhancing the digital presence of the Bank's foreign exchange subsidiary. Alongside, Marketing provided end-to-end branding and communications support for new booth and branch launches, including fascia design, on-ground branding and social media outreach.

The Division successfully conceptualized and executed a fresh, contemporary look and theme for Privilege Banking branches. This complete external and internal branding revamp was rolled out countrywide, giving the Privilege network a distinctive identity aligned with modern customer expectations.

In line with the Bank's evolving vision, the Division developed a new fascia design that reflects a modern aesthetic and reinforces the refreshed brand positioning. This initiative ensured greater visual harmony across the branch network while projecting a forward-looking image.

Marketing also extended comprehensive support to the Bank's overseas operations, delivering branch merchandising solutions and digital branding assistance. These efforts strengthened the Bank's presence in international markets and reinforced brand consistency across geographies.

To further standardize and elevate brand visibility, Marketing undertook initiatives to enhance the branding of the Bank's iconic buildings. High-visibility logos and signage were installed, creating stronger top of mind recall and reinforcing the Bank's brand identity across key locations.

Digital transformation remained a key focus area. Marketing provided support for the launch of MCB Live 3.0, positioning it as a major enhancement in the Bank's digital banking offering through coordinated communication and media support. The Division also led a year-long media outreach campaign for Raast, aimed at driving awareness and encouraging adoption of instant digital payments. In addition, content was developed for the digital branch notice board initiative, supporting the planned digitization of customer notices across branches.

To support business growth and deposit mobilization, Marketing executed multiple targeted campaigns, including the "Higher the Deposit, Higher the Incentive" current account campaign, Branch Services incentive initiatives, and collaborative campaigns with internal stakeholders. Cross-functional collaboration was also undertaken for a joint campaign with MCB Funds, reinforcing group synergies and product awareness.

The Division continued to support national and social causes through structured engagement and internal initiatives. In 2025, Marketing organized Movember awareness activities for the first time, focusing on employee engagement and wellbeing. The Bank also marked key national occasions and continued internal engagement initiatives aligned with corporate values.

On the CSR front, Marketing maintained its support for leading NGOs, including Edhi Foundation, Pink Ribbon, Sundas Foundation, Saleem Memorial Hospital and Shaukat Khanum Memorial Cancer Hospital, particularly for Zakat collection and awareness drives. The annual Pinktober breast cancer awareness campaign was once again executed, reinforcing the Bank's long-standing commitment to social responsibility. The Division also continued to support education-focused initiatives such as the MCB Gold Medal programme, recognising academic excellence among university students.

Going forward, the Marketing Division will continue to focus on strengthening brand visibility, supporting digital adoption and enabling business growth through integrated marketing efforts across traditional and digital channels.

Subsidiaries

MCB Islamic Bank Limited

Despite macroeconomic and geopolitical challenges, the Bank remained focused on balance sheet optimization, deposit mobilization and operational efficiency. Through disciplined execution, the Bank achieved a Profit Before Tax (PBT) of Rs. 4.91 billion and a Profit After Tax (PAT) of Rs. 2.28 billion, compared to Rs. 9.11 billion and Rs. 4.24 billion, respectively, in the corresponding period last year, Alhamdulillah. Earnings per share (EPS) stood at Rs. 1.466, versus Rs. 2.726 last year.

As at December 31, 2025, the Bank's total assets increased to Rs. 337.30 billion (+10%), while deposits rose to Rs. 268.93 billion (+29%). This growth was supported by a strong CASA ratio of 87% and non-remunerative deposits of 35%, compared to 79% and 31%, respectively, in 2024, reflecting a notable improvement in deposit quality. The investment portfolio reached Rs. 155.82 billion, while net Islamic financing stood at Rs. 125.39 billion, reflecting prudent credit risk management and asset quality discipline.

Operating income amounted to Rs. 17.37 billion, with a net spread of 5.28% and a return on earning assets of 11.41%. Operating and other expenses increased by 20%, mainly due to branch network expansion and technology infrastructure upgrades; however, the cost base continues to be closely managed to support sustainable profitability.

The Bank's Capital Adequacy Ratio (CAR) remained strong at 17.50%, well above the regulatory minimum, underscoring its resilient capital position and sound risk management practices.

During the year, the Bank achieved key milestones in its digital transformation journey, including the launch of the Oracle-based 'SUBUK' Mobile Banking App and Visa Debit Card, significantly enhancing customer experience and engagement. In parallel, the Core Banking System upgrade is in advanced stages of implementation. These initiatives reinforce the Bank's commitment to innovation, operational efficiency and future-ready digital capabilities, while strengthening its foundation for a high-performance, digitally oriented Islamic bank.

MCB Investment Management Limited

MCB Investment Management Limited (MCBIM) is registered as a Pension Fund Manager under the Voluntary Pension System Rules, 2005, and as an Asset Management Company and an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. MCB Bank holds 81.42% shareholding of MCBIM. The Company has been assigned an Asset Manager rating of 'AM1' by the Pakistan Credit Rating Agency Limited (PACRA) dated October 3, 2025.

During the year, improved macroeconomic indicators, underpinned by expansionary monetary policy stance have resulted in the overall growth of AMC sector. In 2025, the KSE 100 index continued its journey of upward trajectory and posted robust return of 52%. Since the Company's investments are placed in both equity funds and debt securities, better performance of Pakistan Stock Exchange Limited (PSX) coupled with active management improved the base of Assets under management (AUMs) and consequently translated into an overall increase in income and profits. The management fee sharing recorded an increase of 49% over comparative year and reported at Rs. 3.388 billion (2024: Rs. 2.281 billion), primarily driven by increase in fund size of AUMs. Administrative and operating expenses were reported at Rs. 1.292 billion (+8%). Owing to strong performance of funds under management, share of profit from associates increased by 12% to report at Rs. 672.775 million. This coupled with tax incidence of Rs. 1.074 billion resulted into a Profit After Tax of Rs. 1.938 billion; registering a substantial significant growth of 50%.

MCB Non-Bank Credit Organization Closed Joint Stock Company

MCB Non-banking Credit Organization Closed Joint Stock Company is a 100% owned subsidiary of MCB Bank Limited. It was incorporated on October 16, 2009 and is domiciled in the Republic of Azerbaijan. The Company is a closed joint stock Company limited by shares and was set up in accordance with Azerbaijani regulations. The Company leases out various types of automotive vehicles, industrial equipment, equipment used in medicine, health care, and for other business needs.

Total assets of the company were reported at AZN 45.264 million, exhibiting a growth of +33% over last year. During the year, the interest income from operations was reported at AZN 6.667 million reflecting an increase of 29%. Interest expense was reported at AZN 2.971 million, registering an increase of AZN 0.853 million, translating into a net interest income of AZN 3.696 million (+21%). Administrative expenses (including salaries and other benefits) amounted to AZN 2.055 million. Consequently, Profit Before Tax was reported at AZN 1.861 million. After accounting for a tax charge of AZN 0.316 million, Profit After Tax stood at AZN 1.545 million, reflecting a decline of 7% compared to the previous year.

Company's functional and presentation currency is Azerbaijan Manat (AZN).

(1 AZN = 164.7783 PKR as at December 31, 2025)

MCB Exchange Company (Private) Limited

MCB Exchange Company (Private) Limited was incorporated on November 14, 2023 and has a license to perform the business of currency exchange as prescribed by the State Bank of Pakistan. The company is a wholly owned subsidiary of the Bank.

For the year ended December 31, 2025, the Company reported income from exchange operations of Rs. 90.06 million. During the year, the network expanded to 46 outlets with the addition of 23 new outlets, thereby strengthening market presence and outreach. However, administrative expenses increased to PKR 235.6 million, primarily due to expansion-related costs including staffing, rentals, utilities, and infrastructure setup, resulting in an operating loss of Rs. 145.6 million.

The competitive landscape of exchange industry intensified during the current year, reinforcing entry impact of eight bank owned exchange companies in the comparative period, increasing the capital base of the industry to Rs. 31.7 Billion as of June 2024 compared to Rs. 20.5 Billion as of June 2023, as reported by State Bank of Pakistan. Subsequent to June 2024, two additional bank owned exchange companies commenced operations, each with capital of Rs. 1 billion.

Huge capital injection from the number of new entrants in the industry created a fierce competitive environment that resulted in significant margins squeeze in addition to reduction of anticipated market share. The Company recorded a credit loss reversal of Rs. 0.2 million whereas other income of Rs. 86.4 million was registered albeit lower than previous year due to reduction in interest rates. Consequently, the Company reported a loss before taxation of Rs. 59.03 million and a net loss after tax of Rs. 43.14 million for the year.

MCB Exchange company is ready to cater to the growing needs of its customers while maintaining high standards of service delivery, however, its ability to manage operational costs effectively, adapt to changing interest rate environments, and capitalize on the expanded branch network will be crucial in achieving sustainable, long-term growth.

Associates

Adamjee Insurance Company Limited

Adamjee Insurance Company Limited (AICL) is a public limited Company incorporated in Pakistan on September 28, 1960 under the repealed Companies Act, 1913 (now the Companies Act, 2017). The Company is listed on the PSX and is principally engaged in the general insurance business. MCB Bank holds 20% shareholding of Adamjee Insurance Company Limited (AICL).

Euronet Pakistan (Private) Limited

Euronet Pakistan (Private) Limited is a private limited company incorporated in Pakistan under the repealed Company Ordinance, 1984 (now Companies Act 2017) on 8 December 2010. The principal business of the company is to provide outsourcing services to banks and financial institutions for Automated Teller Machine (ATM) network and managed services for Point of Sale (POS) terminal networks. MCB Bank holds 30% shareholding of Euronet Pakistan (Private) Limited.

Key financial performance indicators of the Bank's Associates have been disclosed in note 10.13 of unconsolidated financial statements.

Governing Value Creation

Corporate Governance at MCB Bank Limited ("MCB" or the "Bank") establishes a comprehensive system that clearly delineates the rights, roles, and responsibilities of its Shareholders, the Board of Directors, management, employees, customers, and other stakeholders. Anchored in well-defined policies, prudent risk management practices, and a strong ethical foundation, it promotes transparency, accountability, fairness, and disciplined decision-making across all levels of the Bank. It ensures effective oversight and responsible delegation of authority, thereby safeguarding the Bank's integrity and long-term stability.

MCB's corporate governance structure is designed to support sustainable growth and enduring value creation. By fostering a culture of compliance, integrity, and performance excellence, it strengthens stakeholder trust and confidence while ensuring adherence to all applicable legal and regulatory requirements. It carefully balances economic performance with social responsibility, aligning the interests of investors, the institution, and the broader community to achieve resilient and responsible corporate success.

Board Composition:

The Bank encourages representation of independent directors, non-executive directors and directors representing minority interests on its Board. At present the Board includes:

Category	Name
Independent Directors	Mr. Yahya Saleem Mr. Salman Khalid Butt Mr. Shahzad Hussain Mr. Masood Ahmed Puri
Non-Executive Directors	Mian Mohammad Mansha Mr. Muhammad Tariq Rafi Mian Umer Mansha Mr. Muhammad Ali Zeb Mr. Mohd Suhail Amar Suresh bin Abdullah Shaikh Muhammad Jawed Mr. Norzulkarnien bin Nor Mohamad
Executive Director (President & CEO)	Mr. Muhammad Nauman Chughtai
Female Director (Non-Executive)	Mrs. Iqraa Hassan Mansha

Independent Directors and their Independence:

The Board has four (4) Independent Directors who meet the criteria of independence under the Companies Act, 2017 and the directives issued by the SBP.

Representation of Female Directors on Board:

Mrs. Iqraa Hassan Mansha serves as the female representative on the Board of Directors.

Non-Executive Directors:

All directors on the Board are Non-Executive Directors except for the President & CEO of the Bank who being CEO is deemed to be a Director. Non-Executive Directors offer independent perspectives and are not involved in the Bank's day-to-day operations or its Executive Management Team.

Executive director serving on the Board of other companies / trust:

The Executive Director, i.e., President & CEO is serving as a Director on the Boards of following entities:

Sr. #	Name of Entity	Position
1.	MCB Non-Bank Credit Organization, CJSC, Azerbaijan	Nominee Director
2.	MCB Investment Management Limited	Nominee Director
3.	MCB Employees Foundation	Chairman Board of Trustees
4.	National Management Foundation	Member - Board of Governors

Detail of Board Meetings held outside Pakistan:

During the year 2025, all meetings of the Board of Directors were held in Pakistan.

Diversity in the Board of Directors:

The Board comprises a balanced mix of local and foreign directors, bringing together diverse educational background and extensive professional experience across multiple disciplines. The Board collectively possesses the requisite knowledge, industry insight, strategic expertise, and professional competencies aligned with the Bank's scale and complexity of operations. Their varied perspectives and skills enhance governance standards, strengthen oversight functions, and ensure well-informed, prudent, and effective decision-making in the best interest of the Bank and its stakeholders. Please refer to "Profile of the Board of Directors" section of the Annual Report for detailed profiles of the Board members.

Process of Election and Appointment of directors:

The directors are elected by the shareholders of the Bank in accordance with the provisions of the Companies Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the SBP regulations. However, casual vacancies arising on the Board, if any, are filled-in by the directors for the remaining term of the outgoing director as per applicable provisions of the law and regulations.

Every director has to qualify prior assessment criteria of 'Fit and Proper Test (FPT)' as framed by the SBP. At the time of election of directors, the Bank conducts prior self-assessment of interested persons in order to satisfy itself that the proposed persons are eligible in light of the applicable laws, rules and regulations. This assessment involves comprehensive screening procedures designed to evaluate the financial soundness, integrity, reputation, and professional track record of the proposed individuals. It ensures that the Board comprises directors possessing appropriate knowledge, relevant experience, demonstrated competence, and the requisite skills and expertise necessary to effectively oversee management's conduct of Bank's operations. Additionally, the process supports the constitution of a Board with an appropriate size, balanced composition, and adequate diversity.

Selection of Independent Directors:

An independent director means a director who is not connected or does not have any other relationship, whether pecuniary or otherwise, with the Bank, its associated companies, subsidiaries, or directors; and can be reasonably perceived as being able to exercise independent business judgment without being subservient to any form of conflict of interest.

Independent Directors are elected through the process of election of directors and also meet the requirements laid down by the SBP as well as comply with the provisions of the relevant laws, rules and regulations. At present, Independent Directors are selected from the data bank maintained by the Pakistan Institute of Corporate Governance ("PICG"), as approved by the Securities & Exchange Commission of Pakistan ("SECP").

Selection of Independent Directors through PICG:

PICG is an autonomous body and has no connection with the Bank, except for providing access to the database on independent directors as well as conducting directors' training and performance evaluation of the Board, its Committees and Individual Directors of the Bank as an independent body.

Selection of independent directors as members of the Bank's Board of Directors is carried out from the database maintained by the PICG under the Companies (Manner and Selection of Independent Directors) Regulations, 2018 issued by the SECP.

Directors' Participation/Attendance in Board and Committee Meetings Held During 2025

Sr. No.	Name of Director	Board of Directors (BoD)		Number of Board Committees' Meetings Attended															
				AC		BS&DC		RM&PRC		ITC		CR&MC		HR&RC		PP&CA		Wo&WC	
		Member	Attended[1]	Member	Attended[1]	Member	Attended[1]	Member	Attended[1]	Member	Attended[1]	Member	Attended[1]	Member	Attended[1]	Member	Attended[1]	Member	Attended[1]
1	Mian Mohammad Mansha	◆	5/5	-	-	◆	4/4	-	-	-	-	-	-	◆	4/4	◆	4/4	-	-
2	Mr. Mohammad Tariq Rafi	◆	3/5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	◆	-
3	Mian Umer Mansha	◆	5/5	◆	5/5	◆	4/4	◆	4/4	◆	8/8	◆	3/4	◆	3/4	◆	4/4	◆	-
4	Mrs. Iqraa Hassan Mansha	◆	4/5	-	-	-	-	-	-	-	-	-	-	◆	2/4	◆	2/4	-	-
5	Mr. Muhammad Ali Zeb	◆	5/5	◆	5/5	-	-	◆	4/4	-	-	◆	4/4	◆	4/4	◆	4/4	◆	-
6	Mr. Mohd Suhail Amar Suresh bin Abdullah	◆	5/5	-	-	◆	4/4	◆	4/4	◆	8/8	-	-	-	-	-	-	-	-
7	Mr. Yahya Saleem	◆	4/5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Mr. Salman Khalid Butt	◆	5/5	-	-	◆	4/4	◆	4/4	◆	8/8	◆	4/4	◆	4/4	-	-	-	-
9	Mr. Shahzad Hussain	◆	5/5	◆	5/5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Mr. Masood Ahmed Puri	◆	5/5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Shaikh Muhammad Jawed	◆	5/5	-	-	◆	4/4	-	-	-	-	-	-	-	-	-	-	-	-
12	Mr. Norzulkarnien bin Nor Mohamad	◆	5/5	◆	5/5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Mr. M. Nauman Chughtai (President & CEO)	◆	5/5	-	-	◆	4/4	◆	4/4	◆	8/8	◆	4/4	-	-	◆	4/4	-	-
Total Number of Meetings Held		5		5		4		4		8		4		4		4		0	

Chairman ◆	Member ◆

AC:	Audit Committee
BS&DC:	Business Strategy & Development Committee
RM&PRC:	Risk Management & Portfolio Review Committee
CR&MC:	Compliance Review & Monitoring Committee

ITC:	IT Committee
HR&RC:	Human Resource & Remuneration Committee
PP&CA:	Committee on Physical Planning & Contingency Arrangements
Wo&WC:	Write-Off & Waiver Committee

The names of the persons who, at any time during the financial year, were elected directors of the Bank:

- Mian Mohammad Mansha
- Mr. Muhammad Tariq Rafi
- Mian Umer Mansha
- Mrs. Iqraa Hassan Mansha
- Mr. Muhammad Ali Zeb
- Mr. Mohd Suhail Amar Suresh bin Abdullah
- Mr. Yahya Saleem
- Mr. Salman Khalid Butt
- Mr. Shahzad Hussain
- Mr. Masood Ahmed Puri
- Shaikh Muhammad Jawed
- Mr. Norzulkarnien bin Nor Mohamad

Disclosure on Board of Directors

Sr. No.	Name of Director	Date of Joining/ Leaving the Board	Status of Director	Member of Board Committee(s)	Number of other Board Memberships along with Name of Company(ies)	
					Number	Name of Company(ies)
1	Mian Mohammad Mansha	08-Apr-1991	Non-Executive Director	- BS&DC - HR&RC - PP&CA	2	MCB Non-Bank Credit Organization, CJSC, Azerbaijan British Asian Trust - Chair of the Pakistan Advisory Council
2	Mr. Muhammad Tariq Rafi	08-Apr-1991	Non-Executive Director	- WO&WC	8	Siddiqsons Limited Siddiqsons Energy Limited Siddiqsons Tin Plate Limited Central Depository Company of Pakistan Limited Siddiqsons Mining (Pvt) Limited Siddiqsons GB (Pvt) Limited TMS Mining (Pvt) Limited Habib University Foundation
3	Mian Umer Mansha	11-Nov-1997/ 08-Sep-2007 & 27-Mar-2009	Non-Executive Director	- BS&DC - ITC - PP&CA - CR&MC - WO&WC - AC - RM&PRC - HR&RC	13	Nishat Mills Limited Adamjee Insurance Company Limited Adamjee Life Assurance Company Limited Hyundai Nishat Motor (Pvt) Limited Nishat (Raiwind) Hotels and Properties Limited Nishat Agriculture Farming (Pvt) Limited Nishat Agrotech Farms (Pvt) Limited Nishat Dairy (Pvt) Limited Nishat Developers (Pvt) Limited Nishat Hotels & Properties Limited Nishat Sutas Dairy Limited MCB Non-Bank Credit Organization, CJSC, Azerbaijan National Textile Foundation
4	Mrs. Iqraa Hassan Mansha	03-May-2016	Non-Executive Director	- HR&RC - PP&CA	5	Nishat Hotels & Properties Limited Nishat (Raiwind) Hotels and Properties Limited Nishat Real Estate Development Company (Private) Limited Emporium Properties (Pvt) Limited Security General Insurance Company Limited
5	Mr. Muhammad Ali Zeb	27-Mar-2009/ 07-Apr-2011 & 17-Jun-2013	Non-Executive Director	- RM&PRC - AC - HR&RC - CR&MC - PP&CA - WO&WC	4	Adamjee Insurance Company Limited Adamjee Life Assurance Company Limited Nishat Sutas Dairy Limited Pakgen Power Limited
6	Mr. Mohd Suhail Amar Suresh bin Abdullah	24-Feb-2014	Non-Executive Director	- BS&DC - RM&PRC - ITC	-	-

Sr. No.	Name of Director	Date of Joining/ Leaving the Board	Status of Director	Member of Board Committees	Number of other Board Memberships along with Name of Company(ies)	
					Number	Name of Company(ies)
7	Mr. Yahya Saleem	27-Mar-2018	Non-Executive (Independent) Director	-	8	YS Services USA Inc. (Previously NC Trading USA)
						YSG Trading Private Limited
						YS Services Private Limited
						NC Entertainment Private Limited
						HUM-YS Films (Private) Limited
						YS Films (Private) Limited
						International Cotton Association
						Saleem Memorial Hospital
8	Mr. Salman Khalid Butt	10-Nov-2018	Non-Executive (Independent) Director	- HR&RC - BS&DC - RM&PRC - ITC - CR&MC	4	New Heights Management Limited, a BVI Company
						New Heights Concepts Limited, a BVI Company
						Next Commercial FZ LLC, a Ras El Khaimah (Rakez), U.A.E. Company
						Next Pharmaceutical Products (Pvt) Limited
9	Mr. Masood Ahmed Puri	31-May-2019	Non-Executive (Independent) Director	-	3	Transarab Trading Services (KSA)
						Jedex Logistics Pvt Ltd (Pakistan)
						Jedex Transport Company LLC (UAE)
10	Mr. Shahzad Hussain	31-May-2019	Non-Executive (Independent) Director	- AC	1	NAMAL Education Foundation
11	Shaikh Muhammad Jawed	08-Feb-2023	Non-Executive Director	- BS&DC	5	Din Textile Mills Limited
						Din Leather (Pvt) Limited
						Din Farm Products (Pvt) Limited
						Adamjee Insurance Company Limited
						Adamjee Life Assurance Company Limited
12	Mr. Norzulkarnien bin Nor Mohamad	13-May-2024	Non-Executive Director	- AC	-	-
13	Mr. Muhammad Nauman Chughtai President & CEO	21-Dec-2024	Executive Director	- BS&DC - RM&PRC - CR&MC - ITC - PP&CA	4	MCB Non-Bank Credit Organization, CJSC, Azerbaijan
						MCB Investment Management Limited
						MCB Employees Foundation
						National Management Foundation

AC:	Audit Committee
BS&DC:	Business Strategy & Development Committee
CR&MC:	Compliance Review & Monitoring Committee
HR&RC:	Human Resource & Remuneration Committee

ITC:	IT Committee
PP&CA:	Committee on Physical Planning & Contingency Arrangements
RM&PRC:	Risk Management & Portfolio Review Committee
WO&WC:	Write-Off & Waiver Committee

Board Sub-Committees

The Board has formed eight (8) sub-committees as given below:

1. Audit Committee;
2. Business Strategy & Development Committee;
3. Risk Management & Portfolio Review Committee;
4. IT Committee;
5. Human Resource & Remuneration Committee;
6. Compliance Review & Monitoring Committee;
7. Committee on Physical Planning & Contingency Arrangements; and
8. Write-Off & Waiver Committee.

Audit Committee

Composition:

1. Mr. Shahzad Hussain - (Chairman, Independent Director)
2. Mian Umer Mansha - (Non-Executive Director)
3. Mr. Muhammad Ali Zeb - (Non-Executive Director)
4. Mr. Norzulkarnien bin Nor Mohamad - (Non-Executive Director)

Terms of Reference

The main Terms of Reference / roles & responsibilities of the Committee are:

1. Determination of appropriate measures to safeguard the Bank's assets;
2. Reviewing annual and interim financial statements of the Bank, prior to their approval by the Board of Directors, focusing on:
    a. Major judgmental areas;
    b. Significant adjustments resulting from the audit;
    c. Going concern assumption;
    d. Any changes in accounting policies and practices;
    e. Compliance with applicable accounting standards;
    f. Compliance with listing regulations, other Statutory and regulatory requirements; and
    g. All related party transactions.
3. Reviewing preliminary announcements of results prior to external communication and publication;
4. Facilitating the external audit and discussion with external auditors of 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);
5. Reviewing Management Letter issued by External Auditors and management's response thereto;
6. Ensuring coordination of internal auditors with external auditors of the Bank, and SBP inspection team(s);
7. Making recommendations to the Board of Directors for the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Bank by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations. The Board shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof;
8. Ensuring that the internal audit function has adequate resources (financial, human, operational, physical and technological), its staff is adequately trained and the function is appropriately placed within the Bank with access to Bank's people, information, processes, properties, records and systems;
9. Reviewing and recommending the Internal Audit Framework i.e. internal audit function's policies and manuals (also covering extent and nature of assignments/ engagements that can be provided to the management by internal audit function in its 'Advisory / Consulting' role) to the Board for approval;
10. Reviewing internal audit strategy, reporting framework and procedures developed by Chief Internal Auditor and ensuring its fullest support to the internal audit function and internal auditors enabling them in performing their mandated activities independently and in objective manner;
11. Reviewing and approving scope and extent of internal audit as well as risk based annual audit plan. Furthermore, reviewing the implementation status of the approved audit plan on a quarterly basis;
12. Ensuring independence of internal audit function, independence & objectivity of internal auditors, optimal utilization of audit resources, effectiveness of the internal audit function in Bank's overall governance and internal control framework and constructive engagement of internal audit function with senior management and auditee units etc.;
13. Reviewing and recommending budget / resource requirement of Audit & RAR Group to the Board for approval. Further, reviewing, on a quarterly basis, the utilization of Audit & RAR Group's assigned budget and if required, recommending provision of additional resource(s) to enable the Group in performance of its activities;

14. Formulating 'Key Performance Indicators' (KPIs) for the Chief Internal Auditor and evaluate his / her performance against set KPIs on an annual basis;
15. Approving appointment / re-hiring / renewal of contract and removal of Chief Internal Auditor along with his / her compensation package / remuneration (including performance-based bonus, increments, cash rewards etc.), allied benefits (both financial/ non-financial), promotion / demotion and other terms of employment to the Board through Board's Human Resource & Remuneration Committee. However, recommendation of Board's Human Resource & Remuneration Committee may be sought by the Audit Committee / Board regarding compensation package of Chief Internal Auditor, keeping in view the institution-wide remuneration policy, formulated in terms of BPRD Circular No. 01 of 2017;
16. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
17. Reviewing summaries of quarterly report on frauds / forgeries / dacoities;
18. Reviewing, on quarterly basis, summary of significant violations / observations, internal control deficiencies, organizational and personal material conflicts of interest etc. to have deep insights into state of internal controls and to set specific, time bound action points / indicators to monitor improvements. Further reviewing the management action plan to ensure that audit observations / recommendations receive proper and timely attention by senior management;
19. Analyzing and identifying (for necessary action(s)), on a regular basis, 'root cause(s)' of control breaches of critical nature that keep on occurring in at-least two audit periods despite implementation of audit recommendations;
20. Obtaining Chief Internal Auditor's independent annual assessment / opinion on the state of Bank's internal controls based on the audits conducted over the period;
21. Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
22. Reviewing the Bank's statement on internal control systems prior to endorsement by the Board of Directors;
23. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive Officer ("CEO") and to consider remittance of any matter to the external auditors or to any other external body;
24. Determination of compliance with relevant statutory requirements;
25. Reviewing, on a periodic basis, the Internal Controls over Financial Reporting (ICFR) system for its effective implementation and its continuous upgradation;
26. Establishing, maintaining and promoting regular communication with senior management regarding deficiencies in internal controls; review actions taken by management to address identified deficiencies and ascertaining new developments to achieve a uniform organization-wide commitment / buy-in for implementation of strong and effective internal controls;
27. Reviewing effectiveness of Whistle Blowing procedures for receiving (through internal or external sources) complaints / concerns regarding business ethics / conduct practices, governance & risk management practices, controls over financial reporting, auditing practices etc. Ensuring that such complaints / concerns are treated confidentially and that the reporting employee(s) are protected and not penalized in any manner whatsoever. Ensuring that employees remain aware of existence of such procedures including mechanism for utilizing them and are encouraged to be a 'whistleblower';
28. Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
29. Monitoring compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and identification of significant violations thereof;
30. Consideration of any other issue or matter as may be assigned by the Board of Directors.

Business Strategy & Development Committee

Composition:

1. Mian Umer Mansha - (Chairman, Non-Executive Director)
2. Mian Mohammad Mansha - (Non-Executive Director)
3. Mr. Mohd Suhail Amar Suresh - (Non-Executive Director)
4. Mr. Salman Khalid Butt - (Independent Director)
5. Shaikh Muhammad Jawed - (Non-Executive Director)
6. President & CEO - (Executive Director)

Terms of Reference

The main Terms of Reference of the Committee are to:

1. Review and develop Vision & Mission statements and core values for MCB both from long and short-term perspective.
2. Develop Bank's initiatives relating to business philosophy and acquisition, strategic investment and divestment, capital raising exercise, strategic alliances and brand management. In particular, review the following important matters:
    a. Policy initiatives;
    b. Business organization;
    c. Oversee expansion plans; and
    d. Contingency planning relating to business realignment.
3. Monitor the progress of the key strategy initiatives undertaken by the Bank.
4. Review and devise medium and long-term business plans and policies based on strategy, future direction and milestones set by the Board.
5. Keep oversight on Bank's overseas operations.
6. Undertake such other tasks as may be delegated by the Board from time to time.

Risk Management & Portfolio Review Committee

Composition:

1. Mr. Muhammad Ali Zeb - (Chairman, Non-Executive Director)
2. Mian Umer Mansha - (Non-Executive Director)
3. Mr. Mohd Suhail Amar Suresh - (Non-Executive Director)
4. Mr. Salman Khalid Butt - (Independent Director)
5. President & CEO - (Executive Director)

Terms of Reference

The main Terms of Reference of the Committee are to:

1. Review the Bank's Risk Management Framework, in light of internal developments, guidelines issued by the regulators and international best practices, on as and when required basis and recommend to the Board for approval;
2. Ensure Bank's compliance towards Capital Adequacy and other related Basel / regulatory requirements on an on-going basis. Review Capital Adequacy Ratio (CAR) in detail on half yearly basis;
3. Review and recommend to the Board, Bank's Risk Appetite statement on an annual basis;
4. Review various reports pertaining to the risks in the Bank's portfolio; including reports and data pertaining to security risks related to Technology and Information Security prepared by the Risk Management Group. The Committee shall also consider comments of the management while reviewing such reports and communicate the planned / executed corrective actions to the Board, if required;
5. Review the Bank's information Security Policy, information / Cyber Security Management Framework, Technology Risk Management Framework, and internet Banking Security Framework; in light of internal developments, guidelines issued by the regulators and international best practices, as per their defined review frequencies or earlier, if required and recommend these to the Board for approval; and
6. Review of any report / MIS specifically assigned by a regulator for Committee's oversight.

IT Committee

Composition:

1. Mian Umer Mansha - (Chairman, Non-Executive Director)
2. Mr. Mohd Suhail Amar Suresh - (Non-Executive Director)
3. Mr. Salman Khalid Butt - (Independent Director)
4. President & CEO - (Executive Director)

Terms of Reference

The main Terms of Reference of the Committee with regard to governance and supervision include the following:

1. To approve an overall plan for IT system for the Bank, prepared by the management;
2. To approve the organizational IT and Digital strategic plans to ensure an effective use of information technology and digital initiatives in the Bank by all Departments;
3. To approve and oversee the management's program to automate the organization's use of internal information to ensure that data is organized and shared in a manner that adds value and enhances productivity;
4. To approve and oversee a reliable and secure information security infrastructure with the capacity to address future threats;
5. To approve policies that promote development of information technology and Digital resources in an organized, deliberate, secured, and cost-effective manner;
6. To review and approve management recommendations for IT standards for ensuring compliance with regulatory requirements and identifying and mitigating significant IT related risks;

7. To review and approve the technology procurements as per Bank's approved IT Strategy. The Committee may further delegate the same to the management as and when deemed fit;
8. To undertake any other IT or Digital Banking related work assigned to the Committee by the Board.

Human Resource & Remuneration Committee

Composition:

1. Mr. Salman Khalid Butt - (Chairman, Independent Director)
2. Mian Mohammad Mansha - (Non-Executive Director)
3. Mian Umer Mansha - (Non-Executive Director)
4. Mrs. Iqraa Hassan Mansha - (Non-Executive Director)
5. Mr. Muhammad Ali Zeb - (Non-Executive Director)

Terms of Reference

The main Terms of Reference of the Committee shall be to ensure that:

1. The existing policies are reviewed periodically and as necessary, revised and recommended to the Board, in order to attract and retain highly qualified employees. This may include review of remuneration policy and remuneration setting mechanism at least once every three years. Among other factors, the review of remuneration framework shall include, but not limited to:

a. The effectiveness of remuneration policy and mechanism i.e., whether it is providing the expected outcomes;

b. Any necessary changes required; and

c. Any unintended consequences.

The findings of review and rectification measures shall be presented to the Board for approval.

2. The latest entry-level procedures are put in place for recruitment of entrants.
3. The existing training facilities for the new entrants as well as for up-gradation of skill level of all employees are reviewed and revised, if required.
4. Proper classification & reclassification of employees' pay scales, job description and methods of their periodical review are put in place.
5. The Bank-wide remuneration policy takes into account all cadres of employees along with the pay-gap between the highest paid and the lowest paid employees, across various levels as well as across the Bank. The pay-gap shall be based on the total compensation awarded to the employees and should be maintained at reasonable levels without allowing concentration of the benefits of Bank's performance only to top level or certain class or group of employees. The pay structure for all employees should be fair, competitive and encourage performance and motivation.
6. That the remuneration policy of the Bank provides for reasonable levels of compensation for contractual employees of Bank and commensurate with their assignments.
7. That a separate structure of remuneration for Material Risk Controllers ("MRC") and Material Risk Takers ("MRTs") is developed as per remuneration policy. The MRTs should be identified as functions and designations rather than as individuals. The MRTs should have appropriate level of authority and control.
8. An objective criterion for work appraisal / performance is developed and linked with the annual merit increase.
9. A review is undertaken of the organizational structure to bring it in line with business strategy & development plan and approve an organizational set up or any revision in the existing set up taking into account the recommendations of the President & CEO.
10. An in-house human resource expertise is developed to undertake market analysis of above policies with a view to developing MCB policies.
11. If so required, the Committee can seek independent external advice / expert opinion for accomplishment of devising an effective and prudent remuneration framework.
12. Effective management information system is developed to monitor the implementation of policies as approved by the Board.
13. Recommendation to the Board for consideration and approval of a policy framework for determining remuneration of directors (both executive and non-executive directors) and members of Senior Management. The definition of senior management will be determined by the Board which shall normally include the first layer of management below the Chief Executive Officer.
14. Selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO, COO, CFO, Company Secretary and Head of Internal Audit and recommendation to the Board.
15. The structure of compensation package of Executive Directors, CEO, Key Executives and any other employee or group of employees Bank-wide is recommended to the Board for its own approval or approval of the shareholders, according to legal and regulatory requirements.

16. The consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO.
17. In devising the Remuneration setting policy and mechanism, the Committee can also seek internal inputs from any other Committee of the Board or directly from any department or official of the Bank.

Compliance Review & Monitoring Committee

Composition:

1. Mian Umer Mansha - (Chairman, Non-Executive Director)
2. Mr. Muhammad Ali Zeb - (Non-Executive Director)
3. Mr. Salman Khalid Butt - (Independent Director)
4. President & CEO - (Executive Director)

Terms of Reference

The main Terms of Reference of the Committee shall be:

1. To review quarterly reports, prepared by the Compliance & Controls Group and routed through the President & CEO, on overall compliance risk management in the Bank (local as well as overseas operations) including the actions taken on the recommendations and observations of SBP/Central Banks of overseas jurisdictions in their Annual/ Thematic Inspection Reports;
2. To evaluate the effectiveness of the Bank's overall management of compliance risk, at least annually; keeping in view the regulatory observations in on-site examinations, regulatory enforcement actions, internal assessments / feedback from internal/ external audit, compliance reviews, as well as interactions with the Chief Compliance Officer ("CCO");
3. To carry out liaison between the Board and the management and make recommendations to the Board, if necessary, for taking decisions on expedient and appropriate disposal of compliance issues including trade-based money laundering (TBML) presented through Compliance Committee of Management ("CCM") and its AML/CFT/CPF Sub Committee and inspection reports of SBP/Central Banks of overseas jurisdictions;
4. To oversee the effectiveness of Service Quality function of the Bank and to review the Bank's performance against committed service deliverables;
5. To review / recommend Compliance Risk Strategy / Policy, Compliance Program and allied policies and oversee its implementation across the Bank in letter and spirit;
6. To recommend appointment of CCO on the advice of the President & CEO and ensure that position of CCO does not remain vacant for more than 60 days. Furthermore, to approve any disciplinary action or termination of the CCO;
7. To ensure that CCO has appropriate stature, authority, resources (physical, financial and human), support to fulfill his duties, independence and capacity to offer his objective opinions and advise to senior management and Board on matters of compliance risks;
8. To ensure that Compliance Function has subject matter experts on various critical areas such as risk management, credit operations, product compliance, customer service, international trade, outsourcing, corporate governance, financial disclosures, business continuity, information technology, general banking operations, ML/TF/PF risks including TBML risk etc. to provide guidance to business areas as and when required;
9. To ensure that Compliance Function, being the second line of defense, assists line managers / departments in designing and implementing adequate controls to manage risks of non-compliance. Also, to ensure, that Compliance Function in coordination with other risk management functions of the Bank, monitors the adequacy and efficacy of compliance risk controls, assesses the bank wide level of compliance risk and reports such risk profile of the Bank to the Board and Compliance Committee of Management (CCM) on periodic basis;
10. To engage with the CCO on half yearly basis, for his feedback on issues faced by the Compliance Function in the implementation of board approved compliance program;
11. To review the minutes of Compliance Committee of Management (CCM) meetings to ascertain its effectiveness in managing compliance risk;
12. To review the progress in implementing remedial actions taken with respect to instances of non-compliance or control weakness as identified by Compliance Function through its regular compliance reviews and / or various other sources;
13. To evaluate the performance of senior management in terms of managing TBML risks so as to ensure the effectiveness of internal controls, systems and mitigation measures put in place;
14. To review the compliance risk relevant agenda items as required under SBP regulations/ instructions of overseas jurisdictions, and observations of SBP/ Central Banks of overseas jurisdictions' inspection reports with respect to ML/TF/PF and TBML risks, as per their respective timelines/ frequencies (quarterly, semi-annually or annually);

15. To review the TBML related deficiencies identified and escalated by internal audit function to relevant board and management committees, especially those relating to material weaknesses in controls or non-compliance of regulatory instructions on TBML;
16. To satisfy itself of receiving the accurate as well as comprehensive information required to perform its compliance risk oversight responsibilities, including seeking assurances from Senior Management that the compliance risk controls have been implemented and are working effectively;
17. To ensure changes in the Rules / Regulations and Laws are reviewed on an ongoing basis in the existing policies or through introduction of new policies.
18. To review Management's updates on technology upgrades w.r.t. AML/CFT/CPF and TBML, Bank's data quality / cleansing, delay in filing of Suspicious Transaction Report ("STR") and delays / breaches in freezing of sanctioned accounts;
19. The Committee would recommend to the Management for updation of existing policies of the Bank's local and overseas operations, if required, and/or determine the need for introduction of new policies, in accordance with the changes in the following:

a. Local laws, including but not limited to the SBP Act, Banking Companies Ordinance, Prudential Regulations, Code of Corporate Governance, Securities & Exchange Commission of Pakistan Instructions, Rules, Regulations & Circulars and Listing Regulations of Stock Exchanges;
b. Existing and prospective business environment; and
c. Operational requirements.

20. To ensure that Bank's policies are placed before the Board for approval after recommendation by the respective Board Committees;
21. To oversee fairness and reasonableness of service charges through Service Council.
22. Any other issue that is deemed necessary and required by the regulations.

Committee on Physical Planning & Contingency Arrangements

Composition:

1. Mian Umer Mansha - (Chairman, Non-Executive Director)
2. Mian Muhammad Mansha - (Non-Executive Director)
3. Mrs. Iqraa Hassan Mansha - (Non-Executive Director)
4. Mr. Muhammad Ali Zeb - (Non-Executive Director)
5. President & CEO - (Executive Director)

Terms of Reference

The main Terms of Reference of the Committee are:

1. To develop and devise an overall plan for physical infrastructure and contingency arrangements for the Bank;
2. To review and monitor all work in progress, including construction of premises and renovations, which shall, inter alia, be based on physical planning;
3. To review, monitor and recommend to the Board, the building plans, master development agreements & contingency arrangements;
4. To review, from time to time, as the Committee deems appropriate, the administrative structures and plans in place to ensure the ongoing health and safety of utilities and physical assets, including land & buildings and recommend, as appropriate, changes in plans arising from this review;
5. To review updates on Bank's property purchases and sales.

Write-Off & Waiver Committee

Composition:

1. Mian Umer Mansha - (Chairman, Non-Executive Director)
2. Mr. Muhammad Tariq Rafi - (Non-Executive Director)
3. Mr. Muhammad Ali Zeb - (Non-Executive Director)

Terms of Reference

The main Terms of Reference of the Committee are:

1. To review and approve write-off & waiver cases on behalf of the Board of Directors;
2. To submit cases of write-off & waiver for post facto ratification by the Board.

Management Committees

Management Committee

1. President & CEO – Chairman
2. Group Head – Oversight & Monitoring
3. Chief Financial Officer
4. Chief Compliance Officer
5. Chief Information Officer
6. Chief Digital Officer
7. Group Head – Retail Banking
8. Group Head – Risk Management
9. Group Head – Human Resource Management
10. Group Head – Wholesale Banking
11. Group Head – Treasury & Forex
12. Group Head – General Services
13. Group Head – Operations
14. Group Head – Security & Marketing
15. Group Head – Consumer Banking

16. Group Head – Special Asset Management
17. Head – International Banking
18. Head – Legal Affairs

Purchase & Expense Committee

1. Chief Financial Officer
2. Chief Compliance Officer
3. Group Head – Operations
4. Group Head – Human Resources Management

Assets & Liabilities Committee

1. President & CEO – Chairman
2. Chief Financial Officer
3. Chief Digital Officer
4. Group Head – Risk Management
5. Group Head – Treasury & Forex
6. Group Head – Operations
7. Head – International Banking
8. Group Head – Wholesale Banking
9. Group Head – Retail Banking

Write Off Committee

1. President & CEO – Chairman
2. Chief Financial Officer
3. Group Head – Retail Banking
4. Group Head – Wholesale Banking
5. Group Head – Special Asset Management
6. Group Head – Consumer Banking
7. Group Head – Risk Management
8. Secretary of Management Credit & Risk Committee

Investment Committee

1. President & CEO – Chairman
2. Chief Financial Officer
3. Group Head – Risk Management
4. Group Head – Wholesale Banking
5. Group Head – Treasury & Forex
6. Head – International Banking

IT Steering Committee

1. President & CEO – Chairman
2. Chief Information Officer
3. Chief Financial Officer
4. Chief Digital Officer
5. Chief Compliance Officer
6. Chief Information Security Officer
7. Group Head – Retail Banking
8. Group Head – Operations
9. Group Head – Risk Management
10. Group Head – Wholesale Banking

Disciplinary Action Committee

1. Group Head – Human Resource Management – Chairman
2. Chief Compliance Officer
3. Group Head – Operations
4. Group Head – Security & Marketing
5. Group Head - General Services
6. Group Head – Risk Management
7. Head – Legal Affairs

Litigation Review Committee

1. Group Head – Oversight & Monitoring – Chairman
2. Chief Digital Officer
3. Chief Compliance Officer
4. Group Head – Human Resource Management
5. Group Head – Retail Banking
6. Group Head – Special Asset Management
7. Group Head – Consumer Banking
8. Head – International Banking
9. Head – Legal Affairs

Management Credit & Risk Committee

1. President & CEO – Chairman
2. Group Head – Risk Management
3. Division Head – Credit Review Central

Management Sub-Committee for Resolution of Long Outstanding Audit Issues

1. Group Head – Oversight & Monitoring – Chairman
2. Chief Financial Officer
3. Chief Information Officer
4. Group Head – Operations
5. Group Head-Retail Banking

Management Sub-Committee on AML/CFT

1. Chief Compliance Officer – Chairman
2. Group Head – Oversight & Monitoring
3. Group Head – Retail Banking
4. Group Head – Risk Management
5. Group Head – Operations
6. Head – International Banking

Overseas Monitoring Committee

1. Group Head – Oversight & Monitoring – Chairman
2. Chief Financial Officer
3. Chief Compliance Officer
4. Group Head – Risk Management
5. Group Head – Operations
6. Head – International Banking

Compliance Committee of Management

1. President & CEO – Chairman
2. Chief Compliance Officer
3. Chief Digital Officer
4. Chief Information Officer
5. Group Head – Oversight & Monitoring
6. Group Head-Retail Banking
7. Group Head – Human Resource Management
8. Group Head – Wholesale Banking
9. Group Head – Operations
10. Group Head – Consumer Banking
11. Group Head – Risk Management
12. Head – International Banking
13. Head Legal Affairs

Cyber Security Committee

1. Group Head – Risk Management – Chairman
2. Chief Information Officer
3. Chief Digital Officer
4. Chief Compliance Officer
5. Group Head – Operations
6. Group Head – Retail Banking
7. Group Head – Consumer Banking
8. Head – International Banking

Outsourcing Relationship Review Committee

1. Group Head – Operations – Chairman
2. Chief Compliance Officer
3. Group Head – Risk Management

Management Sub-Committee for Monitoring of Central Banks' Inspection Reports

1. Group Head – Oversight and Monitoring – Chairman
2. Chief Compliance Officer
3. Group Head – Operations
4. Group Head – Risk Management

Wealth Management Committee

1. President & CEO – Chairman
2. Chief Compliance Officer
3. Group Head – Retail Banking
4. Group Head – Consumer Banking
5. Division Head – Service Quality

Performance Evaluation of the Board of Directors, its Committees and Individual Directors

MCB Bank Limited has established a formal and effective mechanism for evaluating the performance of the Board, its Committees, the Chairman, individual Directors, and the President & CEO. This process aligns with the 'Guidelines on Performance Evaluation of the Board of Directors' (the "Guidelines"), issued by the State Bank of Pakistan ("SBP") and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the "Regulations"), issued by the Securities & Exchange Commission of Pakistan ("SECP"). The Board ensures periodic evaluation of its performance. In addition to the annual self-assessment, the Board's performance is evaluated by an independent external consultant once every three years, in line with best corporate governance practices.

In 2025, MCB Bank Limited conducted performance evaluation, of the Board as a whole, the Chairman, individual Directors (including independent Directors), the President & CEO, and Board Committees for the year 2024 through an external independent evaluator, namely, M/s. Pakistan Institute of Corporate Governance ("PICG") in line with the Guidelines and the Regulations on Performance Evaluation.

Key highlights of the Analysis Report (the "Report") issued by PICG, are as follows:

- The Board Strategic Performance Index ("BSPI") of the Bank improved to 95% for the year 2024 as compared to 93% for the year 2021, placing the Bank among the top performing institutions. This progression reflects a measurable enhancement in the overall effectiveness of the Board of Directors.
- Category-wise comparison of performance evaluations conducted by PICG for the year 2021 and 2024 is as under:
- PICG conducted performance evaluation of Board Committees for the year 2021 and assigned aggregate rating of 94%; however, for 2024, PICG assigned a separate rating to each Committee in the range of 93% - 98%;
- Performance evaluation of each member of the Board reflected an improvement, which was assessed between 90% - 100% for the year 2024 as compared to 85% - 98% for the year 2021;

- The Report also highlighted key successes as follows:
  - Effective and balanced leadership of the Chairman;
  - The Board demonstrated resilience and strategic foresight, particularly in steering the Bank through a volatile economic environment;
  - The Board performed well in recent years with sound management, delivering results commensurate with shareholder expectations and prevailing market conditions;
  - Increased focus on governance and risk management;
  - The Board's collaborative approach in supporting digital transformation initiatives, which will position the Bank well for future growth; and
  - Continued oversight contributing to the Bank's financial health and competitiveness.

Performance Evaluation through External Independent Evaluator

In order to ensure compliance with regulatory requirements and enhance objectivity in the Board's annual performance evaluation process, MCB conducts an independent third-party assessment of the Board, its Committees, and individual Directors every three years.

In this regard, the performance evaluation for the year 2024 was conducted in 2025 by PICG, as an independent external evaluator. The Board received a strong rating of 95% on the Board Strategic Performance Index (BSPI) of PICG, reflecting its overall effectiveness.

Criteria for Annual Performance Evaluation of the Overall Board of Directors:

The annual performance evaluation focuses on assessing the Board's effectiveness in providing strategic direction, overseeing the implementation of long-term policies, and ensuring alignment with the Bank's vision, mission, and core values. It measures the quality of governance, effectiveness of decision-making, oversight of risk management and internal controls, monitoring of management performance, and compliance with applicable legal and regulatory requirements. It also considers the composition, independence, preparedness, and active participation of directors, the performance of Board committees, and the Board's role in promoting ethical conduct, accountability, transparency, and a strong "tone at the top" in the best interests of stakeholders.

In 2025, the performance evaluation of the overall Board of Directors of the Bank was conducted through external independent evaluator who performed the evaluation on the basis of questionnaires broadly covered under below mentioned criteria, as outlined in the SBP Guidelines:

a) Is the composition of the board appropriate, having the right mix of knowledge, expertise and skills to maximize performance?

b) How well the board exercises its role ensuring that the organization supports and upholds the vision and mission, core values etc.?

c) Is the policy framework of bank/DFI developed appropriately?

d) What has been the board's contribution towards developing strategies?

e) Is the board able to make timely strategic decisions ensuring operations are in line with strategies?

f) Is the information provided to the board appropriate, accurate, timely and unbiased?

g) What has been the board's contribution in ensuring robust and effective risk management?

h) Has the board ensured that internal control and the audit function are conducted in an effective manner?

i) Has the board ensured timely and accurate disclosure on all material information?

j) Is the board as a whole, up-to-date with latest developments in the regulatory environment?

k) Are the board procedures conducive to effective performance and flexible enough to deal with all eventualities?

l) Is the board effective in adherence to the code of conduct?

Criteria for Annual Performance Evaluation of the Board Committees:

The rationale for the formation of Board Committees is to assist the Board in performance of its functions and to enhance efficiency by sharing the work load of the Board of Directors. The Bank's Board has formed eight (8) committees assisting it in the areas of audit, strategy setting, risk management, human resource management, physical planning & contingency arrangements, information technology, regulatory compliance and write-offs & waivers. Size, structure and skill set of the Board Committees are in line with applicable rules, regulations and laws as well as business needs of the Bank.

During the year 2025, the performance evaluation of the Board Committees was conducted through external independent evaluator who performed the evaluation on the basis of questionnaires broadly covered under below mentioned criteria, as outlined in the SBP Guidelines:

a) Are the size, structure and skill set of committees appropriate?

b) Does each committee have adequate and appropriate written terms of reference?

c) Are the committees effectively discharging their functions and duties as per terms of reference?

d) Is the frequency of committee meetings adequate?

e) Are the committee meetings organized properly with appropriate procedures?

f) Are the committee meetings conducted in a manner that encourages open communication and meaningful participation of its members?

g) How effectively and proactively committees have followed up with their areas of concern?

h) Are the suggestions and recommendations of committees effective?

Annual Performance Evaluation of the Chairman, Individual and Independent Directors:

Performance evaluation of the Chairman is linked with the functioning of the overall Board as well as performance of the individual directors. Independent Directors are entrusted with the responsibility to conduct the performance evaluation of the Chairman, who are also required to seek the help of other Directors, as per the criteria given in SBP Guidelines. Similarly, performance evaluation of Individual Directors is conducted by the Chairman; however, Independent Directors are evaluated by all other Directors of the Bank excluding the Director being evaluated.

During the year, the performance evaluation of the Chairman, Individual and Independent Directors was conducted by the PICG, as an external evaluator.

Annual Performance Evaluation of the President & CEO of the Bank:

The President & CEO of the Bank is entrusted with the overall management of the Bank's affairs. The Board authorizes the President & CEO to effectively oversee operations, implement strategic decisions and policies, and align the Bank's direction with its vision and mission by setting clear objectives and goals. Through strong leadership and team-building efforts, the President & CEO drives optimal performance while managing the Bank's affairs in line with its strategic and long-term objectives. Under his leadership, the Senior Management formulates goals in alignment with the Bank's strategic direction.

The performance evaluation of the President & CEO of the Bank is conducted by all Directors of the Bank; however, during the year, the performance evaluation of the President & CEO was conducted through external evaluator who conducted the evaluation on the basis of questionnaires broadly covered under below mentioned criteria:

a) Were the financial / business targets set by the board achieved?

b) Does he possess leadership qualities i.e. correct anticipation of business trends, opportunities and priorities affecting the institution's prosperity and operations?

c) Has he developed clear mission statement, policies, and strategic plans that harmoniously balance the needs of all the stakeholders?

d) Does he ensure that company's resources and budgets are aligned with the implementation of the organization's strategic plan?

e) Does he establish an effective organization structure to ensure management's focus on key functions?

f) Does he timely and effectively execute strategies set by the board?

g) Has he served as an effective representative while communicating with all the stakeholders?

Directors' Remuneration

The Board, on recommendation of the Board's Human Resource & Remuneration Committee, approves scale of remuneration for attending the Board and its Committees meetings by the Chairman and other Board Members, excluding the Executive Director. The level of remuneration is determined in such a way that it encourages independence, motivation and retention of Board Members. It also commensurate with level of expertise and experience of each member and responsibility assigned. The scale of remuneration, including additional remuneration, is also approved by the shareholders of the Bank and it remains within the prescribed limits given in the Corporate Governance Regulatory Framework, issued by the State Bank of Pakistan and amended from time to time.

Directors' Remuneration Policy:

The Board has framed and approved a comprehensive and transparent Directors' Remuneration Policy for the Chairman and other Board Members in accordance with the provisions of applicable laws, rules and regulations as amended from time to time.

The Policy aims to set out the requirements and methodology for determining the scale of remuneration and other allowable expenses to be paid, from time to time, to the Chairman and other Directors for attending the Board and its Committees meetings. The Policy ensures that the Board Members are fairly rewarded with regard to their respective responsibilities undertaken, and also to attract and retain high-calibre, experienced directors by offering appropriate remuneration levels commensurate with their expertise, skill and experience. The Policy has been formulated with clear mandate and charter, keeping in view the ownership structure, governance mechanism, risk profile, scope of operations and performance of

the Bank. The Policy is applicable to Non-Executive / Independent Directors, Executive Director(s) and the Chairman of the Board of Directors.

Salient features of the said Remuneration Policy are as under:

- The Policy has been prepared in accordance with the regulatory requirements;
- On recommendation of Board's Human Resource & Remuneration Committee, the Board shall approve the scale of remuneration to be paid to the Chairman and its other Members {excluding the Executive Director(s)}, for attending Board and its Committees meetings;
- The Board may determine additional remuneration for a director including the Chairman of Board and Chairman of any Board's Sub-Committees of the Bank for performing extra services. However, such additional remuneration shall not exceed the limits as prescribed by SBP;
- The above-mentioned remuneration shall also be approved by the shareholders of the Bank, preferably on pre-facto basis, in general meeting of the Bank;
- No remuneration shall be paid to the Executive Director(s) except for traveling, boarding, lodging and / or any other expenses incurred for attending Board and its Committees meetings;
- No consultancy or allied work shall be awarded to a director or to the firm(s), institution(s) or company (ies) etc. in which he / she individually and / or in concert with other directors of the Bank, holds substantial interest;
- The Bank shall either make all arrangements for travelling, boarding and lodging of Board Members for attending Board and its Committees meetings and any other meeting relating to Bank's business or reimburse such expenses including any relevant domestic training to the Board Members, on actual basis;
- Executive Director(s) shall be entitled for travelling, boarding, lodging and/or any other expenses incurred for attending Board and its Committees meetings, on actual basis, as per the Bank's standard rules and regulations; and
- Remuneration shall be fixed invariably in Pakistani Rupees (PKR). However, the payment of the same may either be made in Pakistani Rupees or in equivalent foreign currency(ies) as stated therein.

Detail of remuneration paid to the Executive Director and to the Non-Executive Directors during the year 2025 has been disclosed in the Note No. 42 of the Unconsolidated Financial Statements of the Bank for the year ended December 31, 2025.

Directors' Orientation

Directors' orientation enables the directors to have a better understanding of specific context under which directors operate and comprehend their roles and responsibilities and also to acquaint them with a wider scope of responsibilities, propagate due diligence and acting in good faith, while effectively managing the interests of the Bank and of the shareholders. It continues through the orientation stage and leads to ongoing directors' education as well as directors' and Board's assessment. An orientation program is aimed at increasing director's familiarity with the Bank, its industry as well as equipping the directors with sufficient information and resources that facilitate fully-informed decisions.

In this connection, the Chairman of the Board issues a letter to every director at the commencement of new term of the Board (i.e. after convening election of Directors) or at the appointment of a director against a causal vacancy, setting out the roles and responsibilities, as Director of the Bank.

Further, he / she is also given an orientation about the Bank's corporate governance framework, its businesses, current issues, strategies and operations by the Management to acquaint them with the Bank's overall operations in order to enable them to effectively govern the affairs of the Bank on behalf of and in the best interest of the shareholders. For this purpose, the directors are also provided with the detailed written material in shape of extracts from relevant laws, rules & regulations on powers, duties & responsibilities of the Board of Directors.

Moreover, the Board Members are regularly provided with update on new applicable laws, rules and regulations including amendments thereto to keep them abreast with their powers, duties and responsibilities and any changes thereto.

Directors' Training Program

All Board Members, have either minimum education and experience required for exemption from Directors Training Program ("DTP") or have already undergone such training as narrated in the relevant Regulations. MCB Board is fully adhered to directors training arrangements under the relevant Regulations.

Board's Function and Decision Making

MCB's Board sets the Bank's strategic aims to be put into effect and upholds the vision, mission and core values of the Bank. It plays an effective role and

provides entrepreneurial leadership and direction for the Management of the Bank. The Board considers long-term policy-related matters and exhibits high standards of business and professional conduct in managing and supervising affairs of the Bank. The Board comprises of local as well as foreign directors who have diversified experience, suitable knowledge, appropriate skills / expertise and competency considered relevant in the context of the Bank's operations and to make the Board an effective decision-making body. The Board has appropriate size and diversification. The collective wisdom of the Board is translated into its decisions which form the basis for Management to achieve its targets.

The primary role of the Board of Directors of the Bank is to enhance shareholder value. The directions provided by the Board enable the Senior Management to deliver remarkable returns to stakeholders, sustainable performance and value-added services. It also helps in building a corporate culture of equality, trust and team spirit. MCB Board is always concerned with strategic matters and overseeing the business of the Bank in light of emerging risks and opportunities, on a regular basis and is also involved in establishing and reviewing the strategies, yearly targets and financial objectives of the Bank.

Significant Issues/Matters reviewed/discussed/ approved by the Board of Directors:

During the year, the Board of Directors deliberated / approved the following Significant Issues / Matters:

- MCB's Strategic Plan (2026 – 2028) including Annual Budget for the Year 2026;
- Management Letter(s) issued by the External Auditors of the Bank;
- Financial Results of MCB Bank and consolidated Financial Results with its subsidiaries on a quarterly, half yearly and annual basis together with Directors' Report, Auditors' Report and Chairman's Review Report;
- Declaration of Interim and Final Cash Dividends;
- Bank's Policies including periodic reviews and amendments thereto;
- Periodical review of Terms of Reference ("ToRs") of Board's Committees;
- Related Party Transactions as recommended by Board's Audit Committee;
- Credit proposals in respect of facilities extended to related parties of the Bank;
- Review of Results of Macro-Economic Stress Testing of the Bank for the year 2025;
- Write-offs and waivers including Consumer's non-performing loans and recoveries there against;
- NPLs Management Strategy (2025-2028) along with review of its implementation status on quarterly basis;
- Donations / Charities under CSR Activities of the Bank;
- Annual Branch Expansion Plan of the Bank;
- Annual update on Green Banking Activities and Initiatives/Monitoring and Evaluation Reporting;
- Appointment / Engagement of External Auditors of the Bank as well as for Bank's Overseas Operations and also to Perform Agreed upon Procedures as recommended by the Audit Committee;
- Various SBP Inspection / Assessment Reports pertaining to the period under review;
- Various new Regulations/ Standards/ Examination Reports, issued by the central banks of UAE, Bahrain and Sri Lanka from time to time.
- Complaints Received under Whistle Blowing Program and Actions taken thereon;
- Matters recommended by Board's Committees;
- Performance Evaluation of the Board as a whole, the Chairman, Individual Directors including Independent Directors, the President & CEO and Board's Committees through an External Independent Evaluator;
- Quarterly and Annual Reports on Fraud / Forgery & Dacoity Cases;
- Conduct Assessment Framework (CAF) 2024 & External Customer Satisfaction Scores 2024/2025;
- Bi-annual updates on Biometric Verification Project of the Bank;
- Annual Fraud Risk Assessment and Internal Risk Assessment Reports of the Bank;
- Performance review of Consumer Lending Business, Wealth Management Business and Digital Banking Business, along with Key Performance Indicators of Digital Banking of the Bank;
- Review of Minutes of Supervisory Board Meetings of M/s MCB NBCO, Azerbaijan, held during the year under review;
- MIS relating to exceptions/deviations from Board's approved policies during the year 2025;
- Management's plan on Transformation of Conventional Banking into Islamic Banking;
- Training Session on Islamic Banking & Finance;
- Status and implications of all material law suits filed by and against the Bank; and
- Ratification of shares transferred in physical form including transmission cases during the year 2025.

Matters Delegated to the Management

The strategic direction provided by the Board enables the Senior Management to deliver remarkable returns to shareholders, sustainable performance and value-added services to the stakeholders. It helps in building a corporate culture of equality, trust and team spirit within the Bank. The Board periodically reviews the financial and operational performance of the Bank and sets the budgetary targets for the Management. The Management is primarily responsible for implementing the business plans and strategies as approved by the Board of Directors in conducting the operations of the Bank effectively. Tactical and operational matters are delegated to the Management. Further, under the direction and oversight of the President & CEO of the Bank, the Senior Management carries out and manages the Bank's activities in a manner consistent with the strategies, business goals, risk appetite, incentive compensation and other policies approved by the Board of Directors.

Governance Practices Exceeding Legal Requirements

The Bank's Board upholds strict adherence to all applicable laws, rules, and regulations, treating compliance as a core governance responsibility and any deviation as a reputational risk. As one of the leading banks in the country, the Board ensures disclosures and transparency standards that go beyond minimum regulatory thresholds. The Management regularly apprises the Board of developments in the regulatory landscape and maintains rigorous oversight through dedicated compliance resources, reinforcing a culture of proactive and meticulous regulatory compliance. Following are some of the practices of the Bank which exceed the minimum legal requirements:

- The Board has constituted eight sub-committees, exceeding the minimum number prescribed under applicable regulatory frameworks.
- The Bank has appointed only one Executive Director (President & CEO), although two executive directors are permitted by the State Bank of Pakistan and up to four (one-third of the Board) are allowed under the Listed Companies (Code of Corporate Governance) Regulations, 2019.
- Voluntary adoption of best reporting practices as prescribed by ICAP / ICMAP / SAFA to enhance financial transparency and reporting quality.
- The Bank reports additional information in the Annual Report for stakeholders which is not required by any laws.

Roles and Responsibilities of the Chairman and the President & CEO of the Bank:

The Roles and Responsibilities of the Chairman and the President & CEO of the Bank are described below:

Roles and Responsibilities of the Chairman:

The Chairman of the Board of Directors shall be elected from amongst the non-executive directors of the Bank and shall not hold the office of Chief Executive Officer. He shall be responsible for leadership of the Board and shall ensure that the Board plays an effective role in fulfilling its responsibilities. The Chairman has responsibilities and powers as vested in him / her by law, Articles of Association of the Bank and / or assigned, from time to time, by the Board. In particular, the Chairman will coordinate the affairs of the Board and chair the meetings of the Bank; however, he shall not participate in day-to-day management of the affairs of the Bank.

The Chairman shall ensure that:

- The composition of the Board is in accordance with legal and regulatory requirements;
- The Board as a whole is functioning effectively in accordance with applicable laws, regulations and rules to inculcate sound business principles and prudent commercial practices;
- The Board receives appropriate, accurate, timely and unbiased information, in particular, about the Bank's affairs and performance to enable the Board to take sound and effective decisions;
- The meetings of the Board and the Shareholders of the Bank are convened in compliance with legal and regulatory requirements; and proceedings of such meetings are accurately and fairly recorded. The agenda of the meetings take full account of applicable laws & regulations and the requirements of Bank's business;
- All Board Members are encouraged to participate and raise issues and concerns in the Board discussions, whilst promoting highest standards of Corporate Governance;
- The Board is concentrating on relevant issues and conflicts (if any) are effectively resolved;
- The Board sets the tone and values of the Bank; promotes a culture of openness and constructive debate and effective decision making;
- The Board is periodically updated on its statutory and fiduciary duties, as required in relevant laws, regulations and rules, enabling the Directors to perform their roles & responsibilities properly and prudently in the best interest of the Bank;

- Good relationship is maintained with Board Members, the Management and the Shareholders; so that obligations to the shareholders and other stakeholders are understood and met; and
- Shareholders' and other stakeholders' interest are promoted in the decisions taken by the Board.

Roles and Responsibilities of the President & CEO:

The President & CEO of the Bank, subject to the control and directions of Board, are entrusted with the whole, or substantially the whole, of the power of the Management to direct, manage, administer and control the affairs of the Bank. He shall be responsible to the Board for the implementation of its strategies, policies and decisions. The terms and conditions of appointment of the President & CEO are determined by the Board of Directors. The President is to be deemed a director and also entitled to all the rights and privileges and be subject to all the liabilities of that office.

The President & CEO of the Bank shall:

- Set the appropriate performance standards to achieve financial / business targets set by the Board;
- Ensure that Bank's resources and budgets are aligned with the implementation of its strategic plan;
- Ensure assessment, monitoring and effective management of the significant risks to the Bank;
- Ensure that Bank maintains high standards of corporate citizenship and social responsibility wherever it operates;
- Establish an effective organizational structure having appropriate resources / systems within the Bank, to ensure Management's focus on key functions;
- Timely and effectively execute strategies set by the Board;
- Manage the affairs of the Bank in accordance with strategies and long-term objectives approved by the Board;
- Ensure effective communication with the Board, shareholders, employees, regulatory authorities and other stakeholders and serve as an effective representative of the Bank while communicating with all the stakeholders;
- Ensure through effective leadership, team building and motivation that the maximum possible performance is achieved by the Bank and ensure that the affairs of the Bank are being managed in accordance with highest ethical standards, sound business principles and prudent commercial practices;
- Exercise the overall control, discretion, administration and supervision for the sound and efficient management and conduct of the business of the Bank;
- Monitor short term goals and ensure that the operating groups / divisions develop their own plans for the future, which need to be quantified as far as possible with benchmarks established;
- Conduct a periodic performance review of the Senior Management team so that major initiatives such as expansion strategies, acquisitions and capital investments should be finalized and adopted through major marketing and development exercises;
- Provide the Board with the relevant information it needs to carry out its fiduciary responsibilities and to supervise the Senior Management;
- Liaise between the Board and the staff, and communicate on a regular basis with both to promote understanding, cohesiveness and coordination for development of policies and their implementation;
- Ensure the compliance of applicable laws, rules and regulations;
- Ensure establishment of an effective information mechanism whereby internal and / or external significant / material items affecting Bank's affairs are identified and shared with relevant stakeholders on timely basis;
- Maintain follow up on regulators' observations and other lawful instructions and issues raised by external and / or internal auditors and to ensure their strict adherence / compliance in Bank's operations;
- Ensure compliance related to enhancement of Digitization Initiatives and 'Banking on Equality' Policy; and
- Ensure compliance of the provisions of General Power of Attorney ("GPA"), as approved by the Board of Directors and issued in favor to run the affairs of the Bank.

Additionally, being a deemed director of the Bank, responsibilities of the President & CEO are as under:

- To act in accordance with the Articles of Association of the Bank;
- To act in good faith in order to promote the objects of the Bank for the benefit of its Members as a whole, and in the best interests of the Bank, its employees, the shareholders and the community;
- To discharge duties with due and reasonable care, skill and diligence and exercise independent judgment;

- To avoid a situation in which you may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Bank;
- To refrain from taking any undue gain or advantage either to himself or to relatives, partners, or associates and, in case someone is found guilty of making any undue gain, he shall be liable to pay an amount equal to such undue gain to the Bank;
- To acquire a basic understanding of the business of the Bank and become familiar with the fundamentals of the business in which the Bank is engaged including the knowledge of the financial statements of the Bank;
- To participate in Board meetings to enable the Board to make effective decisions and make sure that the Bank's obligations are fulfilled;
- To refrain from assigning your office to any person and any assignment so made shall be void;
- To disclose the nature of concern or interest, whether directly or indirectly, in any contract or arrangement entered into, or to be entered into, by or on behalf of the Bank, as per the provisions of applicable laws, rules and regulations;
- To adhere to the provisions of the "Code of Conduct & Ethical Standards for Directors" of the Bank; and
- To ensure compliance with applicable laws, rules and regulations.

External Oversight of Functions and Measures Taken to Enhance the Credibility of Internal Controls and Systems

To ensure effectiveness, applicability and appropriateness of the implemented controls and systems, the management of the Bank engages external subject matter experts / consultants to conduct performance and quality assessments at regular intervals; or earlier, if warranted by significant changes occurring within the Bank control environment.

Following is the summary of key measures undertaken to enhance the credibility of internal controls and systems through external oversight:

- The Bank has an internal 'Audit & RAR Group (IA) independent from the Management and responsible for providing reasonable assurance to key stakeholders regarding compliance with control framework of the Bank. As part of IA's overall quality assurance and improvement program, regular strategic assessments are executed, through an external assessor, to review conformance to regulatory framework and perform maturity assessment of IA's operating practices against external performance benchmarks; with the most recent of such assessments completed in 2024.
- The information and network security systems are periodically reviewed by the information systems auditors. Independent external assessments are being regularly conducted as part of SWIFT's community standard assessment program for attestations against its customer security controls framework (CSCF).
- External Vulnerability Assessment & Penetration Testing.
- PCI DSS (Payment Card Industry Data Security Standard) compliance assessment.
- External auditors of the Bank have carried out special review of the Bank's Internal Control Programme relating to Internal Control over Financial Reporting (ICFR).

Code of Conduct & Ethical Standards for Directors

The Bank has also developed "Code of Conduct & Ethical Standards for Directors" as per the requirements of Code of Corporate Governance which is signed annually by every Director of the Bank.

Board's Commitment to Upholding High Standards of Ethics and Compliance

The Board of Directors recognizes that maintaining the highest standards of ethics and compliance is essential for the long-term success and sustainability of the Bank. MCB is committed to fostering a culture of integrity, transparency, and accountability across all levels of the organization by adhering to the following key principles:

- Uncompromising Ethical Standards: Ensuring that all business activities align with the Bank's core values by upholding the highest ethical standards.
- Comprehensive Compliance Framework: Maintaining and continuously enhancing a robust compliance program that adheres to all applicable laws, regulations, and industry best practices.
- Culture of Compliance: Embedding compliance into the Bank's daily operations and fostering an environment where employees are encouraged to report concerns without fear of retaliation.
- Strong Oversight and Accountability: Exercising vigilant oversight of the Bank's ethics and compliance framework, ensuring its effectiveness, and holding management accountable for its implementation.
- Training and Awareness: Providing employees with comprehensive training on the Bank's ethics and compliance policies to ensure informed decision-making.

- Effective Reporting and Investigation Mechanisms: Establishing clear and confidential reporting channels for ethical and compliance concerns, ensuring thorough investigations and appropriate actions.

Through these commitments, the Board reinforces its dedication to ethical excellence and regulatory compliance, ensuring that the Bank operates with integrity and accountability at all times.

Directors' Profile

Directors' profiles have been incorporated in the "Profile of the Board of Directors" section of the Annual Report.

Board's Policy on Governance of Risk and Internal Controls

The Board oversees matters relating to risks, compliance and internal control through its committees. The Board of Directors regularly assess all risk governance structures and lines of defense to ensure that key roles, responsibilities and accountabilities for implementing an effective governance, risk management, internal control and compliance function, in each of its jurisdictions, are appropriately defined and responded to; in line with Bank's approved policy frameworks and applicable regulatory requirements.

For details please refer to "Strengthening Enterprise Resilience" and "Statement on Internal Controls" sections of the Annual Report.

Board's Policy on Diversity

The Board of Directors firmly believes that the diverse mix of gender, knowledge, expertise, skill sets and experience of the members / employees enhances the effectiveness of the Bank.

MCB is committed in fostering, cultivating and preserving a culture of diversity and inclusion. Human capital is the most valuable asset the Bank has. The collective sum of the individual's life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities and talent that employees invest in their work, represents a significant part of Bank's culture, as well as its reputation and achievements.

The Bank's well-crafted diversity policy serves as a roadmap for creating a workplace where everyone feels valued, respected, and empowered to succeed.

Managing Conflict of Interest

Overview:

A conflict of interest situation arises when a director, directly or indirectly, has an interest, pecuniary or otherwise, in performing his functions or duties and such interest could lead to impairing his ability to consider and decide any matter impartially, without creating biasness in his or her own decision.

The Board Members owe certain fiduciary duties, including the duties of loyalty, due diligence, and confidentiality to the Bank which requires that a director must act in good faith in order to promote the objectives of the Bank. In this regard, the Bank has developed "Code of Conduct & Ethical Standards for Directors" which requires every director to disclose potential or actual conflicts of interest with respect to his / her duties as soon as they arise or he / she becomes aware of them. All the Board Members take reasonable steps to avoid being in an actual, apparent or potential conflict of interest. The Board recognizes the responsibility to adhere to the defined policies of the Bank and avoid perceived conflicts of interest that may arise during the course of business.

For this purpose, the Bank has also developed a 'Conflict of Interest' Policy for Directors, President & CEO and Key Executives, duly approved by the Board of Directors.

Disclosure of interest in significant contracts and arrangement by Directors:

None of the Directors have any interest in significant contracts and arrangements the Bank has entered into. However, every director of the Bank who is in any way, whether directly or indirectly, concerned or interested in any contract or arrangement entered into, or to be entered into, by or on behalf of the Bank discloses the nature of his / her concern or interest at a meeting of the Board in accordance with the regulatory requirements. Interested Director does not participate or vote in the proceedings of such Board meeting.

Disclosure of Interest by Officers:

No other Officer of the Bank who is in any way, directly or indirectly, concerned or interested in any proposed contract or arrangement with the Bank shall, unless he discloses the nature and extent of his / her interest in the transaction and obtains the prior approval of the Board of Directors, enter into any such contract or arrangement.

Exposure in Companies where Directors are Interested:

The Bank does not enter into leasing, renting and sale/ purchase of any kind with their directors, officers, employees or such persons who either individually or in concert with family members beneficially own 5% or more of the equity of the Bank.

The Bank does not take unsecured exposure on, or take exposure against the guarantee of any of its directors, any of their family members, and any firm or private company in which such directors are interested as director, proprietor and partner or public company in which such persons are substantially interested including the President & CEO and shareholders having 5% or more of the share capital.

Without the approval of the majority of the directors excluding the director concerned, the Bank does not take any exposure on:

- any of its directors or individuals, firms or companies in which they or any of their directors, either directly in the borrowing entity or in any of its group companies, hold key management positions, or are interested as partner, director or guarantor, as the case may be; and
- the President & CEO and shareholders holding 5% or more of the share capital of the Bank, including their spouses, parents, and children or firms and companies in which they are interested as partners, directors or shareholders holding 5% or more of the share capital of that concern.

The financing facilities to the persons mentioned above are extended at market terms and conditions and are dealt with on arm's length basis.

Conflicts of Interest Register:

The Bank maintains a register of all contracts, arrangements or appointments in which directors are interested.

Insider Trading:

Directors being the insiders are prohibited by the law to indulge in insider trading. They shall not deal directly or indirectly in the securities of the Bank whether on their own account or their relative's account, if they are in possession of any unpublished price sensitive / inside information, which if published or known, is likely to materially affect the price of Bank's securities. Directors, who are usually considered to have such information, shall not communicate directly or indirectly the said information to others who might exploit such information while trading in the securities of the Bank.

As per the regulatory requirements relating to insiders' trading, the Bank is maintaining a register of Insiders who have access to unpublished price sensitive / inside information and the said Register is regularly updated by the authorized personnel of the Senior Management of the Bank.

Whenever, the Bank or a person acting on its behalf, discloses any inside information to any third party in the normal exercise of employment, profession or duty, a complete and effective public disclosure of that information is made simultaneously unless such person owes a duty of confidentiality. Further, the Bank has an approved policy on Prohibition of Insider Trading which is effectively implemented throughout the Bank.

Policy of retention of Board meeting fee earned by the Executive Director from Nomination on the Board of other companies

The Board has approved the 'Directors' Nomination Policy', whereby Bank's executives including the Executive Director, are nominated on the Board of other entities on behalf of the Bank as non-executive director/ trustee. As per this Policy, the Board meeting fee earned from other entities is surrendered to the Bank by the nominee directors.

Security clearance of Foreign Directors

Foreign Directors elected on the Board of the Bank require security clearance from the Ministry of Interior through SECP. All legal formalities and requirements have been met and fulfilled in this regard.

Human Resource Management Policies and Succession Planning

The Board of Directors, on the recommendation of the Human Resource & Remuneration Committee (HR&RC), has approved comprehensive Human Resource (HR) Policies to provide clear guidelines on HR-related matters. These policies are designed to ensure a merit-based, performance-driven, and inclusive work environment aligned with the Bank's strategic objectives.

Merit-Based Recruitment & Diversity

MCB Bank, as an equal opportunity employer, is committed to fostering a workplace that is non-discriminatory, transparent, and free from harassment, ensuring a respectful environment for all employees regardless of caste, religion, or gender.

- The talent acquisition framework is based on meritocratic principles, ensuring that hiring decisions are objective and competency-based.
- The Bank promotes gender and racial diversity, encouraging participation from individuals of all backgrounds to enhance workplace innovation and inclusivity.
- The Bank actively supports individuals with disabilities by fostering an inclusive environment and ensuring a fair and accessible recruitment process.

Performance Management, Promotion & Rewards

MCB Bank's Performance Management Policy fosters a high-performance culture by linking career progression, rewards, and motivation to measurable performance indicators (KPIs).

- A transparent, KPI-based performance assessment system enables employees to track their progress against defined goals throughout the year.

- The promotion and reward system recognizes high performers through fair and competitive compensation structures, performance bonuses, and incentive programs.
- Employee recognition initiatives are in place to reinforce positive reinforcement and encourage professional growth.

Training & Development

The Bank is committed to continuous learning and skill development through structured training and career advancement programs.

- Employees receive comprehensive training in leadership, technical skills, and professional development to help them reach their full potential.
- The Bank invests in management training programs to ensure a pipeline of well-equipped future leaders.

Employee Engagement & Feedback

MCB Bank recognizes that employee engagement and open feedback are fundamental to its success.

- The Bank has implemented employee surveys, recognition programs, and structured feedback mechanisms to foster a workplace where employees feel valued and heard.
- Team-building activities are encouraged to promote collaboration and a positive work culture.

Workplace Ethics & Harassment Prevention

In compliance with the Protection Against Harassment of Women at the Workplace Act, 2010, as amended by the Protection Against Harassment of Women at the Workplace (Amendment) Act, 2022, MCB Bank is committed to providing a safe and professional workplace. A dedicated Inquiry Committee, formed under the guidelines of the Act, ensures that harassment complaints are handled fairly, impartially, and without retaliation.

Succession Planning

Succession planning provides guidelines for identifying, developing and retaining internal talent to fill key positions when these become vacant, whether due to retirement, resignation or any other reason in order to better manage leadership transitions, ensuring the continuity of leadership/management within the Bank that helps the Management to align its business goals with its human capital needs.

Salient feature of Staff Compensation/Remuneration Policy

Compensation & Benefits Policy provides guidelines to offer competitive monetary / non-monetary benefits including salaries to the employees to attract and retain a competent workforce. This also supports the strategic goals of the Bank and provides flexibility to respond to market changes; and

The Remuneration Policy of the Bank is to ensure that a fair, transparent, and competitive remuneration mechanism that encourages the culture of 'pay for performance' is in place. Said document provides comprehensive, transparent, and fair remuneration policy guidelines that are aligned with the overall risk profile and vision of MCB Bank and are in accordance with guidelines issued by the State Bank of Pakistan (SBP) and all other applicable rules, laws and regulations, issued/amended/updated from time to time.

MCB's remuneration policy applies to all staff. The policy covers identification of Material Risk Taker (MRT) and Material Risk Controllers (MRC), performance assessment through balanced scorecards, compensation structure and deferral mechanism.

The responsibility for approving the remuneration policy rests with the Board of Directors. The Board has constituted Human Resource & Remuneration Committee (HR&RC) for recommending to the Board, the structure of the remuneration policy; including the remuneration setting mechanisms, composition of remuneration, and other related matters. HR&RC may take the support of Bank's functions (e.g. Finance, Risk, Audit, Compliance, and HR). At management level, HRMG leads the overall remuneration policy of MCB.

All compensation provided to MCB staff can be divided into fixed remuneration or variable remuneration. Fixed remuneration is that part of the compensation which remains unaffected by the performance of the Bank or the individual employee. Fixed component of remuneration consists of basic salary and allowances that are part of the total compensation package of the employee. Variable remuneration is that part of the total compensation package of an employee which is linked with some predetermined measures of performance. Variable compensation is linked with the individual's performance and comprises of performance bonus, commissions, incentives and allowances.

The Bank has identified functions and designations as MRTs / MRCs. These include, but not limited to, the President & CEO, direct reportees to the President & CEO (members of management committee), Country heads of overseas branches, direct reportees to the members of Senior Management managing critical functions as determined by HR&RC and all other material business units.

Balanced scorecards are defined for all MRTs & MRCs for carrying out an objective and transparent performance assessment. The variable compensation for the MRTs and MRCs is linked to the performance result derived from the scorecard. The performance assessment for

MRTs and MRCs is performed via the structured balanced scorecard mechanism that is in place to ensure that objective risk and return measures are duly taken into account for determining the bonuses and awards for MRTs and MRCs. The bonuses and awards for MRTs are determined based on the performance of the individual, their respective department and the overall Bank.

MRCs in the Bank have suitable autonomy and authority to perform their tasks independently, without influence from the functions they are assigned to oversee and review. KPIs in the scorecards of MRCs are independent of the KPIs of the business functions that they oversee. This ensures that achievement of financial targets of the business functions are not considered for the performance assessment of the MRCs.

For MCB employees' classified as MRTs and MRCs, at least 25% of their variable remuneration shall be deferred. Minimum deferral period is three years with no vesting prior to first year.

Gender Pay Gap Analysis

In compliance with SECP Circular No. 10 of 2024, dated April 17, 2024, the gender pay gap for the year ended December 31, 2025, has been calculated as follows:

i.	Mean Gender Pay Gap	10%
ii.	Median Gender Pay Gap	-11%

Social and Environmental Responsibility

MCB Bank Limited undertakes its responsibility to be recognized as an organization that is aware of both its social and environmental obligations. The Bank continuously strives to inculcate the same by creating awareness amongst stakeholders, streamlining its operational processes and reinforcing the same through various policies. The key areas that the Bank focuses upon are to provide a safe and healthy workplace, protect the environment and conserve energy through use of appropriate technology and management practices.

Some of the salient features of the Bank policy are as follows:

- Compliance with local, national and international laws and regulations as well as the spirit thereof and conduct of business operations with honesty and integrity
- Promote and engage in social welfare activities that help strengthen communities and contribute to the enrichment of society
- Provide innovative, safe and outstanding high-quality banking products and services exceeding the expectations of customers
- Significant investment to develop technological based 'Alternative Delivery Channels' for maximum 'Financial inclusion'
- Sustainable development through building and maintaining sound relationships with our stakeholders through open and fair communication
- Communication and dialogue with employees, to build and share the value of "Mutual Trust and Mutual Responsibility" and work together for the success of all of our stakeholders
- Respect for people by honoring the culture, customs, history and laws of Pakistan. Constantly search for safer, cleaner and superior practices that satisfy the evolving needs of the society
- Minimize the environmental impact of business operations, by working to reduce the wastage of all resources
- Develop, establish and promote practices enabling the environment and economy to coexist harmoniously and build close and cooperative relationships with individuals and organizations involved in environmental preservation

Policies for managing procurement, waste and emissions

A procurement strategy is a sustainable source of added value for the company. In addition to setting the company's priorities, it also aims to develop and maintain positive relationships with suppliers while making responsible and sustainable purchases. At MCB, the procurement activities, vest centrally within the functional domain of General Services Group and are governed by a comprehensive framework that aims to ensure transparency, compliance, cost efficiency, risk management, and optimal value in all purchases by the Bank.

MCB's 'Green Banking Policy' envisions developing and promoting a strategic focus with respect to utilization of natural resources, assessments of financing and investment portfolio keeping in view the management and mitigation of environmental exposures, development of financial instruments, products and services and to enhance environmental friendliness by efficient consumption of natural resources in banking operations. Key objectives of the policy include:

- To reduce the vulnerability of the Bank to an acceptable level from risks arising from the deteriorating environment, fulfill the responsibilities for the protection of the environment and provide financing to transform the economy into a resource efficient and climate resilient one.
- To inculcate the environmental consciousness as part of organizational culture and re-orientation of banking products / services and operations to minimize environmental impact.

- To encourage the employees, clients and stakeholders to practice and promote the use of environment friendly Green products and resource efficient operations / technologies.
- To institutionalize 'Green Banking' across MCB Bank by following Green Banking Guidelines issued by the central bank of Pakistan (SBP) and other jurisdictions where the Bank has its operations.

During the year 2025, MCB's 'Green Banking' framework continued to evolve, as a forward-thinking concept, in line with SBP's aim to decarbonize the country's economy. Key initiatives and details have been disclosed within the 'Sustainability & Corporate Social Responsibility section of the Annual Report.

Board's Policy on Communication with Stakeholders

Conscious to the need of creating a culture of clear and open communication with stakeholders and for ensuring a disciplined and professional approach for managing the bank-wide information flow, the Board of Directors have approved a policy framework that articulates necessary tools, processes and guiding principles of communication to be adopted by the Bank in engaging various stakeholder groups.

The key goals of the policy framework are:

- Pursuing strong corporate reputation through high transparency and consistency in communication with stakeholders; and
- Timely dissemination of information through formal communication channels; with clarity, coherence and credibility.

Dividend Policy

The Bank has a strong track record of delivering attractive and consistent quarterly dividends to its shareholders, positioning itself among the most reliable dividend-paying entities. Its disciplined capital management enables it to generate sustainable profitability while maintaining robust capital adequacy ratios in full compliance with regulatory requirements. Its dividend policy reflects a well-balanced approach—rewarding shareholders with healthy and regular cash returns without compromising liquidity, asset quality, or future growth initiatives.

Investors' relationship and grievances

The Bank ensures safeguarding the interests of its stakeholders by effective communication at regular intervals through multiple mediums. However, the Bank acknowledges that there may be instances where the stakeholders may have unaddressed concerns which if unresolved may become a grievance. To timely address any untoward incident, the Bank has a well-functioning grievance mechanism to provide a transparent and credible process resulting in outcomes that are seen as impartial and effective.

The Bank ensures quality services with uncompromising focus on investors' concerns and transparency in execution thereby extending respect to the trust placed. In this regard, the Bank has provided an online form and contact details of a designated person(s), at a prominent place on the homepage of its website, for assisting and handling investors' complaints and grievances.

Redressal of investors' complaints

The Bank rigorously follows up the complaints of investors received from any regulatory forum and designates exclusive resources to resolve the matter both effectively and efficiently. Further, a centralized function, namely, the Shares Department in the Corporate Affairs Group strives hard to manage any such investor grievances in consultation with the share registrar. Investors can lodge complaints by contacting the shares registrar or by sending emails to the Shares Department of the Bank. A designated e-mail address, (investor.relations@mcb.com.pk) has been maintained to timely address the complaints and is clearly communicated on Bank's website and other publications.

Furthermore, in compliance with the regulatory requirements, the Bank has duly disclosed the link (https://sdms.secp.gov.pk/) to SECP's Service Desk Managements System on its website; hence offering an additional outlet to the stakeholders for lodging their unresolved grievances and reinforcing its commitment to secure stakeholder interests.

The Bank ensures resolution of any grievances within statutory timelines. During 2025, a total of 361,702 customer complaints were lodged, out of which 357,924 complaints had been successfully resolved as of December 31, 2025.

Board's Policy on Employee Health, Safety & Protection

MCB is committed to the health, safety and welfare at work of its employees to minimize the risk of work related injuries and ill-health, comply with applicable health & safety legal requirements, continually improve its health & safety management system, and to establish a framework for setting occupational health & safety objectives. This commitment has laid the basis for MCB's "Health, Safety & Environment" policy; duly approved by the Board of Directors. This policy establishes minimum safety standards that all businesses, offices and branches of the Bank must adhere to while encouraging all employees to promote safety of their fellow employees, customers and non-customers.

Whistle Blowing Program

Overview

MCB Bank is committed to continually operate at the highest standards of conduct in our business. We are the trustees of public funds and it is our core value to serve our community with integrity. We endeavor to earn and uphold the trust of all our customers and stakeholders by serving and dealing with them lawfully, ethically and professionally.

Purpose

This program provides a channel to Bank's staff and outside parties such as shareholders, vendors, customers etc. for raising concerns/complaints about any irregularities, AML/CFT/CPF related issues, impropriety, financial malpractices, frauds & forgeries, personnel harassment and improper conduct or wrongdoing without any fear of reprisal or adverse consequences. The objective of the program is to address / resolve these concerns / complaints to prevent and / or detect improper activities for safeguarding the interest and reputation of the Bank and its stakeholders.

Scope

The program covers deliberate, voluntary disclosure of individual or organizational impropriety by a person who has or had privileged access to data, information or event about an actual, suspected or anticipated wrongdoing within or by an organization that is within its ability to control.

Protection of Whistle Blowers

MCB Bank is committed for protection of genuine complainants against action(s) taken in reprisal for the making of protected disclosures. Confidentiality of the complainant's identity, the nature of the report and the identity of the suspected person is strictly maintained.

The Bank does not tolerate harassment or victimization and takes action, which could involve disciplinary proceedings, to protect complainants when they raise a concern in good faith.

Incentives for Whistle Blowing

Complainant may be awarded monetary benefit / career advancement depending upon the nature and gravity of the concerns / complaints.

Whistle Blowing Mechanism

Employees or outside parties with concerns or complaints may report such concerns or complaints to Whistle Blowing Unit through any of the following means:

- Landline
- E-mail
- Fax
- Website
- Regular Mail

Concerns and complaints are investigated and findings are shared with the senior management for their necessary action. Information related to investigations is also shared with the Audit Committee and Board of Directors.

Number of instances reported to Audit Committee

The Number of whistle blowing incidents (wrongdoings) along with update on investigations/resolution reported to the Audit Committee and Board of Directors during the year 2025 was 44.

Policy for Safety of Records of the Bank

Record management is a methodological approach to control the maintenance and disposition of organization's record. Record management ensures that valuable record evidencing an organization's activities that have legal, financial, administrative or historical value are protected and remain accessible; while expired record is systematically destroyed. Thus, MCB Bank has put in place comprehensive processes, controls and guidelines on handling, protection, retention, retrieval, and disposition of recorded business information which is of ongoing importance to MCB's overall service capability and regulatory compliance.

Related Parties and approved Policy for Related Party Transactions

The Board of Directors has approved a Policy for Related Party Transactions. The Bank's policy is to conduct all the related party transactions on an arm's length basis in the normal course of business. If a transaction is not conducted on an arm's length basis, then specific approvals or ratifications are required by the Board on recommendation of the Audit Committee of the Bank in order to avoid any potential conflict of interest.

The policy specifies that all transactions entered into with related parties shall require Board's approval on the recommendation of the Board's Audit Committee of the Bank, which is chaired by an Independent Director of the Bank.

Every director (including spouse, children, step children and parents) of the Bank who is in any way, whether directly or indirectly, concerned or interested in any contract or arrangement entered into, or to be entered into, by or on

behalf of the Bank shall disclose the nature of his concern or interest at a meeting of the board. No director of the Bank shall, as a director, take any part in the discussion of, or vote on, any contract or arrangement entered into, or to be entered into, by or on behalf of the Bank, if he / she is in any way, whether directly or indirectly, concerned or interested in that contract or arrangement, nor shall his / her presence count for the purpose of forming a quorum at the time of any such discussion or vote.

During the year, the Bank has entered into transactions and contracts with the related parties i.e. subsidiary and associated companies, post-employment benefit plans for the Bank's employees, Key Management Personnel (KMPs), Close Family Members (CFMs) of KMPs and other related entities. Those transactions include lending activities, acceptance and placements, off balance sheet transactions and provision of other banking and financial services that are carried out in the ordinary course of business on an arm's length basis at commercial rates, except for the transactions that KMPs have availed under HR Policy of the Bank. 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.

The Bank has made detailed disclosures about related party transactions in its financial statements annexed with this annual report.

During the year, no contract or arrangement was entered into with related parties other than in the ordinary course of business on an arm's length basis.

Policy for Sustainability and Corporate Social Responsibility (CSR)

Policy Sustainability and Corporate Social Responsibility (CSR) is detailed in "Sustainability & Corporate Social Responsibility" section of the Annual Report.

Responsibilities of Management and the Board of Directors toward the preparation and presentation of the financial statements

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

Statement by the Management of unreserved compliance of International Financial Reporting Standards (IFRS)

The management of the Bank strongly believes in adherence to unreserved compliance with all the applicable International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB) for true and fair presentation of financial statements.

Financial statements for the year have been prepared in accordance with the accounting and reporting standards issued by IASB as are applicable in Pakistan. IFRS adoption status is detailed in note 3 of the Unconsolidated Financial Statements.

Review by the Board of the Bank's Business Continuity Plan (BCP)

Business Continuity Management (BCM) is a process that identifies and recognizes risks, threats and vulnerabilities that could impact Bank's operations internally or externally. BCM provides framework and creates ability for an organization to mitigate risk, withstand changes in the environment and still perform its critical processes and functions.

A robust Business Continuity Plan (BCP) outlines a range of disaster scenarios and the steps to be taken in order to minimize the potential harm to business during adverse situations. BCP's / system recovery procedures are written ahead of time, therefore, the Bank endeavors to have a sustainable, effective enterprise wide BCM program to provide seamless services and product reach to its customers / stakeholders.

The Board of Directors periodically review and gauge Banks preparedness to deal with any untoward situation. Furthermore, the Senior Management of the Bank ensures to maintain an effective Business Continuity Policy & Framework to ascertain that clear and concise plans are maintained for all critical areas; which encompasses strong remedial actions to reduce the risk of downtime in any contingency scenario. In 2020, the world was taken aback by the COVID-19 pandemic that impacted every segment of life. Since then, although the spread of COVID-19 has been following a declining trend, but it doesn't insinuate that the preventive measures against this infectious disease must not be followed. Remaining cognizant and further augmenting its institutional readiness, while preempting any future outbreaks, the Bank has formulated well defined and dedicated BCM plans.

Further to nurture and enhance the confidence on Bank's system and processes, Business Continuity Plans are tested and updated on regular intervals. Since BCM is well knitted into the Banks structure and branch network, thus it gives confidence to its millions of customers, stakeholders and the regulator that the Bank can live up-to the commitment and expectations by ensuring continued functionality of its critical businesses and functions in any circumstances.

Shares held by Directors, Chief Executive Officer, their Spouses and Minor Children

Shares held by Directors, Chief Executive Officer, their Spouses and Minor Children have been disclosed in "Categories of Shareholders" section of the Annual Report.

Presence of Chairman of Audit Committee at the AGM

The Chairman of the Board's Audit Committee was present at the AGM through video-link to answer questions on the Audit Committee's activities and matters within the scope of the Audit Committee's responsibilities.

Board's Policy on Providing reasonable Opportunity to the Shareholders for Participation in AGM

MCB encourages all shareholders, particularly the minority members, for a healthy participation in its general meetings. The efforts of the Bank, in this regard, include timely circulation of notices of meetings to all members, at their registered addresses, and their publication at the stock exchange as well as in leading newspapers of English and Urdu languages having nationwide circulation. Further, as per the requirements of the Securities and Exchange Commission of Pakistan, the Bank is providing a Video-Link facility to the shareholders for participation in its general meetings. This facility is in addition to holding physical general meetings at designated venues. Furthermore, the Bank endeavors to arrange a venue for its general meetings, which is easily accessible to the shareholders, while concurrently taking all essential steps to ensure provision of an equal opportunity to the shareholder to speak and raise any query or comments on the financial performance and business operations of the Bank during the meeting.

For further details, please also refer to "Steps to Encourage Minority Shareholders Participation in AGM" section of the Annual Report.

Stakeholders' engagement

Stakeholders' engagement and the steps taken to solicit and understand the views of the shareholders is detailed in the "Stakeholders' Relationship and Engagement" section of this report.

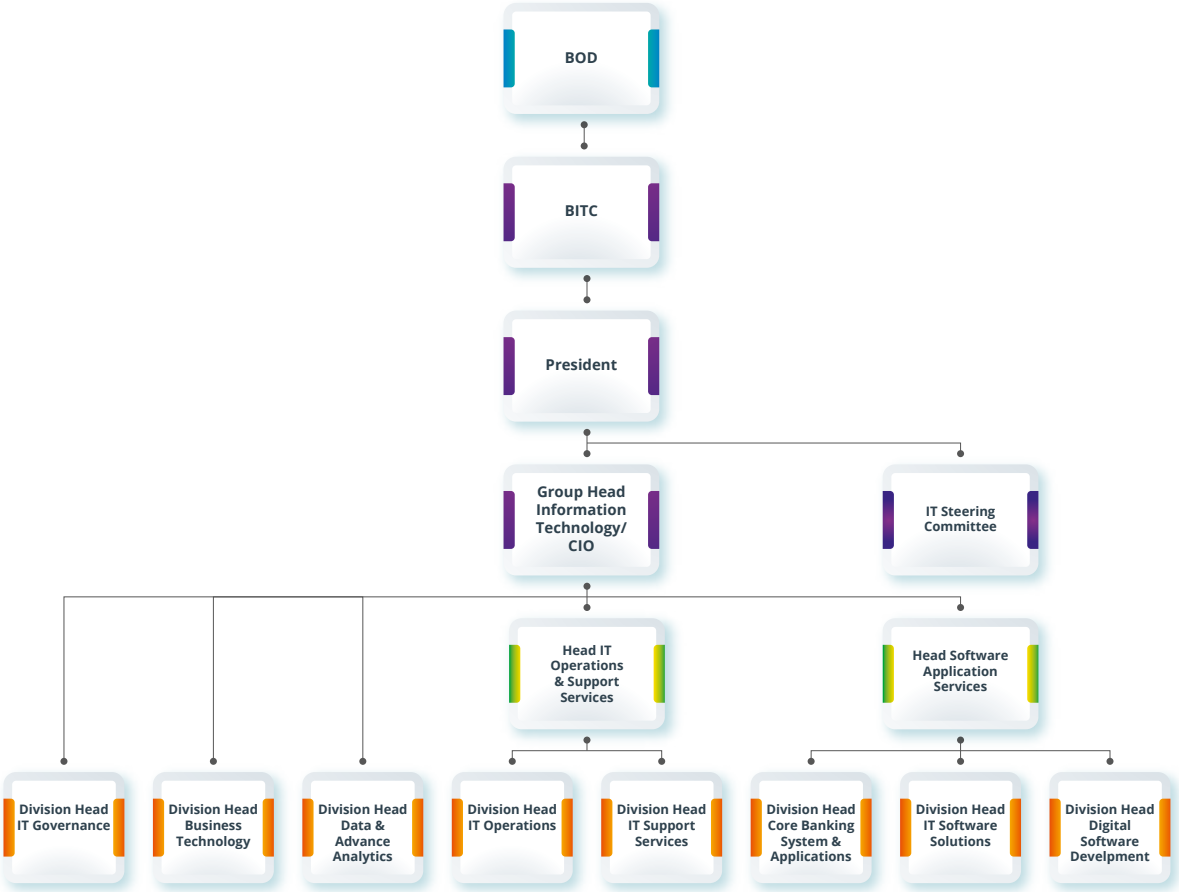
Accessibility of Annual Report-2025

Annual Report-2025 and other information of the Bank are accessible on Bank's Website: www.mcb.com.pk

Significant organizational changes from prior years

The Bank did not undergo any significant organizational restructuring or material changes in its structure during the year under review relative to prior years.

IT Governance & Cyber Security



IT Governance is an integral component of the Bank's overall enterprise governance framework, encompassing the leadership, structures, policies, and processes that ensure technology initiatives effectively support and advance the Bank's strategic objectives. The framework engages the Board of Directors, executive management, and operational teams, promoting disciplined decision-making, transparent accountability, and clear traceability of responsibilities across all levels. By aligning IT strategy with business priorities and embedding robust oversight mechanisms, the Bank enhances operational efficiency, strengthens adherence to internationally recognized best practices, improves overall technology performance, and reinforces its cyber security posture and control environment.

Information Technology Group (ITG) is headed by the Chief Information Officer (CIO), who reports functionally and administratively to the President & CEO of the Bank. The CIO Office provides leadership for the development and delivery of satisfactory technology services.

The position is directly responsible for:

a) Managing the operations of Information and Technology Services for efficient and smooth delivery;

b) Recommending IT Strategy that is aligned with Bank's overall Strategy;

c) Encouraging technical innovation and the development of a robust and dependable technology infrastructure;

d) Strengthening IT Governance;

e) Providing guidance, oversight, and strategic thinking on information technology;

f) Setting the overall direction for ITG to introduce and implement innovative technology solutions;

g) Ensuring the availability of Bank's services as up & running and active DR invocation mechanism at the time of disaster.

IT Governance is overseen by teams of dedicated professionals who deliver innovative and efficient technology solutions to support and advance the strategic objectives of the Bank, including business functions and support units. Their efforts are carried out under the oversight of the Board IT Committee (BITC) and the guidance of the Management IT Steering Committee (ITSC), ensuring alignment with governance standards and organizational priorities.

IT Group is further strengthened by the following functions:

1. Project Management
2. IT Support Service Management
3. IT Operations
4. IT Software Solutions
5. Data and Advance Analytics
6. Core Banking
7. Digital Software Development
8. Business Technology
9. IT Governance
10. Disaster Recovery Planning
11. IT Compliance & Internal Controls
12. IT Quality Assurance

Internal Governance

The Bank's Management IT Steering Committee (ITSC) & Board IT Committee (BITC) are the governing bodies that review, monitor, prioritize and approve major IT projects. Key Objectives of these committees are:

- To provide a forum for discussions, review and advice on Technology needs, Investments, Issues & Progress;
- Prioritize, approve and monitor investments (projects & resource allocation), financial objectives and performance in order to review whether IT and Business strategies are aligned with each other;
- Assessment of IT capability and adequacy of the IT infrastructure & guidance on strategic goals and direction to see if the enterprise is achieving an optimum use of its IT resources;
- To review the adoption of best practices, standardization and interoperability, internally and externally;
- To provide resolution of cross-function or intercompany critical issues;
- Consideration of risk exposures and monitoring of risk management;
- To review the communication path between the Board/executive and middle management;
- To review steps taken by CISO/IT to ensure data security and infrastructure protection;
- To align IT strategy with business strategy, ensuring that the strategy stays on track to achieve the business goals, and implementing good ways to measure performance;
- To evaluate the resilient contingency and disaster recovery plan in terms of dealing with a possible IT failures or cyber breaches and details about organization's cyber insurance.

The Board's responsibility on the IT system/ controls and AI strategy of the Bank, including compliance of legal and regulatory requirement regarding data privacy and cyber security

The Board of Directors acknowledges its overall responsibility for ensuring that the Bank maintains a secure, resilient, and robust information technology environment, supported by effective internal controls and an evolving Artificial Intelligence (AI) strategy aligned with the Bank's strategic objectives and regulatory expectations. Oversight at the Board level is exercised through the Risk Management & Portfolio Review (RM&PR) Committee, which monitors cyber security risk management, and the Board IT Committee (BITC), which oversees the integrity, reliability, and future readiness of the Bank's IT infrastructure, particularly in the context of accelerated digital transformation, integration of operating platforms, modernization of payment systems, and expansion of digital financial services.

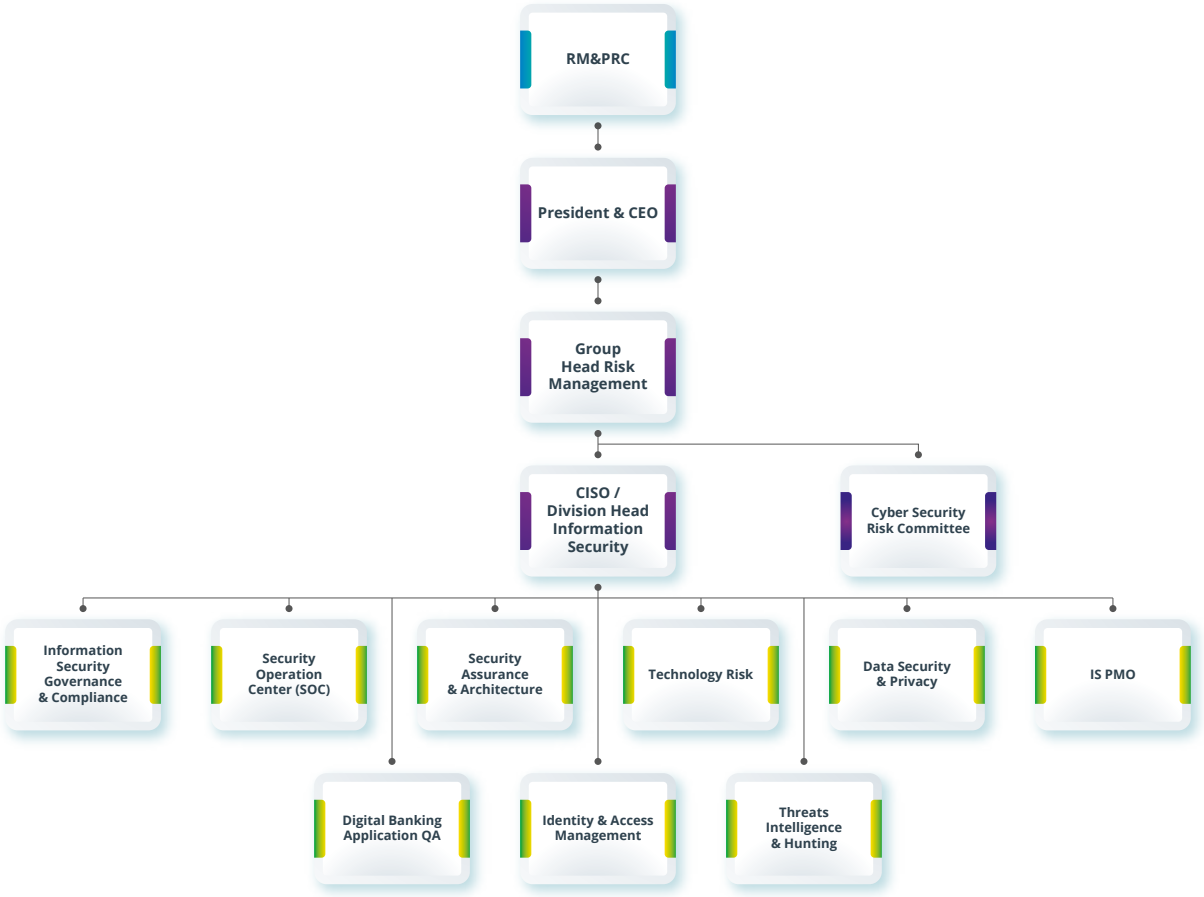
Recognizing the heightened and evolving threat landscape, the Board ensures that comprehensive governance structures, policies, frameworks, and standards are in place to safeguard the Bank's information assets and systems against unauthorized access, use, disclosure, disruption, modification, or destruction. The Board and executive management remain vigilant in identifying and assessing regulatory, operational, cyber, and AI-related risks, and in ensuring compliance with all applicable legal and regulatory requirements, including those pertaining to data privacy and cyber security. The Bank operates within a well-defined control environment designed to mitigate legal, financial, operational, and reputational risks arising from emerging technological developments.

In the event of a data privacy or cyber security breach, the Board exercises active oversight through established escalation protocols that require timely reporting of material incidents to the relevant Board Committee and, where appropriate, to the full Board. Directors are kept informed of the nature, scope, impact, and status of the incident, including containment actions, forensic investigations, regulatory notifications, and stakeholder communications. The Board provides strategic guidance, oversees compliance with disclosure and reporting obligations, and ensures that management implements appropriate remediation measures. Upon resolution, the Board reviews the root cause analysis, monitors corrective action plans, and evaluates the need for enhancements to policies, controls, resources, and overall cyber security frameworks to strengthen resilience and prevent recurrence.

Industry-specific Requirements for Cyber Security

The Bank operates within a comprehensive and evolving regulatory framework governing cybersecurity and technology risk management for financial institutions. In response to the increasing frequency, sophistication, and impact of cyber threats, the regulatory environment has been progressively strengthened through enhanced

supervisory expectations, sector-wide cyber incident response mechanisms, proactive threat intelligence sharing, cyber hygiene assessments, and the establishment of a dedicated supervisory function, the Cyber Risk Management Department (CRMD), to proactively oversee and manage cyber risks across regulated entities. The Bank aligns its cybersecurity and technology governance practices with these industry-specific requirements, ensuring that its systems, controls, and processes remain commensurate with the size, complexity, and risk profile of its operations.



A national Cyber Resilience Strategy for regulated financial institutions has recently been issued, setting out a phased roadmap through 2030 to further strengthen prevention, detection, response, and recovery capabilities across the financial sector. The Bank is committed to adopting and aligning its internal cybersecurity framework with the requirements and milestones prescribed under this strategy. Technology risk management, payment systems security, and outsourcing risk oversight remain embedded within the Bank's broader enterprise risk management framework, with implementation monitored by senior management and subject to regular oversight by the Board and its relevant Committees to ensure sustained compliance and continuous enhancement of cyber resilience.

Cybersecurity Programs, Policies, Procedures and Strategies in Place

The Bank's "Cyber Security Strategy", "Technology Governance Framework", "Information / Cyber Security Management Framework" and "Global Information Security Policy" has laid the foundation for a robust governance model encompassing following key aspects:

- **Governance Structure (Board Oversight & Engagement with Management)**

  Key roles and responsibilities, for various lines of defense, in managing and governing cyber security (CS) risks across the Bank have been formalized, with an emphasis on defining business ownership and individual accountability. The structural framework paves way for greater understanding and collaboration between the Board of Directors and the senior management, by formalizing approach to rigorous oversight and robust reporting mechanisms.

At the Board level, Risk Management & Portfolio Review (RM&PR) Committee oversees the effective management of Cyber Security Risk. The Bank has instated the "Cyber Security Risk Committee (CSRC)" at the management level, chaired by Group Head RMG, as a way of ensuring that the Bank's senior management team are well informed on the Cyber Security Risk, and to increase business understanding and awareness on the subject so that business priorities drive Bank's security and cyber resilience agenda.

At the management level, the Group Head – Risk Management Group (RMG) holds overall responsibility for cyber risk oversight, while the Chief Information Security Officer (CISO) is entrusted with leading the development and execution of the Bank's security operational plan.

CISO heads the Information Security Division which is responsible for providing proactive security expertise, creating and maintaining a resilient & secure infrastructure through monitoring & detection of cyber security risks and fostering a culture of security awareness and compliance throughout the Bank.

Information Security Division consists of a team of committed professionals equipped with subject matter expertise and hands-on experience to govern, detect, monitor and mitigate security risks. The team works in synergy with other groups and under the guidance of RM&PRC and management's "Cyber Security Risk Committee (CSRC)" to achieve Bank's information security and technology objectives.

- **Risk Identification and Assessment (Early Warning System)**

  The risk assessment is performed by the Bank's CISO to identify key Cyber Security risks, potential breach avenues and weaknesses, and to ascertain the severity of the risk posture. Risk-based vulnerability exercises are conducted across the Bank covering critical information systems and supporting infrastructure assets. During these reviews, the status of each risk is assessed to identify and evaluate any changes to their materiality, impact and likelihood; which in turn forms the basis for prioritizing key information security risks.

  One of the prime roles of Information Security Division is to protect Bank's technology assets (systems, applications, networks, mobile applications, web interfaces, ATMs, POS Machines, etc.) and banking services from all types of threats including cybersecurity threats, whether internal or external, deliberate or accidental. The Security Operation Center (SOC) function of the Information Security Division operates 24x7 and 365 days a year to gather threat intelligence, detect anomalies posing security risks to the Bank's technology infrastructure and proactively report these for corrective and preventive actions. Whereas the Security Assurance & Architecture and Technology Risk functions ensure security assessment and risk assessment to identify the threats and vulnerabilities, in time, before those get exploited.

- **Risk Monitoring & Communication (Comprehensive Security Assessment of Technology Environment)**

  Formal monitoring and reporting mechanisms, on the CS Risk Appetite profile, ensure that performance which falls outside the approved Risk Appetite is highlighted and reviewed at the governance committee level of RM&PRC and adequate remediation actions are in place, where necessary. Information and reports covering cybersecurity risks and incidents are timely communicated to the executive management, management committee (CSRC) and the Board committee (RM&PRC).

  Security assessment of technology infrastructure and services is of paramount signifi¬cance to the Bank's operating model. Not only has the Bank institutionalized security assessment capabilities in its Information Security Division, but their veracity and effectiveness are further validated through comprehensive independent security assessments being undertaken for the whole technology environment on an annual basis.

- **Risk Mitigation Action Planning**

  Risk mitigation and control strategies, in line with international standards and best practices, are designed and implemented to counter and mitigate key information security risks; based on value of information assets and corresponding risk tolerance levels.

- **Security Testing Programs**

  Comprehensive security testing programs are established within MCB's overall information security action plan to validate effectiveness of the information security environment. The programs involve engagement of relevant external and internal stakeholders. The results of the security testing programs are continually evaluated to support improvement in Banks' information/CS posture.

  Following methodologies are being employed by the Bank, on a regular basis, to test its cyber resilience:

  - o Vulnerability Assessments
  - o Penetration Testing
  - o Red Teaming Exercises

- **Incident Management & Reporting**

  Information Security Division not only ensures proactive threat management, but it is also prepared for the unforeseen incident which disrupts business continuity with a possible IT failure or cyber breach. Bank has its Computer Emergency Response Team (CERT) which is headed by the CISO. Incident handling is conducted in accordance with the approved incident management process. To ensure compliance and alignment with the latest strategies, annual incident management drills and periodic disaster recovery exercises are also carried out.

Board-level committees for IT Governance and Cyber Security

At the Board level, Risk Management & Portfolio Review (RM&PR) Committee oversees the effective management of Cyber Risks whereas the Board IT committee (BITC) is entrusted to oversee a reliable and secure information security infrastructure with the capacity to address future challenges and threats. Information and cyber security governance are ensured through the enforcement of the Board-approved Information Security Policy, which empowers the Board and Management Committees to oversee all matters related to information and cyber security risks.

The meetings of RM&PRC and BITC are held on quarterly basis and the Group Head RMG and Chief Information Officer apprise the RM&PRC and BITC respectively.

Policy related to independent comprehensive security assessment of technology environment a

An independent comprehensive security assessment of the Bank's technology environment is conducted annually, with the most recent review carried out in 2025. Engaging an independent party ensures that security controls are effectively functioning, fulfilling their intended purpose, and confirming that the environment remains resilient against potential vulnerabilities.

Disaster recovery plan and cyber insurance

The Bank maintains a robust Business Continuity Plan (BCP) and dedicated disaster recovery sites to ensure uninterrupted business and IT operations. Furthermore, dedicated budgetary allocations are made for ongoing projects and initiatives aimed at strengthening the Bank's cyber resilience and response capabilities. To complement these preventive and preparedness measures, the Bank also maintains appropriate cyber insurance coverage to provide financial protection against potential losses arising from unforeseen cyber incidents.

Advancement in Digital Transformation to Leverage 4.0 Industrial Revolution to Improve Transparency, Reporting and Governance

Rapidly evolving digital technologies are challenging all business models, including banking, in this era of the 4th industrial revolution. Banking sector's future viability, hence, is linked with its ability to strategically transform legacy business processes and organization structures towards a 'Digitalized' and 'Artificial Intelligence' assisted pro-active and agile environment. Remaining cognizant and keeping track with the fast-paced, vigorous and virtually competitive market scenario, MCB's rolling strategic plan is paving the Banks future road map; by aligning adoption of emerging technologies with Bank's business objectives for improving effi¬ciency, transparency, reporting and governance.

Disclosure about Education and Training efforts of the Company to mitigate Cybersecurity Risks

Empowering staff with cyber security knowledge is a critical component of the Bank's risk mitigation strategy, reducing the likelihood of data breaches while delivering broader organizational benefits. The Information Security Division conducts regular training and awareness programs to foster a culture of cyber security vigilance and encourage positive behavioral shifts among employees. These sessions are designed to help staff understand their individual role in preventing information security incidents, recognize potential cyber threats, and adopt proper cyber hygiene practices in their day-to-day activities. Key training initiatives undertaken during the year under review have been disclosed in the 'Sustainability and Corporate Social Responsibility' section of the Annual Report.

Board disclosure on Company's use of Enterprise Resource Planning (ERP) Software

Investments in enterprise resource planning systems (ERP) are significant and increasingly critical to the success of any organization. The Bank has implemented a robust and dynamically designed ERP environment, where financial and non-financial results are readily available for daily consumption.

Integration of Core Business Processes

At MCB Bank, our goal has always been to align the business processes into a single unified technology platform. Our core enterprise systems, mainly comprising of Symbols Core Banking, Oracle EBS Financials, Oracle OBDX and Harmony, are creatively aligned and integrated to work within the boundaries of the ecosystem and ensure competitive advantage by servicing customer needs efficiently with the use of instant information pull.

User Training of ERP software

In order to ensure an exceptional customer experience, regular staff trainings are conducted by the Management for core users, especially new recruits, on the proper usage of ERP systems and associated risk controls / access prevention policies. A centralized help desk is accessible to employees for instant resolution of user complaints.

Management Support in the Effective Implementation and Continuous Up-dation of ERP:

Being a multi layered integrated ERP environment of multiple software solutions, its maintenance becomes all the more imperative to ensure smooth operations for 24/7 banking in an increasingly digitized environment. The Bank has in place a dedicated team that monitors operations to highlight necessary changes to be prioritized for development, alongside any major software upgrades being provided by service providers. Furthermore, our CAPEX objectives are driven through a top down approach in order to ensure that investment in new software is aligned with the Board's strategic objectives.

Bank's Assessment of System Security, Access to Sensitive Data and Segregation of Duties:

Following sound governance capabilities, including a comprehensive security strategy informed by business-risk-based analysis, direct Bank's ability to manage ERP security challenges:

- An ERP Procurement team consisting representation from all major domains of the Bank is established to a) ensure that specific needs are identified; b) document and approve specific functional and technical requirements; c) design detailed demonstration scripts for service providers; and d) evaluate and choose service provider based on Bank's approved procurement processes.
- Dedicated "Project Management Officers" are identified and tasked with overseeing and guiding the implementation project by planning, organizing, and integrating & controlling cross-functional information.
- Access to sensitive data is carefully controlled; role-based access with granular permission controls is implemented when granting ERP access to Banks' employees. Restrictions are implemented for avoiding user access to conflicting activities within the application to avoid segregation of duties (SoD) issues. Furthermore, access privileges are regularly reviewed to ensure alignment with organizational changes.
- Robust security and user testing's are performed by all key teams to ensure that the ERP solution meets minimum defined standards and established policies for system security. ERP systems are regularly subjected to IT/IS audits for confirming that individual modules are solving problems adequately and streamlining workflows, as intended

Management of Risks and Control Risk Factors on ERP projects:

ERP projects undertaken for upgradation/modifications as well as new developments generally involve a hybrid methodology of in-house development and third-party implementation. In order to mitigate data related risks during external implementations, the Bank has in place a complete set of procedure for third-party access control, including but not limited to, time bound access, contractual non-disclosures and binding agreements with service providers while for internal developments, employment contracts enumerate clauses binding on employees for maintaining data security. The projects are initially conducted on cloned environments, whereas migration to live environment is performed by the Bank's in-house team, with guidance from relevant third-party, where required.

Board Statement on the IT Control

The Board of Directors of MCB Bank Limited acknowledges its overall responsibility for ensuring that effective Information Technology (IT) controls are established, implemented, and maintained across the Bank. The Board recognizes that robust IT governance and control frameworks are critical to safeguarding information assets, ensuring data integrity, maintaining system availability, and protecting customer confidentiality. The Board oversees management's implementation of appropriate policies, procedures, and internal controls designed to mitigate technology-related risks, including cybersecurity threats, system disruptions, and data breaches. Regular reporting mechanisms, independent audits, and risk assessments provide assurance that IT systems and controls remain effective and aligned with regulatory requirements and industry best practices.

Through continuous monitoring, periodic reviews, and investments in secure and resilient infrastructure, the Board is committed to strengthening the Bank's IT environment to support operational efficiency, regulatory compliance, and sustainable business growth.

Code of Conduct

- The Code of Conduct spells out the behaviour expected from employees of MCB Bank Limited (MCB), reflecting fairness, transparency and accountability. The Code of Conduct gives a quick reference check for acceptable business practices.
- However, the Code of Conduct does not replace defined and comprehensive HR Policies of MCB Bank Limited.
- MCB Bank is committed to conduct its business in accordance with the applicable laws, rules and regulations as defined by the State Bank of Pakistan by adhering to high standards of business ethics which reflect our corporate values.
- Adherence to the Code of conduct is mandatory for all employees of MCB Bank Ltd-Pakistan.

In line with code of conduct the employees of the bank shall

Abidance of Laws / Rules

- Conform to and abide by the Bank rules and policies, wherever we operate and obey all lawful orders and directives which may from time to time be given by any person or persons under whose jurisdiction, superintendence or control, the persona will, for the time being, be placed. To undertake at all times compliance with and observation of all applicable laws, regulations and Bank policies, wherever the Bank operates.

Integrity

- Conduct the highest standards of ethics, professional integrity and dignity in all dealings with the public, customers, investors, employees, and government officials, State Bank of Pakistan and fellow Bankers and non-engagement in acts discreditable to the Bank, profession and nation
- In case of awareness of any breaches of laws and regulations, frauds and other criminal activities or other similar serious incidents that might affect the interests of the Bank, the same shall be informed to the senior management immediately, including any issue, which may pose a reputational risk.
- Not use this policy to raise grievances or act in bad faith against colleagues.

Professionalism

- Serve the Bank honestly and faithfully and strictly serve the Bank affairs and the affairs of its constituents, use utmost endeavor to promote the interest and goodwill of the Bank and show courtesy and attention in all transactions/ correspondence with officers of Government, State Bank of Pakistan, other Banks & Financial Institutions, other establishments dealing with the Bank, the Bank constituents and the public.
- In case the employment is terminated for any reason, all rights to property and information generated or obtained as part of employment relationship will remain the exclusive property of MCB.
- Comply with the laws and regulations on money laundering and fraud prevention and immediate reporting of all suspicious incidents of money laundering as per the guidelines provided in CDD & AML / CFT / CPF Handbook and Anti-fraud Framework Policy for the Management and the staff.
- Not to engage in any act of violation of CDD & AML / CFT / CPF Handbook's guidelines given by the State Bank of Pakistan and be extremely vigilant in protecting MCB Bank from being misused by anyone to launder money by violating these guidelines.
- Ensure that all customer complaints are resolved quickly, fairly and recorded appropriately.

Conflict of Interest

- Avoid all such circumstances in which there is personal conflict of interest, or may appear to be in conflict, with the interest of the Bank or its customers.
- In case of potential conflict of interest, the same should be declared immediately to senior management, action is taken to resolve and manage it in open manner and resolving the conflict of interest on their own would be avoided.
- Report to the Company Secretary within three (3) days about any sale and purchase of MCB shares (own or spouse) in case the annual basic salary exceeds Rs. 500,000/-.
- Not buy, sell or take position in any manner regarding MCB Bank shares during Closed Period, as announced by Company Secretary.

Relatives and close friends

- Avoid conflict of interest arising, where an employee makes or participates in a decision which affects another person with whom one has a personal relationship (such as a relative, parent, spouse, cousin, close friend or personal associate). In cases where a conflict may arise, employees must advise their immediate line manager. Wherever possible, employees should disqualify themselves from dealing with those persons in such situations.

Political Participation

- Not obtain membership of any political party, or take part in, subscribing in aid of, or assist in any way, any political movement in or outside of Pakistan or relating to the affairs of Pakistan.
- Not express views detrimental to the ideology, sovereignty or integrity of Pakistan.

- Not canvass or otherwise interfere or use influence in connection with or take part in any election as a candidate to a legislative/local body or issue an address to the electorate whether in Pakistan or elsewhere. However, the right to vote can be exercised.

- Not bring or attempt to bring political or other pressure/ influence directly or indirectly to bear on the authorities/ superior officers or indulge in derogatory pamphleteering, contribute, or write letters to the newspapers, anonymously or in own name contribute or appear in media, with an intent to induce the authority/ superior officers to act in a manner inconsistent with rules, in respect of any matter relating to appointment, transfer, punishment, retirement or for any other conditions of service of employment.

Financial Interest

- Not indulge in any of the following activities without prior permission of competent authority (GH - HRM for VP & below and President for SVP & Above):
- Borrow money from or in any way place myself under pecuniary obligation to a broker or moneylender or anyone, including but not limited to any firm, company or person having dealings with the Bank.
- Buy or sell stock, shares or securities of any description without funds to meet the full cost in the case of purchase or scripts for delivery in the case of sale. However, a bona-fide investment of own funds in such stocks, shares and securities as wished can be made.
- Lend money in private capacity to a constituent of the Bank or have personal dealings with a constituent in the purchase or sale of bills of exchange, Government paper or any other securities.
- Act as agent for an insurance company otherwise than as agent for or on behalf of the Bank.
- Be connected with the formation or management of a joint stock company or hold office of a director.
- Engage in any other commercial business or pursuit, either on own account or as agent for another or others.
- Engage in any outside employment or office whether stipendiary or honorary during my employment with MCB Bank.
- Undertake part-time work for a private or public body or private person, or accept fee thereof.
- Any kind of trading advice concerning the securities of MCB Bank or to third parties even when such director, officer or employee does not possess material nonpublic information about MCB Bank.
- In reviewing or approving a loan application from a corporation wherein holding office as director, partner or guarantor.

Gift, Favors Etc.

- Not use the employment status to seek personal gain from those doing business or seeking to do business with MCB, nor accept such gain if offered.
- Not accept any gift, favors, entertainment or other benefit the size or frequency of which exceeds normal business contacts from clients, stakeholders, colleagues of the Bank or from persons likely to have dealings with the Bank including candidates for employment in the Bank.
- Reporting in writing to immediate supervisor within three working days in case any sizeable gift / favor is received from any third parties.

Confidentiality

- Maintain the privacy and confidentiality (during the course of employment and after its termination for whatever reason), of all the information acquired during the course of professional activities and refrain from disclosing the same unless otherwise required by statutory authorities / law. Inside information about Bank's customers/affairs including customer data, product manuals, confidential financial and business information of the Bank etc., shall not be used for own gain or for that of others either directly or indirectly.
- Not trade in relevant investments or indulge in giving tips to another person or dealing on behalf of relatives, friends or any other third parties, whilst in possession of non-public price sensitive information.
- Not disclose to a customer or customers or to any irrelevant quarter(s) that a suspicious transaction or related information is being reported for investigation unless any law enforcement agency requires any lawful information. (Only authorized representatives can pass on information to Law enforcing agencies after obtaining clearance on information content from relevant GH / Head (for Retail Banking function) and LAG representative).

Data Security

- Only access or update the system and data according to the authority given by the Bank. Any unauthorized access or updation will hold the person liable for a penal action by the Bank in accordance with HR policies.
- Not compromise access to system by communicating identification and /or passwords to others.
- Ensure that material non-public information is secure. Not discuss such information in public places where it can be overheard, such as elevators, restaurants, taxis and airplanes.

Communication / Contact with Media

- Be truthful in all advertisings and promotional efforts and to publish only accurate information about the Bank operations under valid authority as prescribed in the Bank policy.
- Not give any kind of confidential information or interview on behalf of the Bank or in my official capacity in the print/electronic media or road / talk shows or participate or act in television/stage plays or in any media or cinema without having permission from the Head Marketing & GH - HRMG.

Speak Up

- To report any perceived wrong doing / malpractice at any level, as an obligation to report it under the Bank whistle blowing program / policy.

Business / Work Ethics

- Respect fellow colleagues and work as a team. To be, at all times, courteous and not to let any personal differences affect work.

Customer Centricity

- Treat every customer of the Bank with respect and courtesy.
- Be responsive to customer complaints, and to feedback on products and services.
- Provide relevant, complete and clear information to customers to the best of one's knowledge.
- Sell products or services to customers that are within the legitimate scope of one's job.
- Remain update with the latest products of the Bank, and provide all relevant information to the customers.

Personal Responsibility

- Safeguard as a personal responsibility, both the tangible and intangible assets of MCB and its customer(s) that are under personal control and not to use Bank assets for personal benefits except where permitted by MCB.
- Not use any Bank facilities including a car or telephone to promote trade union activities, or carry weapons into Bank premises unless so authorized by the management, or to carry on trade union activities during office hours, or in banking premises, or subject Bank officials to physical harassment or abuse.

Punctuality

- Ensure attendance and punctuality as per HR policies, departmental requirements & job standards and for any absence during working hours obtain written permission of the immediate supervisor.

Dress Code

- Maintain a standard of personal hygiene / neatness and follow MCB Bank dress code policy in true spirit to promote a professional work environment during office hours.

International Travel

- Be culturally sensitive to the socio-cultural norms of the host country.
- Represent Country and organization by conforming to high standards of personal and professional ethics at all times.

Work Environment

- Cooperate in maintaining a healthy and productive work environment and not get engaged in the selling, manufacturing and distributing using any illegal substance or being under the influence of illegal drugs or alcohol while on the job.
- Ensure strict adherence to all policies of the Bank, as announced by the management from time to time and contribute utmost effort in maintaining a conductive work environment.

Usage of Communication Tools

- Ensure strict adherence to the use of internet, emails and telephone provided by the Bank for official use only.
- Never use the Bank system to transmit or receive electronic images or text containing ethnic slurs, social epithets or anything that might be construed as harassing, offensive or insulting to others.
- Never utilize Bank system to disseminate any material detrimental to the ideology, sovereignty or integrity of Pakistan.
- Never indulge and /or utilize the Bank system for supporting any terrorist activity within and / or outside Pakistan.

Reporting and Accountability

- Maintain all books, data, information and records with scrupulous integrity, reflecting in an accurate and timely manner and to ensure that all business transactions are reported and documented correctly according to the business practices. Ensure facts are not misinterpreted / misused /tampered pertaining to:
- Issuing an incorrect account statement / any other information for any customer or fellow employees / management.
- Placing a fake claim for reimbursement of any expenses (including medical insurance).
- Unrecorded or recorded funds / assets or any other Bank's documents.

- Posting of false, artificial or misleading entries in the books or record of the Bank.
- Intimate line management and HRM of any changes in the personal circumstances relating to service tenure and other related benefits, provided by the Bank.

Ethics for working at workplace

Gender Discrimination In Employment Training / Promotion

- Ensure adherence to the guidelines of MCB Bank's non-discrimination on the basis of gender which limits the individual's right of recruitment, future training, promotion and any other related benefits.

Zero Tolerance for Favoritism or Discrimination

- Not be a part of any undue favor / discriminatory advantage to any colleague / subordinate staff.

Personal Space

- No right to intrude on the personal space / close proximity of any staff particularly females.

Female Staff/Employee Privacy

- Recognize that female staff have more privacy and sensitivity needs in keeping with our cultural norms. Therefore, behaviour towards them must reflect that sensitivity, respect and consideration.

Harassment Against Women

- Any type of harassment is not acceptable at MCB Bank. Harassment occurs when someone's actions or words, based on gender, race, sexuality, caste, creed, and color are unwelcome, violate another person's dignity and creates a hostile environment.
- Not engage in harassment in any form. It may include objectionable epithets, threatened or actual physical harm and intimidating conduct directed against the individual that negatively affects the performance and well-being of an individual.

Sexual Harassment

- Keeping in mind the Bank's policy with reference to the Protection against harassment of Women at the Workplace Act, 2010 and its amendments i.e. "The Protection against Harassment of women at the Workplace (Amendment) Act, 2022, shall adhere to all guidelines given by the Bank.

Communication

- Not send sexually explicit or offensive communications and respect the privacy of fellow employee especially female employees. Following factors should be adhered to in order to maintain effective communication and ethical standards:

1. Not send any electronic mail that is abusive or threatens the safety of an Individual(s).
2. Always use a professional tone in all official communications.
3. Be careful when using sarcasm and humor

Workplace bullying

Refrain from any form of Workplace bullying:

- Shouting or swearing at an employee or otherwise verbally abusing him / her.
- Singling out an employee for excessive criticism/public humiliation.
- Excluding an employee from company activities and undermining his / her work contributions.
- Language or actions that embarrass or humiliate an employee.
- Inappropriate practical jokes, especially if they are targeted.

Insider Trading

Comply with insider trading policy and to abide by all guidelines provided in the policy.

Bribery, Corruption, Corrupt Practices etc.

Act under the bank's policies and conduct all banking business (financial and/or non-financial) in an honest, fair, transparent and ethical manner. Not engage directly / indirectly, in:

- Any activity involving bribery and corruption related to Bank's operations (domestic as well as overseas)
- The misuse of office or power for private gain in order to obtain, retain, or direct business or to improperly secure any other advantage in the conduct of business.
- Demand, offer, give or receive any kind of unjust gain or unlawful benefit from/by any stakeholder that obstructs the fulfillment of his/her responsibility in compliance with the applicable laws / rules / regulations etc.
- Giving undue favor, abuse of trusted office, tampering with bids, inducements through donations or payments to holders of political office and other forms of corruption designed to gain personal or business benefit.
- Receive or accept anything of value (including but not limited to cash payments), if such item of value is intended to induce or reward improper performance of one's responsibilities or duties or to gain an improper advantage.

Human Trafficking

Not involve directly / indirectly (either in personal or professional capacity) in any acts leading to Human Trafficking / slavery or forced labour and shall abide by all pertinent instructions issued by regulator(s)/state(s), from time to time.

Statement on Internal Controls

The internal control structure of MCB Bank Limited (Bank) comprises the Board of Directors, Senior Management, Risk Management Group, Financial Control Group, Operations Group, Compliance & Controls Group, Audit & Risk Assets Review (Audit & RAR) Group, Internal Control Units (ICUs) within all Groups and the controls & self-assessment procedures implemented at other functions within the Bank. The Bank's management is responsible to establish and maintain an adequate and effective system of internal controls and procedures under the policies approved by the Board. The management is also responsible for evaluating effectiveness of the Bank's internal control system that covers material matters through identification of control objectives as well as review of significant policies and procedures.

Bank's internal control system has been designed to identify and mitigate the risk of failure to achieve overall business objectives of the Bank. Internal controls and policies are designed to provide reasonable assurance regarding the effectiveness and efficiency of the Bank's operations, reliability of financial information and compliance with applicable laws & regulations. However, it needs to be stated that systems are designed to manage, rather than eliminate the risk of failure to achieve the business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The management of the Bank has adopted the Integrated Framework on Internal Controls issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and has completed all the stages as set out in the roadmap provided by the State Bank of Pakistan (SBP) through the Guidelines on Internal Controls. Bank's assessment included documenting, evaluating and testing of the design and operating effectiveness of its Internal Controls over Financial Reporting (ICFR). Bank has developed a management testing and reporting framework, covering validation & evaluation aspects in line with guidelines on Compliance Risk management, for monitoring ongoing operating effectiveness of key controls.

Concerted efforts are made by every Group to improve the control environment at grass root level by regularly reviewing and streamlining procedures to prevent and rectify control lapses as well as imparting training for improvement at various levels. Compliance & Controls Group (CCG), through its specialized teams and centralized automated solutions, also oversees adherence to the regulatory requirements, with specific emphasis on Anti-Money Laundering (AML) / Combatting the Financing of Terrorism (CFT) / Countering Proliferation Financing (CPF). In addition, CCG also leads the Management's Committee on AML/CFT/CPF for oversight of ML/TF/PF/TBML risk and compliance with respect to relevant laws, regulations, policies and procedures including financial crime compliance management.

The scope of Audit & RAR Group, independent from the management, inter alia includes, review and assessment of the adequacy and effectiveness of the control activities across the Bank as well as evaluation of compliance with the Bank's prescribed policies and procedures. All significant / material findings of the internal audit activities are reported to the Board's Audit Committee. The Audit Committee actively monitors implementation of internal controls to ensure that identified risks are mitigated to safeguard interest of the Bank.

All significant and material findings of the internal and external auditors as well as observations of the regulators are addressed on priority by the management and their status is reported periodically to the Board's Audit Committee and the Board's Compliance Review & Monitoring Committee respectively, which ensures that the management takes appropriate corrective actions and put in place a system to minimize repetition for strengthening of the control environment.

Senior management team, through different Management Sub-Committees, monitors resolution / compliance of issues identified by the Regulators, Statutory Auditors as well as Audit & RAR Group. Periodic meetings of these Management Sub-committees are held to ensure expeditious resolution / compliance of aforementioned issues. The performance of the Sub-committees is monitored by the President / CEO of the Bank.

In accordance with SBP's directives and as stated earlier, the Bank has completed all stages of ICFR roadmap and a Long Form Report (LFR) on the assessment of Bank's ICFR for the year 2024 issued by the statutory auditors has been submitted to SBP in compliance with its directives stated in OSED Circular No. 1 of 2014 dated February 07, 2014. None of the deficiencies identified had a material impact on Financial Reporting.

Based upon the results derived through ongoing testing of financial reporting controls and internal audits carried out during the year, the management considers that the Bank's existing internal control system is adequate and has been effectively implemented and monitored. The management will continue enhancing its coverage and compliance with the SBP Guidelines on Internal Controls and further strengthening its control environment on an ongoing basis.

Based on the above, the Board of Directors has duly endorsed management's evaluation of internal controls including ICFR in the Directors' report.

Waqas Mahmood
Chief Compliance Officer

Kashif Ali
Group Head Operations

Hammad Khalid
Chief Financial Officer

Muhammad Farooq Wasi
Chief Internal Auditor

Statement of Compliance

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

MCB Bank Limited

For the year ended December 31, 2025

MCB Bank Limited (the "Bank") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the "Regulations") for the year ended December 31, 2025 in the following manner:

1. Total number of Directors including the President & CEO are 13 as per the following:

   a. Male: 12
   b. Female: 01

2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr. Yahya Saleem Mr. Salman Khalid Butt Mr. Shahzad Hussain Mr. Masood Ahmed Puri
Non-Executive Directors	Mian Mohammad Mansha Mr. Muhammad Tariq Rafi Mian Umer Mansha Mr. Muhammad Ali Zeb Mr. Mohd Suhail Amar Suresh bin Abdullah Shaikh Muhammad Jawed Mr. Norzulkarnien bin Nor Mohamad
Executive Director (President & CEO)	Mr. Muhammad Nauman Chughtai
Female Director (Non-Executive)	Mrs. Iqraa Hassan Mansha

   As per the requirements of the Regulations, the independent directors constitute one third of the Board. Out of the total 12 elected directors and CEO (deemed director), the Bank has 4 independent directors, currently on its Board, thereby resulting in 0.33 fraction higher than one third. Since, the fraction of 0.33 is below half (0.50), accordingly the same has not been rounded-up to one (1).

3. The Directors have confirmed that none of them is serving as a director on more than seven (7) 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 complete record of particulars of the significant policies along with their date of approval or updation 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 (the "Act") and the Regulations;

7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations and directives of the State Bank of Pakistan ("SBP");

9. The Board Members either meet the minimum criteria of education and experience for exemption from Directors Training Program as required under Regulation 19 of the Regulations or have already undergone such training pursuant to the requirements of the Regulations;

10. The Board has approved the appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

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, as at December 31, 2025, as given below:

1. Audit Committee:		2. Business Strategy & Development Committee:	
Mr. Shahzad Hussain	Chairman	Mian Umer Mansha	Chairman
Mian Umer Mansha	Member	Mian Mohammad Mansha	Member
Mr. Muhammad Ali Zeb	Member	Mr. Mohd Suhail Amar Suresh bin Abdullah	Member
Mr. Norzulkarnien bin Nor Mohamad	Member	Mr. Salman Khalid Butt	Member
		Shaikh Muhammad Jawed	Member
		President & CEO	Member

3. Risk Management & Portfolio Review Committee:		4. Human Resource & Remuneration Committee:	
Mr. Muhammad Ali Zeb	Chairman	Mr. Salman Khalid Butt	Chairman
Mian Umer Mansha	Member	Mian Mohammad Mansha	Member
Mr. Mohd Suhail Amar Suresh bin Abdullah	Member	Mian Umer Mansha	Member
Mr. Salman Khalid Butt	Member	Mrs. Iqraa Hassan Mansha	Member
President & CEO	Member	Mr. Muhammad Ali Zeb	Member

5. Committee on Physical Planning & Contingency Arrangements:		6. IT Committee:	
Mian Umer Mansha	Chairman	Mian Umer Mansha	Chairman
Mian Mohammad Mansha	Member	Mr. Mohd Suhail Amar Suresh bin Abdullah	Member
Mr. Muhammad Ali Zeb	Member	Mr. Salman Khalid Butt	Member
Mrs. Iqraa Hassan Mansha	Member	President & CEO	Member
President & CEO	Member		

7. Compliance Review & Monitoring Committee:		8. Write-Off & Waiver Committee:	
Mian Umer Mansha	Chairman	Mian Umer Mansha	Chairman
Mr. Muhammad Ali Zeb	Member	Mr. Muhammad Tariq Rafi	Member
Mr. Salman Khalid Butt	Member	Mr. Muhammad Ali Zeb	Member
President & CEO	Member		

Currently, the Board has not constituted a separate Nomination Committee and functions are being performed by the Board.

13. The Terms of Reference ("ToRs") of the aforesaid Committees have been formed, documented and advised to the respective Committees for compliance;

14. The frequency of meetings of each Committee held during the financial year is given below:

Name of Committee	No. of Meetings held during the year 2025
Audit Committee	Five
Business Strategy & Development Committee	Four
Risk Management & Portfolio Review Committee	Four
Human Resource & Remuneration Committee	Four
Committee on Physical Planning & Contingency Arrangements	Four
IT Committee	Eight
Compliance Review & Monitoring Committee	Four
Write-Off & Waiver Committee	None

15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced 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 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 President & Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Directors 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; and

19. SECP has issued a Notification (S.R.O. (I)/2024) dated June 12, 2024) through which Regulation 10A has been introduced. Additionally, Regulations 10 and 35 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 have been amended. In order to comply with newly introduced Regulation 10A, the Board of Directors has approved a comprehensive Diversity, Equity & Inclusion (DE&I) Policy to promote gender mainstreaming, gender equality and the requisite disclosures in this regard have been made in the Directors' Report. The Bank is further in the process of aligning its governance, risk management and reporting frameworks with the enhanced sustainability and ESG oversight requirements.

For and on behalf of the Board of Directors



MIAN MOHAMMAD MANSHA
Chairman

MCB Bank Limited

February 04, 2026
Lahore

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF MCB 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 MCB Bank Limited (the Bank) for the year ended December 31, 2025 in accordance with the requirements of regulation 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 of 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, 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 December 31, 2025.



A. F. Ferguson & Co.
Chartered Accountants
Lahore

Date: March 06, 2026

UDIN: CR202510092YKF1Zhl48

Report of the Audit Committee

The Audit Committee (the "Committee") of MCB Bank Limited operates under a formal Charter approved by the Board of Directors and in compliance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and applicable directives of the State Bank of Pakistan (SBP).

(a) Composition of the Committee

The Committee comprises four (4) Non-Executive Directors, including one Independent Director who serves as Chairman of the Audit Committee.

- All members are Non-Executive Directors.
- The Chairman is an Independent Director.
- Two members are qualified Chartered Accountants with diversified professional experience across various sectors.
- The members collectively possess extensive experience at Board and senior management levels.

The composition ensures independence, financial literacy, professional competence and objective oversight of financial reporting and internal control processes.

(b) Role in Relation to Financial Statements and Significant Issues

The Committee actively reviews the Bank's quarterly, half-yearly and annual financial statements prior to their approval by the Board of Directors. In discharging its responsibilities, the Committee:

- Ensures compliance with applicable accounting standards and regulatory requirements.
- Reviews disclosure of related party transactions.
- Debates and challenges critical accounting judgments and significant estimates made by management.
- Discusses significant matters with the Audit & Risk Assets Review (Audit & RAR) Group and external auditors.
- Reviews significant control issues and audit matters identified during the audit process.

During 2025, the Committee concluded that the Annual Report was fair, balanced and understandable and provided the necessary information for shareholders to assess the Bank's position and performance, business model and strategy.

(c) Overall Approach to Risk Management and Internal Control

The Committee maintains oversight of the Bank's risk management framework and internal control systems. Its approach includes:

- Review and approval of Risk Assessment and Annual Audit Plan along with related budget and resource requirements of Audit & RAR Group.
- Review of annual assessment on adequacy and effectiveness of the Bank's processes for controlling and managing risks in core operational areas.
- Active monitoring of implementation of internal control improvements to mitigate identified risks.
- Review of significant fraud and forgery incidents, including analysis of root causes and management actions.
- Review of annual fraud risk assessment and related strengthening initiatives.

The Bank has adopted the integrated Internal Control Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and completed all stages outlined in the roadmap prescribed by SBP Guidelines on Internal Controls.

The Committee is satisfied that the Bank maintains an effective internal control and risk management environment commensurate with its scale and complexity.

(d) Role of Internal Audit and Evaluation

In line with regulatory requirements and SBP Guidelines on Internal Audit Function:

- The Chief Internal Auditor functionally reports to the Audit Committee and administratively to the President / CEO.
- The Committee ensures adequate staffing, professional competence and independence of the Audit & RAR Group.
- All significant and material audit findings of the internal audit activities are reported to the Committee.
- The Committee actively monitors rectification of audit observations.
- Performance of the Chief Internal Auditor is reviewed against approved KPIs for Audit & RAR Group and KPIs for 2025 were reviewed and approved.

- The Committee reviewed and approved increments, bonuses, promotions and performance appraisal of the Chief Internal Auditor and Audit & RAR Group.
- Annual confirmation regarding organizational independence of Audit & RAR Group was reviewed.
- Status of staff trainings and Quality Assurance & Improvement Program was reviewed.
- Internal Audit Strategy 2026–2028 was reviewed.
- Internal Audit Manual (Version 11.0) and Internal Audit Manual – MCB Sri Lanka Operations (Version 7.0) were reviewed and approved.

The Committee is satisfied that the Internal Audit function performed effectively on both assurance and consultative fronts.

(e) Arrangements for staff and management to report concerns (Whistle-Blowing Mechanism)

MCB Bank is committed to operating at the highest standards of business conduct. As a trustee of public funds, the Bank considers it a core responsibility to serve the community with integrity and to uphold the trust of its customers and stakeholders by conducting its affairs lawfully, ethically, and professionally. The Committee has established Whistle Blowing Mechanism to ensure employees and stakeholders can report concerns confidentially without fear of retaliation. During the year 2025:

- A total of 44 whistle-blowing incidents (wrongdoings) were reported to the Audit Committee and the Board of Directors.
- The Committee reviewed investigation progress and resolution status
- Appropriate remedial and mitigating actions were recommended and implemented.
- The Committee reviewed status of complaint resolution to ensure timely and fair handling.

The Committee remains committed to maintaining a transparent and ethical work environment.

(f) External Audit Process and Auditor Independence

The Committee ensures effectiveness and independence of the external audit process by:

- Reviewing and approving terms of engagement.
- Ensuring external Audit has direct and unrestricted access to the Chairman of the Audit Committee.
- Confirming auditor independence in accordance with regulatory requirements.
- Ensuring auditors possess appropriate resources and professional qualifications.
- Allowing direct access of external auditors to the Audit Committee.
- Discussing feedback on critical accounting estimates and Judgements
- Discussing significant control issues and significant audit matters.
- Recommending scope, appointment and audit/consultancy fee.
- Ensuring coordination between internal and external auditors.

(g) Audit Committee recommendation about External Auditors

During the year, the Audit Committee recommended the scope and appointment of M/s A.F. Ferguson & Co., Chartered Accountants, as the external auditors of the Bank for the fifth consecutive term.

(h) Fair, Balanced and Understandable Assessment of Annual Report

The Committee reviewed the Annual Report for the year ended December 31, 2024, and concluded that it is fair, balanced, and understandable. The report provides shareholders with all the necessary information to effectively assess the Bank's financial position and performance, as well as its business model and strategic direction.

(i) Self-Evaluation of the Audit Committee

The Committee conducted its annual self-evaluation and secured a strong rating. The Board of Directors reviewed the Committee's performance and appreciated its effective oversight of:

- Financial reporting process,
- Internal audit function,
- Risk management framework, and
- Other critical financial and governance matters.

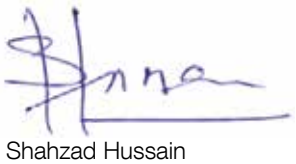
Meetings Held

The Audit Committee held five (5) meetings during the year 2025. Key matters discussed included:

- Review of periodic financial statements.
- Compliance status of internal and external audit observations, including regular updates on the rectification actions taken by the management.
- Review of status of implementation of decisions of BOD and its Sub-Committees.
- Significant internal audit observations (including critical repeated issues) along with management actions.
- Fraud risk assessment along with action plan for strengthening of internal controls.
- Approval of Risk Assessment, Annual Audit Plan and related budget of Audit & RAR Group.
- Performance evaluation of Chief Internal Auditor.
- Review and recommendation of various policies including:
    - Investor Relations Policy (Version 5.0)
    - Global Internal Audit Policy (Version 8.0)
    - IFRS 9 - Expected Credit Loss Provisioning Policies for Sri Lanka, Bahrain, UAE Operations (Version 7.0)
    - Policy for Engagement of External Auditor for Assurance & Non-Assurance Services – MCB Sri Lanka (Version 4.0)

Conclusion

The Audit Committee remains committed to upholding the highest standards of governance, financial integrity and risk oversight. The Committee will continue to provide guidance to the Audit & RAR Group and Management for further strengthening the Bank's risk management practices and internal control environment.



Shahzad Hussain
Chairman Audit Committee
MCB Bank Limited
Lahore

Profile - MIB Shari'ah Board Members

(Annual Report – 2025)



Prof. Mufti Munib-Ur-Rehman

Chairperson Shari'ah Board

Prof. Mufti Munib-ur-Rehman, working with MCB Islamic Bank since September 2015, is a renowned Shari'ah scholar with a vast 53 years' teaching and 38 years' fatāwá issuance experience. He remained the member of Shari'ah Advisory Board of Securities and Exchange Commission of Pakistan (SECP) for three terms and the member of the Council of Islamic Ideology Pakistan (CIIP), he rendered voluntary services for the country since 2001 to 2020 as Chairman Central Moon Sighting Committee Pakistan. He served as a Director of Islamic Studies, Hong Kong in 1985. He is the president of Tanzeem-ul-Madaris Ahle Sunnat Pakistan & Secretary General of Ittihad-e-Tanzeemat-e-Madaris Pakistan. He participated in international seminars in Saudi Arabia, UK, Norway, USA, Canada, Kazakhstan, Turkey and other Countries.

Government of Pakistan bestowed the prestigious Sitara-e-Imtiaz to him in 2024, in recognition of his services for the country and Muslim Ummah. He remained member of the Board of Studies of University of Karachi, Federal Urdu University & Board of Intermediate Karachi. He remained member of the syndicate of University of Karachi & PMAS Arid University, Rawalpindi. He is the member of National Curriculum Pakistan & National Education Task Force. He was Shari'ah Adviser of Federal Shariat Court Pakistan. The 13 Volumes of his fatāwá have already published and have vast acceptability amongst Ulama. He is the Principal & Managing Trustee of Jamia Naeemia Karachi. He is a Chairman Shari'ah Advisory Committee of Dawood Family Takaful Ltd and remained Chairman Shari'ah Board of Burj Bank Ltd. for more than a decade.



Dr. Mufti Syed Sabir Hussain

Resident Shari'ah Board Member/ Head-Shari'ah Compliance Department

Dr. Mufti Syed Sabir Hussain, working with MCB Islamic Bank Ltd. since September 2015, is a prominent Shari'ah Scholar and learned Islamic Banker with 26 years of teaching, 21 years of Fatāwá and Islamic banking experience. He holds Shahadat-Al-Alimiyah & Takhassus-Fil-Fiqh, M.A Islamic Studies, M.Phil. in Islamic Banking & Finance and M.S (I.T) degrees. He holds a PhD in Islamic Banking and Finance from International Islamic University, Islamabad.

He is ex-member of Shari'ah Advisory Board of SECP, Member of the Committee on Accounting and Auditing Standards of ICAP, invitee participant of Shari'ah Advisory Committee of State Bank of Pakistan and Member of several committees constituted by SBP on AAOIFI Shari'ah standards. He is also the member of working group "Fast Track adoption of International Standards constituted under the Committee for Transformation of Conventional Banking into Islamic. Further, he was member of review committee for Urdu translation of AAOIFI Shari'ah standards. He is author of 34 books on Islamic economics & banking and other social issues. Additionally, his research articles have been published in various HEC recognized journals. He also delivers lectures at various Dar-ul-Ulooms and universities, especially at the National Institute of Banking and Finance (NIBAF) and National Institute of Public Administration (NIPA). His articles regarding burning issues are also published in prominent newspapers and magazines.



Mufti Nadeem Iqbal

Shari'ah Board Member

Mufti Nadeem Iqbal is the Shari'ah Board Member at MCB Islamic Bank since October, 2018. He is a senior teacher and Mufti at Dar-ul-Uloom Amjadia, Karachi and currently heading Dar-ul-Ifta. He has 34 years' experience of teaching Islamic Jurisprudence and 22 years' experience of issuing Fatāwá. He has 20 years' experience in Islamic Banking. He holds Master's Degree in Islamic Studies from University of Karachi, Takhusus-Fil-Fiqh from Dar-ul-Uloom Amjadia, Karachi, Fazil Dars-e-Nizami, and Fazil Shahadat-Al-Alimiyah. He gave his services as Resident Shari'ah Board Member/Shari'ah Advisor at Soneri Bank's Islamic Banking Division for 13 years. He has served as visiting faculty member at Sheikh Zayed Islamic Centre, University of Karachi and Hamdard University, Karachi. He is a writer of several books including Islamic Jurisprudence.

Role of Shari'ah Board

As per Shari'ah Governance Framework issued by State Bank of Pakistan, role of Shari'ah Board is as under:

i. The Shari'ah Board (SB) shall advise the BOD and the executive management of the MCB Islamic Bank Ltd. (The Bank) on all Shari'ah related matters. All the SB's Decisions/Rulings/Fatāwá shall be binding on the Bank whereas the Shari'ah Board shall be responsible and accountable for all its Shari'ah decisions and Fatawa.

ii. The SB shall cause to develop a comprehensive Shari'ah compliance framework for all areas of operations of the Bank and shall approve all products/services to be offered and/or launched by the Bank.

iii. The SB shall review and approve all the procedure manuals, product programs/structures, process flows, related agreements, broader parameters pertaining to sales/marketing so that they are in conformity with the rules and principles of Shari'ah. The Executive Management while seeking the SB's decision on any proposal shall ensure provision of all necessary information, details and documents so as to enable the SB to have proper understanding of the product, its process flows, business and economic outcomes and Shari'ah injunctions and legitimacy of the decisions.

iv. The Shari'ah Board shall have unhindered access to all records, documents and information from all sources including professional advisors and Bank's employees in discharge of its duties.

v. Considering the importance of the SB's decisions and their binding nature, the SB shall rigorously deliberate on the proposals before giving any decision/ fatwá; all such deliberations and rationale for allowing or disallowing a particular product/service etc. shall be duly recorded and documented.

vi. Summaries/key findings of the reports of Internal Shari'ah Audit and Shari'ah compliance reviews and complete report of External Shari'ah Audit and SBP Shari'ah compliance assessment shall be submitted to SB for consideration and prescribing appropriate corrective/enforcement actions. The SB shall take up the unresolved issues with management and shall include all significant outstanding issues in its annual report on the Shari'ah compliance environment of the Bank. Moreover, the Head of SCD/ RSBM shall discuss both the significant and unresolved issues with SBP assessment team during their on-site assessment.

vii. The SB shall also specify the process/procedures for changing, modifying or revisiting Fatawa/Rulings/Guidelines etc. already issued by SB.

Meetings of Shari'ah Board held in 2025

S. No	Date of Meeting	Meeting Attended (Yes / No)		
		Chairperson	Member	RSBM
1	24-Mar-25	Yes	Yes	Yes
2	25-Jun-25	Yes	Yes	Yes
3	25-Sep-25	Yes	Yes	Yes
4	16-Dec-25	No	Yes	Yes

Meetings of Shari'ah Board-Board of Directors held in 2025

S. No	Half Year	Date of Meeting	Meeting Attended (Yes / No)		
			Chairperson	Member	RSBM
1	1st	21-April-25	No	Yes	Yes
2	2nd	20-Oct-25	No	Yes	Yes

Membership on Shari'ah Board of other Companies

S. No	Name of Members	Date of Joining/ Leaving the Board	Status of Member- Chairperson / Resident member/ Non Resident Member	Number of Other Board Memberships along with name of companies
1	Mufti Munib-ur-Rehman	15-Sep-15	Chairperson	1. Chairperson Shari'ah Supervisory Board • Dawood Family Takaful
2	Mufti Syed Sabir Hussain	16-Sep-15	Resident Member	1. Shari'ah Supervisory Board Member / Consultancy • Dawood Family Takaful
3	Mufti Nadeem Iqbal	15-Oct-18	Non Resident Member	• No other engagement

Shari'ah Board Report

(For the Year ended December 31, 2025)

بِسْمِ اللهِ الرَّحْمٰنِ الرَّحِيْمِ

اَلْحَمْدُ لِلّٰهِ رَبِّ الْعَالَمِيْنَ وَالصَّلَاةُ وَالسَّلَامُ عَلٰى خَاتَمِ الْاَنْبِيَآءِ وَالْمُرْسَلِيْنَ وَعَلٰى اٰلِهٖ وَصَحْبِهٖ اَجْمَعِيْنَ اَمَّا بَعْدُ

By the grace of Almighty Allah, the year under review marked the 10th year of Islamic Banking of MCB Islamic Bank Limited (hereinafter referred to as 'the Bank'). The Board of Directors and the Executive Management are fully responsible for ensuring that the Bank's operations are conducted at all times in compliance with Shari'ah principles. The scope of this report covers all affairs of the Bank's operations and other activities from Shari'ah perspective and guidelines issued by State Bank of Pakistan (SBP) through Shari'ah Governance Framework (SGF).

In line with SGF, t Shari'ah Board hereby presents its annual report on the affairs of the Bank. Shari'ah Board (SB) of the Bank was constituted in September, 2015 after its commencement. Currently, Shari'ah Board comprises of respected Prof. Mufti Munib-ur-Rehman, Dr. Mufti Syed Sabir Hussain and Mufti Nadeem Iqbal, chairperson, Resident Shari'ah Board Member and Member Shari'ah Board respectively. All Shari'ah Board members remained available year-round, and meetings were conducted via audio as well as video conferencing. Additionally, four formal meetings of the SB were held during the year 2025 on the following dates to review various matters, which include new products and services, product modifications, transactions, structures, processes and other issues, referred to Shari'ah Board:

- First Shari'ah Board Meeting – March 24, 2025
- Second Shari'ah Board Meeting – June 25, 2025
- Third Shari'ah Board Meeting – September 25, 2025
- Fourth Shari'ah Board Meeting – December 16, 2025

Shari'ah Governance and Compliance:

The key factor that distinguishes the governance of Islamic banking institutions with conventional system is the insight of SB over organs of the Bank, which plays an additional role in the governance of these institutions. Furthermore, Shari'ah Compliance & control mechanism ensures the implementation of SB's instructions and guidelines not only in products and services but also in overall environment of the Islamic bank, which could have a positive impact on performance of it. All decisions, rulings, instructions & guidelines and fatawa of the SB are binding on the Bank and policy of zero tolerance adhere here.

In order to assist the SB to supervise all these matters throughout the year, the Shari'ah Compliance Department (SCD), apart from the SB meetings, closely coordinated with it. Shari'ah Compliance is a backbone of any Islamic Financial Institution. It is an ongoing process carried out throughout the year. Through SCD, SB continuously involves in the Shari'ah affairs of the Bank and enabling them to approve various matters in a timely manner. It also helps minimize Shari'ah non-compliance risk and ensures that the bank's income is not directed to the charity account. It is important to note that channeling income derived from Shari'ah non-compliance into the charity account not only reflects a lapse in the bank's compliance but also results in indirect detriment to both shareholders and depositors.

Role of Board of Directors and Executive Management:

The Board of Directors oversees and evaluates the entity's overall performance, ensuring alignment with strategic objectives and long-term sustainability. Executive management is responsible for executing strategies efficiently and driving the entity's operational and financial performance. In Islamic banking, the Board of Directors and Executive Management play an additional role in ensuring that the Bank's operations are conducted in a manner that complies with Shari'ah principles at all times. Board of Directors should also have a thorough understanding of its fiduciary responsibilities, especially towards Investment Account Holders/ Profit and Loss Sharing Depositors, who assume risks similar to those of shareholders. The Executive Management of the Bank is also responsible for implementation of the SGF. To keep the BOD informed regarding Shari'ah compliance, the Shari'ah Board is required to submit a report on the overall Shari'ah compliance environment of the Bank. During the year 2025, Shari'ah Board – Board of Directors' Meetings held on the following dates:

- First Shari'ah Board – Board of Directors' Meeting – April 21, 2025
- Second Shari'ah Board – Board of Directors' Meeting – October 20, 2025

Shari'ah Board praises and encourages the continuous, comprehensive & profound efforts and commitment of the Bank's Board of Directors and the Management regarding implementation of all Fatawa and instructions & guidelines issued by the Shari'ah Board. It is also assumed that the BOD and management will increase their efforts in the future to ensure Shari'ah compliance.

Shari'ah Compliance Department

The Shari'ah Governance Framework (SGF) empowers and strengthens the Shari'ah Compliance Department (SCD) as key pillar of the Bank's Shari'ah compliance environment. In this regard, the Bank's SCD continued to perform its responsibilities effectively and maintained a satisfactory level of Shari'ah compliance across the Bank. To form our opinion as expressed in this report, the Shari'ah Compliance Department (SCD) of the Bank carried out reviews of each type of transactions on sample basis, products, process flows/ modus operandi and concepts under the supervision of RSBM/Head Shari'ah Compliance. SCD kept Shari'ah Board informed regarding Shari'ah compliance review of branches and back offices of the Bank. In this regard, 195 branches were reviewed for Shari'ah compliance, and satisfactory compliance was observed across non-branch entities in accordance with the Shari'ah Compliance Program approved by the SB. To ensure the compliance of IBD Circular No. 02 of 2018, RSBM/Head-SCD and SCD's staff made surprise visits to 49 branches at South and North regions to ensure regulatory and Shari'ah compliance. Subsequently, report presented to Board of Directors and Shari'ah Board.

Islamic Banks are fundamentally very different from their traditional counterparts out of a variety of angles. The basic rule for Islamic bank is adherence to Shari'ah, and in case of divergence from it, raises the probability of Shari'ah Non-Compliance that is very important besides observance of banking regulations. Therefore, to maintain and increase the confidence of customers, Shari'ah compliance plays a vital role in this regard. So far, to ensure the overall environment of the bank in terms of Shari'ah rulings, six (6) Instructions & Guidelines and Nine (9) Fatawa have been issued by the Shari'ah Board of the Bank. The Bank is implementing these requirements in true letter and spirit.

SCD with the coordination of management and under the supervision of RSBM/Head Shari'ah Compliance has reviewed various Product documents. SCD conducted Shari'ah compliance reviews of back offices to ensure that the Bank's operations are in line with Shari'ah principles. SB has reviewed and approved 92 modus operandi pertain to Corporate Commercial and SME Banking. Main modes of financing are Diminishing Musharakah, Murabahah, Ijarah, Istisna' and Musharakah Running Finance.

SCD has taken all necessary required actions in order to comply with the SBP-IBD Circular No. 01 of 2021, Dated: June 14, 2021, Shari'ah Non-Compliance Risk Management (SNCRM). It has ensured that SNCRM should be an essential element of Bank's overall Risk Management Framework. Further, it shall report all Shari'ah Non-Compliance events and transactions to the Risk Management & Portfolio Review Committee of the Board & Shari'ah Non-Compliance Risk Management Committee as well as to the Shari'ah Board on a quarterly basis. Shari'ah Non-Compliance Risk Management Committee of the Bank is responsible for close monitoring of Shari'ah Non-Compliance Risk at the operational/management level. Regular meetings of all committees are being conducted and SCD reported all Shari'ah Non-Compliance events and transactions to the said committees. Strict adherence to Shari'ah principles across all areas of the bank, there have been no charity due to void transactions in the year 2025, by the grace of Almighty Allah

Capacity Enhancement and Awareness Sessions:

SCD has also facilitated Islamic Banking training sessions for the front and back offices staff of the Bank in order to comply with regulatory instructions. In order to enhance the level of knowledge on Islamic Banking and Finance of Bank's staff; Shari'ah trainings were made mandatory for entire staff of the Bank with the coordination of Learning & Development Department (L&D – HRG). L&D not only arranged classroom sessions but also arranged virtual sessions through different available modes. Online Islamic Banking training modules were also available at Learning Management Systems (LMS) for the easy access of Islamic Banking knowledge to staff. L&D found determined to adhere with the regulatory requirement on training of staff on Islamic Banking & Finance. Therefore, number of session were arranged for the capacity enhancement of staff with the facilitation of SCD. A combination of both Classroom & Virtual sessions were adopted to fulfill the needs of outreach branches for Islamic Banking trainings.

Moreover, L&D-HRG has taken initiatives to establish an effective and comprehensive Islamic Banking training mechanism in compliance with IBD Circular No. 02 of 2018, Dated: Jun 29, 2018, "Enhanced Training & Capacity Building Measures for Islamic Banking Institutions (IBIs)" issued by Islamic Banking Department, State Bank of Pakistan, for the Bank's front and back offices staff at all levels. SCD's staff facilitated as internal trainers on the Shari'ah related training initiatives during the year. Furthermore, alongside regulatory requirements of executive management's Shari'ah trainings, L&D and SCD have jointly developed Islamic Banking & Finance Module and AAOIFI Shari'ah Standards Module for capacity building of Executive Management.

Additionally, SCD facilitated multiple awareness seminars and road shows for the public to enhance understanding and remove misconceptions regarding Islamic banking. This activity is performed with the coordination of L&D and Marketing Department. A total of 21sessions were organized across various small and large cities nationwide for scholars, professors and students from colleges , universities, madaris/ jamiat as well as for the customers. The role of RSBM and SCD is appreciated in this regard. For the development of any organization, having strong and practical ethical values is extremely important. Alongside other training sessions, regular trainings based on the standards issued by AAOIFI, the 'Code of Ethics,' are being initiated with the aim of further highlighting ethical values among the staff, in order to improve both the internal and external environment of the bank.

Treatment of Charity Fund:

As far as Charity fund is concerned, separate liability account (non-chequing) is opened in separate General Ledgers for each type of Charity Fund Collection:

a. Charity due to late payment,
b. Charity against other Non-Shari'ah compliant income
c. Dividend purification amount.

Funds cumulated in above mentioned each type of "Charity Collection Fund Account" is maintained in Shari'ah Compliant remunerative account at the discretion of Shari'ah Board/Resident Shari'ah Board Member.

Charity Fund is utilized for charitable, social welfare, religious, educational or any other purposes approved by Charity Committee / Shari'ah Board. The Bank has a comprehensive charity policy and all charities are being distributed in compliance with approved policy.

In the year 2025, the addition in the amount of Charity was PKR 36.928 million from different heads which was instructed to transfer to the Charity Account. A profit of PKR 1.599 million was earned on the charity account.

Additions in Charity account during the year	**Rupees (in 000)**
- Received from customers against late payment	30,243
- Dividend purification amount	742
- Charity against other Non-Shari'ah compliant income.	000
- Violation of any financial commitment	4,344
- Profit on charity saving account	1,599
Total additions in Charity account during the year	36,928

The Bank has disbursed the Charity amount to Shari'ah approved charitable organizations as per Bank's charity policy and SBP's guidelines. Details of Charity account are available in the note # 19.2.1. Shari'ah Board appreciates the maintenance of a strong Shari'ah compliance environment by SCD. Shari'ah Board would like to praise Shari'ah Compliance Department/RSBM for efforts made by SCD during the year.

Recommendations:

Based on the observations made through Shari'ah review reports and Shari'ah Compliance checks, it is recommended that:

i. It is emphasized that all staff clearly understand that efforts for the growth of Islamic banking are to be undertaken primarily with a view to achieving compliance with the doctrines of Shari'ah.

ii. As 2026 has started and now only two years are remaining for Islamization of whole economy of the country as mentioned in the verdict of Federal Shariat Court issued on 28th of April 2022 as well as Article 38(f) of Constitution of Pakistan 1973, it is recommended to actively contribute to the Islamization of economy as a whole, SB is ready for providing any assistance and guidance for this noble cause.

iii. Shari'ah Board reiterates the offering of Shari'ah advisory services to non-banking financial institutions and other entities including government institutions to Islamize their operations to contribute in Islamization of whole economy.

iv. Given the ongoing transformation in the banking industry and the increasing demands, efforts should be directed toward enhancing staff capacity to enable them to guide customers appropriately on Islamic Banking.

v. More focus is needed on the practical aspects and document execution of products in the Treasury, Corporate, Commercial & SME, and Trade Operations of the Bank. It is also strongly recommended to ensure mandatory Product & Shari'ah trainings of the back office.

vi. It is recommended to increase awareness in general public, and particularly among Ulema, arrange awareness programs such as seminars, workshops, and question-and-answer sessions through the Bank's platform to build the true image of Islamic Banking and Finance, as well as to create awareness and remove misconceptions about Islamic banking.

vii. As usual, Shari'ah Board again recommends the participation of representatives of all groups of Bank including President/CEO and Shari'ah Board in national & international conferences which will be beneficial for the Bank's brand image and capacity enhancement of the Bank's staff.

viii. Continuity of Shari'ah trainings of the Bank's higher management. Further, it is also recommended to L&D for arrangement of group discussion between Shari'ah Board/SCD and higher management regarding spirit of Islamic banking and Economics system. It would be helpful to achieve the main objective of Islamic banking & economics i.e. welfare maximization not profit maximization.

ix. As far as internal environment of the Bank is concerned, all staff members of front and back offices are strongly recommended to follow the proper dress code strictly, which should be in line with the Bank Dress Code Policy, cultural norms, and reflect due modesty as required by the dictates of Shari'ah. The Shari'ah Board observes a deficiency in certain departments in this regard. It is recommended to take disciplinary action in case of violation of Dress Code Policy.

x. It is suggested to consider transitioning the significant customer portfolio to Takaful, which adheres the Shari'ah rulings.

xi. We encourage for the broader implementation of Green Banking practices across the bank.

xii. It is encouraged to use FinTech solutions to automate Shari'ah -compliant processes, enhance transparency, improve governance oversight, and deliver efficient banking services.

xiii. It is recommended to have more focus on social and environmental sustainability by supporting charitable activities and projects that align with Shari'ah values, and providing financial support for underprivileged part of society.

xiv. Marketing plays a vital role in shaping the bank's image, especially in Islamic banking. Therefore, this department should exercise extra care when carrying out this activity.

xv. It is also recommended to establish escalation levels and define turnaround times for the collection of charity to ensure the transparency.

xvi. It is urged to collect the outstanding charities with different customers or obtain formal Shari'ah Board approval in case of exemption and deferral as per approved charity policy of the bank.

Conclusion:

Shari'ah Board has reviewed & advised corrective measures on SBP Inspection Report. The External & Internal Shari'ah Audit & Shari'ah Compliance Inspection reports and is of the view that:

i. The Bank has adhered to Shari'ah rules and principles, in accordance with the fatwās, instructions, and guidelines provided by the Shari'ah Board.

ii. The Bank has complied with SBP Inspection report in true letter and spirit.

iii. The Bank has complied with directives, regulations, instructions and guidelines related to Shari'ah compliance issued by SBP in accordance with the rulings of SBP's Shari'ah Advisory Committee.

iv. The Bank has a comprehensive mechanism in place to ensure Shari'ah Compliance in their overall operations.

v. The Bank has complied with the SBP instructions on profit and loss distribution and pool management.

vi. The Bank is actively making efforts to organize awareness seminars for students, Ulema, customers, and the general public to increase awareness about Islamic banking. The role of Learning & Development and Marketing Departments is appreciated.

vii. Improvement is required to enhance the level of awareness and knowledge regarding Islamic Banking among the staff, management and the BOD through enhanced training mechanism for each level. Top management and the BOD have made sincere efforts and appreciated the importance of Shari'ah compliance in overall operations of the Bank.

viii. The Shari'ah Board has been provided adequate resources enabling it to discharge duties effectively.

Shari'ah Board praises and acknowledges the efforts of Shari'ah Compliance Department/RSBM of the Bank that besides Shari'ah Compliance environment of the bank in regulatory inspection there was no instance regarding Non-compliance of regulatory requirements as far as Shari'ah Governance Framework is concerned.

Shari'ah Board would like to take this opportunity to offer praise to Almighty Allah and seek His guidance and Tauwfeeq, and to express its wishes for further progress, development and prosperity of Islamic Banking, under the sincere efforts of senior management, and Islamic Banking Industry in Pakistan as a whole.

وَاللّٰهُ سُبْحَانَهُ وَتَعَالٰى اَعْلَمُ

Professor Mufti Munib-ur-Rehman
Chairperson Shari'ah Board

Mufti Syed Sabir Hussain
Resident Shari'ah Board Member

Mufti Nadeem Iqbal
Member Shari'ah Board

Date of Report: February 18, 2026

ب ایم سی بی اسلامک بینک نے حقیقی معنوں میں اصل روح کو مدّ نظر رکھتے ہوئے ایس بی پی انسپیکشن رپورٹ پر عملدرآمد کیا ہے۔

ج ایم سی بی اِسلامک بینک، اِسٹیٹ بینک آف پاکستان کے اَحکامات، قوانین وہدایات اور لائحۂ عمل (جو اِسٹیٹ بینک آف پاکستان کے شریعہ ایڈوائزری کمیٹی کے احکام کے مطابق ہیں) سے ہم آہنگ ہے۔

د بینک کے پاس اپنے مجموعی آپریشنز میں شریعہ کمپلائنس کو یقینی بنانے کے لیے ایک جامع طریقۂ کار موجود ہے۔

ھ ایم سی بی اسلامک بینک کے نفع ونقصان کی تقسیم اور پُول کی اِنتظام کاری اِسٹیٹ بینک آف پاکستان کی ہدایات کے مطابق ہے۔

و ایم سی بی اسلامک بینک، اسلامک بینکنگ کے بارے میں آگاہی بڑھانے کے لیے طلباء، علماء، کسٹمرز اور عوام الناس کے لیے آگاہی سیمینارز کے انعقاد کے لیے فعال کوششیں کر رہا ہے۔ اس ضمن میں لرننگ اینڈ ڈویلپمنٹ اور مارکیٹنگ ڈیپارٹمنٹس کے کردار کو بھرپور سراہا جاتا ہے۔

ز اسلامی بینکنگ کے بارے میں اسٹاف، انتظامیہ اور بورڈ آف ڈائریکٹرز میں آگاہی اور علم کی سطح کو بہتر بنانے کے لیے تربیتی نظام کو مزید مستحکم کرنے کی ضرورت ہے۔ مزید براں اعلیٰ انتظامیہ اور بورڈ آف ڈائریکٹرز نے شریعہ کمپلائنس کے حوالے سے سنجیدہ کوششیں کی ہیں اور بینک کے مجموعی معاملات میں اس کی اہمیت کو بخوبی تسلیم کیا ہے۔

ح شریعہ بورڈ کو اپنی ذمہ داریوں سے عہدہ برآ ہونے کے لئے خاطر خواہ وسائل فراہم کئے گئے ہیں۔

شریعہ بورڈ، ایم سی بی اِسلامی بینک لمیٹڈ کے شریعہ کمپلائنس ڈیپارٹمنٹ / ریزیڈنٹ شریعہ بورڈ ممبر کی کاوشوں کا اعتراف کرتے ہوئے اس قابلِ ذکر اَمر کی تعریف کرتا ہے کہ شریعہ کمپلائنس ڈیپارٹمنٹ / ریزیڈنٹ شریعہ بورڈ ممبر نے بینک کے شریعہ کمپلائنس ماحول کو برقرار رکھتے ہوئے شریعہ گورننس فریم ورک کی تعمیل کو یقینی بنایا ہے۔

شریعہ بورڈ اللہ تعالیٰ کی بارگاہ میں اُس کی تعریف پیش کرنے، اُس کی ہدایت و توفیق اور سینئر منتظمین و اِسلامی بینکاری انڈسٹری کی مخلصانہ کوششوں سے اسلامی بینکاری نظام کی مزید پیشرفت، ترقی اور خوشحالی کا متمنّی ہے۔

MCB ISLAMIC BANK LIMITED
SHARIAH BOARD

وَاللّٰہُ سُبْحَانَہٗ وَتَعَالٰی اَعْلَمُ

Munib ur Rahman

پروفیسر مفتی منیب الرحمٰن
چیئرپرسن شریعہ بورڈ

مفتی سیّد صابر حسین
ریزیڈینٹ شریعہ بورڈ ممبر
تاریخِ اجراء: ۱۸ فروری ۲۰۲۶ء

مفتی ندیم اقبال
شریعہ بورڈ ممبر

ب چونکہ سال 2026ء کا آغاز ہو چکا ہے اور ملک کی پوری معیشت کے اسلامائزیشن کے لیے اب صرف دو سال باقی رہ گئے ہیں، جیسا کہ وفاقی شرعی عدالت کے 28 اپریل 2022 کے فیصلے اور آئین پاکستان 1973 کے آرٹیکل 38(ف) میں درج ہے، اس لیے سفارش کی جاتی ہے کہ مجموعی طور پر ملکی معیشت کی اِسلامائزیشن کے لیے فعال کردار ادا کیا جائے۔ اس سلسلے میں شریعہ بورڈ اس نیک مقصد کے لیے ہر ممکن معاونت اور رہنمائی فراہم کرنے کے لیے تیار ہے۔ یہ نہ صرف دینی بلکہ ملی اور قومی فریضہ بھی ہے۔

ج شریعہ بورڈ یہ تجویز کرتا ہے کہ غیر مالیاتی اداروں اور دیگر اداروں بشمول حکومتی اداروں کو ان کے اُمور کو اسلامائز کرنے کے لیے شریعہ ایڈوائزری کی خدمات فراہم کی جائیں تاکہ معیشت کی مکمل اِسلامائزیشن میں حصہ ڈالا جا سکے۔

د بینکاری صنعت میں جاری تبدیلیوں اور بڑھتے ہوئے تقاضوں کو مدِ نظر رکھتے ہوئے، اس امر کی ضرورت ہے کہ عملے کی صلاحیتوں میں اضافہ کرنے پر توجہ دی جائے تاکہ وہ اِسلامی بینکاری کے حوالے سے صارفین کی مؤثر اور مناسب رہنمائی کر سکیں۔

ھ کارپوریٹ، ٹریژری، کمرشل، ٹریڈ، ایس ایم ای بینکاری کی پراڈکٹس اور شریعہ کی ٹریننگز پر زیادہ توجہ دینے کی ضرورت ہے، لہٰذا بھرپور سفارش کی جاتی ہے کہ عملے کی شرعی اُصولوں کے تناظر میں پراڈکٹس کی تربیت کو یقینی بنایا جائے۔

و عوام الناس اور علماء کرام کے مابین آگاہی کے فروغ کے لیے یہ سفارش کی جاتی ہے کہ بینک کے پلیٹ فارم سے منظم آگاہی پروگرامز، بشمول سیمینارز، ورکشاپس اور سوال وجواب کے سیشنز، منعقد کیے جائیں تاکہ اِسلامی بینکاری ومالیات کی حقیقی حیثیت کو مؤثر انداز میں اُجاگر کیا جا سکے، نیز اِسلامی بینکاری سے متعلق موجود غلط فہمیوں کے اِزالے اور عوامی شعور کی بیداری کو یقینی بنایا جا سکے۔

ز شریعہ بورڈ قومی اور بین الاقوامی کانفرنسز میں نہ صرف شریعہ بورڈ کے ممبران کی بلکہ دیگر شعبوں کے نمائندگان بالخصوص صدر / چیف ایگزیکٹو آفیسر کی شرکت کی سفارش کرتا ہے، یہ بینک کے برانڈ امیج اور بینک کے عملے کی صلاحیت میں اضافے کے لیے فائدہ مند ثابت ہوگا

ح بینک کی اعلیٰ انتظامیہ کے لیے شریعہ ٹریننگز کے تسلسل کو یقینی بنایا جائے۔ مزید برآں، لرننگ اینڈ ڈیولپمنٹ (L&D) ڈیپارٹمنٹ کو یہ بھی سفارش کی جاتی ہے کہ شریعہ بورڈ / شریعہ کمپلائنس ڈپارٹمنٹ (SCD) اور اعلیٰ انتظامیہ کے مابین اسلامی بینکاری اور معاشی نظام کی روح کے حوالے سے گروپ ڈسکشنز کا اہتمام کیا جائے۔ اس سے اِسلامی بینکاری ومعاشیات کا بنیادی مقصد، یعنی منافع کے زیادہ سے زیادہ حصول (profit maximization) کے بجائے فلاحِ عامہ (welfare maximization) کے فروغ، کے حصول میں مدد ملے گی۔

ط جہاں تک بینک کے داخلی ماحول کا تعلق ہے، تو فرنٹ اور بیک آفسز کے تمام عملے کو ڈریس کوڈ کی سختی سے پیروی کرنے کی بھرپور تاکید کی جاتی ہے۔ شریعہ بورڈ بعض ڈیپارٹمنٹس میں اِس حوالے سے کمی محسوس کرتا ہے، جس کا اِزالہ عملی اقدامات کی صورت میں کرنے کی اشد ضرورت ہے۔ اسٹاف کا لباس ایم سی بی اسلامک بینک ڈریس کوڈ پالیسی، ثقافتی اُصولوں اور شرعی تقاضوں کے مطابق شرم وحیا کی عکاسی کرتا ہو۔ اس کی خلاف ورزی کی صورت میں تادیبی کاروائی کی سفارش بھی کی جاتی ہے۔

ی یہ تجویز دی جاتی ہے کہ زیادہ سے زیادہ کسٹمر پورٹ فولیو کو تکافل میں منتقل کیا جائے تاکہ مروّجہ انشورنس میں شرعی اعتبار سے موجود خرابیوں سے بچا جائے۔

ک ہم بینک کے اندر گرین بینکنگ کے طریقوں کے وسیع تر نفاذ کی بھرپور حوصلہ افزائی کرتے ہیں۔

ل شریعت کے تقاضوں کے مطابق عمل درآمد کو خودکار بنانے، شفافیت میں اضافہ کرنے، گورننس کی مؤثر نگرانی کو یقینی بنانے، اور بینکنگ خدمات کی استعداد ومعیار کو بڑھانے کے لیے فن ٹیک (FinTech) حل کے اِطلاق کی بھرپور سفارش کی جاتی ہے۔

م یہ سفارش کی جاتی ہے کہ اسلامی اقدار سے ہم آہنگ چیریٹی کی سرگرمیوں اور منصوبوں کی حمایت کے ذریعے سماجی اور ماحولیاتی پائیداری پر مزید توجہ مرکوز کی جائے، اور معاشرے کے غریب طبقے کے لیے مالی معاونت فراہم کی جائے۔

ن مارکیٹنگ بینک کی ساکھ قائم کرنے اور عوامی تاثر کی تشکیل میں کلیدی حیثیت رکھتی ہے، بالخصوص اِسلامی بینکاری کے تناظر میں۔ اس لیے اس شعبے پر لازم ہے کہ وہ اس سرگرمی کو انتہائی احتیاط، پیشہ ورانہ مہارت اور شریعت کے اُصولوں کی مکمل پاسداری کے ساتھ انجام دے۔ اور اس حوالے سے شریعہ کی اِجازت کے بغیر کسی بھی معاملے کو کرنے کی حوصلہ شکنی کی جاتی ہے، جیسا کہ ماضی میں بعض معاملات مشاہدے میں آئے ہیں۔

س یہ بھی تجویز کیا جاتا ہے کہ چیریٹی کی وصولیابی کے لئے زیادہ سے زیادہ مدت کا تعین کیا جائے، تاکہ عمل کی شفافیت، کارکردگی اور اثریت کو بروقت یقینی بنایا جا سکے۔

ف تاخیر سے ادائیگی کی وجہ سے عائد چیریٹی فنڈ کو وصول کیا جائے یا اس میں مستثنیٰ (exempt) اور مؤخر (deferrer) کی درخواست پر بینک کی چیریٹی پالیسی کے مطابق شریعہ بورڈ سے منظوری لی جائے۔

خلاصہ کلام

شریعہ بورڈ نے ایس بی پی معائنہ رپورٹ، بیرونی اور داخلی شریعہ آڈٹ اور شریعہ کمپلائنس کی رپورٹس کو دیکھنے کے بعد اِصلاحی اقدامات کے لئے ہدایات دیں، لہٰذا شریعہ بورڈ کے مطابق:

الف ایم سی بی اسلامک بینک نے بحیثیت مجموعی شریعہ بورڈ کے جاری کردہ فتاویٰ جات اور ہدایات ولائحۂ عمل کے مطابق شرعی اُصول وضوابط کو پورا کیا ہے۔

اِسٹیٹ بینک آف پاکستان کے اِسلامی بینکاری ڈیپارٹمنٹ کی جانب سے جاری کردہ سرکلر (نمبر ۲ /۲۰۱۸ بتاریخ ۲۹ جون ۲۰۱۸) پر عملدرآمد کو یقینی بنانے کے لئے بینک کی جانب سے مؤثر اور جامع اقدامات کئے گئے۔ لہٰذا ایکمؤثر اور جامع پروگرام L&D-HRG کی طرف سے ترتیب دیا گیا، جس کے تحت بینک کے ہر درجہ کے فرنٹ اور بیک آفس اسٹاف کو اِسلامی بینکاری کی ٹریننگ دی گئی۔ شریعہ کمپلائنس ڈیپارٹمنٹ کے اسٹاف ممبرز نے شریعہ ٹریننگز کے لئے پورا سال اپنی خدمات پیش کیں۔ مزید برآں، ایگزیکٹو مینجمنٹ کی شریعہ ٹریننگ کی ریگولیٹری ضروریات کے ساتھ ساتھ، شریعہ کمپلائنس ڈیپارٹمنٹ اور L&D نے ایگزیکٹو مینجمنٹ کی مہارت میں مزید نکھار پیدا کرنے کی غرض سے اِسلامی بینکاری اور شرعی معیارات، اکاؤنٹنگ اینڈ آڈٹنگ آرگنائزیشن برائے اسلامی مالیاتی ادارے (AAOIFI) کے کورسز تیار کئے، جنہیں شروع کر دیا گیا ہے۔ کسی بھی ادارے کی ترقی کے لئے مضبوط اور عملی اَخلاقی اَقدار کا ہونا اِنتہائی ضروری ہے۔ دیگر ٹریننگ سیشنز کے ساتھ ساتھ اِسٹاف میں اَخلاقی اَقدار کو مزید اُجاگر کرنے کی سوچ کے ساتھ ایوفی (AAOIFI) کے جاری کردہ معیار "Code of Ethics" پر باقاعدہ ٹریننگز کا آغاز ہو رہا ہے، تاکہ بینک کے اندرونی اور بیرونی ماحول کو مزید بہتر بنایا جا سکے۔

اس کے علاوہ، شریعہ کمپلائنس ڈیپارٹمنٹ نے عوام میں اِسلامی بینکنگ کے بارے میں آگاہی کو فروغ دینے اور اِس کے بارے میں پائی جانے والی غلط فہمیوں، تحفظات اور اعتراضات کو دور کرنے کے لیے متعدد سیمینارز اور روڈ شوز کے انعقاد میں کردار ادا کیا۔ یہ سرگرمی ایل اینڈ ڈی اور مارکیٹنگ ڈیپارٹمنٹ کے باہمی تعاون سے انجام دی گئی۔ ملک بھر کے مختلف چھوٹے بڑے شہروں میں علماءِ کرام، کالجز، یونیورسٹیز، مدارس اور جامعات کے پروفیسرز و طلباءِ کرام اور عام کسٹمرز کے لیے مجموعی طور پر 21 سیشنز کا اہتمام کیا گیا۔ اِن سیمینارز کے انعقاد میں شریعہ کمپلائنس ڈیپارٹمنٹ کے تمام ممبران بالخصوص آر ایس بی ایم کے کردار کو سراہا جاتا ہے۔

چیریٹی فنڈ کا نظم و نسق

جہاں تک چیریٹی فنڈ کا تعلق ہے، درجِ ذیل چیریٹی جمع کرنے کے لئے علیٰحدہ نان چیکنگ، لائیبلیٹی اکاؤنٹ کھولے جاتے ہیں:

i. ادائیگی میں تاخیر یا کسی بھی مالیاتی وعدہ کی خلاف ورزی کی وجہ سے چیریٹی،
ii. باطل معاملات کی وجہ سے چیریٹی،
iii. منافع (ڈیویڈنڈ، Dividend) میں سے غیر شرعی منافع منہا کرنے کی وجہ سے چیریٹی۔

عام طور پر مذکورہ بالا تمام مدات میں جمع شدہ رقوم اپنے اپنے "شریعہ کمپلائنٹ نفع بخش چیریٹی کولیکشن فنڈ اکاؤنٹ" میں شریعہ بورڈ / ریزیڈنٹ شریعہ بورڈ ممبر کی صوابدید پر جمع کی جاتی ہیں، چیریٹی فنڈ، چیریٹی کمیٹی / شریعہ بورڈ کے منظور شدہ کسی خیراتی، معاشرتی بہبود، مذہبی یا تعلیمی مقاصد کے لئے استعمال ہوتا ہے۔ بینک کی جامع چیریٹی پالیسی کے تحت، تمام چیریٹی شریعت کے اُصولوں اور منظور شدہ پالیسی کے مطابق بروقت اور شفاف انداز میں تقسیم کی جاتی ہے۔

سال ۲۰۲۵ء میں چیریٹی فنڈ کی مختلف مدات میں جمع شدہ رقوم میں کل اضافہ 36.928 ملیّن رہا، جس کو چیریٹی اکاؤنٹ میں منتقل کرنے کی ہدایت کی گئی۔ چیریٹی اکاؤنٹ پر 1.599 ملین کا منافع حاصل ہوا۔

اِمسال چیریٹی فنڈ میں اضافہ	روپے (۰۰۰) میں
صارف کی طرف سے ادائیگی میں تاخیر کی وجہ سے	۳۰،۲۴۳
منافع (ڈیویڈنڈ، Dividend) میں سے غیر شرعی منافع منہا کرنے کی وجہ سے	۷۴۲
باطل معاملات کی وجہ سے	-
کسی بھی مالیاتی وعدہ کی خلاف ورزی کی وجہ سے	۴،۳۴۴
چیریٹی سیونگ اکاؤنٹ پر منافع	۱،۵۹۹
اِمسال چیریٹی فنڈ میں کل اضافہ	۳۶،۹۲۸

بینک نے چیریٹی کی رقم شریعہ سے منظور شدہ رفاہی اداروں کو ایم سی بی اسلامک بینک لمیٹڈ کی چیریٹی پالیسی اور اِسٹیٹ بینک کی ہدایات و لائحۂ عمل کے مطابق فراہم کی ہے۔ چیریٹی اکاؤنٹ کی تفصیلات نوٹ نمبر 19.2.1 میں دستیاب ہیں۔ شریعہ بورڈ بینک کے شریعہ کمپلائنس ڈیپارٹمنٹ کی طرف سے ایک مضبوط شریعہ کمپلائنس ماحول کو برقرار رکھنے کے عمل کو سراہتا ہے۔ مزید برآں سال ۲۰۲۵ء کے دوران شریعہ کمپلائنس ڈیپارٹمنٹ/RSBM کی طرف سے کی گئی کوششوں کی تعریف بھی کرتا ہے۔

سفارشات

شریعہ بورڈ شرعی اعتبار سے کئے گئے جائزوں کی جانچ پڑتال کے بعد درج ذیل سفارشات پیش کرتا ہے:

الف اس بات پر زور دیا جاتا ہے کہ تمام عملہ بخوبی یہ سمجھ لے کہ اسلامی بینکاری کے فروغ کے لیے کی جانے والی تمام کوششیں بنیادی طور پر شریعت کے اصولوں کی پابندی کے حصول کے پیشِ نظر ہونی چاہئیں۔

شریعہ بورڈ اپنی جاری کردہ ہدایات ولائحۂ عمل پر عملدرآمد کے اعتبار سے بینک کے منتظمین کی مسلسل اور جامع کوششوں کی تعریف اور حوصلہ افزائی کرتا ہے۔

شریعہ کمپلائنس ڈیپارٹمنٹ

شریعہ گورننس فریم ورک شریعہ کمپلائنس ڈپارٹمنٹ کو بینک کے شریعہ کے مطابق آپریشنل ماحول میں ایک کلیدی ستون کے طور پر بااختیار اور مستحکم بناتا ہے۔ اس ضمن میں، بینک کے شریعہ کمپلائنس ڈپارٹمنٹ نے اپنی ذمہ داریوں کو نہ صرف مؤثر طور پر اور بروقت ادا کیا بلکہ بینک کے تمام شعبوں میں شریعہ کی مکمل تعمیل کو یقینی بناتے ہوئے ایک تسلی بخش معیار بھی برقرار رکھا۔ رپورٹ میں ظاہر کردہ اُمور کے مطابق اپنی رائے دیتے ہوئے عرض ہے کہ ایم سی بی اِسلامک بینک کے شریعہ کمپلائنس ڈیپارٹمنٹ نے ریزیڈنٹ شریعہ بورڈ ممبر/ہیڈ شریعہ کمپلائنس ڈیپارٹمنٹ کی زیرِ نگرانی تمام قسم کے مالی معاملات، اُن کے جملہ مراحل، پروڈکٹس اور اختیار کئے گئے نظریات کا نمونے کی بنیاد پر جائزہ لیا ہے۔ شریعہ کمپلائنس ڈیپارٹمنٹ نے شریعہ بورڈ کو بینک کے فرنٹ اور بیک آفسز کی شرعی تعمیل کا جائزہ لینے کے معاملات سے آگاہ رکھا۔ اس سلسلے میں ۱۹۵ برانچوں کا شرعی معائنہ کیا گیا ہے اور جہاں تک بیک آفسز کے شرعی جائزے کا تعلق ہے، تو اِس کے لیے شریعہ بورڈ کی منظور شدہ فہرست کی تعمیل کو یقینی بنایا گیا۔ مزید برآں آر ایس بی ایم/ہیڈ- شریعہ کمپلائنس ڈیپارٹمنٹ اور اس کے اسٹاف نے ریگولیٹری اور شرعی تقاضوں کی تعمیل کو یقینی بنانے کے لیے جنوبی اور شمالی ریجن کی ۴۹ شاخوں کا اچانک دورہ کیا۔ اور اِس کی باقاعدہ رپورٹ شریعہ بورڈ اور بورڈ آف ڈائریکٹرز کو پیش بھی کی گئی۔

اسلامی بینکس بنیادی طور پر مختلف جہتوں سے روایتی بینکوں سے جدا ہیں، اِن کا بنیادی اُصول شریعت پر کاربند ہونا ہے۔ اگر وہ شریعت پر کاربند نہیں ہوتے تو غیر شرعی معاملات کا احتمال بڑھ جاتا ہے۔ چنانچہ کسٹمر کے اعتماد کو بحال رکھنے کے لئے مضبوط و مستحکم بنیادوں پر شریعہ کمپلائنس کی موجودگی ضروری ہے۔ اسی چیز کو مدِ نظر رکھتے ہوئے ایم سی بی اسلامک بینک لمیٹڈ کے شریعہ بورڈ کی جاری کردہ چھ ہدایات ولائحۂ عمل اور نو فتاویٰ جات بھی موجود ہیں۔ ایم سی بی اسلامک بینک لمیٹڈ میں شریعہ بورڈ کی جاری کردہ تمام ہدایات ولائحۂ عمل اور فتاویٰ جات پر عملدرآمد کو ان کی اصل روح کے مطابق کرنے کا بھرپور اہتمام کیا جاتا ہے۔

بینک کے منتظمین کے تعاون سے شریعہ کمپلائنس ڈیپارٹمنٹ نے ریزیڈنٹ شریعہ بورڈ ممبر/ہیڈ شریعہ کمپلائنس ڈیپارٹمنٹ کی زیرِ نگرانی ۲۰۲۵ء میں تمام پراڈکٹس کی دستاویزات کا جائزہ لیا۔ شریعہ کمپلائنس ڈیپارٹمنٹ نے شرعی اُصولوں کی پاسداری کی غرض سے مختلف برانچز اور بیک آفسز کا معائنہ کیا۔ شریعہ بورڈ نے ۹۲ فائنانسنگ کے لائحہ عمل کی دستاویزات، جن میں کارپوریٹ، کمرشل اور ایس ایم ای بینکاری شامل ہیں، کے لائحہ عمل کا بھی جائزہ لیا اور اِن کی منظوری دی۔ جہاں تک پراڈکٹس کا تعلق ہے، تو شریعہ بورڈ نے شرکتِ متناقصہ، تیار شدہ مال پر مرابحہ اور مرابحہ للآمر بالشراء، اِجارہ، اِستصناع اور مشارکہ رننگ فنانس کی پراڈکٹس کی اس سال منظوری دی۔

شریعہ کمپلائنس ڈیپارٹمنٹ نے اِسٹیٹ بینک آف پاکستان کے اِسلامی بینکاری ڈیپارٹمنٹ کی جانب سے جاری کردہ سرکلر (نمبر ۱ /۲۰۲۱، تاریخ ۱۴ جون ۲۰۲۱)، شریعہ نان کمپلائنس رِسک مینجمنٹ SNCRM کی تعمیل کے لیے تمام ضروری اقدام کئے ہیں۔ ڈیپارٹمنٹ نے یقینی بنایا ہے کہ SNCRM بینک کے مجموعی رِسک مینجمنٹ فریم ورک کا ایک لازمی عنصر ہونا چاہیے۔ مزید برآں ڈیپارٹمنٹ تمام شرعی عدمِ تعمیل کے معاملات اور لین دین کی رپورٹ بورڈ کی رِسک مینجمنٹ اور پورٹ فولیو ریویو کمیٹی (portfolio review committee) اور شریعہ نان کمپلائنس رِسک مینجمنٹ کمیٹی کے ساتھ ساتھ شریعہ بورڈ کو سہ ماہی بنیادوں پر پیش کرے گا۔ شریعہ نان کمپلائنس رِسک مینجمنٹ کمیٹی آپریشنل/اِنتظامی سطح پر شرعی عدمِ تعمیل کے رِسک کی کڑی نگرانی کے لیے ذمہ دار ہے۔ تمام کمیٹیوں کی باقاعدہ میٹنگز کا انعقاد کیا جارہا ہے اور شریعہ کمپلائنس ڈیپارٹمنٹ تمام شرعی عدمِ تعمیل کے معاملات اور لین دین کی رپورٹ مذکورہ کمیٹیوں کو دیتا ہے۔ بینک کے تمام شعبوں میں شریعت کے اُصولوں کی مکمل پابندی کو یقینی بناتے ہوئے، بحمدِہٖ تعالیٰ، ۲۰۲۵ میں کسی بھی ٹرانزیکشن کو باطل (Void) قرار نہیں دیا گیا اور اس وجہ سے کوئی چیریٹی واجب نہیں ہوئی۔

پروگرامز برائے تربیت و آگاہی

شریعہ کمپلائنس ڈیپارٹمنٹ (SCD) نے بینک کے فرنٹ اور بیک آفس عملے کے لیے اِسلامی بینکاری کے تربیتی سیشنز کا اہتمام کیا، تاکہ ریگولیٹری ہدایات کی تعمیل کی جاسکے۔ لرننگ اینڈ ڈیولپمنٹ ڈیپارٹمنٹ (L&D-HRG) کے تعاون سے بینک کے عملے کی اِسلامی بینکاری اور مالیات کے بارے میں آگاہی کو بڑھانے کے لیے؛ شریعہ ٹریننگز کو بینک کے تمام عملے کے لیے لازمی قرار دیا گیا۔

شریعہ کمپلائنس ڈیپارٹمنٹ نے اِسٹیٹ بینک آف پاکستان کی جانب سے جاری کردہ ہدایات پر عملدرآمد کو یقینی بنانے کے لئے بینک کے فرنٹ اور بیک آفس اسٹاف کے لئے اِسلامی بینکاری کی ٹریننگ کے کئی پروگرامز منعقد کئے۔ L&D نے اِسٹاف کی اِسلامی بینکاری اور مالیاتی نظام کی معلومات تک آسان رسائی کے لئے کلاس روم سیشنز کا بھی اِنعقاد کیا اور ساتھ ہی لرننگ مینیجمنٹ سسٹم (LMS) کے تحت آن لائن اِسلامک بینکنگ ٹریننگ ماڈیولز بھی اَپ لوڈ کیے۔ L&D نے اِس حوالے سے تربیت کا عزمِ مُصمّم کیا ہوا ہے، لہٰذا اس سال بھی L&D نے شریعہ کمپلائنس ڈیپارٹمنٹ کے تعاون سے عملے کی اِستعداد کار میں اِضافے کی غرض سے تمام ریجز میں سیشنز منعقد کئے۔ شریعہ ٹریننگ سیشنز کلاس روم اور وَرچوئل سیشنز دونوں کا مجموعہ تھے، جس کی وجہ سے جغرافیائی رکاوٹوں سے نکل کر اِسٹاف کے لئے سیکھنے کے بہترین مواقع میسر ہوئے۔

شریعہ بورڈ رپورٹ

(مالی سال اختتام پذیر ۳۱ دسمبر ۲۰۲۵ء)

بِسۡمِ اللّٰہِ الرَّحۡمٰنِ الرَّحِیۡمِ

اَلۡحَمۡدُ لِلّٰہِ رَبِّ الۡعَالَمِیۡنَ وَالصَّلٰوۃُ وَالسَّلَامُ عَلٰی خَاتَمِ الۡاَنۡبِیَآءِ وَالۡمُرۡسَلِیۡنَ وَعَلٰی اٰلِہٖ وَصَحۡبِہٖ اَجۡمَعِیۡنَ اَمَّا بَعۡدُ

شریعہ بورڈ ایم سی بی اسلامک بینک لمیٹڈ کے اُمور سے متعلق اپنی سالانہ رپورٹ پیش کرتا ہے۔

بحمدِ اللہ تعالیٰ، زیرِ جائزہ سال ایم سی بی اسلامی بینک لمیٹڈ کے اِسلامی بینکاری کے قیام کے دسویں سال کی تکمیل کا مظہر ہے۔ بینک کے بورڈ آف ڈائریکٹرز اور ایگزیکٹو مینجمنٹ اس امر کے مکمل طور پر ذمہ دار ہیں کہ بینک کے تمام اُمور اور آپریشنز شریعتِ مطہرہ کے اُصولوں کے عین مطابق انجام دیے جائیں۔ اس رپورٹ کا دائرۂ کار شریعت کے نقطۂ نظر سے بینک کے تمام آپریشنز اور دیگر سرگرمیوں تک وسیع ہے، نیز اس میں اسٹیٹ بینک آف پاکستان (SBP) کی جانب سے جاری کردہ شریعہ گورننس فریم ورک (SGF) کے تحت دی گئی ہدایات کو بھی مدِ نظر رکھا گیا ہے۔

شریعہ گورننس فریم ورک کی ہدایت کے پیشِ نظر ایم سی بی اسلامک بینک کا شریعہ بورڈ ستمبر ۲۰۱۵ء کو تشکیل پایا، موجودہ شریعہ بورڈ پروفیسر مفتی منیب الرّحمٰن چیئرپرسن شریعہ بورڈ، ڈاکٹر مفتی سیّد صابر حسین ریزیڈنٹ شریعہ بورڈ ممبر اور مفتی ندیم اقبال، ممبر شریعہ بورڈ پر مشتمل ہے۔ ۲۰۲۵ء میں پورا سال شریعہ بورڈ کی خدمات ادارے کو حاصل رہیں، بینک کے معاملات کے حوالے سے شریعہ بورڈ نے ٹیلی فون اور ویڈیو کانفرنس کالز کے ذریعے فوری حل طلب معاملے پر گفتگو کرنے کی غرض سے کئی اہم ملاقاتیں کیں۔ علاوہ ازیں ۲۰۲۵ء میں شریعہ بورڈ کے ۴ رسمی اِجلاس درجِ ذیل تاریخوں میں منعقد ہوئے، جن میں دیگر اُمور کے علاوہ نئی پراڈکٹس اور خدمات کے ساتھ ساتھ مروّجہ پراڈکٹس اور خدمات میں ترامیم کا شرعی جائزہ لیا گیا۔

- ☆ شریعہ بورڈ کا پہلا اِجلاس، ۲۴ مارچ ۲۰۲۵ء
- ☆ شریعہ بورڈ کا دوسرا اِجلاس، ۲۵ جون ۲۰۲۵ء
- ☆ شریعہ بورڈ کا تیسرا اِجلاس، ۲۵ ستمبر ۲۰۲۵ء
- ☆ شریعہ بورڈ کا چوتھا اِجلاس، ۱۶ دسمبر ۲۰۲۵ء

شریعہ گورننس اینڈ کمپلائنس

شریعہ بورڈ ایک ایسا بنیادی میکانزم ہے، جو اسلامی اور روایتی بینکوں کی گورننس میں امتیاز قائم کرتا ہے، جبکہ شریعہ کمپلائنس کا میکانزم اس چیز کو یقینی بناتا ہے کہ بینک کے جملہ معاملات شریعہ بورڈ کے فتاویٰ جات اور ہدایات پر مبنی ہیں۔ اِسلامی بینک میں معاملات شریعہ کے مطابق ہونے سے اُس کی کارکردگی پر مثبت اثرات مرتّب ہوتے ہیں۔ لہٰذا کسی بھی اِسلامی بینک کے لئے لازم ہے کہ وہ شریعہ بورڈ کے فراہم کردہ تمام فتاویٰ جات اور ہدایات پر سختی کے ساتھ کاربند ہو۔

مندرجہ بالا شریعہ بورڈ کی مجالس کے علاوہ سال بھر تمام اُمور کی نگرانی میں شریعہ کمپلائنس ڈیپارٹمنٹ نے اِس کے ساتھ ہم آہنگی کو یقینی بنایا۔ شریعہ کمپلائنس اسلامی مالیاتی ادارے کی ریڑھ کی ہڈی ہے۔ مزید براں شریعہ کمپلائنس کو پورے سال مدِ نظر رکھا جاتا ہے، جس کے نتیجے میں شریعہ بورڈ کی بینک کے شرعی اُمور میں مستقل شمولیت اور مواصلاتی طریقۂ کار کو بروئے کار لاتے ہوئے بینک کے مختلف النّوع معاملات کی بروقت منظوری کو یقینی بنایا گیا۔ شریعہ کمپلائنس ڈیپارٹمنٹ، شریعہ نان کمپلائنس کے خطرات کو کم کرنے میں بھی معاون ہوتا ہے اور یہ یقینی بناتا ہے کہ بینک کی آمدنی حتّی الامکان چیرٹی اکاؤنٹ میں نہ جائے۔ واضح رہے کہ شریعہ نان کمپلائنس کی وجہ سے حاصل شدہ آمدنی کا چیریٹی اکاؤنٹ میں جانا ایک جانب بینک کی کمپلائنس کی کمزوری کی جانب اشارہ کرتا ہے، تو دوسری جانب شیئر ہولڈرز اور ڈیپازیٹرز کو بھی بالواسطہ نقصان ہوتا ہے۔

بورڈ آف ڈائریکٹرز اور ایگزیکٹو مینجمنٹ کا کردار

بورڈ آف ڈائریکٹرز ادارے کی مجموعی کارکردگی پر مؤثر نگرانی اور اس کا باقاعدہ جائزہ لیتے ہیں، اور اس اَمر کو یقینی بناتے ہیں کہ ادارے کی کارکردگی اس کے اسٹریٹجک مقاصد اور طویل المدّتی کارکردگی کے اَہداف سے ہم آہنگ رہے۔ ایگزیکٹو مینجمنٹ منظور شدہ حکمتِ عملیوں کے مؤثر اور بروقت نفاذ کی ذمہ دار ہوتی ہے اور ادارے کی عملیاتی (operational) و مالی کارکردگی کو بہتر بنانے میں کلیدی کردار ادا کرتی ہے۔ اِسلامی بینکاری کے تناظر میں، بورڈ آف ڈائریکٹرز اور ایگزیکٹیو مینجمنٹ پر یہ اضافی ذمہ داری عائد ہوتی ہے کہ ایم سی بی اسلامک بینک لمیٹڈ کے جملہ معاملات شریعہ کے اُصولوں کے مطابق ہوں۔ بورڈ آف ڈائریکٹرز کو انویسٹمنٹ اکاؤنٹ ہولڈرز (IAH) کے متعلق اپنی مستحکم اور عائد ذمہ داریوں کا مکمل اور جامع فہم حاصل ہونا چاہیے، جو شیئر ہولڈرز ہی کی طرح مالی خطرات کا سامنا کرتے ہیں۔ مزید برآں، بینک کی ایگزیکٹو مینجمنٹ شریعہ گورننس فریم ورک کے مکمل اور مؤثر نفاذ کی ذمہ دار ہے، تاکہ شریعہ کے اُصولوں اور ہدایات کی تعمیل یقینی بنائی جا سکے۔ لہٰذا ہم (شریعہ بورڈ) بحیثیت مجموعی ایم سی بی اسلامک بینک لمیٹڈ کے شریعہ کمپلائنس کی مجموعی صورتِ حال کے بارے میں ایک رپورٹ جمع کرانے کے پابند ہیں۔ ۲۰۲۵ء میں شریعہ بورڈ کے بورڈ آف ڈائریکٹرز کے ساتھ رسمی اِجلاس درجِ ذیل تاریخوں میں منعقد ہوئے:

- ☆ شریعہ بورڈ-بورڈ آف ڈائریکٹرز کا پہلا اِجلاس، ۲۱ اپریل ۲۰۲۵ء
- ☆ شریعہ بورڈ-بورڈ آف ڈائریکٹرز کا دوسرا اِجلاس، ۲۰ اکتوبر ۲۰۲۵ء





SUSTAINABILITY & CSR

Embedding Sustainability Across Our Core Pillars

At MCB Bank, sustainability is embedded across all aspects of our operations, guided by four interrelated aspects that drive responsible business practices, long-term value creation, and positive societal impact.

Strategy

Sustainability is not just an ethical imperative, but also a critical factor in achieving long-term financial stability and success, the Bank has been incorporating sustainability-related risks and opportunities into its strategic planning process.

Governance

Recognizing that strong governance is essential for maintaining organizational integrity and long-term performance, the Bank continues to enhance its governance frameworks to support effective oversight and disciplined decision-making. The Bank's governance approach is anchored in clear policies, structured committees, and defined responsibilities. These measures help promote transparency, uphold ethical standards, and ensure the Bank operates in a controlled and accountable manner.



Risk Management

The Bank has a robust framework for identifying, assessing, and managing sustainability-related risks; enabling it to protect itself from potential losses and capitalize on emerging opportunities in the transition to a sustainable economy.

Measuring Performance

The Bank monitors its sustainability performance through defined metrics and indicators that reflect progress against strategic priorities. Quantitative and qualitative measures are used to track outcomes across key sustainability themes. Where relevant, the Bank sets targets to guide improvement and align performance with regulatory expectations and industry practices. Regular review of these metrics supports transparent reporting, informed decision-making, and continuous enhancement of the Bank's sustainability performance.

Strategy

MCB Bank Limited, as one of Pakistan's leading financial institutions, remains committed to protecting and advancing the interests of its stakeholders. This commitment is shaped by the vision of senior leadership and upheld by employees who embody the Bank's core values of service, integrity, and excellence. Guided by a structured sustainability strategy, the Bank pursues initiatives that create long-term economic, environmental, and social value, with a strong focus on financial inclusion, national development priorities, and community well-being.

The Bank's sustainability approach is built on two key pillars—Environmental, Social and Governance (ESG) priorities and Corporate Social Responsibility (CSR) programs. These pillars collectively guide responsible banking practices, ethical governance, and transparent engagement with stakeholders.



Clear objectives, supportive policies, and targeted programs enable progress across environmental stewardship, responsible financing, employee development, community engagement, and workplace inclusion. Robust governance structures and regular performance reviews ensure continuous improvement and alignment with regulatory expectations and international best practices

Sustainability risks & opportunities across the value chain

MCB adopts a systematic approach, drawing on multiple information sources (internal and external) to identify the Bank's sustainability-related risks and opportunities. As part of this approach, the Bank considers its own operations as well as activities across the upstream and downstream value chain. The table below details the key sustainability-related risks and opportunities identified by the Bank through its assessment process.

Key Sustainability Risks	Upstream	Operations	Downstream
Environmental			
Exposure to climate related operational disruptions of external service partners	✓		
Lack of green procurement and inefficient resource use	✓		
Collaboration with environmentally irresponsible vendors	✓		
Climate related risks (physical, operational and transition)	✓	✓	✓
Waste and resource inefficiencies		✓	
Absence of a robust sustainable finance framework			✓
Social			
Risk prone partnerships with socially irresponsible service providers	✓		
Impairing supplier labor standards	✓		
Workforce turnover and capability gaps		✓	
Weak diversity & inclusion practices		✓	
Inadequate employee training and skills development		✓	
Lack of health, safety & well being programs to enhance productivity		✓	
Unfair customer outcomes			✓
Data security, privacy and cybersecurity vulnerabilities			✓
Governance			
Compliance gaps in outsourced processes	✓		
Data governance weaknesses among technology service providers	✓		
Internal control lapses		✓	
Insufficient Board and management oversight of sustainability risks		✓	
Ineffective risk management frameworks		✓	
Ethics, Conduct & Responsible Business Practices			✓
Irresponsible communication and lack of transparency in disclosures & reporting			✓

Material Sustainability Themes for Reporting

The Bank's management then identifies the sustainability themes most relevant for reporting. The assessment, involving a forward looking approach, considers how sustainability-related risks and opportunities across the Bank's value chain may affect the Bank's business model, strategy, and financial outcomes. The themes are then mapped to the Bank's core value drivers to ensure that sustainability priorities are integrated into key business objectives.

This linkage is illustrated in the table provided below, demonstrating how material sustainability themes support long-term value creation.

Material Sustainability Themes	ESG Driver	Value Driver
Climate Change Mitigation and Adaptation		Positive Impact 
Driving Sustainable Economic Growth		
Corporate Social Investment		
Ethics & Conduct		Risk & Conduct 
Data Security, Privacy, Cybersecurity		
Fair Outcomes for Clients		Client Focus 
Reliability Of Digital Channels		Operational Experience 
Strengthening Responsible Sourcing & Sustainable Vendor Governance		
Responsible Communication & Improved Transparency		
People Sustainability: Engagement, Growth & Workplace Well being		Employee Engagement 

Governance 

Oversight of the sustainability strategy is supported by a multi-layered governance structure. At the highest level, the Board of Directors provides strategic direction and ensures that sustainability priorities remain aligned with the Bank's long-term objectives, national development agenda, the SECP's ESG Disclosure Guidelines, and the UN Sustainable Development Goals (SDGs), reflecting the Bank's commitment to responsible and inclusive growth. Board-level committees provide targeted oversight across key sustainability themes, including risk governance, internal controls, ethical conduct, human capital management, and broader ESG-related matters.

Management-level committees further support execution by coordinating implementation across business lines and support functions. These committees monitor progress on sustainability initiatives, assess emerging ESG and CSR risks, and recommend enhancements to policies and processes. The senior management team plays a central role in translating Board guidance into actionable plans, embedding sustainability considerations into operational decisions, and ensuring compliance with regulatory expectations.

The Bank's sustainability agenda is supported by comprehensive policy frameworks that align with and reinforce the material sustainability themes identified for reporting. These policies guide the Bank's approach to managing environmental, social, governance, and operational matters and provide a structured basis for measuring sustainability-related performance. The linkage between material sustainability themes and the Bank's supporting policy frameworks is presented on the next page:

Material Sustainability Themes	Key Governing Policy Frameworks
Climate Change Mitigation and Adaptation	• Green Banking Policy
Driving Sustainable Economic Growth	• SME Financing Plan 2025-2029 • Agriculture Credit Plan 2025-2029
Corporate Social Investment	• Corporate Social Responsibility (CSR) Policy
Ethics & Conduct	• Employee Code of Conduct • Whistleblowing Program • Policy for Protection against Harassment at Workplace • Policy on Prohibition of Insider Trading • Vendor Management & Outsourcing Policy • Outsourcing Policy for Service Provider's Staff Deployed to the Bank
Data Security, Privacy, Cybersecurity	• Global Information Security Policy • Enterprise Technology Governance Management Framework
Fair Outcomes for Clients	• CDD & AML/CFT/CPF Policy • Self-Assessment under SBP's Conduct Assessment Framework for FTC • Customer Experience & Consumer Protection & Grievance Handling Policy • FATCA Compliance Policy • Litigation Policy • Fraud Prevention Policy
Reliability Of Digital Channels	• IT Business Continuity/Disaster Recovery Plan
Responsible Communication & Improved Transparency	• Investor Relations Policy • Corporate Communication & Marketing Policy
People Sustainability: Engagement, Growth & Workplace Well being	• Health, Safety and Work Environment Policy • Diversity, Equity & Inclusion (DE&I) Policy • Business Continuity Management Policy • HR Policy Manual

Risk Management

As a financial institution, MCB is susceptible to a broad range of financial and non-financial risks across its value chain, with ESG and climate-related risks being an important subset. These risks vary in concentrations, degrees and intensities, and can have differentiated impacts on MCB's business and operations. Details of the Group's overall approach to risk management can be found in the 'Strengthening Enterprise Resilience' section of the Annual Report.

The Bank integrates ESG and broader sustainability risks into its existing risk management processes. Within this broader landscape, this section of the report focuses specifically on climate-related risks, including transition, operational and physical risks, as a key subset of sustainability risks. It outlines the approaches, policies, and frameworks that guide the Bank's assessment and management of these climate-focused exposures.

Climate Risk Management

The Bank has recognized that climate-related risks are pervasive across every aspect of the value chain and can have a direct effect on multiple portfolios and business activities of the Bank. Effective management of climate risk hence requires its integration throughout existing workflows, as a separate dimension, within Banks' overall risk management framework.

Given the specific interest in disclosures surrounding climate risk management for users of general-purpose financial statements, including investors, lenders and other creditors, the Bank has identified and assessed the following climate-related risks and opportunities in line with the requirements of the IFRS S2 standard

	Short Term	Medium Term	Long Term
Risk	**Physical** • Acute (Floods, Heatwaves, Storms) • Chronic (Rising Temperatures, Water Scarcity) **Reputational** • Stakeholder & Investor Expectations	**Operational** • Impact on Buildings, Systems, Workforce	**Transition Risk** • Regulatory (SBP ESG Framework, Green Taxonomy, Future Carbon Policies) • Market (Shift Toward Low-Carbon Economy)
Impact	• Disruption of branch operations in flood-prone regions, increased operational costs, delays in recoveries from agriculture and SME borrowers • Higher credit risk and potential rise in NPLs for clients operating in climate-vulnerable districts, especially in Punjab and Sindh • Collateral impairment for properties exposed to recurring climatic events. • Lower productivity and reduced repayment capacity among agriculture, textile, and manufacturing clients • Persistent water stress affecting agricultural regions where MCB has significant borrower exposure • Pressure from stakeholders regarding ESG alignment and climate-related lending exposure • Potential impact on investor confidence, rating outlook, and access to foreign funding lines.	• Operational disruptions from extreme weather events affecting branches and ATMs • Increased capital expenditure needs for climate-resilient facilities • Rising energy costs and infrastructure adaptation requirements.	• Compliance pressures on carbon-intensive borrowers impacting their cash flows. • Higher Expected Credit Losses for sectors with slow ESG adoption. • Need for portfolio realignment toward sustainable and low-carbon sectors. • Reduced competitiveness of borrowers using outdated, energy-intensive technologies • Market shift toward renewable energy and efficient industrial processes impacting traditional lending portfolio
Opportunity	• Financing climate-resilient agriculture, solar-powered irrigation systems and resilient infrastructure. • Financing energy-efficient manufacturing, water conservation systems, and climate-adaptive agri-technologies • Accelerated digital banking adoption reducing reliance on physical channels. • Supporting clients to shift to sustainable production • Stronger market positioning as a leading ESG-aligned bank. • Enhanced trust with customers and international partners.	• Investment in sustainable branch designs, solar-powered facilities, and eco-efficient operations • Increased shift to digital channels.	• Expansion of SBP-mandated green financing lines. • Development of sustainability-linked loan products. • Access to international ESG-focused funding. • Financing renewable energy (solar rooftop projects) • Supporting industrial clients with energy- efficient machinery financing • Expansion into EV ecosystem financing
Risk Mitigation	• Climate-risk mapping across MCB's branch network and lending portfolio. • Climate-adjusted collateral valuation methodologies. • Strengthened Business Continuity and Disaster Recovery capabilities. • Integration of physical risk indicators into loan origination. • Sector-specific climate due diligence for key portfolios (Agri, Textile, Manufacturing). • Engagement with clients on adaptation investments • Geographic diversification of lending • Participation in industry-wide climate finance initiatives.	• Deployment of solar energy solutions for branches and ATMs. • Strengthened disaster recovery infrastructure. • Adoption of climate-resilient building standards. • Development of green and sustainability-linked products.	• Embedding SBP ESRM and IFRS S2 requirements into credit and risk management policies. • Enhanced due diligence for high-emission sectors such as energy, steel, cement, and manufacturing. • Climate scenario analysis and stress testing. • Sector exposure limits aligned with climate objectives. • Incentivized financing for energy efficiency upgrades • Diversification toward low-carbon industries

Measuring Performance

Climate Change Mitigation & Adaptation

GRI 301: Materials
GRI 302: Energy
GRI 305: Emissions
GRI 404: Training and Education

Environmental & Social Risk Management

As part of its Green Banking commitments, the Bank has established a dedicated Environmental and Social Risk Management (ESRM) Department to strengthen oversight of sustainability-related risk considerations within the credit portfolio. To build internal capacity, 174 staff members have been trained on ESRM-related aspects. The department ensures effective implementation of ESRM frameworks and integrates Environmental and Social (E&S) risk assessments into the credit evaluation process for both existing and prospective borrowers across domestic and international operations.

Through this approach, the Bank is able to systematically identify, assess, manage, and mitigate potential E&S risks in its lending activities. The assessment process also enables the Bank to gather insights into clients' environmental and social performance, which may further translate into advisory support to help clients enhance their E&S management practices.

Moreover, MCB Bank has commenced periodic reporting to the State Bank of Pakistan through the ESRM Monitoring & Evaluation Template, reinforcing transparency, regulatory alignment, and continuous improvement in its E&S risk management practices.

Powering Sustainability

MCB Bank's sustainability strategy places clean energy, operational efficiency, and responsible resource management at the center of its long-term vision. Guided by this strategic direction, the Bank continues to scale renewable energy adoption across its network, integrating solar power into branches, ATMs, and key corporate facilities. These initiatives support the Bank's broader Environmental, Social and Governance (ESG) priorities, reduce its carbon footprint, and strengthen alignment with Green Banking Guidelines. Through systematic solarization and data-driven planning, the Bank advances its ambition to build a more resilient, energy-efficient, and environmentally conscious operating model.

Solar Expansion

- 311 branches solarized
- 284 ATMs on solar
- 4.668 MW installed capacity
- 4,826 MWh clean energy generated
- 2,896 tons CO_2 emissions reduced

Green Buildings

- 102 kW – Largest solarized site (Shahrah-e-Aiwan-e-Tijarat, Lahore)
- 55.8 kW – MCB Nila Gumbad, Lahore
- 34.5 kW – MCB Guest House, Karachi
- 60.5 kW – MCB Landmark, Islamabad (commissioned earlier)



Energy Conscious, Future Ready

MCB Bank remains committed to reducing its environmental footprint through a strategic focus on energy conservation and responsible resource management. As part of its broader sustainability agenda, the Bank continues to implement measures that enhance operational efficiency, promote cleaner energy use, and align with national priorities for energy stewardship. This approach reflects the Bank's responsibility as a leading financial institution and its long-term vision for resilient and environmentally conscious operations.

A key milestone in this journey is the WWF Green Office Certification awarded to the MCB Centre in Lahore—an important recognition of the Bank's progress in clean energy adoption, responsible consumption, and sustainable workplace practices. Through the use of solar power, LED lighting, digital workflows, and water conservation initiatives, the MCB Centre exemplifies the Bank's commitment to reducing its carbon footprint and contributing to global climate objectives. The WWF Green Office program reinforces the Bank's efforts to adopt practical, results-driven solutions that reduce resource consumption and support environmental sustainability.

To further strengthen energy management across operations, the Bank has initiated baseline data collection on fuel, water, electricity, and paper usage across major buildings. This will enable more accurate monitoring, targeted efficiency improvements, and stronger performance management of natural resources. In parallel, internal awareness campaigns encourage employees to adopt responsible practices, embedding energy-conscious behavior within the organizational culture.

Across its network, MCB Bank continues to enforce strict controls on electricity usage by ensuring that unnecessary lights and equipment are switched off, maximizing natural light wherever feasible to optimize energy use. Nearly all Bank buildings have transitioned to LED lighting to further improve energy efficiency.

Energy governance has been strengthened through the deployment of Building Management Systems (BMS) at the Bank's principal facilities—MCB House Lahore and MCB Centre Lahore. This system allows centralized monitoring and management of energy assets, while scheduled maintenance of HVAC systems supports enhanced performance and reduced consumption.

The Bank's sustainability performance at MCB Centre Lahore reflects measurable progress. Under its Environmental Management Plan, the building achieved notable resource savings in 2025 compared to the 2019 baseline, including:

- Energy conservation exceeding 393,928 KWHs
- Reduction of approximately 224 tons of CO_2 emissions
- Diesel savings of 68,780 liters
- Recycling of approximately 3 tons of dry waste

Driving Efficiency, Reducing Emissions

Recognizing the environmental impact of transportation on greenhouse gas (GHG) emissions and climate change, MCB Bank has proactively implemented measures to reduce business-related travel. Through the strategic adoption of advanced video conferencing and telepresence technologies, the Bank has successfully:

- Minimized reliance on travel-based meetings, reducing carbon emissions across operations
- Realized significant time and cost efficiencies for employees and the organization
- Promoted a sustainable, efficient, and future-ready approach to business collaboration

These initiatives reflect MCB Bank's commitment to responsible business practices, operational efficiency, and the broader goal of environmental sustainability.

Towards a Waste-Free Future

MCB Bank recognizes that effective waste management is critical to employee well-being, operational efficiency, and the overall environmental sustainability of its workplaces. As part of the Bank's Sustainability Strategy, we prioritize waste reduction, recycling, and resource efficiency to enhance both environmental outcomes and workforce productivity.

- Segregation & Recycling: All building waste is carefully classified into recyclable and non-recyclable streams, converting waste into recycling streams. Wet waste, including kitchen and organic materials, is responsibly managed to minimize environmental impact.
- Paperless & Resource-Efficient Operations: The Bank continues to advance paperless banking, energy-efficient office practices, and greening of office premises, while fostering a culture of self-segregation of waste at source.
- Employee Engagement: Through formal and informal corporate communications, employees are encouraged to participate in sustainability activities such as tree plantation drives, awareness walks, and responsible resource usage.
- Strategic Partnerships: Collaborations with civil society organizations support the Green Office Program and the Bank's Net Zero objectives, enhancing the impact of environmental initiatives.
- Green Premises & Cleanliness: Senior management actively promotes plantation drives within branches and offices, while building administrators and floor coordinators ensure high standards of cleanliness across all facilities.

In its mission to create a waste-free environment, MCB Bank has partnered with green organizations to implement a robust dry waste management system. Currently operational at four key facilities in Lahore, with plans to expand to additional buildings, this system ensures proper segregation and recycling of dry waste, reducing landfill burden and fostering sustainability.

Achievements till date included:

- Successfully recycled over 8 tons of dry waste through eco-friendly practices
- Ensured proper segregation and recycling of dry waste
- Reduced pressure on landfill sites, promoting a sustainable environment
- Strengthened the Bank's commitment to minimizing ecological footprint and embedding a culture of sustainability

Through these initiatives, MCB Bank demonstrates its commitment to environmental stewardship, operational efficiency, and a sustainable workplace culture, fully aligned with its broader sustainability strategy.

Empowering Stakeholders Through Green Knowledge

MCB Bank continues to strengthen its sustainability communication and stakeholder engagement by dedicating a Green Banking webpage under the "Social and Environmental Responsibility" section of its corporate website. This platform provides a consolidated view of the Bank's environmental initiatives—including sustainable banking practices, energy-efficient measures, and eco-friendly products—enhancing transparency and enabling customers, employees, investors, and the general public to stay informed about the Bank's commitment to environmental stewardship.

To further amplify environmental consciousness, the Bank rolled out a comprehensive Green Awareness Campaign aligned with global environmental observances such as World Water Day, Mother Earth Day, and World Environment Day. The campaign leveraged multiple channels to broaden outreach and inspire action:

- Visual & On-Ground Engagement: Artwork-based communications, email blasts, and customized standees at key MCB buildings
- Digital Platforms: Web banners on the corporate site, ATM screen messaging, and social media outreach across Facebook, LinkedIn, Instagram, and Twitter
- Digital Awareness Campaigns: Targeted content delivering strong viewership and achieving significant reach that reinforced the Bank's sustainability message

In addition, Green Banking training remains an integral part of the Bank's annual capacity-building agenda. Delivered through classroom, e-learning, and video conferencing formats, this initiative supported both employee development and resource efficiency. During the year:

- More than 4,500 employees received Green Banking training
- The Bank's e-learning platform played a pivotal role in reducing paper use and minimizing the carbon footprint

Through these initiatives, MCB Bank continues to champion environmental responsibility, foster informed engagement, and embed sustainability deeply across its workforce and stakeholder community.

Ethics & Conduct

GRI 205: Anti-corruption
GRI 308: Supplier Environmental Assessment
GRI 414: Supplier Social Assessment

Whistleblowing Program

The Bank has a comprehensive whistleblowing program in place to enable employees and external stakeholders to raise concerns/complaints about any irregularities, AML/CFT/CPF related issues, impropriety, financial malpractices, frauds & forgeries, personnel harassment and improper conduct or wrongdoing without any fear of reprisal or adverse consequences. All reported matters are evaluated under a structured governance framework, with outcomes and resolutions presented to the Audit Committee and the Board of Directors to ensure strong oversight and accountability.



This program reinforces the Bank's culture of fairness and integrity while protecting stakeholder trust.

Employee Code of Conduct

MCB Bank's Employee Code of Conduct reflects our unwavering commitment to ethical behavior, responsible business practices, and sustainability. The Code sets clear expectations for integrity, professionalism, accountability, and respect in all interactions. It ensures that every employee—regardless of role or location—upholds the highest standards of conduct, supports transparent and fair decision-making, and contributes to a workplace culture rooted in trust and

inclusivity. By aligning individual actions with the Bank's sustainability values, the Code strengthens our long-term commitment to responsible banking and reinforces the confidence entrusted to us by our customers, regulators, and stakeholders (refer to the Code of Conduct section in the Annual Report)

Fair Outcomes for Clients

GRI 2: General Disclosures
GRI 417: Marketing and Labeling

Customer Trust, Ethical Conduct & Service Excellence

MCB Bank continues to strengthen its commitment to responsible banking by placing customer trust, ethical conduct, and superior service experience at the core of its sustainability and ESG agenda. Guided by a customer-centric strategy, the Bank advanced several enterprise-wide initiatives in 2025 to embed fairness, transparency, and service excellence across all interaction points. These efforts directly support national consumer protection standards, global ESG expectations, and the Bank's long-term vision of delivering responsible, high-quality financial services.

Strengthening Service Quality & Customer-Centric Governance

During the year, the Bank advanced its strategic shift from process-driven operations to a deeply customer-centric service model. Through dedicated collaboration among business, compliance, and support teams, MCB enhanced key experience indicators while promoting courtesy, empathy, and professionalism across customer-facing roles.

Robust governance ensured tight oversight of customer experience standards. The Compliance Risk Management Committee regularly apprised the Board on service metrics—including Customer Satisfaction Scores (CSAT), Net Promoter Score (NPS), Contact Center performance, Service Score Cards, and complaint resolution turnaround times—ensuring the Bank remained aligned with its service excellence commitments. This oversight was complemented by ongoing investments in digital banking, analytics, and automated service channels to deliver efficient, personalized, and responsible service.

Service Council—Driving a Culture of Excellence

Chaired by the President & CEO, the Service Council functions as a strategic platform uniting stakeholder across the Bank. Through structured dialogue, root-cause analysis, and policy alignment, the Council strengthened the service culture and reinforced fair customer treatment standards. The Council's structured review forums enabled timely decisions, performance gap identification, and continuous innovation across service delivery and customer protection.

Policy & Framework Enhancements

The Bank successfully rolled out the Service Quality Manual and the Customer Experience, Consumer Protection & Grievance Handling Policy. The implementation included targeted trainings, cross-functional workshops, and comprehensive communication campaigns, ensuring accountability across all levels. These updated frameworks help standardize grievance resolution, enhance transparency, and reinforce customer rights in alignment with sustainability and responsible banking principles.

Branch Service Ladder (BSL) – Standardizing Customer Experience

The Branch Service Ladder—built upon measurable Key Service Indicators (KSIs)—ensures a consistent service experience across the Bank's network. KSIs assess essential touchpoints such as staff courtesy, waiting times, problem resolution, facility ambience, professionalism, and proactive engagement.

Performance against BSL indicators is integrated into staff appraisals, reinforcing accountability and encouraging a culture where each employee upholds MCB's values of fairness, transparency, and customer empathy.



Customer Experience Clinic – Human-Centered Service Capability

The redefined Customer Experience Clinic trained approximately 13,000 employees, equipping them with the skills required to deliver empathetic, efficient, and personalized interactions. By strengthening capabilities in active listening, emotional intelligence, and problem-solving, the Bank continued building a service culture rooted in respect, fairness, and responsible conduct.

Live Service Monitoring & Queue Management

MCB further expanded its Live Service Monitoring program, conducting nearly 23,024 sessions across 1,376 branches. These real-time assessments enabled targeted improvement actions, enhanced branch discipline, and strengthened consistency across operations.

The Queue Management System (QMS), deployed across 930+ branches, helped reduce waiting times, optimize service flow, and elevate customer satisfaction.

Contact Center Excellence

The Contact Center Service Ladder introduced structured performance standards emphasizing accuracy, empathy, communication quality, and consistency. This framework ensures all telephonic interactions meet regulatory, ethical, and service expectations.

Complaint Management & Customer Protection

Aligned with SBP's Consumer Grievance Handling Mechanism, MCB reinforced its complaint management systems through mystery shopping, quality assurance, and automated tracking tools. Proactive customer communication—via SMS, email, and social platforms—enhanced transparency and ensured customers understood their complaint submission channels.

Conduct Assessment Framework (CAF) & Fair Treatment of Customers (FTC)

In alignment with SBP's Financial Consumer Protection regime, the Bank enhanced its Conduct initiatives through employee training, consumer protection awareness, financial literacy, and strengthened compliance culture. The Bank recorded a CAF rating of 1.91 (Cautious/Average Zone) for 2025.

In-House VoC Platform

Through its in-house Voice of Customer (VoC) system, the Bank collected feedback from 17,000 participants, enabling early detection of attrition risks, identification of service gaps, and informed improvements to product design and delivery.

Customer Satisfaction Survey – Independent Insights

In partnership with Abacus Consulting, MCB conducted an independent survey of 3,500 customers across multiple segments, achieving strong results:



Way Forward

In 2026, MCB will continue advancing its customer-centric service ecosystem by:

- Strengthening monitoring mechanisms across support functions
- Implementing insights from independent customer surveys
- Enhancing service standards and digital integration
- Driving continuous improvement across touchpoints

Anchored in ESG and responsible banking principles, these initiatives will support long-term value creation, deepen customer trust, and maintain the Bank's leadership in sustainable service excellence.

OUR SERVICE JOURNEY

Year-2025

Dear All,

2025 has been an intensive Service Quality (SQ) journey across the Bank. Together with our business and support function stakeholders, we have managed to cover significant ground on some critical customer experiential indicators across the process monitoring and optimization fronts. It has also been a year which has seen noteworthy behavior change across the board regarding ownership of the service health of the business and a rejuvenated will to drive improvement.

Performance 2025

Service Ladders: The scope of the framework was deepened, alongside Branch Service Ladders, key functions including Consumer Banking, Digital Banking, Contact Center, Information Technology Group, and Operations Group were also launched in 2025.

Constant monitoring and rigorous training resulted in the improvement of almost all Service Ladders.



Country Service Branch of The Year (Category wise):

Branch Category	Branch Code	Branch Name	Business Area	Service Area
Mega	1301	Sector I/9 Industrial Area, Islamabad	North	Islamabad
Alpha+	1527	Chechian A.K.	North	Islamabad
Alpha	1669	Bhimber A.K.	North	Islamabad
Bravo	1649	Rahimabad	Central	Multan
Charlie	1356	Ghanti Cement Factory, Nowshera	North	Peshawar
Privilege Banking	1684	Privilege Centre Rawalpindi	North	North
Wholesale Banking	0899	The Mall, Rawalpindi	North	North

Branch & ATM Visits: Service Quality team conducted approximately 6,068 visits covering 1,371 branches and 153 Offsite ATMs pan-Pakistan to ensure service consistency and standardization.

Live Service Monitoring: Leveraging advanced surveillance technology, the team conducted about 23,000 comprehensive monitoring sessions across 1,376 branches pan-country.

Account Opening & Accuracy:

Pakistan: Average Account Opening TAT logged at 1.32 working days. Discrepancy ratio has declined from 55% in Q1, 2025 to 33% in Q4, 2025.

International Business: In Sri Lanka, 393 Accounts were opened for YTD 2025 with Average Account Opening TAT logged at 0.27 working days.

Complaint Management Unit (CMU): In 2025, MCB Bank implemented comprehensive Customer Grievance Handling Mechanism measures, including complaint monitoring, turnaround-time tracking, mystery shopping, Voice of Customer (VoC) feedback, and systematic quality assurance evaluations of complaints.

Below are the key stats for year 2025:

Total complaints received = 361,702
Total complaints resolved = 357,924 (As of Dec 31st, 2025)
Problem Incident ratio (PIR) = 3.65% (Total book)
Average within TAT Resolution = 99.9% (Benchmark = 95%)
Average Complaint Resolution Satisfaction ratio (CRS) = 87%
Average Complaint Resolution Time: 3.04 Working days

SBP Sunwai Complaints: 1,570 complaints were received through SBP Sunwai Portal in 2025. 100% complaints were resolved within TAT, with an average complaint resolution time of 3.3 working days.

Conduct Assessment Framework (CAF): In 2025, MCB Bank conducted its annual CAF self-assessment, achieving a rating of 1.91 (Cautious/Average Zone), demonstrating continued focus on conduct risk and service quality.

Key Initiatives 2025

Application Seeding Project: Video-based mystery shopping was conducted through an external agency across 150 branches to assess the end-to-end account opening journey. The insights generated helped identify service gaps, highlight best practices, and drive targeted improvements to enhance customer experience and service consistency across the network.

Business Conduct and Fair Treatment of Consumer Regulatory Framework (BC&FRF): In October 2025, the State Bank of Pakistan issued the Business Conduct and Fair Treatment of Consumers Regulatory Framework (BC&FRF). In response, the Bank initiated internal coordination to assess requirements, determine applicability, and plan a structured, phased implementation..

Celebrating Service Champions: At MCB Bank, exceptional service is embedded in our culture, with top-performing branches recognized monthly on the Branch Service Ladder for their commitment to customer excellence.

Voice of Customers (VoC): Internal survey initiative was expanded, increasing customer feedback to approximately 17,000 responses. The enhanced data provided real-time insight into customer perceptions, highlighting strengths and identifying areas requiring immediate and long-term improvement.

Learning Initiatives: Approximately 13,231 staff were trained in Customer Experience Clinics to enhance personalized, empathetic, and efficient service delivery. Service Snippets, animated Fair Treatment of Consumer trainings, consumer protection awareness initiatives, and campaigns pertaining to grievance handling were launched in 2025.

Ethical Conduct Guidelines: In line with SBP guidelines, the Bank has placed the Ethical Conduct Unit under the Service Quality function to strengthen ethical governance. Transparency, integrity, honesty, and compliance remain non-negotiable, reinforcing a zero-tolerance stance toward unethical conduct across the Bank.

WAY FORWARD:

In 2026, we will continue to build momentum across key customer experience value chains.

Our strategy will center on advancing key priorities:

- Strengthening Product Knowledge.
- Streamlining Individual and Entity account opening journey.
- Elevating in-branch experience through enhanced staff behavior.
- Optimizing floor management.
- Refined branch ambience and standardized branding.
- Enhancing our MCB Live application experience.

We thank you for your partnership in progressing the Bank to its current level of excellence. To sustain our competitive edge, we will remain agile by continuously refining processes, ensuring our solution ecosystem is integrated and modern, and fully embracing digital transformation to deliver a superior, seamless customer experience.

Litigation – fair dispute resolution and ethical practices

MCB Bank is firmly committed to responsible lending and ethical business conduct, ensuring that its credit practices uphold fairness, transparency, and regulatory compliance across all customer segments. The Bank actively supports clients experiencing financial distress by offering structured relief solutions, counseling, and restructuring options that help them regain financial stability without compromising long-term viability. Debt collection activities are carried out under a rigorous framework that prioritizes dignity, respect, and responsible engagement, with clear protocols guiding communication, follow-up, and customer interactions. Where third-party agencies are engaged, MCB Bank enforces strict onboarding standards and continuous monitoring to ensure full adherence to its Code of Conduct and regulatory guidelines. Legal recoveries are pursued only after exhausting all amicable avenues, ensuring that actions remain justified, proportionate, and compliant with applicable laws. To strengthen these practices further, the Bank provides continuous training to employees on debt management solutions, regulatory processes, customer rights, and ethical collection standards, reinforcing a culture of integrity and responsible financial stewardship.

Strengthening Responsible Sourcing & Sustainable Vendor Governance

GRI 308: Supplier Environmental Assessment
GRI 414: Supplier Social Assessment

MCB Bank integrates sustainability, ESG principles, and responsible business conduct into its Vendor Management and Outsourcing framework to ensure that all external engagements uphold the Bank's values and long-term commitments. The Bank's procurement and outsourcing practices follow a structured due-diligence process that evaluates vendors not only on technical and financial capability, but also on adherence to ethical standards, environmental stewardship, labor practices, and regulatory compliance. By prioritizing partnerships with vendors who demonstrate strong ESG performance, the Bank promotes responsible sourcing and encourages sustainability-oriented behavior across its supply chain.

Contracted service providers are required to comply with the Bank's policies—including the Code of Conduct, Anti-Corruption commitments, health and safety expectations, and data protection standards—ensuring that outsourced operations remain transparent, accountable, and aligned with MCB's governance framework. Regular performance reviews, risk assessments, and compliance checks further strengthen oversight and mitigate potential operational, financial, and reputational risks.

Through this approach, MCB Bank fosters collaborative and ethical relationships with its vendors, advances socially responsible procurement, and contributes to broader environmental and community welfare goals—reinforcing the Bank's commitment to sustainable and resilient business practices.

Driving Sustainable Economic Growth (SDG:8) (GRI :201)

GRI 301: Materials

MCB Bank leverages the strength of its core banking operations to foster broad-based national development. Through responsible capital mobilization, support for economic activity across sectors, and strict adherence to fiscal obligations, the Bank strengthens Pakistan's financial ecosystem while generating shared value for all stakeholders.

The Bank's contributions in 2025 underscore its role as a key driver of economic progress:

- Income tax Rs. 73.78 billion
- Sales tax and FED Rs. 3.71 billion
- Witholding tax collected Rs. 53.35 billion
- Employees Rs. 31.03 billion
- Shareholders Rs. 42.66 billion
- Zakat collection Rs. 485 million









Responsible Communication & Improved Transparency

GRI 417: Marketing and Labeling
GRI 418: Customer Privacy

At MCB Bank, we place our clients at the center of everything we do, aligning our business practices with principles of sustainability, CSR and ESG. We engage with clients through multiple channels—including surveys, digital platforms, contact centers, social media, and in-person interactions—to continuously assess their experiences. Our monitoring includes Net Promoter Scores (NPS) for personal and business clients, and a Client Satisfaction Index for Corporate & Investment Banking clients, enabling us to measure and enhance client engagement and satisfaction.

Fair Pricing

MCB Bank is committed to transparent and fair pricing. Customers receive clear information regarding fees, charges, and associated costs. Pricing is reviewed regularly by dedicated committees, incorporating client insights, feedback from relationship managers, competitive benchmarks, regulatory guidance, and cost-to-serve analyses. Second-line functions, participate in pricing approval processes to ensure customers are treated equitably and fairly.

Product Design and Delivery

Our products and services are delivered honestly, fairly, and with due care, reflecting our commitment to responsible banking:

- **Transparency & Disclosure:**
  Clients receive clear, timely, and accurate information about product features, risks, and costs, enabling informed decisions.
- **Client-Centric Evaluation:**
  Products and services are aligned with clients' needs, circumstances, and ability to bear associated risks or costs.
- **Training & Governance:**
  Sales employees and authorised third-party suppliers receive specific product training.

Feedback & Monitoring

Client feedback, complaints, experience scores, app ratings, and NPS are regularly analysed to identify areas for improvement and implement enhancements.

Advertising and Marketing

MCB Bank ensures all advertising and marketing activities adhere to ethical standards, regulatory compliance, and client fairness:

- Material campaigns undergo a structured approval process ensuring messaging is clear, accurate, and aligned with brand values.
- All outsourced marketing suppliers follow strict approval protocols; no third party can place advertisements without MCB Bank's authorisation.

Clients can opt out of digital or direct marketing; however, operational communications, such as system outages, are always conveyed to affected clients to ensure service continuity and transparency.

Data Security, Privacy, Cybersecurity And Reliability Of Digital Channels

GRI 404: Training and Education
GRI 418: Customer Privacy

Information security, data privacy and cybersecurity

MCB Bank remains firmly committed to safeguarding customer trust by upholding the highest standards of information security, data privacy, and cyber resilience—core components of our Sustainability, CSR, and ESG agenda. A strong governance framework anchors these efforts, with dedicated committees, documented policies, and Board-level oversight ensuring that cybersecurity and data protection risks are proactively identified, managed, and mitigated across the organization. The Bank prioritizes widespread training and awareness, equipping employees with the skills and knowledge needed to recognize cyber threats, handle sensitive information responsibly, and follow secure digital practices. Through mandatory learning modules, simulations, and role-based training, MCB nurtures a culture of vigilance and accountability. Complementing this is continuous monitoring and improvement, supported by advanced security technologies, round-the-clock surveillance, periodic vulnerability assessments, and regular enhancement of controls.

These measures ensure that the Bank remains resilient against emerging cyber risks while maintaining full compliance with regulatory requirements and global best practices.

Continuous monitoring and improvement

We continue to invest in improved capabilities to predict, prevent, detect and respond to cyber incidents. We gather cyber threat intelligence, which is shared across the group to enable risk mitigation and inform improvements to the cyber resilience programme.

The cyber resilience programme employs a **continuous testing and monitoring** strategy to stress test security capabilities.

People testing

Monthly awareness campaigns for employees on the latest threats and risks. As part of the continuous testing approach, employees receive mock phishing emails at least once a year. All employees are required to complete mandatory cybersecurity awareness training.

Technology testing

External vulnerability assessments of our digital footprint, red team assessments of the network and penetration testing of our systems.

Response testing

Cyber-incident response simulations, table-top exercises and disaster recovery testing.

Our ability to do business depends on the integrity of the group's data and information assets and the protection of client privacy. We invest in people, processes, technology and organizational controls to safeguard our information asset.

We adhere to the following principles when processing personal information:

- Privacy is top of mind in all our business activities and projects and remains our responsibility.
- We always keep our customers informed and ensure they know what personal information we need, and why we need it.
- We do not process customers' personal information beyond the purpose for which we originally collected it.
- We only collect the personal information that we need, we collect it lawfully and process it based on the lawful grounds provided by legislation.
- We empower and enable our customers to access and update their personal information at any time. Requests from data subjects to amend or delete their personal information may be made via our customer service channels or directly to the information officer.
- We treat the personal information we collect through our various channels as private and confidential. Our privacy statement and cookie notice apply when using these channels.

All employees are regularly engaged in compliance training on information security and cybersecurity awareness.

Information, privacy and cybersecurity training completed	Employees
Overall Trained Participants	4,689
Unique Trained Participants	3,390

Reliable & Responsible Digital Banking Infrastructure

MCB Bank views the reliability of its digital channels as a core component of its Sustainability, CSR, and ESG commitments—recognizing that resilient, secure, and accessible digital services are essential to advancing financial inclusion, reducing environmental footprint, and ensuring fair customer outcomes. The Bank continues to strengthen the stability and uptime of its digital platforms, including mobile banking, ATMs, and payment systems, through enhanced infrastructure, continuous monitoring, and proactive risk management. Investments in cybersecurity, data privacy controls, and digital resilience ensure that customers can transact safely and reliably, while reduced dependence on physical branches contributes to paper savings, energy efficiency, and lower carbon emissions. By prioritizing seamless user experience, disaster-recovery readiness, and accessible service design, MCB Bank ensures that digital banking remains a trusted, inclusive, and sustainable channel for millions of customers across Pakistan.





People Sustainability: Engagement, Growth & Workplace Well being

GRI 404: Training and Education
GRI 405: Diversity and Equal Opportunity
GRI 406: Non-discrimination

Championing Diversity, Equity & Inclusion for a Sustainable Future

MCB Bank views Diversity, Equity, and Inclusion (DEI) as core enablers of responsible banking and long-term sustainability. By creating equitable opportunities, empowering women, and fostering an inclusive culture, the Bank advances its CSR and ESG commitments while strengthening its human capital. Anchored in the State Bank of Pakistan's Banking on Equality framework, MCB continues to embed DEI principles across policies, workplace practices, customer engagement, and product innovation.

A dedicated Sub-Committee leads the Bank's Banking on Equality agenda, overseeing gender mainstreaming efforts, inclusive product design, capacity-building initiatives, and measures to enhance workplace safety and representation. Policy improvements—particularly in the Protection Against Harassment Policy and Diversity, Equity & Inclusion Policy—have further aligned the Bank with its commitment to a respectful, bias-free, and empowering work environment.

Throughout the year, the Bank celebrated global and national events such as International Women's Day, National Working Women Day, Women's Entrepreneurship Day, and Mother's Day, honoring the vital role of women in society and within the Bank. As an equal opportunity employer, the Bank now includes a clear call for applications from Persons with Disabilities (PWDs) and female candidates in every job advertisement—reinforcing equal access to economic opportunities.

As a result of these sustained and targeted measures, female representation within the Bank increased to 20.25%, up from 19.77% in 2025. Importantly, 17.2% of female employees are serving in roles that report directly to Heads of Departments, underscoring steady progress toward strengthening gender diversity across managerial and leadership levels. In parallel, the Bank remains committed to broader inclusion objectives; as at December 31, 2025, the total number of PWD employed by the Bank stood at 54.

MCB further deepened its DEI impact through targeted capability-building programs and awareness initiatives:

- **Employment opportunities**

  Created employment opportunities which led to the hiring of 3,779 employees

- **Pay Equity**

  The Bank remains committed to equitable compensation practices, ensuring pay structures that are fair, transparent, and free from gender bias. Compensation reviews and HR governance frameworks support wage parity and equal opportunity.

- **Gender Sensitivity Training**

  Comprehensive learning modules—delivered through e-learning and classroom formats—equipped employees with tools to recognize gender bias, manage diverse customer needs, and uphold respectful workplace conduct. From 2022 to 2025, 24,142 staff members (13,941 unique participants) completed the program.

- **Women Champion Certification**

  As part of SBP's Banking on Equality mandate, the Bank successfully trained 2,807 employees, exceeding the 75% target assigned by SBP. These certified "Women Champions" now act as frontline advocates for women-friendly customer service and financial inclusion across the network.

- **DEI Capability Building for Senior Management:**

  Customized leadership programs strengthened the ability of senior leaders to embed DEI principles in decision-making, team leadership, and culture-building—reinforcing Bank-wide accountability for inclusion.

- **Workshop on Sensitization & Financial Inclusion of PWDs:**

  Specialized workshops trained 70 employees on understanding the financial needs of PWDs, promoting accessible customer engagement, and enhancing inclusion across service delivery channels.

During 2025, Learning and Development strategy was to outreach the training and development programs across the Bank by using Classroom, Zoom and E-learning training platforms. Bank wide 74,768 participants successfully attended different training sessions in 2025.

These initiatives collectively advance MCB Bank's goal of building a workplace and banking ecosystem where every individual feel's valued, empowered, and included, ultimately contributing to sustainable growth, social equity, and responsible business practices.

Keeping in view the critical importance of staying ahead of regulatory changes and maintaining compliance with the ever-evolving financial landscape, Learning & Development Division offered an array of regulatory trainings during 2025. The Bank has an immerse focus towards imparting regulator required training programs by using classroom and E-learning training platforms.

Regulatory Courses	Total Sessions	Number of Total Participants
AML CFT CPF	222	15,314
Fair Treatment of Customers	183	13,071
Gender Sensitivity at Workplace	88	7,362
Cyber Security Awareness	99	4,689
Mitigation of ML - TF - PF Risks	16	3,994
Sensitization & Financial Inclusion of PWDs	3	70
Women Champions	39	1,047
Parallel Banking	141	8,228
Total	**791**	**53,775**

Learning & Skill Development

MCB Bank recognizes that a skilled, engaged, and inclusive workforce is central to delivering sustainable value and upholding our ESG commitments. Through targeted capability-building programs, regulatory compliance trainings, financial literacy initiatives, and a strong focus on employee well-being, the Bank continues to invest in human capital development. These efforts not only support operational excellence but also contribute to national socio-economic development, financial inclusion, and long-term institutional resilience.

Regulatory Requirement Programs: Strengthening Compliance Culture

In alignment with our ESG commitments and responsible governance framework, MCB Bank places strong emphasis on regulatory compliance and ethical conduct. Throughout 2025, the Learning & Development Division delivered a comprehensive suite of regulator-mandated trainings through classroom and e-learning platforms. These programs ensure that employees remain well-versed in evolving regulations, risk management expectations, AML/CFT standards, consumer protection principles, and compliance protocols—reinforcing a culture of accountability, transparency, and responsible banking.

Customized Training Programs for Field Staff: Empowering Frontline Excellence

To support strong customer relationships, operational efficiency, and responsible service delivery, MCB Bank developed customized learning programs designed specifically for field staff. These role-based trainings enhance product knowledge, customer handling skills, and operational compliance—directly supporting our Sustainability and CSR goals.

Customized Courses	Total Sessions	Number of Total Participants
BM Boot Camp	5	95
RM Boot Camp	6	167
Potential BSM Development Program	1	22
Orientation for CSO's	4	102
Universal Services Officer Orientation & Beyond	20	446
Total	**36**	**832**

These initiatives ensure that frontline teams are equipped with the competencies required to serve customers responsibly, uphold service quality, and align with ESG principles of ethical conduct and equitable access to financial services.

National Financial Literacy Program: Advancing Financial Inclusion

In continuation of our longstanding commitment to financial inclusion—an essential component of national socio-economic progress and the "S" in ESG—MCB Bank actively participated in SBP's National Financial Literacy Program (NFLP) for the eighth consecutive year.

Between January and December 2025:

- 229 classroom sessions and 55 street theaters were conducted nationwide
- 11,018 individuals were trained (6,966 through classrooms; 4,052 through street theaters)
- 50% of participants were women, supporting gender equity and Banking on Equality
- Outreach expanded to underserved and remote communities

Through these activities, MCB Bank continues to advance financial empowerment, responsible money management, and equitable access to formal banking services for unbanked and vulnerable populations.

Employee Attraction & Retention: Building a Sustainable Workforce

MCB Bank prioritizes attracting, developing, and retaining diverse talent. We foster an inclusive culture grounded in merit, equal opportunity, and career growth—aligned with global ESG benchmarks for workforce development.

Key elements of our attraction and retention framework include:

- Structured career development pathways
- Learning opportunities through digital and classroom training
- Wellness initiatives promoting employee well-being
- Internal mobility and leadership development programs

These initiatives create a work environment where employees feel valued, supported, and motivated to build long-term careers at MCB.

Employee Turnover: Ensuring Stability and Long-Term Engagement

MCB Bank monitors workforce turnover as a key sustainability indicator, helping us ensure continuity, institutional knowledge retention, and employee well-being. By analyzing turnover trends and addressing underlying factors through targeted HR interventions, the Bank reinforces a stable, motivated, and future-ready workforce.

Ongoing efforts to reduce turnover include:

- Strengthened employee engagement programs
- Enhanced performance management and recognition systems
- Competitive compensation structures
- A safe, inclusive, and equitable working environment

Human Capital Management & Employee Engagement

MCB Bank remains committed to cultivating an engaged, motivated, and future-ready workforce. Through transparent communication, inclusive practices, capability-building programs, structured feedback channels, and investments in well-being, the Bank ensures that human capital development contributes meaningfully to long-term organizational resilience. This people-centered philosophy enhances service quality, strengthens customer trust, and creates a culture where employees feel valued, supported, and empowered.

Performance Management

MCB Bank's performance management framework is designed to uphold fairness, integrity, and continuous development. By integrating objective goal-setting, transparent evaluation, and regular feedback, the system ensures that employee contributions are assessed ethically and consistently.

Key elements include:

- Fair & Transparent Evaluations: A structured assessment process recognizing achievements and promoting continuous improvement.
- Alignment with ESG Priorities: Performance goals embed responsible conduct, customer-centricity, compliance, sustainability, and operational risk awareness.
- Development-Focused Outcomes: Appraisals highlight training needs, growth pathways, and future leadership potential—strengthening both individual capabilities and organizational sustainability.

Working Conditions

Providing safe, respectful, and enabling working conditions remains central to MCB's social responsibility agenda. The Bank ensures compliance with labor laws, promotes diversity, and supports an inclusive culture through:

- Safe & Secure Workspaces: Investments in occupational health and safety infrastructure, risk prevention, emergency planning, and safe facility operations.
- Respect & Dignity: Strong policies on anti-harassment, equal opportunity, and non-discrimination.
- Accessible & Inclusive Environment: Recruitment practices that encourage applications from women and PWDs, supporting broader social inclusion goals.

Employee Benefits

MCB Bank offers a comprehensive benefits framework that supports employee welfare and long-term security, including:

- Competitive and equitable compensation
- Medical and health insurance for employees and dependents
- Pension, provident fund, and retirement benefits
- Leave entitlements supporting work–life balance
- Career development, training programs, and continuous learning



These benefits reinforce the Bank's commitment to social sustainability and responsible employment practices.

Employee Well-being

Employee well-being is a key pillar of MCB's sustainability and human capital strategy. The Bank nurtures a healthy, engaged, and resilient workforce through:

- Health & Wellness Initiatives: Awareness programs, medical camps, and communication on preventive care.
- Supportive Work–Life Integration: Policies that encourage balance, reduce stress, and promote flexibility.
- Psychological Safety: A culture of trust, open communication, and respect—empowering employees to voice concerns and collaborate confidently.

These initiatives enhance productivity, reduce attrition, and strengthen long-term workforce sustainability.

Occupational Health & Safety (OHS)

Board's Policy on Employee Health, Safety & Work Environment

MCB Bank is committed to providing a safe and healthy working environment for all employees, customers, and visitors. The organization seeks to prevent work related injuries and occupational ill health through special focus on continual improvement of HSE proactive measures.

This commitment underpins the Health, Safety & Work Environment Policy, approved by the Board of Directors, and provides a framework for setting and reviewing occupational health and safety objectives. The policy establishes minimum HSE standards applicable across all businesses, offices, and branches of the Bank, while promoting shared responsibility among employees to safeguard the health and safety of all stakeholders.

Occupational Health, Safety and Work Environment

MCB Bank is committed to ensuring a safe, secure, and healthy working environment for its employees, customers, and visitors.

The Bank has implemented comprehensive HSE policies, procedures, and controls to address occupational hazards, emergency preparedness, and physical security risks. These policies are periodically reviewed and approved by the Board and senior management to ensure continued relevance and effectiveness in line with evolving regulatory, technological, and operational requirements.

All Bank premises are equipped with essential emergency response arrangements, including First Aid Kits, fire detection and suppression systems, and surveillance infrastructure. Facility Level Emergency Plans and Crisis Response Plans are maintained and regularly updated to ensure readiness and coordinated response during incidents.

MCB Bank has established robust physical security measures, supported by trained security personnel and modern surveillance systems across branches and key facilities. Independent safety and security audits are conducted periodically to assess compliance, identify gaps, and support continuous improvement.

Employee awareness and compliance are reinforced through internal communication and engagement mechanisms, promoting a culture of safety and accountability across the organization. Senior management oversight, integrated risk management practices, and ongoing monitoring ensure effective implementation of OHS controls.

Through these measures, MCB Bank demonstrates its commitment to regulatory compliance, stakeholder protection, and sustainable operations, reinforcing its focus on resilience and responsible governance.

Business Continuity Plan (BCP)

At MCB Bank, Business Continuity Management (BCM) is a core enabler of resilience, ensuring the Bank remains operational during disruptions and uncertainties. Through a structured framework of policies, plans, and response strategies, Bank safeguards critical functions and maintain uninterrupted service to customers and stakeholders.

Governance and accountability are central to our approach. The Board and Senior Management provide oversight through regular review and approval of the BCM Policy and Framework, while the Business Continuity Management Committee ensures effective implementation and coordinated response during incidents.

Our people are integral to resilience. Ongoing training, testing, and continuous improvement strengthen readiness to manage crises and adapt to emerging risks. By embedding resilience into our operations, MCB Bank reinforces trust, stability, and reliability in an evolving risk landscape.

Review by the Board of the Bank's Business Continuity Plan (BCP)

Business Continuity Management (BCM) is a structured process through which the Bank identifies, assesses, and manages internal and external risks, threats, and vulnerabilities that may disrupt operations. The BCM framework enables the Bank to mitigate risks, adapt to environmental changes, and sustain the performance of its critical processes and functions under adverse conditions.

A robust Business Continuity Plan (BCP) defines potential disruption scenarios including climate related events such as extreme weather, flooding, heatwaves, and infrastructure stress, outlines predefined response and recovery actions to minimize business impact. Accordingly, the Bank maintains a sustainable, enterprise wide BCM program to ensure continuity of critical services and uninterrupted access to products for customers and stakeholders.

The Board of Directors periodically reviews the Bank's preparedness and resilience against evolving risk landscapes, including climate driven threats. Senior Management ensures the effectiveness of the Business Continuity Policy and Framework by maintaining clear, actionable plans for all critical areas, supported by mitigation and recovery measures designed to reduce downtime in any contingency scenario.

To strengthen confidence in the Bank's systems and processes, Business Continuity Plans are regularly tested, reviewed, and updated. With BCM embedded across the Bank's organizational structure and branch network, the framework provides assurance to customers, stakeholders, and regulators that the Bank can consistently meet its commitments and maintain operational continuity, even in the face of escalating climate related disruptions.

Corporate Social Investment

GRI 203: Indirect Economic Impacts
GRI 413: Local Communities

Board Statement for Adoption on CSR Best Practices

The Board of Directors of MCB Bank Limited reaffirms its unwavering commitment to integrating Corporate Social Responsibility (CSR) principles into the Bank's core governance framework, business strategy, and operations. As a steward of customers' trust and a key contributor to the economic and social well-being of its stakeholders, the Bank recognizes that responsible banking extends beyond financial intermediation to encompass ethical conduct,

environmental stewardship, social development, and transparent stakeholder engagement. The Board remains committed to continuous improvement in CSR practices, acknowledging that sustainability is a dynamic and evolving domain requiring ongoing adaptation to emerging risks, opportunities, and stakeholder expectations.

The Board firmly believes that embedding sustainability and responsible business practices into the Bank's decision-making processes strengthens institutional resilience and enhances long-term shareholder value. Accordingly, the Board oversees the integration of Environmental, Social, and Governance (ESG) considerations into risk management frameworks, lending practices, investment decisions, and operational activities, in line with the Bank's approved CSR Policy and applicable regulatory guidelines. Through this commitment, the Bank promotes financial inclusion, supports underserved communities, encourages environmentally responsible business conduct, and contributes to national socio-economic development.

Our CSR Program

The CSR approach of MCB Bank Limited is founded on the principles of ethical responsibility, inclusive growth, and sustainable impact, reflecting the Bank's commitment to the nation's broader socio-economic development priorities. Guided by the belief that sustainable practices and financial performance are mutually reinforcing, the Bank integrates responsible financing, environmental and social risk management, employee well-being, and strong governance standards into its operations. Through these efforts, the Bank mitigates long-term risks, strengthens stakeholder trust, safeguards asset quality, enhances its reputation, and contributes to sustainable profitability, improved access to capital, and long-term competitive advantage, while delivering initiatives that improve quality of life, promote financial inclusion, and protect the environment.

The Board of Directors recognizes that climate change, social inequality, and evolving stakeholder expectations present both risks and opportunities for the financial sector. Accordingly, the Bank remains committed to strengthening disclosures, aligning with recognized sustainability standards and best practices, and fostering a culture of accountability across all levels of the organization. Management is mandated to implement measurable CSR initiatives, monitor progress against defined targets, and report regularly to the Board to ensure transparency, effectiveness, and alignment with strategic objectives.

In fulfilling its fiduciary responsibilities, the Board will continue to champion responsible and sustainable banking practices that balance economic growth with social progress and environmental protection. The Bank remains dedicated to operating as a responsible corporate citizen, creating sustainable value for shareholders while contributing positively to society, the environment, and the communities it serves.



Clear CSR Policy

A comprehensive CSR policy approved by the Board outlines the Bank's commitment to key areas such as ethical conduct, environmental sustainability, community engagement, and responsible lending practices. This policy serves as a guiding document for developing, implementing, and monitoring the Bank's CSR strategy and plays a crucial role in ensuring alignment with its overall business strategy.

Transparency and Accountability:

The Bank is committed to transparency in its CSR reporting and communication. The Bank believes that open and honest communication with the stakeholders is essential for building trust and demonstrating our commitment to responsible corporate citizenship.

Regular Stakeholder Engagement:

The Bank actively engage with its stakeholders, including customers, employees, community members, and investors, to understand their concerns and expectations.

Performance Measurement and Reporting

The Bank closely tracks key performance indicators (KPIs) related to CSR initiatives and measures the impact of its program for future decision-making.

Integration with Business Strategies:

The Bank strives to integrate CSR considerations into all aspects of its business operations, from product development and service delivery to risk management and supply chain management.

Investment in Communities

Elevating communities remains central to MCB's sustainability philosophy and CSR agenda. The Bank remains committed to investing in programs that create equitable opportunities, foster inclusion, and enhance socio-economic development—particularly for underserved and remote populations. Through these initiatives, MCB integrates ESG values into actions that directly impact society's most pressing needs. Key community investment themes include.

Financial Inclusion & Literacy

MCB continues to advance financial inclusion and responsible banking through targeted outreach programs, with a special focus on women, youth, and unbanked segments of society. The Bank's efforts extend financial knowledge and promote informed decision-making to support long-term economic empowerment.

Education Support

Education is a core pillar of MCB's charitable strategy. The Bank partners with educational institutions, foundations, and nonprofit organizations to support scholarship programs, infrastructure development, and learning initiatives for students from low-income backgrounds. Contributions enable access to quality education, digital learning tools, skill development programs, and academic resources—empowering young individuals to unlock better economic opportunities and contribute productively to society.

Affordable Housing — Expanding Access to Home ownership

Reinforcing its commitment to inclusive growth and community well-being, the Bank enabled access to safe and affordable housing by extending 59 new affordable housing mortgage customers during the year. This support contributed to a total affordable housing portfolio of Rs. 8.262 billion as of December 2025, helping low- and middle-income families achieve home ownership, improve living standards, and build long-term financial security.

SME Financing — Creating Sustainable Economic Impact

The Bank continued to strengthen its commitment to inclusive economic growth by actively participating in the Government of Pakistan's SME Risk Coverage Scheme, implemented in collaboration with State Bank of Pakistan. Through this initiative, the Bank has cumulatively disbursed Rs. 6.5 billion in financing to small and medium enterprises since its roll out, enabling businesses to expand operations, sustain employment, and contribute to local economic development.

By year-end, the Bank's total SME financing portfolio reached Rs. 18,689 million, reflecting its sustained support for entrepreneurship, job creation, and the resilience of Pakistan's SME sector — a vital driver of national economic progress and community prosperity.

Health & Wellness Initiatives

MCB supports a wide range of public health programs aimed at improving community wellness and raising awareness of critical health issues. Major initiatives include:



Pink Ribbon – Breast Cancer Awareness

MCB actively participates in the Pink Ribbon campaign to raise awareness about breast cancer, encourage early detection, and support the well-being of women across Pakistan. Through awareness sessions, employee engagements, and visibility campaigns, the Bank reinforces the importance of preventive healthcare and women's health.



Movember – Men's Health Awareness

MCB observed Movember and International Men's Health Day to spotlight key issues such as prostate cancer, mental health, and overall male wellness. Awareness drives and public messaging are conducted to encourage men to prioritize their physical and emotional health.



International Day of Persons with Disabilities (IDPD)

In promoting inclusivity, MCB recognizes the International Day of Persons with Disabilities by raising awareness, supporting accessibility efforts, and promoting dignity and equal opportunities for people with disabilities. The Bank is committed to fostering environments—both within its workforce and communities—that support people of all abilities

Community Resilience & Public Health

MCB Bank continues to play a transformative role in advancing its CSR agenda by leveraging its financial expertise, operational capabilities, and strategic partnerships to support vulnerable communities across Pakistan. Through

exemplary cash management services and collaborations with non-profit and non-governmental organizations, the Bank enables efficient delivery of critical social interventions that promote resilience, inclusion, and sustainable development.

During the year, MCB Bank facilitated payments for several reputable organizations, including the Hashoo Hunar Association, which is actively engaged in skills development and livelihood enhancement programs. By supporting vocational training initiatives, the Bank contributed to economic empowerment and income generation opportunities, particularly for marginalized segments of society, thereby fostering long-term community self-reliance.

In 2025, catastrophic floods across multiple regions of Pakistan left thousands of families homeless and vulnerable. Demonstrating leadership in times of crisis, MCB Bank played a pivotal role in disaster response by facilitating secure and timely disbursement of financial assistance to flood-affected households in Sindh and Balochistan under a government-led relief initiative. Complementing its financial support, the Bank remained at the forefront of broader disaster relief and rehabilitation efforts through donations, volunteer engagement, and coordination with government and humanitarian agencies, enabling rapid recovery and sustainable rebuilding of affected communities.

MCB Bank also continued its trusted partnership with the World Health Organization in Pakistan to strengthen public health outcomes. Beyond supporting polio eradication efforts, the Bank facilitated the nationwide rollout of the Human Papillomavirus (HPV) vaccination programme aimed at preventing cervical cancer — one of the leading causes of cancer-related deaths among women in the country. By ensuring timely and secure payments to frontline vaccinators, particularly in underserved and high-risk areas, MCB Bank helped sustain uninterrupted outreach and expand access to preventive healthcare for women, contributing to long-term disease prevention and women's health empowerment.

Charitable Donations

MCB's charitable giving framework is rooted in its commitment to creating long-term social value and supporting vulnerable communities across Pakistan. Guided by strong governance, transparency, and ESG-aligned principles, the Bank ensures that every contribution reaches credible institutions and generates measurable impact. Through structured philanthropic initiatives, MCB directs resources toward priority areas that enhance human development, promote equity, and support national well-being.

Healthcare Assistance

MCB prioritizes health-focused charitable interventions, recognizing that access to quality healthcare is fundamental to sustainable development. During the year 2025, Donation of Rs. 10 million was extended to a reputable hospital that provides affordable or free medical treatment to underserved populations. The Bank also supports medical relief camps, preventive healthcare programs, and organizations engaged in disease awareness, maternal and child health, and emergency medical services. These contributions help reduce healthcare disparities and improve the quality of life in marginalized communities.

Scholarships

As a cornerstone of its commitment to social responsibility and community development, MCB Bank actively invests in education to empower youth, enhance skills, and expand equitable access to learning opportunities. In collaboration with educational institutions, development partners, and NGOs, the Bank awarded 50 merit-based scholarships, enabling students to overcome educational barriers, achieve academic excellence, and build the knowledge and confidence needed to contribute effectively to the nation's future.

Humanitarian Aid

MCB's humanitarian contributions focus on supporting communities affected by emergencies, natural disasters, and socio-economic instability. The Bank provides financial assistance for food security initiatives, shelter and housing support, emergency relief, and rehabilitation programs. Whether addressing floods, earthquakes, winter emergencies, or community-level distress, MCB works alongside trusted relief organizations to deliver timely and effective assistance that helps rebuild livelihoods and strengthen community resilience.

Welfare & Poverty Alleviation

Aligned with its CSR mandate, MCB collaborates with welfare organizations dedicated to uplifting marginalized populations, including orphans, widows, differently-abled individuals, and economically challenged families. Donations

contribute to essential services such as vocational training, rehabilitation programs, safe housing, nutrition support, and inclusive community development. These initiatives help break cycles of poverty and promote dignity, independence, and social inclusion.

Sustainability Reporting & Challenges

Measuring & Quantifying ESG Factors

- **No unified or "universal" standard**
  The absence of a unified ESG reporting standard creates inconsistency in disclosures and limits comparability across organizations.
- **Subjectivity and complexity**
  ESG metrics often include subjective and complex indicators, making accurate measurement difficult—particularly in informal operating environments such as Pakistan.

Data Collection and Management

- **Data fragmentation and silos**
  ESG data is frequently fragmented across departments and systems, leading to silos, manual processes, and integration challenges.
- **Inefficient and convoluted workflows**
  Inefficient and complex workflows are one of the byproducts of the traditional siloing of ESG data. Because corporate sustainability is inherently a cross-functional exercise, resulting in inefficient workflows and higher risk of errors.

Stakeholder Engagement and Communication

- **Diverse stakeholder groups**
  ESG reporting involves engaging with a wide range of stakeholders. Diverse stakeholder groups have varying information needs and expectations.
- **Varying levels of knowledge & complexity**
  Stakeholders have different levels of familiarity and understanding of ESG issues, reporting frameworks, and terminology. Different levels of ESG awareness make communicating complex data clearly and meaningfully challenging.

ESG Related Supply Chain Disruption and Risk Mitigation

Category	Risk Type	Overview	Risk Mitigation
Environment	Natural Disaster Risk	Environmental events such as earthquakes, floods, hurricanes, and pandemics that disrupt infrastructure and operations.	Business continuity plans and disaster recovery (DR) sites to ensure operational resilience.
Social	Geopolitical Risk	Political instability, conflicts, trade disputes, and regulatory changes affecting operations.	Monitoring global developments, maintaining a geographically diversified branch network, and adopting flexible vendor sourcing.
	Man-Made Risks	Human-induced disruptions such as strikes, terrorism, vandalism, and intellectual property theft impacting supply chains.	Comprehensive due diligence, security protocols, vendor approval processes, and contingency response planning.
Governance	Cybersecurity Risk	Cyber threats including hacking, phishing, malware, and ransomware leading to operational and data risks.	Strong supply chain security, encryption, security audits, and a robust IT governance and cybersecurity framework.




GREEN
BANKING

Green Banking

Green Banking represents the systematic integration of environmental and social sustainability into the banking sector's core operations, decision making, and product offerings. It encompasses eco-efficient internal operations, responsible financing, climate-aligned investments, and proactive risk management. In a country like Pakistan, which is highly vulnerable to climate change impacts such as floods, water stress, air pollution, and social inequities, Green Banking has become a strategic imperative rather than a voluntary initiative.

By adopting Green Banking practices, financial institutions not only contribute to national and global sustainability goals but also strengthen their resilience against climate related financial risks, regulatory pressures, and reputational challenges. Green Banking enables banks to align with international best practices, regulatory frameworks, and evolving stakeholder expectations.

Strategic Context and Regulatory Alignment

The urgency to address environmental degradation, climate risks, and social vulnerabilities has intensified in recent years. In response, Green Banking has gained strong momentum across Pakistan's financial sector. The State Bank of Pakistan (SBP)'s Environmental & Social Risk Management (ESRM) Implementation Manual provides a comprehensive framework for embedding environmental and social considerations into credit risk assessment and portfolio management.

MCB Bank continues to strengthen its alignment with SBP's vision of a low carbon, inclusive, and resilient economy. During the reporting year, the Bank further enhanced its Green Banking Policy by incorporating updated regulatory requirements with a stronger focus on social risks alongside environmental risks, thereby ensuring a more holistic approach to sustainability and responsible finance.

Commitment to Sustainable Banking Practices

In 2025, MCB Bank reaffirmed its commitment to integrating sustainability across its business operations, credit processes, and internal functions. The Bank continues to proactively identify, assess, and mitigate environmental and social risks, while accelerating the adoption of technology-driven, low carbon solutions within its own operations.

The Bank's approach focuses on:

- Strengthening resilience against emerging environmental and social risks
- Supporting Pakistan's decarbonization pathway
- Promoting responsible financing and sustainable growth
- Reducing the Bank's own operational footprint

Key Green Banking Initiatives

Environmental & Social Risk Management (ESRM)

As part of the Bank's Green Banking initiatives, Environmental and Social Risk Management (ESRM) Department has been established within the Risk Management Group. The Department oversees integration of ESRM practices into the credit risk portfolio, including Environmental and Social (E&S) risk assessments of existing and prospective borrowers across Pakistan and overseas operations. This process strengthens the Bank's ability to identify, manage, and mitigate potential E&S risks in lending decisions. To build internal capacity, 174 staff members have been trained on ESRM-related aspects. The Bank regularly reports to the State Bank of Pakistan (SBP) on implementation status through the ESRM Monitoring and Evaluation Template, ensuring regulatory compliance.

Green Finance Products and Digital Services

MCB Bank continues to integrate sustainability into its financial products and services. The Bank offers financing solutions that support renewable energy, energy efficient appliances, sustainable agricultural practices, and digital banking channels. Utilization of SBP's Renewable Energy Financing Scheme has enabled the Bank to support green projects across multiple sectors.

Through initiatives such as MCB Green Ghar Finance, the Bank promotes energy efficient housing solutions while enhancing customer well-being and environmental outcomes.

Digital transformation remains a key enabler of sustainability. Major initiatives include:

- MCB Live digital banking platform
- Roshan Digital Account (RDA) for Non-Resident Pakistanis
- Digital Account Opening (MCB e-Account Portal)
- QR Code payments and RAAST
- E-statements and digital collateral

These initiatives significantly reduce paper consumption while enhancing customer convenience and accessibility.

Paperless and Digital Operations

The Bank continued its transition towards paperless operations by shifting from paper-intensive processes to digital workflows. Key initiatives include:

- Digital internal communications and e-Branch Operations Manual
- Elimination of manual registers
- Application based workflow systems
- Online dispute resolution platforms
- Promotion of double-sided printing and digital documentation
- Receipt free ATM transactions

These measures have resulted in measurable reductions in paper usage and operational inefficiencies.

Green Operations and Services

MCB Bank conducted a comprehensive Green Awareness Campaign aligned with global environmental observance days, including World Water Day, Earth Day, and World Environment Day. Awareness was driven through:

- Digital artwork based campaigns
- Corporate website and ATM screen banners
- Social media outreach across Facebook, LinkedIn, Instagram, and Twitter.

WWF Green Office Certification

MCB Bank's iconic MCB Centre, Lahore, retained the prestigious WWF Green Office Certification, reaffirming the Bank's commitment to environmental excellence. Compared to the 2019 baseline, key achievements include:

- Energy conservation exceeding 393,928 KWHs
- Reduction of approximately 224 tons of CO_2e emissions
- Diesel savings of 68,780 liters
- Recycling of approximately 3 tons of dry waste

These achievements demonstrate tangible environmental and cost saving benefits achieved through structured environmental management practices.

Solarization of Branches and ATMs

MCB Bank continues to expand the use of renewable energy by solarizing branches and ATMs nationwide. To date, 311 branches/offices and 284 ATMs have been converted to solar energy, significantly increasing the share of clean energy in the Bank's energy mix and reducing greenhouse gas emissions. Future plans include transforming selected solarized locations into certified green branches.

Dry Waste Management

In partnership with certified green vendors, MCB Bank implemented a structured dry waste management system across major facilities. Achievements include:

- Recycling of approximately 8 tons of dry waste
- Improved segregation and recycling practices
- Reduced landfill burden
- Promotion of a sustainability focused workplace culture

Travel Optimization and Reduced Carbon Commute

To reduce travel related emissions, the Bank expanded the use of video conferencing and digital collaboration tools. This initiative minimized business travel, resulting in lower emissions, cost savings, and improved operational efficiency.

To reduce travel related emissions, the Bank expanded the use of video conferencing and digital collaboration tools. This initiative minimized business travel, resulting in lower emissions, cost savings, and improved operational efficiency.

Generator Fuel Monitoring System

MCB Bank implemented an IoT based fuel monitoring system for real time tracking of generator fuel consumption. Periodic stack emission testing is conducted to ensure environmental compliance and optimize fuel usage, thereby reducing emissions and operational inefficiencies.

Own Impact Reduction and Baseline Development

The Bank continues to focus on reducing its operational footprint through efficient use of electricity, water, fuel, and paper. A pilot baseline assessment at a multistory building has been completed, providing insights for developing realistic, data driven reduction targets across branches and offices.

Green Banking Webpage and Transparency

A dedicated Green Banking webpage on the MCB Corporate Website communicates the Bank's sustainability initiatives, enhancing transparency and engaging stakeholders.

Employee Capacity Building

Green Banking training remains a mandatory part of the Annual Training Calendar. Training is delivered through classroom sessions and e-learning platforms, reaching over 4,500+ employees. This continuous capacity building initiative strengthens institutional understanding of sustainability and responsible banking practices.





DIVERSITY EQUITY & INCLUSION

International
WOMEN'S DAY

EMPOWERED WOMEN, EMPOWERED FUTURE



At MCB Bank, we celebrate the strength, resilience, and achievements of the incredible women who drive our success. Dressed in purple - the color of justice and dignity - our female staff stand united in support of women's empowerment and equality.

We create opportunities, break barriers, and inspire change!

HEAR FROM THE WOMEN WHO POWER MCB BANK!



MUSSARAT JABEEN

DEPARTMENT HEAD HR
SERVICES & EMPLOYMENT CONTRACTS, HRMG

Happy International Women's Day to all the wonderful women who inspire others with their dedication, resilience & courage. Remember you are source of strength for all of us and your contributions make a difference. Let's continue to uplift each other & create a supportive environment where everyone feels empowered!



NUREEN ZAIB

SR. RELATIONSHIP MANAGER CORPORATE BANKING, WBG

Women are the threads that weave families, communities, and societies together. Happy International Women's Day!



DR. LUBNA MAHMOOD

ADDITIONAL DIRECTOR - SINDH TECHNICAL EDUCATION & VOCATIONAL TRAINING AUTHORITY (STEVTA)

Customer, MCB Bank

My experience with MCB Bank has been smooth, convenient and reliable. The customer support, has been particularly impressive, making my transactions easy and hassle-free. However, I believe there is always room for improvement. Overall, I am satisfied with MCB Bank's services and look forward to continued excellence. Keep up the good work.



SYEDA SAEEDA KAZMI

BUSINESS PARTNER - SAIDA KAZMI TRADING LLC

Customer, MCB Bank

Thank you, MCB Bank, for the outstanding services over the years. The bank's professionalism, efficiency, and customer-centric approach have made banking exceptional. I'm particularly impressed by the MCB Nayab Account and its support for women entrepreneurs. The dedication of MCB Bank's staff in ensuring smooth, hassle-free experiences is truly commendable.

MCB PROMOTES FINANCIAL INCLUSION ON International WOMEN'S DAY

To commemorate International Women's Day, MCB Bank's Womens Financial Services, in collaboration with Retail Banking and MCB Direct, organised account opening drives and awareness sessions at prominent educational institutions in Lahore. These initiatives aimed to empower female students with knowledge on financial independence, banking essentials, and tailored financial solutions, reinforcing MCB Bank's commitment to bridging the financial inclusion gap.







INTERNATIONAL DAY OF PERSONS WITH DISABILITY

Throughout 2025, MCB Bank strengthened its commitment to diversity and inclusion, recognizing that true institutional strength is built on an inclusive workforce. Marking the International Day of Persons with Disabilities on 3rd December, the Bank acknowledged the invaluable contributions of colleagues who enhance its workplace every day.



Muhammad Omair Naeem

Branch Services Manager | Lahore | RBG

"Disability doesn't define potential – attitude does. MCB is more than a workplace; it's a family built on inclusion and respect."



Anjum Mukhtar

Internal Controls Manager | Rahim Yar Khan | RBG

"Disability is not a weakness but a strength. Since joining MCB in 2017, the trust and opportunities I received strengthened my growth."



Pir Syed Junaid Shah

Regional Head | Peshawar | RBG

"Since joining MCB in 2000, I have grown from OG-III to Regional Head, supported by an inclusive culture where disability was never a barrier."



Hina Urooj

Sr. Universal Services Officer | Karachi | RBG

"I joined MCB Bank in 2007 and ever since I have felt truly valued and supported. From timely promotions to thoughtful transfers that considered my disability, the Bank has given me not just opportunities but a sense of belonging -18 years of growth, gratitude, and pride, and still counting!."

PAINTING

OCTOBER PINK

EARLY DETECTION. PREVENTION. CARE.

Promoting employee health and preventive care is a core priority at MCB Bank. In line with this commitment, the Bank observed Pinktober through a series of Breast Cancer Awareness initiatives aimed at strengthening health awareness and encouraging early detection.



OCTOBER
Breast Cancer
AWARENESS

















Throughout the year, MCB Bank reinforced its commitment to employee wellbeing by prioritizing health awareness and preventive care across the organization. As part of this ongoing focus, the Bank observed Pinktober through a series of Breast Cancer Awareness initiatives aimed at promoting early detection, informed decision-making, and proactive healthcare practices among employees.

The initiatives were conducted across MCB House, L&D Centres in Lahore, Karachi, and Rawalpindi, as well as MCB UAE and MCB Sri Lanka, ensuring broad outreach across the Bank's local and international workforce. These sessions were designed to strengthen understanding of preventive healthcare and emphasize the importance of timely medical consultation.

Employees benefited from expert medical guidance provided by Dr. Hafsa Ahmed, who shared clinical insights on early warning signs, risk factors, and self-examination practices. The sessions were further enriched by a survivor perspective shared by Ms. Anees Akhtar, offering valuable insight into the importance of awareness and early intervention. Interactive discussions and awareness activities reinforced key health messages and encouraged employees to adopt proactive approaches towards personal health management.



THIS MOVEMBER

MCB BANK STARTS THE CONVERSATION

MCB Bank organized a Movember Awareness Session at MCB House, Lahore, on 18 November 2025, focusing on men's mental health and cancer awareness. The session was attended by senior management, including Group Heads, Division Heads, and Department Heads, with employees across Pakistan and international locations joining virtually.

The programme featured discussions on early detection, emotional well-being, and the importance of fostering supportive environments for men's health. Addresses by the Chairman, Mian Mohammad Mansha, and the President & CEO, Mr. Muhammad Nauman Chughtai, reaffirmed the Bank's commitment to employee well-being. Healthcare experts from Saleem Memorial Hospital also shared insights on preventive care and cancer screening, followed by an interactive Q&A session.











Embracing

the spirit

of **women entrepreneurs**
shaping the future!



باختیار خواتین
خوشحال پاکستان
Celebrating Women Entrepreneurship Day 2025

During the State Bank of Pakistan–led celebration of Women Entrepreneurship Day, MCB Bank reaffirmed its commitment to advancing women's financial inclusion under the State Bank of Pakistan's policy framework.

As part of the nationwide observance, MCB Bank undertook a series of coordinated initiatives across rural and urban markets. In collaboration with the Agriculture Credit Division, Women Financial Services conducted targeted awareness sessions designed to enhance financial literacy among women entrepreneurs, particularly those engaged in agri-based and micro-enterprises. These sessions focused on access to formal finance, understanding credit processes, documentation requirements, and the range of tailored financial solutions available to women-led businesses.

Simultaneously, Retail Banking teams led a focused "Nayab Week" to facilitate onboarding of women customers into the formal banking ecosystem. Through dedicated branch-level engagement, customer outreach, and simplified account facilitation, the initiative contributed toward expanding access to transaction accounts and strengthening women's financial participation.

Through these collective efforts, MCB Bank not only supported the SBP's national agenda but also demonstrated measurable progress toward sustainable, inclusive growth by enabling women entrepreneurs to access financial services, build capacity, and scale their businesses.









Identifying our Key Stakeholders

We are committed to understand each stakeholder's concerns & expectations and then apply the relevant inputs to our decision-making to ensure sustained value creation. We aggregate our material stakeholders in terms of their level of influence on us and our impact on them. Based on this broad-based assessment, we prioritize these relationships and while we engage with all our stakeholders, we have identified our key stakeholders as those with whom we need to collaborate with, consult and involve and as such have developed goals for each.



Stakeholder Engagement

The development of sustained stakeholder relationships is paramount to the performance of any institution. From short term assessments to long-term strategic relationship building, 'Stakeholders' Engagement' lies at the core of our business practices to promote improved risk management, compliance with regulatory and lender requirements in addition to overall growth of the Bank.

In achieving and entrenching its integrated approach to sustainability, MCB Bank takes a highly collaborative approach towards ensuring maximum interaction with, and input by all its stakeholders.

At MCB, stakeholder engagement involves far more than merely communicating with its various stakeholder groups. The Bank regards its stakeholders as partners and makes every effort to use all possible mediums to ensure that they are abreast with disclosures, aware of forums to provide valuable input and feedback that can help the Bank to grow, strengthen relations and meet expectations to serve better.

Institutional Investors / Shareholders / Analysts

Why we engage

- To deliver relevant and timeous information to existing and potential shareholders
- To keep shareholders posted to ensure that our shares are traded at a fair value
- To ensure that the image of the Bank and the trust placed in by our valuable shareholders continues to improve, thereby minimizing the potential for reputational risks

Engagement Frequency

- Quarterly, semi-annually and annually
- When the need arises

How we engage

- Financial statements
- Annual General Meeting
- Press releases/Media announcements
- Communications and answering investor / analyst questions

Value is created and preserved through

- Increasing returns, dividends and share price;
- Maintaining a strong balance sheet to protect against downside risk; and
- Following good ESG practices that ensure a sustainable business for the long term; and operating within our risk appetite

Needs & Interests

Sustainable performance, dividend payout, return on equity, return on assets, earning per share, future growth strategy, corporate governance, risk management, compliance with rules and regulations.

Risk Impacted

All risks as defined in "Risk and Opportunities Section of Annual Report"

Capitals Impacted

ESG Issues of Interest

- Transparence and disclosure
- Information management & security
- Governance and Culture
- Responsible lending practices
- Driving greater adoption for sustainable finance

Employees



Why we engage

- Integral to deliver strategic objectives
- Our most important and valued ambassador
- To ensure that we remain an employer of choice by providing a safe, positive and inspiring working environment
- To understand and respond the needs and concerns of our staff members
- To educate our staff regarding strategic direction and to communicate the pertinent information relating to Bank activities
- Continuously encouraging employees and working towards creating a healthy, ethical and supportive work environment

How we engage

Investing in a wide range of training programs for every member of the human capital to ensure personal and professional development.
In addition to the regular communication that takes place with direct managers and teams through a range of interactive channels, specifc employees engagement include:

- Regular electronic communications
- Compliance letters
- Annual conference
- Strategy sessions
- Grievance reporting procedure
- One Bank, One Team sessions with senior management

Engagement Frequency

Routine basis / When the need arises

Value is created and preserved through

- Employment opportunities in the countries in which we operate;
- Rewarding employees for the value they add;
- Encouraging our employees to embrace technological changes and
- Contributing to the transformation towards a more inclusive society through employment equity and gender equality

Needs & Interests

Competitive remuneration, career development and advancement, effective performance management, equal opportunity along with safe, positive and inspiring work environment, work life balance, collective bargaining, recognition and reward, grievance handling mechanism, culture of empathy, continuous training opportunities to grow as a person and professional, job security, succession planning.

Risk Impacted

- Operational
- Reputational
- Technological

Capitals Impacted



ESG Issues of Interest

- Employee engagement and support
- Health, Safety and Wellbeing
- Capability and personal development
- Corporate citizenship
- Culture and Conduct

Media



Why we engage

To acknowledge the role of media as a channel to communicate with relevant stakeholders and public at large

How we engage

Advertisements through print, electronic, social media, website, interviews and capacity building seminars

Engagement Frequency

When the need arises

Value is created and preserved through

- Strategic brand positioning; and
- Earned publicity

Needs & Interests

Contribution for community well-being, Products / Services advertisements for the society

Risk Impacted

- Market
- Reputational

Capitals Impacted



ESG Issues of Interest

- Scams and frauds
- Financial education and literacy
- Affordability of banking, fee and interest
- Role of banks in protecting strong economy
- Ethical decision making
- Industry regulations

Customers



Why we engage

- To win and maintain customers by developing and providing products and services to improve the brand.
- To understand the growing financial services needs of our customers.
- To provide better solution and advice to our customers' financial requirements
- To ensure accuracy of our customers respective information.
- Integral to achieve strategic objectives

Engagement Frequency

- Regular interaction of customers through branch staff
- Dependent on customers' specifc requirements

How we engage

- Spreading the geographical boundaries through opening more branches across the country.
- Continuously innovating in product suite and operational process to meet customer requirements in the most eficient manner.
- Interaction through our branches, relationship managers, call centers, social media, surveys and various advertising activities

Value is created and preserved through

- Safeguarding deposits, investments and wealth, while growing returns;
- Providing credit in a responsible manner that enables wealth creation, sustainable development and job creation aligned with the SDGs facilitating transactions that are the backbone of economic value exchange;
- Developing innovative solutions that meet our clients' specific needs

Needs & Interests

Sustainable performance, dividend payout, return on equity, return on assets, earning per share, future growth strategy, corporate governance, risk management, compliance with rules and regulations.

Risk Impacted

- Market
- Credit
- Reputational

Capitals Impacted



ESG Issues of Interest

- Scams and frauds
- Financial education and literacy
- Affordability of banking, fee and interest
- Role of banks in protecting strong economy
- Ethical decision making
- Industry regulations

Suppliers / Service Providers



Why we engage

Adhere to proper procurement regulations while maintaining a good business relationships with the service providers

Engagement Frequency

Routine basis / When the need arises

How we engage

Rigorously following internal procurement policy and upgrading the policy regularly to ensure strong control and fair treatment of suppliers.

Value is createdtd preserved through

- Enabled cash less trade
- Financial inclusion
- A transparent procurement process that creates a win-win relationship with our vendors/suppliers; and
- Performance monitoring and improving eficiency throughout supply chain

Needs & Interests

Long-term work relationship, prompt payments, transparency & confidentiality, adhere contractual terms and conditions

Risk Impacted

- Reputational
- Operational
- Credit
- Market

Capitals Impacted



ESG Issues of Interest

- Responsible and sustainable sourcing
- Inclusion and diversity
- Resource eficiency
- Off-shoring and outsourcing
- Managing our exposure to ESG risk

Regulator



Why we engage

- To maintain open, honest and transparent relationships with regulator
- To ensure meticulous compliance with legal and regulatory requirements
- Develop legislation and policies that impact the environment in which we operate

Engagement Frequency

Daily, weekly, quarterly
When the need arisess

How we engage

- Active engagement with regulator improves level of compliance these engagements include meetings with representative of regulator and written communications on need basis
- One-on-one Meetings
- Submission of applicable statutory returns
- Responding / enquiring various queries / information

Value is created and preserved through

- Embracing responsible banking practices and regulatory compliance, which enable a safe & stable banking system and a thriving society; and
- Working closely with regulators during times of crisis.

Needs & Interests

Compliance with all legal and regulatory requirements, remain responsible tax payer, corporate governance practices, adherence to reporting requirements, risk management, sustainable business practices, timely tax withholding and deposit, income tax payment including advance tax

Risk Impacted

- Operational
- Capital Adequacy
- Reputational

Capitals Impacted



ESG Issues of Interest

- Industry regulation
- Open Banking
- Public policy
- Scams and Fraud

Government



Why we engage

- To build strong and constructive relationship with government, both as a partner in the development of our country and as a current / potential client
- To contribute in legislative development for evolution in our activities and operation
- To endorse our commitments for public sector business development

Engagement Frequency

When the need arises or
on request by either sides

How we engage

- Understanding and ensuring all legal and regulatory requirements are complied with
- Engaging with the government to address matters impacting business

Value is created and preserved through

- Contributing meaningfully to government budgets through our own corporate taxes and employees paying personal taxes; and
- Creating jobs to leverage the strengths of the economy

Needs & Interests

Pay corporation taxes, create jobs and wealth for the population well-being, provide product / services for the community, contribute to the gross domestic product. .

Risk Impacted

- Regulatory
- Country

Capitals Impacted



ESG Issues of Interest

- Government processes, including financial crime
- Support to agriculture sector
- Sustainability and impact investment
- Infrastructure

Communities



Why we engage

- To have best collaboration with our community for delivering our social responsibilities
- To obtain input from communities regarding key focus areas
- To create awareness of our integrated sustainability commitments and initiatives
- Conducting business without causing disruptions in the society

Engagement Frequency

When the need arises

How we engage

- The Bank actively participates in various social work initiatives as part of its corporate social responsibility. Being a conscientious member of the corporate community, the Bank contributes to various social and charitable causes including towards health, education and social sectors.
- The Bank is consistent in support for community development projects and interaction with a wide range of non-profit organizations.
- Enhancing financial access to marginalized population and most importantly, adding value to the society by being a good and transparent corporate citizen.

Value is created and preserved through

- Transforming economies, the environment & society positively through our lending & investment activities, aligned with the SDGs;
- Playing a meaningful role in the broader society as a procurer and consumer of goods and services; and
- Making a difference through our partnerships and CSR activities

Needs & Interests

Social responsibility activities, employment opportunities, financial inclusion, financial resilience, community development, ethical business practices.

Risk Impacted

Reputational
Operational
Climate

Capitals Impacted



ESG Issues of Interest

- Financial resilience
- Mental health and wellbeing

Investors Relations Section on Corporate Website

The management of the Bank provides equal and fair treatment to all investors/shareholders through transparent investor relations, increased awareness, effective communication, and prompt resolution of investors'/ shareholders' complaints.

The Bank disseminates information to its investors and shareholders through a mix of information exchange platforms, including its corporate website, maintained in both English and Urdu Languages under the applicable regulatory framework. The website is updated regularly to provide detailed and latest Bank information including but not limited to financial highlights, investor information, dividend and other requisite information besides the link to SECP's investor education portal, the 'Jamapunji'. The "Investor Relations" section is also maintained on MCB website www.mcb.com.pk to promote investor relations and facilitate access to the Bank for grievance / other query registration.

Issues Raised in the Last Annual General Meeting (AGM)

The 77th Annual General Meeting (AGM) of the shareholders of MCB Bank Limited was held on Wednesday, March 27, 2025 at 11:00 a.m. (PST) at Nishat Hotel, Lahore. The meeting was chaired by Mian Mohammad Mansha, Chairman of the Board of Directors. It was attended by members of the Board, including the Chief Executive Officer, along with the Chief Financial Officer (CFO) and the Company Secretary.

The Company Secretary invited the CFO to present the key highlights of the audited financial statements for the year ended December 31, 2024, and to elaborate on the salient aspects of the Bank's financial and operational performance. There were no significant issues raised in the previous AGM that remained pending implementation. However, while appreciating the Bank's strong financial performance, shareholders sought certain general clarifications and views on the Bank's progress and outlook.

A shareholder requested Management's perspective on the interest rate and foreign exchange outlook for 2025. In response, the CFO informed the forum that the Current Account and overall Balance of Payments position remained broadly manageable, supported by continued adherence to the IMF program and a gradual improvement in the SBP's foreign exchange reserves. Accordingly, the PKR is expected to remain largely stable, with the possibility of a measured and controlled depreciation over the course of the year.

With regard to interest rates, the CFO indicated that a gradual easing bias is expected to continue. However, he emphasized that the outlook remains subject to meaningful uncertainties, particularly in light of geopolitical developments and their potential impact on global commodity prices, especially energy prices. Any sustained adverse movement in international oil prices could exert renewed pressure on inflation and the external account, which may, in turn, constrain the pace or extent of further monetary easing.

The CEO further apprised the shareholders that the Bank remains well capitalized, with its capital base comfortably above regulatory thresholds and Basel capital requirements. He also highlighted that the Bank declared one of the highest cash dividends per share in the industry and continues to be among the most actively traded stocks in the Pakistan equity market. This strong investor confidence is reflected in the Bank's market capitalization, which stood among the highest in the financial institutions category as at December 31, 2024.

The shareholders expressed their appreciation for the Board of Directors, acknowledging its strategic direction and collective stewardship, as reflected in the Bank's sound financial performance.

Following businesses were also discussed during the AGM:

- Approval of the minutes of 76th AGM held on March 27, 2024.
- Consideration and approval of Annual Audited Unconsolidated and Consolidated Financial Statements of 2024.
- Approval of Final Cash Dividend for the year ended December 31, 2024.
- Appointment of External Auditors and affixation of their remuneration.

Summary of the Analyst Briefings

Analyst briefings are interactive sessions between the Bank's management and the investor community, providing a structured platform to engage with local and foreign investors. These sessions enable the Bank to:

- Provide insights into the prevailing business and economic environment of the country;
- Present and explain the Bank's financial performance and key drivers;
- Discuss the competitive landscape in which the Bank operates;
- Share perspectives on strategic initiatives and investment decisions;
- Highlight key challenges faced during the period; and
- Outline the Bank's future outlook and growth strategy.

The core objective of these engagements is to present a clear and accurate perspective of the Bank's business affairs to both existing and potential investors, thereby supporting informed investment decision-making.

The Bank conducts quarterly analyst briefings following the announcement of financial results. These sessions provide detailed commentary on performance and offer an open forum to address analysts' queries regarding results, strategic direction, and future prospects.

In addition to quarterly briefings, the Bank maintains continuous engagement with business analysts. Information and clarifications are provided as and when required, strictly within the boundaries of regulatory compliance and confidentiality. Face-to-face meetings and discussions with foreign analysts are also arranged where appropriate.

These engagements reflect the Bank's commitment to transparency, proactive communication, and a continuously evolving stakeholder engagement framework.

Briefings are conducted through teleconferencing facilities. During the year under review, the following analyst briefings were held:



Corporate Briefing Session

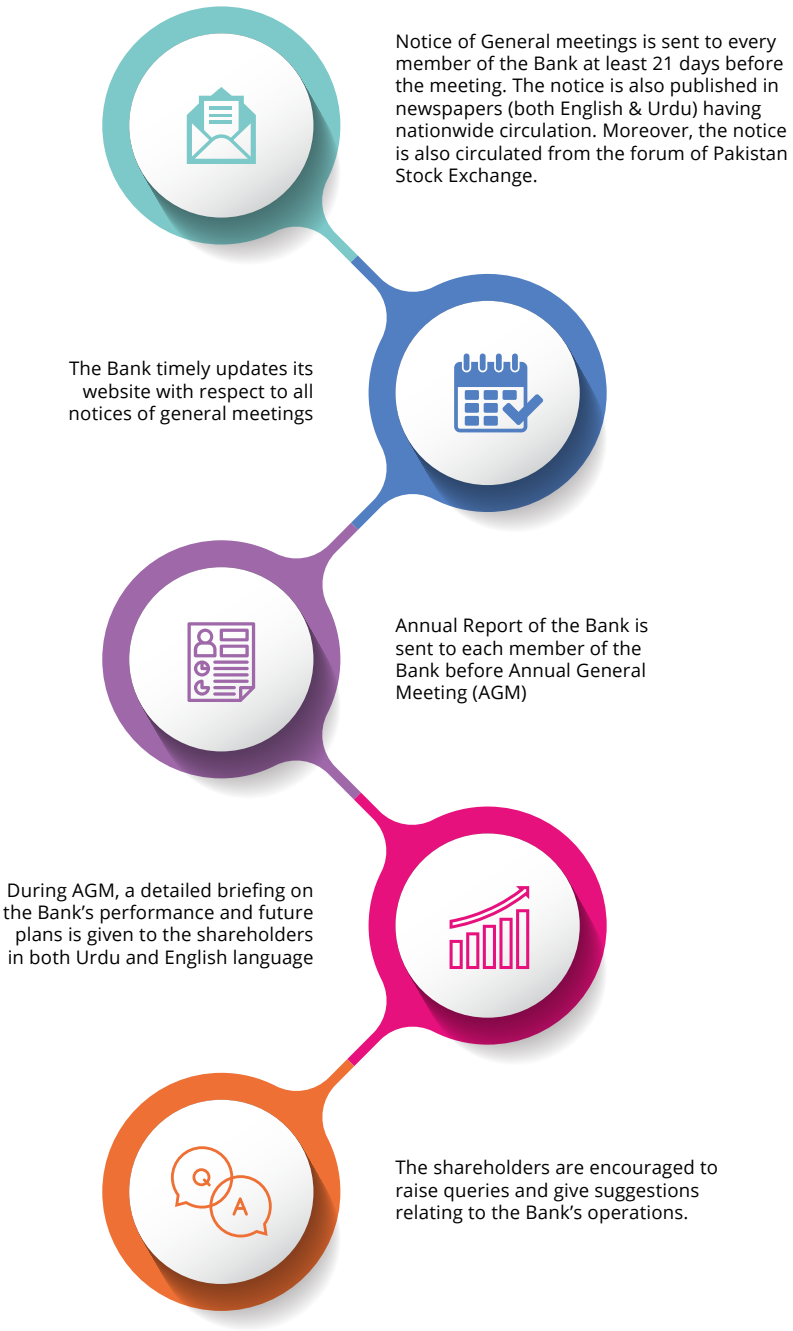
In compliance with the requirements of the Pakistan Stock Exchange (PSX), all listed companies are mandated to hold at least one Corporate Briefing Session (CBS) during each financial year.

Accordingly, the Bank intimates the PSX of the date, time, and venue of the CBS through PUCARS within the prescribed timeline and simultaneously publishes the notice on its corporate website, in accordance with regulatory requirements. The Bank may, at its discretion, conduct the CBS either physically or through electronic means. To ensure wider participation from both local and international investors and analysts, the CBS for the year was conducted digitally via Zoom on November 13, 2025.

During the session, the Chief Financial Officer (CFO) presented a comprehensive analysis of the Bank's financial performance, key business developments, strategic initiatives, and future outlook. The presentation was followed by an interactive question-and-answer session, providing participants the opportunity to seek clarifications and further insights from the management.

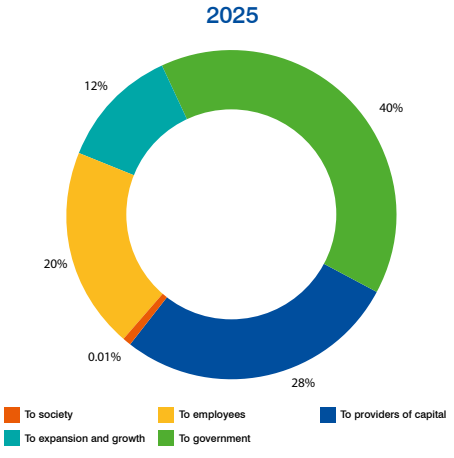
Encourage Minority Shareholders Participation in AGM

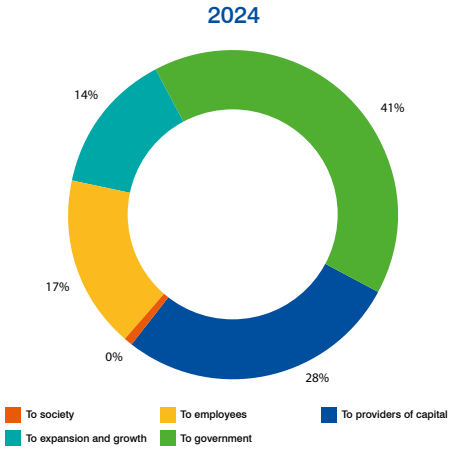
Apart from being an event for decision making on important matters, Bank's Annual General Meeting (AGM) also provides a forum for two-way engagement with the shareholders, particularly the minority shareholders. Therefore, the Bank takes the following measures to ensure meaningful participation of minority shareholders in the AGM:

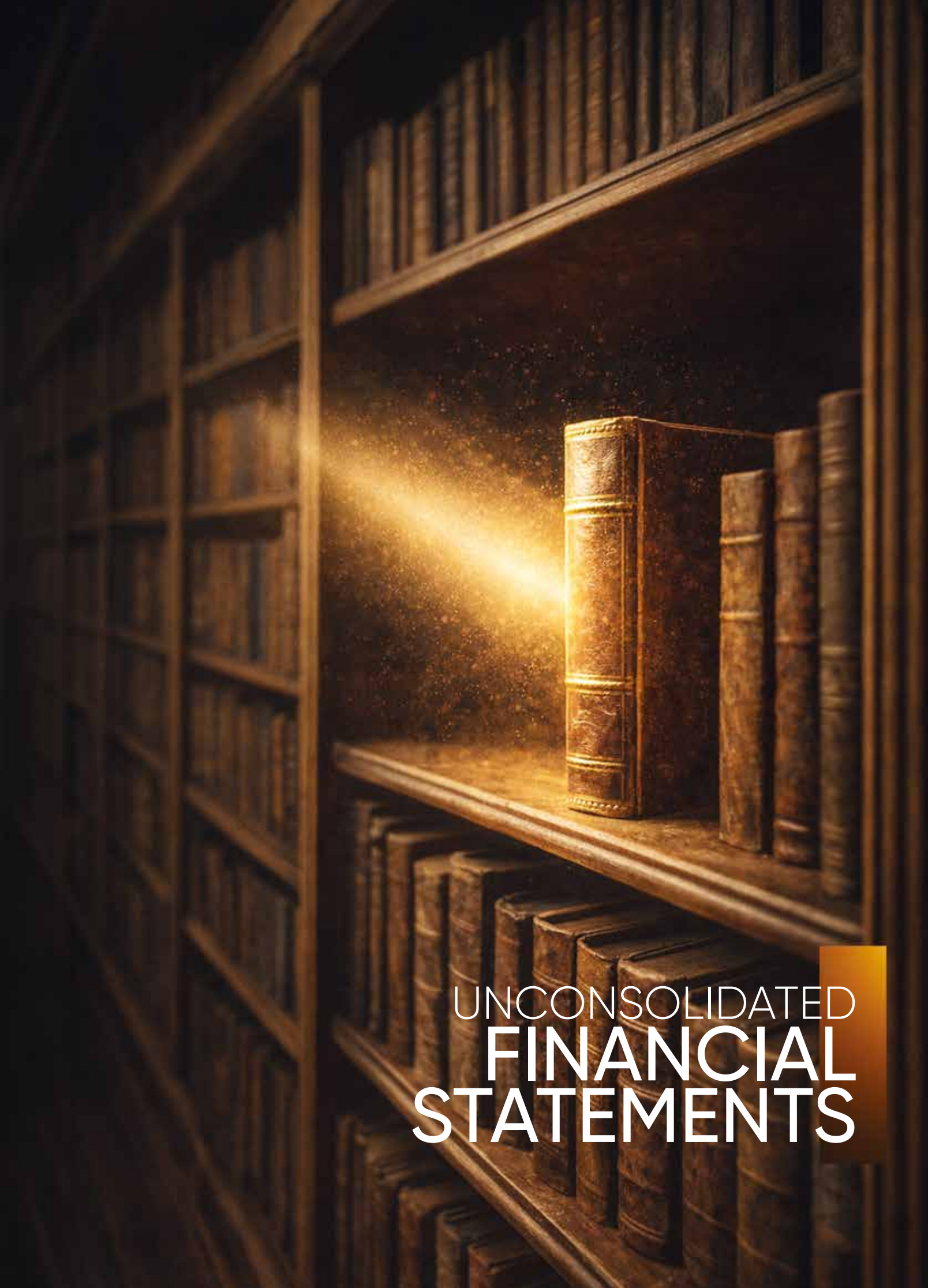


Statement of Value Added

	2025 PKR (mln)	%	2024 PKR (mln)	%
Value Added				
Net interest income	145,602		149,095	
Non interest income	35,802		37,432	
Operating expenses excluding staff costs, depreciation, amortization	(33,361)		(31,762)	
Credit loss allowance and write offs - net	5,261		(4,332)	
Value added available for distribution	153,304		150,433	
Distribution of value added:				
To employees				
Remuneration, provident fund and other benefits	31,029	20.24%	25,892	17.21%
To government				
Income tax	61,259	39.96%	60,806	40.42%
To providers of capital				
Cash dividends to shareholders	42,662	27.83%	42,662	28.36%
To Society				
Donations	10	0.01%	10	0.01%
To expansion and growth				
Depreciation, amortization, Retained Earnings & Reserves	18,344	11.97%	21,064	14.00%
	153,304	100%	150,433	100%







UNCONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the members of MCB Bank Limited
Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of MCB Bank Limited (the Bank), which comprise the unconsolidated statement of financial position as at December 31, 2025, and the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 57 branches which have been audited by us and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, 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 December 31, 2025 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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(s)

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.

Following is the Key Audit Matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	**Credit loss allowance against advances:** (Refer notes 6.1.1.6, 6.1.1.7, 11 and 22 to the unconsolidated financial statements) The Bank records credit loss allowance against advances in accordance with the requirements of IFRS Accounting Standard 9 'Financial Instruments' (IFRS 9).	Our audit procedures to verify credit loss allowance against advances included, amongst others, the following: • We obtained and updated our understanding of management's assessment of credit loss allowance in respect of advances including the Bank's internal rating model, accounting policy and model methodology including any key changes made during the year.

S. No.	Key Audit Matter	How the matter was addressed in our audit
	Under IFRS 9, the Bank assesses on a forward-looking basis the Expected Credit Losses (ECL) associated with all advances and other debt financial assets not held at fair value through profit and loss, together with letters of credit, guarantees and irrevocable unutilised financing commitments. A lifetime ECL is recorded on advances in which there have been Significant Increase in Credit Risk (SICR) from the date of initial recognition and on advances which are credit impaired as on the reporting date. A 12 months ECL is recorded for advances which do not meet the criteria for SICR or "credit impaired" as at the reporting date. To assess whether there is a significant increase in the credit risk, the Bank compares the risk of a default occurring on the advances as at the reporting date with the risk of default as at the date of initial recognition. Both lifetime and 12 months ECL are calculated at facility level. The credit loss allowance is increased by provisions charged to the unconsolidated statement of profit and loss account and is decreased by charge-offs, net of recoveries. The Bank records charge for Stage 3 based on the higher of provision under Prudential Regulations or ECL under IFRS 9, as per the instructions of the State Bank of Pakistan (SBP). This assessment is conducted at the borrower / facility level for corporate, commercial, retail and consumer portfolios. If one facility of a counterparty becomes more than 90 days past due or is otherwise defined as impaired under Prudential Regulations, all other facilities of that counterparty are classified as Stage 3. The measurement of ECL involves evaluating a range of possible outcomes, considering the time value of money, and incorporating reasonable and supportable information available at the reporting date about past events, current conditions, and forecasts of future economic conditions. The net credit loss allowance made / reversed during the year is charged to the unconsolidated statement of profit and loss account and accumulated credit loss allowance is netted-off against advances. The Bank has recognised a net reversal of credit loss allowance / provision against advances (including general provision) and net credit loss allowance against off-balance sheet obligations amounting to Rs. 4,828.507 million and Rs. 86.794 million respectively in the unconsolidated statement of profit and loss account in the current year. As at December 31, 2025, the Bank holds a credit loss allowance / provision of Rs. 40,160.434 million and Rs. 1,538.494 million against advances and off-balance sheet obligations respectively. In addition, the Bank has also maintained a general reserve of Rs. 5,850.070 million (December 31.	• We obtained and updated our understanding of management's assessment of credit loss allowance in respect of advances including the Bank's internal rating model, accounting policy and model methodology including any key changes made during the year. • We obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Bank to identify loss events and for determining the extent of provisioning required against advances. • The testing of controls included testing of: o controls over the correct classification of advances; o controls over the monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria; o controls over the accurate computation and recording of provisions; and o controls over the governance and approval process related to provisions, including continuous reassessment by the management. • We selected a sample of loan accounts and performed the following substantive procedures: o Assessed the reasonableness and accuracy of the data used for ECL computation based on accounting records and information system of the Bank as well as the related external sources used for this purpose; o Checked repayments of loans / mark-up installments and tested classification of advances based on the number of days overdue; o Tested the staging of loans and advances as per the criteria of SICR and in accordance with IFRS 9; o Evaluated the management's assessment for classification of a borrower's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and discussions with the management; and o Assessed the ECL model used by the management to calculate Expected Credit Loss against loans and advances balances of the Bank for appropriateness of the assumptions used and the methodology applied. We also tested the mathematical l accuracy of the model.

S. No.	Key Audit Matter	How the matter was addressed in our audit
	2024: Rs. 8,456.884 million) against advances / financing made in accordance with the prevailing circumstances as mentioned in note 6.1.1.6 to the unconsolidated financial statements. The determination of credit loss allowance / provision against advances based on the above criteria remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations and the materiality of advances relative to the overall unconsolidated financial statements of the Bank, we considered this area as a key audit matter.	• Assessed the reasonableness of the forward-looking assumptions used by the management in calculation of ECL. • Assessed the relevant disclosures made in the unconsolidated financial statements to determine whether these are complied with the accounting and reporting standards as applicable in Pakistan. • We issued instructions to auditors of those overseas branches which were selected for audit, highlighting 'Credit loss allowance against advances' as a significant risk. The auditors of those branches performed audit procedures to check compliance with regulatory requirements and reported the results thereof to us. We, as auditors of the Bank, evaluated the work performed by the component auditors and the results thereof.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

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

Responsibilities of Management and the Board of Directors for the 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.
- 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 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, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
    c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
    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 percent of the total loans and advances of the Bank.

The engagement partner on the audit resulting in this independent auditor's report is **Hammad Ali Ahmad**.

A. F. Ferguson & Co.
Chartered Accountants
Lahore
Date: March 06, 2026
UDIN: AR202510092h56y1ZV0n

Unconsolidated Statement of Financial Position

As at December 31, 2025

	Note	2025	2024
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	7	190,083,526	168,507,615
Balances with other banks	8	39,698,066	27,841,879
Lendings to financial institutions	9	99,048,299	55,655,504
Investments	10	1,947,224,674	1,167,452,611
Advances	11	690,318,710	1,041,626,286
Property and equipment	12	97,069,222	82,694,343
Right-of-use assets	13	7,456,518	6,045,346
Intangible assets	14	1,351,034	1,314,143
Other assets	15	174,806,913	152,201,578
Total Assets		3,247,056,962	2,703,339,305
LIABILITIES			
Bills payable	17	25,617,252	41,827,458
Borrowings	18	457,871,857	268,486,812
Deposits and other accounts	19	2,261,275,030	1,922,211,999
Lease liabilities	20	11,804,530	9,586,216
Subordinated debt		–	–
Deferred tax liabilities	21	44,947,104	16,637,759
Other liabilities	22	129,799,963	174,329,721
Total Liabilities		2,931,315,736	2,433,079,965
NET ASSETS		315,741,226	270,259,340
REPRESENTED BY			
Share capital	23	11,850,600	11,850,600
Reserves	24	109,983,273	104,929,819
Surplus on revaluation of assets	25	72,105,363	43,053,137
Unappropriated profit		121,801,990	110,425,784
		315,741,226	270,259,340
CONTINGENCIES AND COMMITMENTS	26		

The annexed notes 1 to 51 and annexures I to II form an integral part of these unconsolidated financial statements.

Hammad Khalid	Muhammad Nauman Chughtai	Mian Umer Mansha	Shahzad Hussain	Muhammad Ali Zeb
Chief Financial Officer	President/Chief Executive	Director	Director	Director

Unconsolidated Statement of Profit and Loss Account

For the year ended December 31, 2025

	Note	2025	2024
		(Rupees in '000)	
Mark-up / return / interest earned	28	293,830,465	367,020,252
Mark-up / return / interest expensed	29	148,228,155	217,925,684
Net mark-up / interest income		145,602,310	149,094,568
NON MARK-UP / INTEREST INCOME			
Fee and commission income	30	19,273,981	21,198,906
Dividend income		5,059,945	3,491,522
Foreign exchange income		10,186,596	9,168,427
Income from derivatives		4,066	1,982
Gain on securities - net	31	685,104	3,142,033
Net gains / (losses) on derecognition of financial assets measured at amortised cost		–	–
Other income	32	592,198	429,310
Total non-markup / interest income		35,801,890	37,432,180
Total income		181,404,200	186,526,748
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	33	68,438,757	60,962,882
Workers Welfare Fund		2,309,062	2,368,401
Other charges	34	464,133	443,893
Total non-markup / interest expenses		71,211,952	63,775,176
Profit before credit loss allowance		110,192,248	122,751,572
Credit loss allowance and write offs - net	35	(5,260,838)	4,331,527
PROFIT BEFORE TAXATION		115,453,086	118,420,045
Taxation	36	61,257,952	60,805,535
PROFIT AFTER TAXATION		54,195,134	57,614,510
		(Rupees)	
Basic and diluted earnings per share	37	45.73	48.62

The annexed notes 1 to 51 and annexures I to II form an integral part of these unconsolidated financial statements.

Hammad Khalid	Muhammad Nauman Chughtai	Mian Umer Mansha	Shahzad Hussain	Muhammad Ali Zeb
Chief Financial Officer	President/Chief Executive	Director	Director	Director

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2025

	2025	2024
	(Rupees in '000)	
Profit after taxation for the year	54,195,134	57,614,510
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Effect of translation of net investment in foreign branches	(366,059)	444,832
Movement in surplus on revaluation of debt investments through FVOCI investments - net of tax	16,111,128	16,734,866
	15,745,069	17,179,698
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations - net of tax	1,210,935	2,423,108
Movement in surplus on revaluation of equity investments through FVOCI - net of tax	8,070,575	9,549,937
Movement in surplus on revaluation of property and equipment - net of tax	7,215,411	(212,382)
Movement in surplus on revaluation of non-banking assets - net of tax	(27,483)	(20,063)
	16,469,438	11,740,600
Total comprehensive income	86,409,641	86,534,808

The annexed notes 1 to 51 and annexures I to II form an integral part of these unconsolidated financial statements.

Hammad Khalid	Muhammad Nauman Chughtai	Mian Umer Mansha	Shahzad Hussain	Muhammad Ali Zeb
Chief Financial Officer	President/Chief Executive	Director	Director	Director

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2025

(Rupees in '000)

	Share capital	Capital reserve			Statutory reserve	Revenue reserve	Suplus/(deficit) on revaluation of		Unappropriated profit	Total
		Share premium	Non-distributable capital reserve	Exchange translation reserve		General reserve	Investments	Property and equipment / non - banking assets		
Balance as at December 31, 2023	11,850,600	23,751,114	908,317	8,585,375	46,878,730	18,600,000	(11,938,715)	36,031,912	96,039,536	230,706,869
Impact of adoption of IFRS 9 'Financial Instruments' – net of tax	–	–	–	–	–	–	(5,119,484)	–	799,307	(4,320,177)
Opening balance as at January 01, 2024 – after adoption of IFRS 9	11,850,600	23,751,114	908,317	8,585,375	46,878,730	18,600,000	(17,058,199)	36,031,912	96,838,843	226,386,692
Profit after taxation for the year ended December 31, 2024	–	–	–	–	–	–	–	–	57,614,510	57,614,510
Other comprehensive Income – net of tax										
Effect of translation of net investment in foreign branches	–	–	–	444,832	–	–	–	–	–	444,832
Movement in surplus on revaluation of property and equipment – net of tax	–	–	–	–	–	–	–	(212,382)	–	(212,382)
Movement in surplus on revaluation of non–banking assets – net of tax	–	–	–	–	–	–	–	(20,063)	–	(20,063)
Remeasurement gain on defined benefit obligations – net of tax	–	–	–	–	–	–	–	–	2,423,108	2,423,108
Movement in surplus on revaluation of equity investments through FVOCI – net of tax	–	–	–	–	–	–	9,549,937	–	–	9,549,937
Movement in surplus on revaluation of debt investments through FVOCI – net of tax	–	–	–	–	–	–	16,734,866	–	–	16,734,866
	–	–	–	444,832	–	–	26,284,803	(232,445)	2,423,108	28,920,298
Transfer to statutory reserve	–	–	–	–	5,761,451	–	–	–	(5,761,451)	–
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipment to unappropriated profit – net of tax	–	–	–	–	–	–	–	(145,668)	145,668	–
Surplus realized on disposal of investments in equity instruments through FVOCI – net of tax	–	–	–	–	–	–	(1,793,983)	–	1,793,983	–
Surplus realized on disposal of revalued property and equipment – net of tax	–	–	–	–	–	–	–	(13,222)	13,222	–
Surplus realized on disposal of revalued non–banking assets – net of tax	–	–	–	–	–	–	–	(20,061)	20,061	–
Transactions with owners, recorded directly in equity										
Final cash dividend at Rs. 9.0 per share – December 31, 2023	–	–	–	–	–	–	–	–	(10,665,540)	(10,665,540)
Interim cash dividend at Rs. 9.0 per share – March 31, 2024	–	–	–	–	–	–	–	–	(10,665,540)	(10,665,540)
Interim cash dividend at Rs. 9.0 per share – June 30, 2024	–	–	–	–	–	–	–	–	(10,665,540)	(10,665,540)
Interim cash dividend at Rs. 9.0 per share – September 30, 2024	–	–	–	–	–	–	–	–	(10,665,540)	(10,665,540)
	–	–	–	–	–	–	–	–	(42,662,160)	(42,662,160)
Balance as at December 31, 2024 (Audited)	11,850,600	23,751,114	908,317	9,030,207	52,640,181	18,600,000	7,432,621	35,620,516	110,425,784	270,259,340
Effect of remeasurement on adoption of IFRS 9 (note 6.1.1.3)	–	–	–	–	–	–	1,734,405	–	–	1,734,405
Opening balance as at January 01, 2025	11,850,600	23,751,114	908,317	9,030,207	52,640,181	18,600,000	9,167,026	35,620,516	110,425,784	271,993,745
Profit after taxation for the year ended December 31, 2025	–	–	–	–	–	–	–	–	54,195,134	54,195,134
Other comprehensive income – net of tax										
Effect of translation of net investment in foreign branches	–	–	–	(366,059)	–	–	–	–	–	(366,059)
Movement in surplus on revaluation of property and equipment – net of tax	–	–	–	–	–	–	–	7,215,411	–	7,215,411
Movement in surplus on revaluation of non–banking assets – net of tax	–	–	–	–	–	–	–	(27,483)	–	(27,483)
Remeasurement gain on defined benefit obligations – net of tax	–	–	–	–	–	–	–	–	1,210,935	1,210,935
Movement in surplus on revaluation of equity investments through FVOCI – net of tax	–	–	–	–	–	–	8,070,575	–	–	8,070,575
Movement in surplus on revaluation of debt investments through FVOCI – net of tax	–	–	–	–	–	–	16,111,128	–	–	16,111,128
	–	–	–	(366,059)	–	–	24,181,703	7,187,928	1,210,935	32,214,507
Transfer to statutory reserve	–	–	–	–	5,419,513	–	–	–	(5,419,513)	–
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipment to unappropriated profit – net of tax	–	–	–	–	–	–	–	(130,420)	130,420	–
Surplus realized on disposal of investments in equity instruments through FVOCI – net of tax	–	–	–	–	–	–	(3,108,092)	–	3,108,092	–
Surplus realized on disposal of revalued property and equipment – net of tax	–	–	–	–	–	–	–	(773,827)	773,827	–
Surplus realized on disposal of non–banking assets – net of tax	–	–	–	–	–	–	–	(39,471)	39,471	–
Transactions with owners, recorded directly in equity										
Final cash dividend at Rs. 9.0 per share – December 31, 2024	–	–	–	–	–	–	–	–	(10,665,540)	(10,665,540)
Interim cash dividend at Rs. 9.0 per share – March 31, 2025	–	–	–	–	–	–	–	–	(10,665,540)	(10,665,540)
Interim cash dividend at Rs. 9.0 per share – June 30, 2025	–	–	–	–	–	–	–	–	(10,665,540)	(10,665,540)
Interim cash dividend at Rs. 9.0 per share – September 30, 2025	–	–	–	–	–	–	–	–	(10,665,540)	(10,665,540)
	–	–	–	–	–	–	–	–	(42,662,160)	(42,662,160)
Balance as at December 31, 2025	11,850,600	23,751,114	908,317	8,664,148	58,059,694	18,600,000	30,240,637	41,864,726	121,801,990	315,741,226

For details of dividend declaration and appropriations, please refer note 49 to these unconsolidated financial statements.

For details of reserves, please refer note 24 to these unconsolidated financial statements.

The annexed notes 1 to 51 and annexures I to II form an integral part of these unconsolidated financial statements.

Hammad Khalid	Muhammad Nauman Chughtai	Mian Umer Mansha	Shahzad Hussain	Muhammad Ali Zeb
Chief Financial Officer	President/Chief Executive	Director	Director	Director

Unconsolidated Cash Flow Statement

For the year ended December 31, 2025

	Note	2025	2024
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		115,453,086	118,420,045
Less: Dividend income		(5,059,945)	(3,491,522)
		110,393,141	114,928,523
Adjustments:			
Net-mark-up / interest income		(145,602,310)	(149,094,568)
Depreciation on property and equipment	12.2	4,436,685	3,823,750
Depreciation on right-of-use assets	33	1,811,939	1,695,266
Depreciation on non-banking assets acquired in satisfaction of claims	33	16,443	18,390
Amortization	14	546,951	573,410
Credit loss allowance and write offs - net	35	(5,260,838)	4,331,527
Workers Welfare Fund		2,309,062	2,368,401
Gain on sale of non-banking assets acquired in satisfaction of claims - net	32	–	(2,008)
Finance charges on lease liability against right-of-use assets	29	1,898,239	1,567,504
Reversal for defined benefit plan - net	33.1	(839,244)	(501,969)
Gain on sale of property and equipment - net	32	(311,598)	(200,989)
Gain on termination of lease liability against right-of-use assets	32	(82,102)	(78,710)
Unrealized gain on forward contracts of government securities	31	–	(2,096,975)
Unrealized gain on revaluation of investments classified as FVTPL	31	(261,687)	(218,457)
		(141,338,460)	(137,815,428)
		(30,945,319)	(22,886,905)
Decrease / (increase) in operating assets			
Lendings to financial institutions		(43,393,766)	40,557,874
Securities classified as FVTPL		526,787	2,624,554
Advances		356,409,472	(489,922,274)
Others assets (excluding advance taxation)		645,775	59,366,836
		314,188,268	(387,373,010)
Increase / (decrease) in operating liabilities			
Bills payable		(16,210,206)	16,847,311
Borrowings from financial institutions		190,642,940	58,874,752
Deposits		339,063,031	122,257,133
Other liabilities (excluding current taxation)		(8,395,955)	10,293,074
		505,099,810	208,272,270
Mark-up / interest received		278,907,778	375,578,718
Mark-up / interest paid		(182,590,452)	(184,354,563)
Defined benefits paid		(269,383)	(371,278)
Income tax paid		(73,783,289)	(77,074,348)
Net cash flow from / (used in) operating activities		810,607,413	(88,209,116)
CASH FLOW FROM INVESTING ACTIVITIES			
Net (investment) / divestment in securities classified as FVOCI		(731,934,669)	131,607,146
Net investment in securities classified as amortised cost		6,311,364	1,825,850
Dividends received		5,056,636	3,497,816
Investments in property and equipment		(11,542,981)	(9,828,805)
Investments in intangible assets		(586,307)	(849,697)
Disposals of property and equipment		2,057,177	327,524
Disposals of non-banking assets acquired in satisfaction of claims		281,000	280,000
Net cash outflow on demerger		–	(5,078,964)
Investment in subsidiary		–	(1,000,000)
Effect of translation of net investment in foreign branches		(366,059)	444,832
Net cash flow (used in) / from investing activities		(730,723,839)	121,225,702
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid	38.1	(42,299,881)	(42,335,753)
Payment of lease liability against right-of-use-assets	38.1	(2,836,943)	(2,452,883)
Net cash flow used in financing activities		(45,136,824)	(44,788,636)
Effects of credit loss allowance changes on cash and cash equivalents		(56,757)	52,714
Cash and cash equivalents transferred to MIB under the scheme of demerger		–	(323,834)
Increase / (decrease) in cash and cash equivalents		34,689,993	(12,043,170)
Cash and cash equivalents at beginning of the year		192,110,469	205,098,206
Effects of exchange rate changes on cash and cash equivalents		498,728	(403,227)
Opening expected credit loss allowance on cash and cash equivalents		(562,567)	(605,179)
		192,046,630	204,089,800
Cash and cash equivalents at end of the year	38	226,736,623	192,046,630

The annexed notes 1 to 51 and annexures I to II form an integral part of these unconsolidated financial statements.

Hammad Khalid	Muhammad Nauman Chughtai	Mian Umer Mansha	Shahzad Hussain	Muhammad Ali Zeb
Chief Financial Officer	President/Chief Executive	Director	Director	Director

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2025

1. STATUS AND NATURE OF BUSINESS

MCB Bank Limited (the 'Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on the Pakistan Stock Exchange. The Bank's Registered Office and Principal Office are situated at MCB –15 Main Gulberg, Lahore. The Bank operates 1,401 branches (2024: 1,394 branches) within Pakistan and 9 branches (2024: 9 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

2. BASIS OF PRESENTATION

2.1 These unconsolidated financial statements represent the separate financial statements of MCB Bank Limited. The consolidated financial statements of the Group are being issued separately.

2.2 These unconsolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide its BPRD Circular No. 02 dated February 09, 2023, with further addition made vide BPRD Circular Letter No. 13 of 2024, dated July 01, 2024 that are applicable for quarterly / half yearly / annual periods beginning on or after January 1, 2024 as per BPRD Circular Letter No. 07 of 2023 dated April 13, 2023.

2.3 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade–related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.

2.4 The unconsolidated financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency of its primary economic environment. The amounts are rounded off to the nearest thousand.

3. STATEMENT OF COMPLIANCE

3.1 These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of, directives and notifications issued under the Banking Companies Ordinance, 1962, the Companies Act, 2017; and
- Directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP).

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

The State Bank of Pakistan has deferred the applicability of International Accounting Standards 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS 7 'Financial Instruments: Disclosures' on banks through S.R.O 411(1) / 2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2025

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.O 56(I) / 2016 dated January 28, 2016, that the requirements of consolidation under section 237 of the repealed Companies Ordinance 1984 (Section 228 of Companies Act 2017) and IFRS 10 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under Trust structure.

3.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2025 but are considered not to be relevant or do not have any material effect on the Bank's operations and therefore are not detailed in these unconsolidated financial statements.

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

The following other standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 1, 2026:

	Effective date (annual periods beginning on or after)
Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	January 01, 2026
IFRS S1, 'General requirements for disclosure of sustainability–related financial information' and IFRS S2, 'Climate–related disclosures'	January 01, 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	January 01, 2027

3.4 Critical accounting estimates and judgements

The preparation of unconsolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are 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. Critical accounting estimates and judgements applied in application of IFRS 9 have been disclosed under note 6.1. Other major areas where various assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in the application of accounting policies are as follows:

a) Taxation

In making the estimates for income taxes currently payable by the Bank, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past.

b) Fair value of 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 currency involved, interest rates, yield curves, volatilities, contracts duration etc.

c) Depreciation, amortisation, impairment and revaluation of property and equipment

The management reviews the useful lives and residual values of assets annually by considering expected pattern of economic benefit that the management expects to drive from the item and the maximum period up to which such benefits are expected to be available. Any change in estimates in future years might affect the carrying amounts of the respective items of assets with a corresponding effect on the depreciation charge and impairment. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Further, the Bank estimates the revalued amount of land and buildings on a regular basis. The estimates are based on valuations carried out by independent professional valuers under the market conditions.

d) Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 40 of these unconsolidated financial statements for the actuarial valuation of staff retirement benefit plans. Actuarial assumptions are entity's best estimates of the variables that will determine the ultimate cost of providing post employment benefits. Changes in these assumptions in future years may affect the liability / asset under these plans in those years.

e) Lease term for lease liability and right–of–use asset

The Bank applies judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Bank is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right–of–use assets recognized.

f) Provision and contingent assets and liabilities

Provisions are recognized 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 reporting date and are adjusted to reflect the current best estimates. Contingent assets are not recognized and are also not disclosed until an inflow of economic benefits is probable. Contingent liabilities are not recognized and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

4. BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention except that certain classes of property and equipment and non–banking assets acquired in satisfaction of claims are stated at revalued amounts; investments classified at fair value through profit and loss and fair value through other comprehensive income; foreign exchange contracts and derivative financial instruments are measured at fair value; defined benefit obligations are carried at present value; right of use of assets and related lease liability are measured at present value on initial recognition; and staff loans and subsidised loans disbursed under Temporary Economic Refinance Facility (TERF) are measured at fair value on initial recognition.

5. FINANCIAL RISK MANAGEMENT

These risk management policies continue to remain robust and the Bank is reviewing its portfolio regularly in line with the emerging risks. Detailed disclosure on financial risk management has been reported in note 48 to the unconsolidated financial statements.

6. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies and methods of computation adopted in the preparation of these unconsolidated financial statements are consistent with those applied in the preparation of the audited annual unconsolidated financial statements of the Bank for the year ended December 31, 2024 except for the change mentioned in note 6.1.1.3.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2025

6.1 IFRS 9 'Financial Instruments'

As per the SBP BPRD Circular Letter No. 07 dated April 13, 2023, IFRS 9 'Financial Instruments' is applicable on banks with effect from January 01, 2024. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard also introduced a new impairment model for financial assets which requires recognition of impairment charge based on a forward looking 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as previously followed. The ECL approach has an impact on all assets of the Bank which are exposed to credit risk.

The SBP through BPRD Circular Letter No. 16 dated July 19, 2024, and BPRD Circular Letter No. 01 dated January 22, 2025 has made certain amendments and clarified the timelines of some of the SBP's IFRS 9 Application Instructions to address the matters raised by the banks to ensure compliance by the timelines. The circulars have provided clarifications / relaxations on measurement of unquoted equity securities, modification accounting and maintenance of general provisions over and above ECL. Accordingly, the Bank has adopted the treatment as instructed in the aforementioned circulars in these unconsolidated financial statements.

6.1.1 Application to the Bank's financial assets

6.1.1.1 Initial recognition and subsequent measurement

Financial assets are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank purchases or sells the asset. Other financial assets like advances, lending to financial institutions etc. are recognised when funds are transferred to the customers' account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

a. Amortised Cost (AC)

Financial assets under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction costs. These are subsequently measured at amortised cost. An Expected Credit Loss allowance (ECL) is recognised for financial assets in the statement of profit and loss account. Interest income / profit / expense on these assets are recognised in the statement of profit and loss account. On derecognition of these financial assets, capital gain / loss will be recognised in the statement of profit and loss account.

b. Fair Value through Other Comprehensive Income (FVOCI)

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction costs. These assets are subsequently measured at fair value with changes recorded in OCI. An Expected Credit Loss allowance (ECL) is recognised for debt based financial assets in the statement of profit and loss account. Interest / profit / dividend income on these assets are recognised in the statement of profit and loss account. On derecognition of debt based financial assets, capital gain / loss will be recognised in the statement of profit and loss account and for equity based financial assets classified as FVOCI, capital gain / loss is recognized directly in the statement of changes in equity.

c. Fair Value through Profit or Loss (FVTPL)

Financial assets under FVTPL category are initially recognised at fair value. Transaction costs will be directly recorded in the statement of profit and loss account. These assets are subsequently measured at fair value with changes recorded in the statement of profit and loss account. Interest / dividend income on these assets are recognised in the statement of profit and loss account. On derecognition of these financial assets, capital gain / loss will be recognised in the statement of profit and loss account. An Expected Credit Loss allowance (ECL) is not recognised for these financial assets.

6.1.1.2 Classification and measurement

The classification and measurement of financial assets is based on the business model within which they are held and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payments of Principal and Interest (SPPI) criteria are measured at Fair Value Through Profit or Loss ('FVTPL') regardless of the business model in which they are held. The Bank's business model in which financial assets are held determines whether the financial assets are measured at Amortised Cost ('AC'), Fair Value through Other Comprehensive Income ('FVOCI') or Fair Value Through Profit or Loss ('FVTPL').

The business model reflects how groups of financial assets are managed to achieve a particular business objective. Debt based financial assets can only be held at amortised cost if these are held in order to collect the contractual cash flows ('hold to collect'), and where those contractual cash flows are solely payments of principal and interest (SPPI). Assets may be sold out of 'hold to collect' portfolios where there is an increase in credit risk. Disposals for other reasons are permitted but such sales should be insignificant in value or infrequent in nature.

Debt based financial assets where the business model objectives are achieved by collecting the contractual cash flows and by selling the assets ('hold to collect and sell') and that have SPPI cash flows are measured at FVOCI, with unrealized gains or losses are deferred in reserves until the asset is derecognized. The debt based financial assets that are held for trading purposes are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset at FVTPL that otherwise meets the requirements to be measured at amortised cost or at FVOCI; if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The classification of equity instruments is generally measured at FVTPL unless the Bank, at initial recognition, irrevocably designates the investment as FVOCI in which case, both the unrealized and realized gains or losses are recognized in reserves and no amounts other than dividends received are recognized in the statement of profit and loss account.

All other financial assets will mandatorily be held at FVTPL. Financial assets may be designated at FVTPL only if doing so eliminates or reduces an accounting mismatch.

6.1.1.3 Fair Valuation of unquoted equity securities

With effect from January 01, 2025, unquoted equity investments are valued at their fair value, in accordance with SBP's BPRD Circular Letter No. 16 dated July 29, 2024, which represents the price at which the investment could be sold in an orderly transaction between market participants at the measurement date. Previously, these were measured at the lower of cost and break up value derived on the basis of their latest available audited financial statements. The Bank has adopted this change retrospectively with date of initial application as January 01, 2025, which resulted in changes in accounting policies and adjustments to the carrying amounts of unquoted equity investments previously recognised in the financial statements. In terms of the transitional provisions of IFRS 9, adjustments to the carrying amounts at the date of transition were recognised in the opening reserves at the beginning of the current period without restating the comparative figures.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2025

The following table reconciles the carrying amounts of unquoted equity securities under the previous accounting policy and their restated amounts on January 01, 2025.

	Carrying amount as at December 31, 2024	Fair valuation of unquoted equity securities	Carrying amount as at January 01, 2025
	(Rupees in '000)		
Investments in financial assets			
FVOCI – Ordinary shares – Unquoted companies			
Cost	1,611,616	–	1,611,616
(Deficit) / Surplus	(207,082)	3,613,343	3,406,261
	1,404,534	3,613,343	5,017,877
Deferred tax asset / (liability)	107,683	(1,878,938)	(1,771,255)
Effect on net assets		1,734,405	

The impact of above on the surplus on revaluation of investments as at January 01, 2025 is as follows:

	(Rupees in '000)
Surplus on revaluation of investments	
Closing balance as at December 31, 2024 – Audited	7,432,621
Increase in the fair valuation of unquoted equity securities carried at FVOCI	3,613,343
Less: related deferred tax	(1,878,938)
	1,734,405
Opening balance as at January 01, 2025 – as restated	9,167,026

6.1.1.4 Derecognition

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

6.1.1.5 Modification

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its customers. When the contractual cash flows of financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in derecognition of that financial asset in accordance with IFRS 9, the Bank recalculates the gross carrying amount of the financial asset and shall recognize a modification gain or loss in the statement of profit and loss account. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial assets original effective interest rate (or credit–adjusted effective interest rate for purchased or originated credit–impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the financial asset.

6.1.1.6 Expected Credit Loss (ECL)

The Bank assesses on a forward–looking basis the Expected Credit Loss ('ECL') associated with all advances and other debt based financial assets not held at FVTPL, together with letter of credit, financial guarantees and unutilised financing commitments, hereinafter referred to as "Financial Instruments". The Bank recognises a credit loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability–weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the LifeTime Expected Credit Loss or LTECL), unless there has been no significant increase in credit risk (SICR) since origination, in which case, the allowance is based on the 12 months' Expected Credit Loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at facility level.

Staging criteria / Significant Increase in Credit Risk (SICR)

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in risk of default occurring over the remaining life of the financial instrument. The Bank uses a number of qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Internal Credit Risk Rating (ICRR) or where principal and / or interest payments are 60 days or more past due. Qualitative factors include restructuring, unavailability of financial information and pending litigations. Based on the level of increase in credit risk, the Bank shall calculate 12mECL for assets which did not have a SICR i.e., Stage 1 or a LTECL for the life of the asset (for assets which demonstrated a SICR) i.e., Stage 2.

Based on the above process, the Bank groups its financial instruments into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1:	When financial instruments are first recognised, the Bank recognises an allowance based on 12mECL. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to the Exposure At Default (EAD) and multiplied by the expected / forward looking Loss Given Default (LGD) and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.
Stage 2:	When a financial instrument has shown SICR since origination, the Bank records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash flows are discounted by an approximation to the original EIR.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2025

Stage 3:	For financial instruments considered credit-impaired, the Bank recognises the LTECLs for these instruments. The Bank uses a PD of 100% and the forward looking LGD as computed for each portfolio / segment.
Guarantee & Letter of Credit contracts:	The Bank performs internal assesment and estimates ECLs based on the BASEL driven Credit Conversion Factor (CCF) for guarantee and letter of credit contracts respectively. The calculation is made using a probability-weighting of three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

Portfolio Segmentation

For assessment of significant deterioration in credit risk and estimation of corresponding risk parameters, financial instruments have been grouped together based on their shared risk characteristics to collectively assess for significant credit risk deterioration.

ECL Measurement Models

– **Probability of Default (PD):**

The Probability of default (PD) represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining lifetime (Lifetime PD) of the obligation.

– for loans and advances, PD estimation is based on the historic transitions of segmented obligors from one credit state/rating to another credit state/rating. Credit states are defined by rating classes and are based on the Bank's internal credit risk ratings (i.e. from ICRR 1 to ICRR 12). In order to convert historic trends to forward–looking; PD's are weighted by considering key macro–economic drivers affecting credit ratings i.e. (Gross Domestic Product, Consumer Price Index, Volume of Export of Goods, Unemployment)

– For other financial assets (i.e. investments, lending to financial institutions, balances with other banks etc.), historical PDs have been estimated on the basis of global default Rates taken from S&P rating–wise transition matrices. These annual default rates have than been converted into forward–looking point in time PDs using the vasicek model.

– **Exposure at Default (EAD):**

EAD represents the amount of potential exposure that is at risk. The estimation of EAD considers any expected changes in the exposure after the reporting date, including expected drawdowns on committed facilities through the application of a Credit Conversion Factor (CCF). The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has a legal right to call it earlier. However, in case of revolving facilities, the Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank's expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.

– **Loss Given Default (LGD):**

LGD represents an estimate of the loss incurred on a facility in the event of default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive. It is expressed as a percentage of the EAD. The LGDs are determined using workout approach, based on vintage recovery data for the defaulted portfolio; these recoveries are then discounted back to date of default, to factor in time value of money.

The Bank has converted the estimates for segment / product wise historical LGDs (Through the cycle LGDs) into forward looking point in time LGDs using the Jacob Frye model; that estimates LGD as an increasing function of default rate.

The calculation of ECLs

The ECL is determined by projecting the PD, LGD and EAD for each future repayment date and for each individual exposure. These three components are multiplied together, effectively calculating an ECL for each future repayment date, which is then discounted back to the reporting date and summed.

The discount rate used to discount the ECLs is based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities; effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

As per BPRD Circular No. 03 of 2022 and BPRD Circular Letter No. 20 of 2025, ECL of Stage 1 and Stage 2 is calculated as per IFRS 9, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS 9 at borrower / facility level.

When estimating the ECLs, In addition to the base economic scenario, the Bank considers three scenarios (a base case, an upside and a downside case). Each of these is associated with different PDs. The number of scenarios and their attributes are reassessed at each reporting date. The scenario weightings are determined by a combination of statistical analysis and expert credit judgment, taking account of the range of possible outcomes each chosen scenario is representative of.

The Bank's management has only considered cash, liquid securities and Government of Pakistan guarantees as eligible collaterals, while calculating EADs.

The credit exposure (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

General provisions over and above the ECL

ECL calculation under IFRS 9 involves evaluation against multiple qualitative and quantitative parameters, including forward looking estimates, and hence demands a considerable amount of subjectivity. Considering the volatility in current operating and macroeconomic environment, the sensitivity in ECL models could lead to significant variations in the ECL charge reported for comparative periods. In order to overcome this volatility, the Bank has set a minimum threshold for ECL recognition against advances and non–funded exposure classified in Stage 1 and Stage 2. SBP through its BPRD Circular Letter No. 01 dated January 22, 2025 has permitted banks to maintain general provisions, over and above the ECL worked out for Stage 1 and Stage 2, upto December 31, 2026.

– For Advances:

Stage 1:

ECL allowance has been recognized based on IFRS 9 principles. Incase, IFRS 9 provision is less than 1% of gross advances classified under Stage 1, the Bank maintains a general reserve over and above the IFRS 9 based ECL. The general reserve is being maintained as the difference between 1% of gross advances classified under Stage 1 and ECL computed under IFRS 9 principles.

Stage 2:

ECL allowance has been recognized based on IFRS 9 principles. Incase, IFRS 9 provision is less than 5% of gross advances classified under Stage 2, the Bank maintains a general reserve over and above the IFRS 9 based ECL. The general reserve is being maintained as the difference between 5% of gross advances classified under Stage 2 and ECL computed under IFRS 9 principles.

– **For Non–Funded Credit Exposure:**

Stage 1:

ECL allowance has been recognized based on IFRS 9 principles. Incase, IFRS 9 provision is less than 0.20% of non–funded exposure classified under Stage 1, the Bank maintains a general reserve over and above the IFRS 9 based ECL. The general reserve is being maintained as the difference between 0.20% of non–funded exposure classified under Stage 1 and ECL computed under IFRS 9 principles.

Stage 2:

ECL allowance has been recognized based on IFRS 9 principles. Incase, IFRS 9 provision is less than 0.50% of non–funded exposure classified under Stage 2, the Bank maintains a general reserve over and above the IFRS 9 based ECL. The general reserve is being maintained as the difference between 0.50% of non–funded exposure classified under Stage 2 and ECL computed under IFRS 9 principles.

Backward Transition

In line with Bank's IFRS 9 Policy and Regulatory guidelines, financial assets shall be reclassified out of Stage 3 if they fulfil the criteria outlined in the Prudential Regulations (PR) issued by the State Bank of Pakistan (SBP). Similarly, financial assets classified under Stage 2 shall be reclassified to Stage 1 if the conditions that led to a Significant Increase in Credit Risk (SICR) no longer exist. However, a minimum period of three months from the initial downgrade is mandatory before any facility can be moved back to Stage 1 from Stage 2.

For a facility to transition from Stage 3 to Stage 2, it must meet the declassification requirements specified in the relevant Prudential Regulations. An exposure cannot be directly upgraded from Stage 3 to Stage 1; instead, it must first transition to Stage 2 and subsequently complete a cooling–off period of three months before being reclassified to Stage 1.

Impact on Regulatory Capital

The introduction of IFRS 9 has resulted in reduction in regulatory capital of the Banks, which has affected their lending capacity and ability to support their clients. In order to mitigate the impact of ECL provisioning, a transitional arrangement is allowed to the banks to absorb impact on regulatory capital; in accordance with SBP's Guideline for absorption of ECL for CAR Purposes as mentioned in the Annexure B of 'IFRS 9 Application Instructions' issued through BPRD Circular No 3 of 2022. However, the Bank has not availed the benefit of captioned transitional arrangement in regulatory capital.

6.1.1.7 Definition of default

The concept of 'impairment or default' is critical to the implementation of IFRS 9 as it drives determination of risk parameters, i.e. PD, LGD and EAD. The Bank has defined that an exposure with regards to a particular obligor will be treated as having defaulted when either one or both of the following two events have taken place:

– If a customer fails to service mark–up and / or principal within Days Past Due (DPD) criteria as prescribed by SBP from time to time;

– The Bank considers that the obligor is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realizing security (if held).

6.1.2 Application to the Bank's financial liabilities

The financial liabilities are being carried at amortised cost except for derivatives that has been measured at fair value.

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.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non–cash assets transferred or liabilities assumed) is recognised in the statement of profit and loss account.

6.2 IFRS 16 – Lease Liability & Right–of–Use Assets

The Bank enters into leasing arrangements of buildings for its branches and offices. Rental contracts are typically for a fixed period and may have extension options. 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 lease payments to be made over the term of the lease, discounted using the Banks's incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest rate method. The carrying amount is remeasured / adjusted if there are changes in the future cash flows or the lease term.

The right–of–use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date. On subsequent measurement, right–of–use assets are stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of the lease liability.

Right–of–use assets are depreciated on a straight line basis over the lease term as this method closely reflects the expected pattern of consumption of future economic benefits. Carrying amount of the lease liability is derecognized upon termination of the lease contract with corresponding adjustment to right–of–use asset. Gain or loss on termination of lease contract is recognized in the statement of profit and loss account.

The Bank has elected not to recognize a right–of–use asset and the corresponding lease liability for short–term leases with terms of 12 months or less and leases of low–value assets. Payments associated with these leases are recognized as an expense in the statement of profit or loss account on a straight–line basis.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand–alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right–of–use asset.

6.3 Investments

Investments include Federal Government securities, shares, mutual fund units, non–Government debt securities, foreign securities, associates and subsidiaries. Classification and measurement of investments has been detailed in note 6.1.

6.3.1 Investments in Subsidiaries and Associates

Associates are all entities over which the Bank has significant influence but not control. Subsidiaries are all entities over which the Bank has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. Investments in subsidiaries and investments in associates are carried at cost less accumulated impairment losses, if any.

Impairment against investment in subsidiaries and associates is assessed as per the requirements of IAS 36 'Impairment of Assets'.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2025

6.4 Sale and repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in these unconsolidated financial statements as investments and the counter party liability is included in borrowings, unless the securities qualify for derecognition upon transfer of substantial risks and rewards associated with the securities to the counter party. Securities purchased under an agreement to resell (reverse repo) are not recognized in these unconsolidated financial statements as investments and the amount extended to the counter party is included in lending's to financial institutions. The difference between the purchase / sale and re–sale / re–purchase price is recognized as mark–up income / expense on a time proportion basis, as the case may be.

6.5 Loans and advances

Loans and advances including net investment in finance lease are stated net of credit loss allowance and general reserve. Credit loss allowance against loans and advances have been made in accordance with the requirements of Prudential Regulations, IFRS 9 application instructions and various circulars issued by the SBP from time to time. The Bank also maintains a general reserve against loans and advances, over and above the IFRS 9 based ECL, as permitted by SBP under BPRD Circular Letter No. 01 dated January 22, 2025.

Staff loans and subsidised loans disbursed under Temporary Economic Refinance Facility (TERF) have been recorded at fair value resulting in recognition of fair value adjustment on initial recognition. Unwinding of income on fair value adjustment is recognised in the statement of profit and loss account.

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 recognized at an amount equal to the present value of the lease payments including any guaranteed residual value. Finance lease receivables are included in advances to the customers.

Advances are written off / charged off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

6.6 Property and equipment and depreciation

Property and equipment other than land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Buildings are carried at revalued amount less any accumulated depreciation and subsequent impairment losses, if any. Land is carried at revalued amount less any subsequent impairment losses, if any. Cost of property and equipment of foreign operations includes exchange differences arising on currency translation at year–end rates.

Capital work–in–progress is stated at cost less accumulated impairment losses, if any. These are transferred to specific assets as and when assets become available for use.

Depreciation on all property and equipment (excluding land) is charged using the straight line method in accordance with the rates specified in note 12.2 to these unconsolidated financial statements and after taking into account residual value, if any. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off.

Land and buildings are revalued by independent, professionally qualified valuers with sufficient regularity to ensure that their net carrying amount does not differ materially from their fair value. An increase arising on revaluation is credited to the surplus on revaluation of property and equipment account. A decrease arising on revaluation of property and equipment is adjusted against the surplus of that asset or, if no surplus exists, is charged to the statement of profit and loss account as an impairment of the asset. A surplus arising subsequently on an impaired asset is reversed through the statement of profit and loss account up to the extent of the original impairment.

Surplus on revaluation of property and equipment (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

Gains / losses on sale of property and equipment are credited / charged to the statement of profit and loss account currently, except that the related surplus on revaluation of land and buildings (net of deferred taxation) is transferred directly to unappropriated profit.

Subsequent costs are included in the asset's carrying amount or are recognized 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. All other repairs and maintenance are charged to the statement of profit and loss account.

6.7 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the cost of the intangible assets are amortised over its estimated useful lives over which economic benefits are expected to flow to the Bank. The useful lives are reviewed and adjusted, if appropriate, at each reporting date.

6.8 Impairment

The carrying amount of assets are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. The resulting impairment loss is taken to the statement of profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

6.9 Staff retirement benefits

The Bank operates the following staff retirement benefits for its employees:

a) For clerical / non–clerical staff who did not opt for the new scheme, the Bank operates the following:

- an approved contributory provident fund;
- an approved gratuity scheme; and
- a contributory benevolent scheme

b) For clerical / non–clerical staff who joined the Bank after the introduction of the new scheme and for others who opted for the new scheme introduced in 1975, the Bank operates the following:

- an approved non–contributory provident fund introduced in lieu of the contributory provident fund;
- an approved pension fund; and
- contributory benevolent scheme

c) For officers who joined the Bank after the introduction of the new scheme and for others who opted for the new scheme introduced in 1977, the Bank operates the following:

- an approved non–contributory provident fund introduced in lieu of the contributory provident fund;
- an approved pension fund, and
- contributory benevolent fund.

However, the management has replaced the pension benefits for employees in the officer category with a contributory provident fund for services rendered after December 31, 2003.

d) For executives and officers who joined the Bank on or after January 01, 2000, the Bank operates an approved contributory provident fund.

e) Post retirement medical benefits to entitled employees.

Annual contributions towards the defined benefit plans and schemes are made on the basis of actuarial advice using the Projected Unit Credit Method. The above benefits are payable to staff at the time of separation from the Bank's services subject to the completion of qualifying period of service. Actuarial gains / losses arising from experience adjustments and changes in actuarial assumptions are recognized in statement of comprehensive income in the period of occurrence.

Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment. The Bank recognizes past service cost as an expense at the earlier of the following dates:

(i) when the plan amendment or curtailment occurs; and
(ii) when the Bank recognizes related restructuring costs or termination benefits.

Employees' compensated absences

Liability in respect of employees' compensated absences is accounted for in the year in which these are earned on the basis of actuarial valuation carried out using the Projected Unit Credit Method. Actuarial gains / losses arising from experience adjustments and changes in actuarial assumptions are recognized in the statement of profit and loss account in the period of occurrence.

6.10 Taxation

Current and prior years

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credits and rebates. The charge for current tax also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The Bank records deferred tax assets / liabilities using the tax rates, enacted or substantively enacted by the reporting date expected to be applicable at the time of its reversal. Deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The Bank also recognizes deferred tax asset / liability on deficit / surplus on revaluation of securities and deferred tax liability on surplus on revaluation of property and equipment which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS) 12, 'Income Taxes'.

Deferred tax liability is not recognized in respect of taxable temporary differences associated with exchange translation reserves of foreign operations, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

6.11 Provisions

Provisions are recognized when the Bank has a legal or constructive obligation as a result of past events and 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 reporting date and are adjusted to reflect the current best estimates.

6.12 Foreign currencies

6.12.1 Foreign currency transactions

Transactions in foreign currencies other than the results of foreign operations discussed in note 6.12.2 are translated to Pak Rupees at the foreign exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in Pak Rupee terms at the rates of exchange prevailing at the reporting date. Forward foreign exchange contracts are valued at the rates applicable to their respective maturities.

6.12.2 Foreign operations

The assets and liabilities of foreign branches are translated to Pak Rupees at exchange rates prevailing at the statement of financial position date. The results of foreign operations are translated to Rupees at the average rate of exchange for the year.

6.12.3 Translation gains and losses

Translation gains and losses are included in the statement of profit and loss account, except those arising on the translation of the Bank's net investment in foreign branches, which are taken to the capital reserve (exchange translation reserve) until the disposal of the net investment, at which time these are recognized in the statement of profit and loss account.

6.12.4 Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in these unconsolidated financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Pak Rupee terms at the rates of exchange prevailing at the statement of financial position date.

6.13 Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers.

6.14 Revenue recognition

- Mark–up / interest on advances and returns on investments are recognized on an accrual basis using the effective interest method except that mark–up / interest on non–performing advances and investments is recognized on a receipt basis, in accordance with the requirements of the Prudential Regulations issued by the SBP or as permitted by the regulations of the overseas regulatory authorities of countries where the branches operate.

- Fee, brokerage and commission income is recognized on an accrual basis.

- Dividend income is recognized when the Bank's right to receive dividend is established.

6.15 Assets acquired in satisfaction of claims

Non–Banking Assets (NBA) acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation and impairment loss. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of NBA is credited to the 'surplus on revaluation of non–banking assets' account through statement of comprehensive income and any deficit arising on revaluation is taken to the statement of profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property are charged to profit and loss account and not capitalized.

6.16 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks and balances with other banks (net of overdrawn Nostro balances) in current and deposit accounts.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2025

6.17 Financial instruments

6.17.1 Financial assets and financial liabilities

Financial instruments carried on the statement of financial position include cash and balances with treasury banks, balances with other banks, lendings to financial institutions, investments, advances, other assets, bills payable, borrowings, deposits and other liabilities. The particular recognition, classification and measurement methods adopted for significant financial assets and financial liabilities are disclosed under note 6.1 and within the individual policy statements associated with these assets and liabilities.

6.17.2 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value using valuation techniques. All the derivative financial instruments are carried as an asset when the fair value is positive and as a liability when the fair value is negative. Any change in the fair value of derivative financial instruments is taken to the statement of profit and loss account currently.

6.17.3 Off setting

Financial assets and financial liabilities are off set and the net amount is reported in these unconsolidated financial statements when there is a legally enforceable right to set off and the Bank intends either to settle on a net basis, or to realize the assets and settle the liabilities, simultaneously.

6.18 Borrowings / deposits

Borrowings / deposits are recorded at the proceeds received except for Temporary Economic Refinance Facility (TERF) borrowing from the SBP which has been recorded at fair value on initial recognition. Unwinding of expense on fair value adjustment is recognised in the statement of profit and loss account. The cost of other borrowings / deposits is recognized as an expense in the statement of profit and loss account on an accrual basis using effective interest method.

6.19 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Bank's primary format of reporting is based on business segments.

6.19.1 Business segments

Retail Banking

This includes retail lending and deposits, banking services, cards and branchless banking.

Corporate Banking

This comprises of loans, deposits, project financing, trade financing, investment banking and other banking activities / with Bank's corporate and public sector customers.

Consumer Banking

This segment primarily constitutes consumer financing activities with individual customers of the Bank. Product suite offered to these customers include credit cards, auto loans, housing finance and personal loans.

Treasury

This includes fixed income, equity, foreign exchange, credit, funding, own position securities, lending's and borrowings and derivatives for hedging and market making.

International Banking

This comprises of loans, deposits, project financing, trade financing, investment banking and other banking activities by Bank's overseas operations.

Others

This includes the head office related activities and other functions which cannot be classified in any of the above segments.

6.19.2 Geographical segments

The Bank operates in three geographic regions being:

- Pakistan
- South Asia
- Middle East

6.20 Dividend distribution and appropriation

Dividends (including bonus dividend) and other appropriations (except appropriations which are required by law) are recognized in the period in which these are approved.

6.21 Business combination

Business combinations other than under common control transaction are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition–related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognized directly in the statement of profit and loss account or as directed by the SBP.

6.22 Earnings Per Share

The Bank presents basic and diluted Earnings Per Share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is not calculated seperately, as the Bank doesnt have any convertible instruments in issue.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2025

	Note	2025	2024
		(Rupees in '000)	
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		39,426,882	36,773,730
Foreign currencies		7,212,191	5,702,061
		46,639,073	42,475,791
With State Bank of Pakistan in			
Local currency current account	7.1	83,881,413	88,510,145
Foreign currency current accounts	7.2	5,606,778	4,996,806
Foreign currency deposit account	7.3	8,716,198	8,178,869
		98,204,389	101,685,820
With other central banks in			
Foreign currency current accounts	7.4	22,595,643	20,199,247
With National Bank of Pakistan in			
Local currency current accounts		22,917,504	4,559,842
Prize bonds		109,340	139,503
Less: Credit loss allowance held against cash and balances with treasury banks		(382,423)	(552,588)
Cash and balances with treasury banks – net of credit loss allowance		190,083,526	168,507,615

7.1 This represents current account maintained with the SBP under the Cash Reserve Requirement of section 22 of the Banking Companies Ordinance, 1962.

7.2 These represents foreign currencies settlement accounts and a foreign currency current account maintained under the cash reserve requirement of the SBP.

7.3 This represents account maintained with the SBP to comply with the Special Cash Reserve requirement. This includes balance of Rs. 8,716.198 million (2024: Rs. 8,178.869 million) which carries interest rate of 2.69% (2024: 3.53%) per annum as declared by SBP.

7.4 Foreign currency current accounts with other central banks are maintained to meet their minimum cash reserves and capital requirements pertaining to the foreign branches of the Bank.

	Note	2025	2024
		(Rupees in '000)	
8. BALANCES WITH OTHER BANKS			
Inside Pakistan			
In current account		247,620	11,688
Outside Pakistan			
In current accounts		20,886,919	4,688,039
In deposit accounts	8.1	18,800,419	23,152,131
		39,687,338	27,840,170
Less: Credit loss allowance held against balances with other banks		(236,892)	(9,979)
Balances with other banks – net of credit loss allowance		39,698,066	27,841,879

8.1 Balances with other banks outside Pakistan in deposit accounts carry interest rate of 3.25% to 8.14% (2024: 2.00% to 8.75%) per annum.

	Note	2025	2024
		(Rupees in '000)	
9. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings	9.1	94,049,292	55,655,526
Repurchase agreement lendings (Reverse Repo)	9.2	5,000,000	–
		99,049,292	55,655,526
Less: Credit loss allowance held against lending to financial institutions		(993)	(22)
Lending to financial institutions – net of credit loss allowance		99,048,299	55,655,504

9.1 Call money lendings carry mark–up rate ranging from 3.65% to 10.55% (2024: 4.40% to 15.75%) per annum and are due to mature latest by May 25, 2026.

9.2 Repurchase agreement lendings carry mark–up at the rate of 10.55% (2024: Nil) per annum.

	2025	2024
	(Rupees in '000)	
9.3 Particulars of lending		
In local currency	16,747,596	200,000
In foreign currencies	82,301,696	55,455,526
	99,049,292	55,655,526

	2025			2024		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	(Rupees in '000)					
9.4 Securities held as collateral against Lending to financial institutions						
Market Treasury Bills	5,000,000	–	5,000,000	–	–	–
Pakistan Investment Bonds	–	–	–	–	–	–
Total	5,000,000	–	5,000,000	–	–	–

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2025

		2025		2024	
		Lending	Credit loss allowance	Lending	Credit loss allowance
		(Rupees in '000)			
9.5	**Lending to FIs – Particulars of credit loss allowance**				
	Domestic				
Performing	Stage 1	16,747,596	(993)	200,000	(22)
Under performing	Stage 2	–	–	–	–
Non–performing	Stage 3				
Substandard		–	–	–	–
Doubtful		–	–	–	–
Loss		–	–	–	–
		–	–	–	–
Total		16,747,596	(993)	200,000	(22)
	Overseas				
Performing	Stage 1	82,301,696	–	55,360,426	–
Under performing	Stage 2	–	–	95,100	–
Non–performing	Stage 3				
Substandard		–	–	–	–
Doubtful		–	–	–	–
Loss		–	–	–	–
		–	–	–	–
Total		82,301,696	–	55,455,526	–

	2025			
	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)			
Balance at the start of the year	22	–	–	22
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Net remeasurement of credit loss allowance	22	–	–	22
New financial assets originated or purchased	993	–	–	993
Financial assets that have been derecognised	(22)	–	–	(22)
Write offs	–	–	–	–
Unwind of discount	–	–	–	–
Changes in risk parameters (PDs/LGDs/EADs)	–	–	–	–
Balance at the end of the year	993	–	–	993

	2024			
	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)			
Balance at the start of the year	–	–	–	–
Impact of ECL on adoption of IFRS 9	5,983	–	–	5,983
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Net remeasurement of credit loss allowance	5,983	–	–	5,983
New financial assets originated or purchased	22	–	–	22
Financial assets that have been derecognised	(5,983)	–	–	(5,983)
Write offs	–	–	–	–
Unwind of discount	–	–	–	–
Changes in risk parameters (PDs/LGDs/EADs)	–	–	–	–
Balance at the end of the year	22	–	–	22

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2025

10. INVESTMENTS

	Note	2025 Cost / Amortised cost	2025 Credit loss allowance	2025 Surplus/ (Deficit)	2025 Carrying Value	2024 Cost / Amortised cost	2024 Credit loss allowance	2024 Surplus/ (Deficit)	2024 Carrying Value
		(Rupees in '000)							
10.1 Investments by type:									
– Debt instruments:									
Classified / Measured at FVTPL									
Federal Government Securities		873,016	–	–	873,016	2,621,794	–	–	2,621,794
Non Government Debt Securities		8,646,961	–	(9,586)	8,637,375	9,838,181	–	(31,052)	9,807,129
Foreign securities		1,398,413	–	(5,135)	1,393,278	–	–	–	–
		10,918,390	–	(14,721)	10,903,669	12,459,975	–	(31,052)	12,428,923
Classified / Measured at FVOCI									
Federal Government Securities		1,726,971,121	(169,923)	37,363,453	1,764,164,651	1,010,039,782	(425,777)	3,822,524	1,013,436,529
Foreign Securities		66,938,879	–	62,470	67,001,349	58,082,509	–	38,551	58,121,060
		1,793,910,000	(169,923)	37,425,923	1,831,166,000	1,068,122,291	(425,777)	3,861,075	1,071,557,589
Classified / Measured at amortised cost									
Federal Government Securities		6,389,592	(201,618)	–	6,187,974	12,917,566	(215,096)	–	12,702,470
Provincial Government Securities		118	(118)	–	–	118	(118)	–	–
Non Government Debt Securities		1,191,229	(469,426)	–	721,803	1,360,360	(479,969)	–	880,391
Foreign securities		361,880	(160)	–	361,720	–	–	–	–
		7,942,819	(671,322)	–	7,271,497	14,278,044	(695,183)	–	13,582,861
– Equity instruments:									
Classified / Measured at FVTPL									
Shares and units									
Listed companies		2,703,278	–	276,408	2,979,686	1,470,023	–	249,509	1,719,532
Unlisted companies		–	–	–	–	–	–	–	–
		2,703,278	–	276,408	2,979,686	1,470,023	–	249,509	1,719,532
Classified / Measured at FVOCI (Non-Reclassifiable)									
Shares									
Listed companies		49,099,703	–	19,753,902	68,853,605	36,259,896	–	11,830,638	48,090,534
Unlisted companies		1,560,079	–	5,821,500	7,381,579	1,611,616	–	(207,082)	1,404,534
		50,659,782	–	25,575,402	76,235,184	37,871,512	–	11,623,556	49,495,068
– Associates									
Adamjee Insurance Company Limited		647,880	–	–	647,880	647,880	–	–	647,880
Euronet Pakistan (Private) Limited		52,521	–	–	52,521	52,521	–	–	52,521
	10.13	700,401	–	–	700,401	700,401	–	–	700,401
– Subsidiaries									
MCB Islamic Bank Limited		15,550,000	–	–	15,550,000	15,550,000	–	–	15,550,000
MCB Investment Management Limited		970,048	–	–	970,048	970,048	–	–	970,048
MCB Exchange Company (Private) Limited		1,000,000	–	–	1,000,000	1,000,000	–	–	1,000,000
MCB Non-Bank Credit Organization Closed Joint Stock Company		448,189	–	–	448,189	448,189	–	–	448,189
	10.13	17,968,237	–	–	17,968,237	17,968,237	–	–	17,968,237
Total Investments		1,884,802,907	(841,245)	63,263,012	1,947,224,674	1,152,870,483	(1,120,960)	15,703,088	1,167,452,611

10.2 Investments by segments:

	2025				2024			
	Cost / Amortised cost	Credit loss allowance	Surplus/ (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance	Surplus/ (Deficit)	Carrying Value
	(Rupees in '000)							
Federal Government Securities:								
Market Treasury Bills	112,756,793	–	320,765	113,077,558	76,304,280	–	396,778	76,701,058
Pakistan Investment Bonds	1,609,217,810	–	36,807,455	1,646,025,265	937,666,454	–	3,322,639	940,989,093
Islamic Naya Pakistan Certificates	873,016	–	–	873,016	2,621,794	–	–	2,621,794
Euro Bonds	11,386,110	(371,541)	235,233	11,249,802	8,986,614	(640,873)	103,107	8,448,848
	1,734,233,729	(371,541)	37,363,453	1,771,225,641	1,025,579,142	(640,873)	3,822,524	1,028,760,793
Provincial Government Securities	118	(118)	–	–	118	(118)	–	–
Shares and units:								
Listed Companies	51,802,981	–	20,030,310	71,833,291	37,729,919	–	12,080,147	49,810,066
Unlisted Companies	1,552,675	–	5,744,819	7,297,494	1,604,071	–	(205,199)	1,398,872
	53,355,656	–	25,775,129	79,130,785	39,333,990	–	11,874,948	51,208,938
Non Government Debt Securities								
Listed	1,283,691	–	–	1,283,691	1,873,691	–	(2,950)	1,870,741
Unlisted	8,554,499	(469,426)	(9,586)	8,075,487	9,324,850	(479,969)	(28,102)	8,816,779
	9,838,190	(469,426)	(9,586)	9,359,178	11,198,541	(479,969)	(31,052)	10,687,520
Foreign Securities								
Government securities	66,938,879	–	62,470	67,001,349	58,082,509	–	38,551	58,121,060
Fixed Income Portfolio	1,398,413		(5,135)	1,393,278	–	–	–	–
Commercial papers	361,880	(160)	–	361,720	–	–	–	–
Unlisted equity securities	7,404	–	76,681	84,085	7,545	–	(1,883)	5,662
	68,706,576	(160)	134,016	68,840,432	58,090,054	–	36,668	58,126,722
Associates								
Adamjee Insurance Company Limited	647,880	–	–	647,880	647,880	–	–	647,880
Euronet Pakistan (Private) Limited	52,521	–	–	52,521	52,521	–	–	52,521
	700,401	–	–	700,401	700,401	–	–	700,401
Subsidiaries								
MCB Islamic Bank Limited	15,550,000	–	–	15,550,000	15,550,000	–	–	15,550,000
MCB Investment Management Limited	970,048	–	–	970,048	970,048	–	–	970,048
MCB Exchange Company (Private) Limited	1,000,000	–	–	1,000,000	1,000,000	–	–	1,000,000
MCB Non-Bank Credit Organization Closed								
Joint Stock Company	448,189	–	–	448,189	448,189	–	–	448,189
	17,968,237	–	–	17,968,237	17,968,237	–	–	17,968,237
Total Investments	1,884,802,907	(841,245)	63,263,012	1,947,224,674	1,152,870,483	(1,120,960)	15,703,088	1,167,452,611

10.2.1 Investments given as collateral

	2025	2024
	(Rupees in '000)	
– Market Treasury Bills	4,459,153	18,468,908
– Pakistan Investment Bonds	389,509,264	160,686,611
	393,968,417	179,155,519

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		2025				2024			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
		(Rupees in '000)							
10.3	Particulars of exposure against debt securities								
	Opening balance	1,083,548,148	10,836,684	475,478	1,094,860,310	1,219,167,605	15,639,458	477,659	1,235,284,722
	New investments	1,249,772,373	4,508,266	-	1,254,280,639	556,357,257	-	-	556,357,257
	Investments derecognised or repaid	(532,966,570)	(3,394,949)	(8,221)	(536,369,740)	(691,976,714)	(4,802,774)	(2,181)	(696,781,669)
	Transfer to stage 1	-	-	-	-	-	-	-	-
	Transfer to stage 2	-	-	-	-	-	-	-	-
	Transfer to stage 3	-	-	-	-	-	-	-	-
		716,805,803	1,113,317	(8,221)	717,910,899	(135,619,457)	(4,802,774)	(2,181)	(140,424,412)
	Amounts written off / charged Off	-	-	-	-	-	-	-	-
	Exchange adjustments	-	-	-	-	-	-	-	-
	Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-	-	-	-	-
	Closing balance	1,800,353,951	11,950,001	467,257	1,812,771,209	1,083,548,148	10,836,684	475,478	1,094,860,310
10.4	Particulars of credit loss allowance against debt securities								
	Opening balance	4,609	640,873	475,478	1,120,960	-	675,088	477,659	1,152,747
	Impact of adoption of IFRS 9	-	-	-	-	4,304	-	-	4,304
	Balance after adoption of IFRS 9	4,609	640,873	475,478	1,120,960	4,304	675,088	477,659	1,157,051
	New investments	160	140,457	-	140,617	-	-	-	-
	Investments derecognised or repaid	(2,322)	(118,095)	(8,221)	(128,638)	-	(26,243)	(2,181)	(28,424)
	Transfer to stage 1	-	-	-	-	-	-	-	-
	Transfer to stage 2	-	-	-	-	-	-	-	-
	Transfer to stage 3	-	-	-	-	-	-	-	-
		(2,162)	22,362	(8,221)	11,979	-	(26,243)	(2,181)	(28,424)
	Amounts written off / charged Off	-	-	-	-	-	-	-	-
	Exchange Adjustments	-	4,482	-	4,482	-	(7,972)	-	(7,972)
	Changes in risk parameters (PDs/LGDs/EADs)	-	(296,176)	-	(296,176)	305	-	-	305
	Closing balance	2,447	371,541	467,257	841,245	4,609	640,873	475,478	1,120,960

		2025		2024	
		Outstanding amount	Credit loss allowance	Outstanding amount	Credit loss allowance
		(Rupees in '000)			
10.5	**Particulars of credit loss allowance against debt securities**				
	Domestic				
Performing	Stage 1	1,719,109,725	2,287	1,025,465,639	–
Under performing	Stage 2	563,891	–	1,850,070	–
Non–performing	Stage 3				
Substandard		–	–	–	–
Doubtful		–	–	–	–
Loss		467,257	467,257	475,478	475,478
		467,257	467,257	475,478	475,478
		1,720,140,873	469,544	1,027,791,187	475,478
	Overseas				
Performing	Stage 1	81,244,226	160	58,082,509	4,609
Under performing	Stage 2	11,386,110	371,541	8,986,614	640,873
Non–performing	Stage 3	–	–	–	–
		92,630,336	371,701	67,069,123	645,482
		1,812,771,209	841,245	1,094,860,310	1,120,960

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10.6 Quality of Fair Value through Other Comprehensive Income (FVOCI) securities

Details regarding quality of securities held under "Held to Collect and Sell" model

	2025	2024
	Cost (Rupees in '000)	
Federal Government Securities – Government guaranteed		
Market Treasury Bills	112,756,793	76,304,280
Pakistan Investment Bonds	1,609,217,810	927,787,294
Euro Bonds	4,996,518	5,948,208
	1,726,971,121	1,010,039,782
Listed Companies and mutual funds		
Automobile Assembler	2,869,379	2,133,261
Automobile Parts and Accessories	211,460	211,460
Cable and Electrical Goods	2,434,873	730,219
Cement	1,153,248	2,770,994
Chemical	166,414	949,662
Close end Mutual Fund	1,186,851	1,186,851
Commercial Banks	2,359,265	1,519,995
Engineering	1,672,853	2,305,868
Fertilizer	2,647,283	2,039,794
Food and Personal Care Products	3,323,921	2,121,951
Glass and Ceramics	–	340,673
Insurance	494,496	661,879
Investment Banks / Investment Companies / Securities Companies	832,720	700,435
Oil and Gas Exploration Companies	12,075,403	7,279,940
Oil and Gas Marketing Companies	6,780,965	519,747
Paper and Board	13,461	562,738
Pharmaceuticals	–	312,627
Power Generation and Distribution	6,499,843	6,800,985
Refinery	2,004,422	458
Technology and Communication	1,546,935	2,135,334
Tobacco	711,138	824,921
Textile composite	98,604	133,935
Textile spinning	16,169	16,169
	49,099,703	36,259,896

	2025		2024	
	Cost	Carrying value	Cost	Breakup value
	(Rupees in '000)			
Unlisted Companies				
Central Depository Company Limited	184,426	1,872,542	184,426	1,116,664
First Capital Investment Private Limited	2,500	1,786	2,500	3,072
First Women Bank Limited	63,300	200,805	63,300	178,242
ISE Towers REIT Management Company Limited	30,346	110,227	30,346	127,935
National Investment Trust Limited	1,027,651	1,816,189	1,027,651	2,148,599
National Institutional Facilitation Technologies	1,527	87,609	1,527	62,042
Pak Agro Storage And Service Corporation*	2,500	–	2,500	1,629,506
1 Link Private Limited	50,000	3,208,336	50,000	1,182,173
Naymat Collateral Management Company	29,286	–	29,286	4,042
Pakistan Corporate Restructuring Company	–	–	51,396	32,581
Arabian Sea Country Club*	5,000	–	5,000	–
SME Bank Limited*	10,106	–	10,106	–
Al–Ameen Textile Mills Limited*	197	–	197	–
Custodian Management Services*	1,000	–	1,000	–
Galaxy Textile Mills Limited*	30,177	–	30,177	–
Pakistan Textile City Private Limited*	50,000	–	50,000	–
Ayaz Textile Mills Limited*	2,253	–	2,253	–
Musarrat Textile Mills Limited*	36,045	–	36,045	–
Sadiqabad Textile Mills Limited*	26,361	–	26,361	–
	1,552,675	7,297,494	1,604,071	6,484,856

*These investments are fully provided.

	2025		2024	
	Cost	Rating	Cost	Rating
	(Rupees in '000)			
Foreign Securities				
Government Securities				
– United Arab Emirates	56,972,523	AA	46,989,756	AA
– Sri Lanka	9,966,356	*CCC+	11,092,753	*CCC+

*Local currency rating as the Bank has Nil investment in Foreign Currency Bonds.

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	2025	2024
	Cost	
	(Rupees in '000)	
Unlisted Equity Securities		
LankaPay (Private) Limited	905	951
Credit Information Bureau of Sri Lanka	27	29
Lanka Financial Services Bureau Limited	1,809	1,902
Society for Worldwide Inter Fund Transfer (SWIFT)	4,663	4,663
	7,404	7,545

10.7 Particulars relating to securities classified Under Amortised Cost (AC) securities

Details regarding quality of securities held under "Held to Collect" model

	2025	2024
	Cost	
	(Rupees in '000)	
Federal Government Securities – Government guaranteed		
Pakistan Investment Bonds	–	9,879,160
Euro Bonds	6,389,592	3,038,406
	6,389,592	12,917,566
Provincial Government Securities – Government guaranteed	118	118
Non Government Debt Securities		
Unlisted		
– AAA	–	–
– AA+, AA, AA–	–	–
– A+, A, A–	724,091	885,000
– BB+, BB, BB–	–	–
– Unrated	467,138	475,360
	1,191,229	1,360,360

10.7.1 The market value of securities classified as amortised cost as at December 31, 2025 amounted to Rs. 7,698.644 million (2024: Rs. 13,398.946 million).

10.8 FVOCI Market Treasury Bills and Pakistan Investment Bonds are eligible for rediscounting with the State Bank of Pakistan.

10.9 With effect from January 01, 2025, unquoted equity investments are valued at their fair value, in accordance with SBP's BPRD Circular Letter No. 16 dated July 29, 2024. Previously, these were measured at the lower of cost and break up value derived on the basis of their latest available audited financial statements. Valuation techniques used in determination of fair valuation of unquoted equity investments as at December 31, 2025, have been disclosed in note. 43.5.

10.10 Investments include Pakistan Investment Bonds amounting to Rs. 29.4 million (2024: Rs. 29.4 million) earmarked by the SBP against TT discounting facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (2024: Rs. 5 million) have been pledged with the Controller of Military Accounts on account of Regimental Fund account and Pakistan Investment Bonds amounting to Rs. 200 million (2024: Rs. 200 million) have been pledged with the National Clearing Company of Pakistan Limited (NCCPL) on account of removal of irrevocable undertaking as alternate option for collateral against participant's exposure in stock market.

10.11 Investment of the Bank in Adamjee Insurance Company Limited is carried at cost amounting to Rs. 647.880 million (2024: Rs. 647.880 million) as at December 31, 2024. The market value of the investment in Adamjee Insurance Company Limited as at December 31, 2025 amounted to Rs. 5,679.100 million (2024: Rs. 3,496.500 million).

10.12 Certain approved / Government securities are kept with the SBP to meet statutory liquidity requirements calculated on the basis of domestic demand and time liabilities.

10.13 Summarized financial information of associates and subsidiaries

Name	Country of incorporation	% of interest held	Revenue	Profit / (loss) after tax	Total comprehensive income / (loss)	Assets	Liabilities
			(Rupees in '000)				
2025							
Associates							
Euronet Pakistan (Private) Limited (unaudited based on December 31, 2025)	Pakistan	30%	2,417,659	440,980	440,980	3,155,701	2,434,018
Adamjee Insurance Company Limited (unaudited based on September 30, 2025)	Pakistan	20%	52,612,992	4,475,970	7,807,970	258,072,849	208,571,009
Subsidiaries							
MCB Islamic Bank Limited (audited based on December 31, 2025)	Pakistan	100%	32,684,154	2,279,490	1,821,975	337,298,018	309,530,037
MCB Investment Management Limited (audited based on June 30, 2025)	Pakistan	81.42%	4,787,594	1,758,371	1,758,371	5,023,564	1,743,181
MCB Non-Bank Credit Organization Closed Joint Stock Company (audited based on December 31, 2025)	Azerbaijan	99.94%	1,102,344	255,490	255,490	7,439,845	5,756,939
MCB Exchange Company (Private) Limited (unaudited based on December 31, 2025)	Pakistan	100%	90,062	(43,141)	(43,141)	1,097,364	97,208

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Name	Country of incorporation	% of interest held	Revenue	Profit / (loss) after tax	Total comprehensive income / (loss)	Assets	Liabilities
			(Rupees in '000)				
2024							
Associates							
Euronet Pakistan (Private) Limited (unaudited based on December 31, 2024)	Pakistan	30%	1,910,127	321,344	334,085	2,279,467	1,925,074
Adamjee Insurance Company Limited (unaudited based on September 30, 2024)	Pakistan	20%	38,034,803	3,559,856	7,154,122	207,980,763	170,141,927
Subsidiaries							
MCB Islamic Bank Limited (audited based on December 31, 2024)	Pakistan	100%	45,874,654	4,238,672	4,820,477	307,343,628	281,397,622
MCB Investment Management Limited (audited based on June 30, 2024)	Pakistan	81.42%	1,841,338	861,302	861,302	3,267,731	1,313,719
MCB Non–Bank Credit Organization Closed Joint Stock Company (audited based on December 31, 2024)	Azerbaijan	99.94%	845,219	273,005	273,005	5,580,419	4,160,146
MCB Exchange Company (Private) Limited (unaudited based on December 31, 2024)	Pakistan	100%	19,300	11,025	11,025	1,113,739	68,032

11. ADVANCES

	Note	Performing		Non Performing		Total	
		2025	2024	2025	2024	2025	2024
		(Rupees in '000)					
Loans, cash credits, running finances, etc.	11.1	658,172,285	1,012,943,705	49,261,137	52,781,005	707,433,422	1,065,724,710
Bills discounted and purchased		28,400,780	28,327,243	495,012	770,213	28,895,792	29,097,456
Advances – gross		686,573,065	1,041,270,948	49,756,149	53,551,218	736,329,214	1,094,822,166
Credit loss allowance against advances							
– Stage 1		(1,676,548)	(2,400,994)	–	–	(1,676,548)	(2,400,994)
– Stage 2		(343,162)	(845,982)	–	–	(343,162)	(845,982)
– Stage 3		–	–	(38,140,724)	(41,492,020)	(38,140,724)	(41,492,020)
– General	11.5.2	(5,850,070)	(8,456,884)	–	–	(5,850,070)	(8,456,884)
		(7,869,780)	(11,703,860)	(38,140,724)	(41,492,020)	(46,010,504)	(53,195,880)
Advances – net of credit loss allowance		678,703,285	1,029,567,088	11,615,425	12,059,198	690,318,710	1,041,626,286

11.1 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	1,133,960	11,227,529	753,171	13,114,660	1,512,284	7,039,463	714,491	9,266,238
Residual value	454,384	4,141,411	86,784	4,682,579	294,463	2,368,066	65,596	2,728,125
Minimum lease payments	1,588,344	15,368,940	839,955	17,797,239	1,806,747	9,407,529	780,087	11,994,363
Financial charges for future periods	(85,430)	(2,224,717)	(290,039)	(2,600,186)	(74,330)	(1,848,913)	(379,003)	(2,302,246)
Present value of minimum lease payments	1,502,914	13,144,223	549,916	15,197,053	1,732,417	7,558,616	401,084	9,692,117

	2025	2024
	(Rupees in '000)	
11.2 Particulars of advances (Gross)		
In local currency	613,784,005	946,875,715
In foreign currencies	122,545,209	147,946,451
	736,329,214	1,094,822,166
11.3 Advances to Women, Women–owned and Managed Enterprises		
Women	7,547,801	7,975,917
Women Owned and Managed Enterprises	1,137,448	1,281,102
	8,685,249	9,257,019

11.3.1 Gross loans disbursed to women, women–owned and managed enterprises during the year amounted to Rs. 5,568.847 million (2024: Rs. 5,687.207 million).

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For the year ended December 31, 2025

11.4 Particulars of Credit Loss Allowance

11.4.1 Advances – Exposure

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)							
Opening balance	1,008,992,192	32,278,756	53,551,218	1,094,822,166	525,719,078	41,313,117	55,392,567	622,424,762
Impact of adoption of IFRS 9	–	–	–	–	(15,475,631)	(49,815)	–	(15,525,446)
Balance after adoption of IFRS 9	1,008,992,192	32,278,756	53,551,218	1,094,822,166	510,243,447	41,263,302	55,392,567	606,899,316
New advances	97,182,549	2,756,015	56,598	99,995,162	142,547,376	4,934,069	100,608	147,582,053
Advances derecognised or repaid	(121,904,881)	(1,023,946)	(2,340,682)	(125,269,509)	(78,030,815)	(4,961,553)	(1,618,499)	(84,610,867)
Transfer to stage 1	18,353,476	(18,338,947)	(14,529)	–	14,654,895	(14,646,434)	(8,461)	–
Transfer to stage 2	(9,261,511)	9,871,018	(609,507)	–	(9,319,539)	9,472,448	(152,909)	–
Transfer to stage 3	(2,059,481)	(1,169,324)	3,228,805	–	(1,405,717)	(3,979,605)	5,385,322	–
	(17,689,848)	(7,905,184)	320,685	(25,274,347)	68,446,200	(9,181,075)	3,706,061	62,971,186
Amounts written off	–	–	(130,872)	(130,872)	–	–	(1,120,526)	(1,120,526)
Amounts charged off	–	–	(2,192,847)	(2,192,847)	–	–	(1,191,935)	(1,191,935)
Changes in risk parameters (PDs/LGDs/EADs)	(329,830,513)	727,662	(1,792,035)	(330,894,886)	430,302,545	196,529	(3,234,949)	427,264,125
Closing balance	661,471,831	25,101,234	49,756,149	736,329,214	1,008,992,192	32,278,756	53,551,218	1,094,822,166

11.4.2 Advances – Credit loss allowance

	2025					2024				
	Credit loss allowance					Credit loss allowance				
	Stage 1	Stage 2	Stage 3	General	Total	Stage 1	Stage 2	Stage 3	General	Total
	(Rupees in '000)									
Opening balance	2,400,994	845,982	41,492,020	8,456,884	53,195,880	–	–	41,937,130	2,624,303	44,561,433
Impact of ECL on adoption of IFRS 9	–	–	–	–	–	1,856,822	898,536	1,592,047	1,785,938	6,133,343
Balance after adoption of IFRS 9	2,400,994	845,982	41,492,020	8,456,884	53,195,880	1,856,822	898,536	43,529,177	4,410,241	50,694,776
New advances	416,506	38,125	38,215	654,995	1,147,841	304,693	217,927	92,724	1,149,557	1,764,901
Advances derecognised or repaid	(367,958)	(49,677)	(2,015,120)	(852,610)	(3,285,365)	(122,979)	(115,448)	(959,238)	(789,959)	(1,987,624)
Transfer to stage 1	51,000	(50,915)	(85)	(733,497)	(733,497)	312,041	(306,889)	(5,152)	(590,925)	(590,925)
Transfer to stage 2	(163,828)	167,263	(3,435)	397,501	397,501	(28,325)	117,148	(88,823)	291,604	291,604
Transfer to stage 3	(1,234,858)	(601,451)	1,836,309	1,757,248	1,757,248	(11,396)	(54,411)	65,807	(147,230)	(147,230)
	(1,299,138)	(496,655)	(144,116)	1,223,637	(716,272)	454,034	(141,673)	(894,682)	(86,953)	(669,274)
Amounts written off	–	–	(130,872)	–	(130,872)	–	–	(1,120,526)	–	(1,120,526)
Amounts charged off	–	–	(2,192,847)	–	(2,192,847)	–	–	(1,191,935)	–	(1,191,935)
Exchange Adjustments	(25,817)	–	(7,333)	–	(33,150)	64,427	–	(8,568)	–	55,859
Changes in risk parameters (PDs/LGDs/EADs)	600,509	(6,165)	(876,128)	(3,830,451)	(4,112,235)	25,711	89,119	1,178,554	4,133,596	5,426,980
Closing balance	1,676,548	343,162	38,140,724	5,850,070	46,010,504	2,400,994	845,982	41,492,020	8,456,884	53,195,880

11.4.3 Advances – Credit loss allowance

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)							
Internal / External rating / stage classification								
Outstanding gross exposure								
Performing – ICRR 1 to ICRR 6	661,471,831	–	–	661,471,831	1,008,992,192	–	–	1,008,992,192
Under Performing – ICRR 7 to ICRR 9	–	25,101,234	–	25,101,234	–	32,278,756	–	32,278,756
Non-performing – ICRR 10 to ICRR 12								
Other Assets Especially Mentioned (OAEM)	–	–	1,418,889	1,418,889	–	–	1,431,702	1,431,702
Substandard	–	–	2,302,913	2,302,913	–	–	971,623	971,623
Doubtful	–	–	1,005,488	1,005,488	–	–	2,708,660	2,708,660
Loss	–	–	45,028,859	45,028,859	–	–	48,439,233	48,439,233
	–	–	49,756,149	49,756,149	–	–	53,551,218	53,551,218
Total	661,471,831	25,101,234	49,756,149	736,329,214	1,008,992,192	32,278,756	53,551,218	1,094,822,166

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)							
Corresponding expected credit loss allowance								
Stage 1 and Stage 2	1,676,548	343,162	–	2,019,710	2,400,994	845,982	–	3,246,976
Stage 3	–	–	38,140,724	38,140,724	–	–	41,492,020	41,492,020
General Provision	4,938,170	911,900	–	5,850,070	7,688,928	767,956	–	8,456,884
	6,614,718	1,255,062	38,140,724	46,010,504	10,089,922	1,613,938	41,492,020	53,195,880

11.5 Advances include Rs. 49,756.149 million (2024: Rs. 53,551.218 million) which have been placed under Stage 3 / non performing status as detailed below:–

	2025		2024	
	Non performing loans	Credit loss allowance	Non performing loans	Provision
	(Rupees in '000)			
11.5.1 Category of Classification in Stage 3				
Domestic				
Other Assets Especially Mentioned (OAEM)	1,418,889	709,130	1,431,702	687,259
Substandard	570,962	309,611	510,274	286,404
Doubtful	779,098	392,197	2,279,272	1,147,921
Loss	31,624,820	31,037,324	35,068,633	34,211,855
	34,393,769	32,448,262	39,289,881	36,333,439
Overseas				
Substandard	1,731,951	870,979	461,349	220,855
Doubtful	226,390	113,849	429,388	214,694
Loss	13,404,039	4,707,634	13,370,600	4,723,032
	15,362,380	5,692,462	14,261,337	5,158,581
Total	49,756,149	38,140,724	53,551,218	41,492,020

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2025

11.5.2 Particulars of credit loss allowance against advances

	Note	2025				2024			
		Expected Credit Loss				Expected Credit Loss			
		Stage 3	Stage 1 & Stage 2	General	Total	Stage 3	Stage 1 & Stage 2	General	Total
		(Rupees in '000)							
Opening balance		41,492,020	3,246,976	8,456,884	53,195,880	41,937,130	–	2,624,303	44,561,433
Impact of ECL on adoption of IFRS 9		–	–	–	–	1,592,047	2,755,358	1,785,938	6,133,343
Exchange adjustments		(7,333)	(25,817)	–	(33,150)	(8,568)	64,427	–	55,859
Charge for the year	11.5.4 &	3,123,507	976,120	–	4,099,627	4,238,357	1,679,489	4,046,643	9,964,489
Reversals	11.5.5	(4,143,751)	(2,177,569)	(2,606,814)	(8,928,134)	(3,954,485)	(1,252,298)	–	(5,206,783)
		(1,020,244)	(1,201,449)	(2,606,814)	(4,828,507)	283,872	427,191	4,046,643	4,757,706
Amounts written off	11.6	(130,872)	–	–	(130,872)	(1,120,526)	–	–	(1,120,526)
Amounts charged off	11.6	(2,192,847)	–	–	(2,192,847)	(1,191,935)	–	–	(1,191,935)
Closing balance		38,140,724	2,019,710	5,850,070	46,010,504	41,492,020	3,246,976	8,456,884	53,195,880

	2025				2024			
	Expected Credit Loss				Expected Credit Loss			
	Stage 3	Stage 1 & Stage 2	General	Total	Stage 3	Stage 1 & Stage 2	General	Total
	(Rupees in '000)							
In local currency	32,331,770	1,782,432	4,693,652	38,807,854	35,497,618	2,491,045	7,363,873	45,352,536
In foreign currencies	5,808,954	237,278	1,156,418	7,202,650	5,994,402	755,931	1,093,011	7,843,344
	38,140,724	2,019,710	5,850,070	46,010,504	41,492,020	3,246,976	8,456,884	53,195,880

11.5.3 State Bank of Pakistan vide BSD Circular No. 2 dated January 27, 2009, BSD Circular No. 10 dated October 20, 2009, BSD Circular No. 02 of 2010 dated June 03, 2010 and BSD Circular No.1 of 2011 dated October 21, 2011 has allowed benefit of Forced Sale Value (FSV) of Plant & Machinery under charge, pledged stock and mortgaged residential, commercial & industrial properties (land and building only) held as collateral against Non Performing Loans (NPLs) for five years from the date of classification. However, the management has not taken the FSV benefit in calculation of specific provision.

11.5.4 This includes reversal of provisions and reduction of non–performing loans amounting to Nil (2024: Nil) balance as a result of settlement on debt asset swap arrangement with customers.

11.5.5 The Bank also maintains a general reserve against loans and advances, over and above the IFRS 9 based ECL, as permitted by SBP under BPRD Circular Letter No. 01 dated January 22, 2025. The details have been disclosed in note 6.1.1.6.

		Note	2025	2024
			(Rupees in '000)	
11.6	**Particulars of write offs / charge off:**			
11.6.1	Write offs against credit loss allowance		130,872	1,120,526
	Amount written off from already charged off loans		5,351	–
	Charge offs against Credit Loss Allowance		2,192,847	1,191,935
			2,329,070	2,312,461
11.6.2	**Write offs of Rs. 500,000 and above**			
	– Domestic	11.6.3	109,656	402,377
	– Overseas	11.6.3	–	714,006
	Write offs of below Rs. 500,000		26,567	4,143
			136,223	1,120,526

11.6.3 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 December 31, 2025 is given at Annexure I of the unconsolidated financial statements. However, this write off does not affect the Bank's right to recover the debts from these customers.

	2025		2024	
	No. of Borrowers	Amount in '000'	No. of Borrowers	Amount in '000'
	(Rupees in '000)			
11.6.4 Movement of charged off loans				
Opening Balance	12,229	1,145,058	–	–
Charge–off during the year	2,999	2,192,847	12,660	1,191,935
	15,228	3,337,905	12,660	1,191,935
Recoveries made during the year against already charged–off cases	(724)	(75,866)	(431)	(46,877)
Amount written off from already charged off loans	(1)	(5,351)	–	–
Closing Balance	14,503	3,256,688	12,229	1,145,058

		Note	2025	2024
			(Rupees in '000)	
12.	**PROPERTY AND EQUIPMENT**			
	Capital work–in–progress	12.1	6,040,900	4,300,760
	Property and equipment	12.2	91,028,322	78,393,583
			97,069,222	82,694,343
12.1	**Capital work–in–progress**			
	Civil works		2,209,260	2,558,070
	Equipment		17,535	56,108
	Advances payment – Suppliers and Property Acquisition		3,804,026	1,685,317
	Others		10,079	1,265
			6,040,900	4,300,760

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12.2 Property and Equipment

	2025								
	Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Leasehold improvements	Total
	(Rupees in '000)								
At January 01, 2025									
Cost / Revalued amount	41,415,739	4,175,896	19,666,541	1,019,136	2,813,385	23,416,171	2,594,166	3,343,427	98,444,461
Accumulated depreciation	–	–	(1,328,287)	(87,399)	(1,679,144)	(14,890,709)	(889,739)	(1,175,600)	(20,050,878)
Net book value	41,415,739	4,175,896	18,338,254	931,737	1,134,241	8,525,462	1,704,427	2,167,827	78,393,583
Year ended December 31, 2025									
Opening net book value	41,415,739	4,175,896	18,338,254	931,737	1,134,241	8,525,462	1,704,427	2,167,827	78,393,583
Additions	1,061,648	104,129	2,094,002	50,286	390,497	3,264,884	1,608,350	1,229,045	9,802,841
Movement in surplus on assets revalued during the year	5,302,748	241,002	3,376,774	105,854	–	–	–	–	9,026,378
Disposals	(392,039)	(1,254,922)	(2,658)	(21,964)	(4,110)	(14,081)	(55,805)	–	(1,745,579)
Depreciation charge	–	–	(676,629)	(47,057)	(211,398)	(2,493,089)	(460,389)	(548,123)	(4,436,685)
Exchange rate adjustments	–	–	(9,217)	509	(333)	(3,279)	(388)	492	(12,216)
Closing net book value	47,388,096	3,266,105	23,120,526	1,019,365	1,308,897	9,279,897	2,796,195	2,849,241	91,028,322
At December 31, 2025									
Cost / Revalued amount	47,388,096	3,266,105	23,120,526	1,019,365	3,128,363	26,371,663	3,950,364	4,425,906	112,670,388
Accumulated depreciation	–	–	–	–	(1,819,466)	(17,091,766)	(1,154,169)	(1,576,665)	(21,642,066)
Net book value	47,388,096	3,266,105	23,120,526	1,019,365	1,308,897	9,279,897	2,796,195	2,849,241	91,028,322
Rate of depreciation / estimated useful life	–	–	2.50%–5.0%	2.50%–5.0%	10%	10%–25%	20%	Lease term	–

	2024								
	Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Leasehold improvements	Total
	(Rupees in '000)								
At January 01, 2024									
Cost / Revalued amount	41,369,188	4,175,896	19,074,966	1,007,171	2,509,727	20,203,381	1,795,772	2,177,254	92,313,355
Accumulated depreciation	–	–	(647,600)	(42,779)	(1,551,254)	(13,183,478)	(793,885)	(847,750)	(17,066,746)
Net book value	41,369,188	4,175,896	18,427,366	964,392	958,473	7,019,903	1,001,887	1,329,504	75,246,609
Year ended December 31, 2024									
Opening net book value	41,369,188	4,175,896	18,427,366	964,392	958,473	7,019,903	1,001,887	1,329,504	75,246,609
Additions	59,791	–	628,371	12,317	385,695	3,855,872	1,007,043	1,270,694	7,219,783
Disposal	(13,240)	–	(46,203)	–	(1,282)	(19,047)	(46,763)	–	(126,535)
Transfer to MIB	–	–	–	–	(14,746)	(106,009)	(12)	(22,399)	(143,166)
Depreciation charge	–	–	(687,931)	(44,631)	(194,937)	(2,228,004)	(258,479)	(409,768)	(3,823,750)
Exchange rate adjustments	–	–	16,651	(341)	1,038	2,747	751	(204)	20,642
Closing net book value	41,415,739	4,175,896	18,338,254	931,737	1,134,241	8,525,462	1,704,427	2,167,827	78,393,583
At December 31, 2024									
Cost / Revalued amount	41,415,739	4,175,896	19,666,541	1,019,136	2,813,385	23,416,171	2,594,166	3,343,427	98,444,461
Accumulated depreciation	–	–	(1,328,287)	(87,399)	(1,679,144)	(14,890,709)	(889,739)	(1,175,600)	(20,050,878)
Net book value	41,415,739	4,175,896	18,338,254	931,737	1,134,241	8,525,462	1,704,427	2,167,827	78,393,583
Rate of depreciation / estimated useful life	–	–	2.50%–5.0%	2.50%–5.0%	10%	10%–25%	20%	Lease term	–

12.2.1 Leasehold land includes a plot of land measuring 3,120.46 square yards having book value of Rs. 1,872.000 million situated at Railway Quarters, I.I. Chundrigar Road, Karachi, (the "Plot"), where a tenant is claiming for the possession of an insignificant area of only 18 square feet of the plot, however there is no dispute over the title of the subject property that would impact the right of the Bank. Both the Constitutional Petitions filed by the Bank have been dismissed by the Sindh High Court on January 28, 2016 against the Bank. The Bank has filed an appeal before the Supreme Court of Pakistan.

12.2.2 The land and buildings of the Bank were revalued as at December 31, 2025 by independent valuers (Surval (Pvt) Limited, Perfect Consultants and Dharmaratne Holdings (Pvt) Limited), valuation and engineering consultants, on the basis of market value. The total surplus against revaluation of property and equipment as at December 31, 2025 amounts to Rs. 47,006.432 million (2024: Rs. 39,032.404 million).

12.2.3 Had the land and buildings not been revalued, the total carrying amounts of revalued properties as at the reporting dates would have been as follows:

	2025	2024
	(Rupees in '000)	
Freehold land	12,235,936	11,304,482
Leasehold land	1,688,949	2,334,051
Building on Freehold land	13,213,341	11,552,294
Building on Leasehold land	649,434	638,395

12.2.4 The gross carrying amount (cost) of fully depreciated assets that are still in use are as follows:

	2025	2024
	(Rupees in '000)	
Furniture and fixtures	863,704	810,445
Electrical, office and computer equipment	9,691,059	8,815,420
Vehicles	319,825	521,250
Leasehold Improvements	4,058	–
Building Free Hold	–	37,307

12.2.5 Carrying amount of temporarily idle property of the Bank is Rs. 464.930 million (2024: Rs. 543.004 million)

12.2.6 The information relating to disposal of property and equipment to related parties is given in Annexure II of these unconsolidated financial statements.

		Note	2025	2024
			(Rupees in '000)	
13.	RIGHT–OF–USE ASSETS	13.1	7,456,518	6,045,346

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2025

		2025			2024		
		Buildings	Others	Total	Buildings	Others	Total
		(Rupees in '000)					
13.1	At January 01,						
	Cost	12,441,274	–	12,441,274	11,457,135	–	11,457,135
	Accumulated depreciation	(6,395,928)	–	(6,395,928)	(5,579,270)	–	(5,579,270)
	Net carrying amount at January 01,	6,045,346	–	6,045,346	5,877,865	–	5,877,865
	Additions / adjustments during the year	3,313,968	–	3,313,968	1,952,331	–	1,952,331
	Deletions during the year	(94,181)	–	(94,181)	(101,228)	–	(101,228)
	Exchange adjustments	3,324	–	3,324	11,644	–	11,644
	Depreciation charge for the year	(1,811,939)	–	(1,811,939)	(1,695,266)	–	(1,695,266)
	Closing net carrying amount	7,456,518	–	7,456,518	6,045,346	–	6,045,346

		Note	2025 (Rupees in '000)	2024
14.	INTANGIBLE ASSETS			
	Capital work–in–progress		652,759	395,281
	Computer software	14.1	698,275	918,862
			1,351,034	1,314,143

		2025 (Rupees in '000)	2024
		Computer software	
14.1	At January 01,		
	Cost	6,200,651	5,250,161
	Accumulated amortisation and impairment	(5,281,789)	(4,734,633)
	Net Book Value	918,862	515,528
	Year ended December 31		
	Opening net book value	918,862	515,528
	Additions	328,829	974,371
	Amortisation charge	(546,951)	(573,410)
	Exchange rate adjustments	(2,465)	2,373
	Closing Net Book Value	698,275	918,862
	At December 31		
	Cost	6,515,321	6,200,651
	Accumulated amortisation and impairment	(5,817,046)	(5,281,789)
	Net Book Value	698,275	918,862
	Rate of amortisation	14.29% to 33.33%	14.29% to 33.33%
	Useful life	3 – 7 years	3 – 7 years

14.2 The gross carrying amount (cost) of fully amortised intangible assets that are still in use is Rs. 4,539.475 million (2024: Rs. 4,100.293 million).

		Note	2025	2024
			(Rupees in '000)	
15.	**OTHER ASSETS**			
	Income / mark–up accrued in local currency		65,139,900	53,058,018
	Income / mark–up accrued in foreign currencies		1,007,491	904,108
	Advances, deposits, advance rent and other prepayments		16,662,201	9,440,982
	Non–banking assets acquired in satisfaction of claims	15.1	1,165,624	1,380,837
	Branch adjustment account		278,694	–
	Mark to market gain on forward foreign exchange contracts		1,012,088	1,588,049
	Mark to market gain on forward contracts of government securities	31	–	2,096,975
	Unrealized gain on derivative financial instruments	27	15,921	157,610
	Acceptances	22	41,015,271	34,343,175
	Receivable from the pension fund	40.4	17,312,255	13,336,849
	Clearing and settlement accounts		23,346,488	25,743,659
	Deferred cost on staff loans	15.2.2	6,534,465	6,112,869
	Claims receivable against fraud and forgeries		802,160	598,183
	Others		3,691,705	6,489,863
			177,984,263	155,251,177
	Less: Credit loss allowance / provision held against other assets	15.2	3,599,005	3,610,740
	Other Assets (net of credit loss allowance)		174,385,258	151,640,437
	Surplus on revaluation of non–banking assets acquired in satisfaction of claims		421,655	561,141
	Other Assets – total		174,806,913	152,201,578
15.1	Market value of Non–banking assets acquired in satisfaction of claims		1,547,188	1,901,887

Non–banking assets acquired in satisfaction of claims of the Bank are revalued as at December 31, 2025 by independent valuer (Surval (Pvt) Limited) on the basis of market value.

		Note	2025	2024
			(Rupees in '000)	
15.1.1	**Non–banking assets acquired in satisfaction of claims**			
	Opening balance		1,901,887	2,156,606
	Additions		–	–
	Revaluation		(57,256)	(6,329)
	Disposals		(281,000)	(277,992)
	Depreciation	33	(16,443)	(18,390)
	Reversal of impairment		–	47,992
	Closing balance		1,547,188	1,901,887

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	Note	2025	2024
		(Rupees in '000)	
15.1.2 Gain / (loss) on disposal of non–banking assets acquired in satisfaction of claims			
Disposal proceeds		281,000	280,000
Less			
– Revalued amounts		281,000	277,992
– Accumulated depreciation		–	–
		281,000	277,992
Gain / (loss)	32	–	2,008
15.2 Credit loss allowance / provision held against other assets			
Non banking assets acquired in satisfaction of claims		40,091	40,091
Claims receivable against fraud and forgeries		802,160	598,183
Mark–up accrued		51,365	99,361
Others		2,705,389	2,873,105
		3,599,005	3,610,740
15.2.1 Movement in credit loss allowance / provision held against other assets			
Opening balance		3,610,740	3,370,145
Impact of ECL on adoption of IFRS 9		–	123,113
Charge for the year		262,660	193,068
Reversals		(281,927)	(58,447)
	35	(19,267)	134,621
Amount written off		(250)	(521)
Exchange and other adjustments		7,782	(16,618)
Closing balance		3,599,005	3,610,740

15.2.2 This refers to notional deferred cost on fair valuation of subsidised staff loans.

16. CONTINGENT ASSETS

There were no contingent assets of the Bank as at December 31, 2025 (2024: Nil).

	2025	2024
	(Rupees in '000)	
17. BILLS PAYABLE		
In Pakistan	24,593,446	41,801,315
Outside Pakistan	1,023,806	26,143
	25,617,252	41,827,458

	Note	2025	2024
		(Rupees in '000)	
18. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
Under Export Refinance Scheme	18.1	26,677,629	40,524,304
Under Long Term Financing Facility	18.2	11,778,273	15,598,591
Under Renewable Energy Performance Platform	18.3	1,717,767	2,121,916
Under Temporary Economic Refinance Facility	18.4	22,229,277	25,839,999
Under Financing Facility for Storage of Agricultural Produce	18.5	121,881	176,755
Under Refinance and Credit Guarantee Scheme for Women Entrepreneurs	18.6	3,012	4,567
		62,527,839	84,266,132
Repurchase agreement borrowings	18.7	391,729,648	179,227,580
Total secured		454,257,487	263,493,712
Unsecured			
Call borrowings		407,115	527,950
Overdrawn nostro accounts		3,044,969	4,302,864
Others		162,286	162,286
Total unsecured		3,614,370	4,993,100
		457,871,857	268,486,812

18.1 The Bank has entered into agreements for financing with the State Bank of Pakistan (SBP) for extending export finance to customers. As per the agreements, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable within six months from the deal date. These carry mark up rate ranging from 1.0% to 7.0% per annum (2024: 1.0% to 16.5% per annum).

18.2 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. As per the agreements, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable within a period ranging from 3 years to 10 years. These carry mark up rates ranging from 2.0% to 8.5% per annum (2024: 2.0% to 8.5% per annum).

18.3 These borrowings have been obtained from the SBP for providing financing facilities to customers against renewable energy projects. As per the agreements, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finance by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable within a maximum period of twelve years with two years of maximum grace period from date of disbursement. These carry mark up rate of 2.0% to 3.0% per annum (2024: 2.0% to 3.0% per annum).

18.4 These borrowings have been obtained from the SBP for providing concessionary refinancing facility to the industry for purchase of new imported and locally manufactured plant & machinery to set up new projects. As per the agreements, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable within a period of 10 years including a grace period of upto 2 years. These carry mark up rate of 1.0% per annum (2024: 1.0% per annum). The balance has been adjusted by Rs. 5,779.494 million (2024: Rs. 7,797.134 million) on account of fair valuation measurement under IFRS 9.

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18.5 These borrowings have been obtained from SBP under "Financing Facility for Storage of Agricultural Produce (FFSAP)" to encourage Private Sector to establish Silos, Warehouses and Cold Storages. As per the agreements, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable within a period ranging from 3 years to 10 years. These carry mark up rates ranging from 2.5% to 3.5% per annum (2024: 2.5% to 3.5% per annum).

18.6 These borrowings have been obtained from SBP under "Refinance and Credit Guarantee Scheme for Women Entrepreneurs" to finance women entrepreneurs for setting up of new business enterprises and for expansion of existing ones. As per the agreements, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable within a period of 5 years. These carry mark–up at a rate of 0% per annum (2024: 0% per annum).

18.7 These carry mark–up rates ranging from 7.25% to 11.50% per annum (2024: 12.95% to 14.00% per annum) and are secured against government securities of carrying value of Rs. 393,968.417 million (2024: Rs. 179,155.519 million). These are repayable latest by April 2026.

	2025	2024
	(Rupees in '000)	
18.8 Particulars of borrowings with respect to currencies		
In local currency	454,408,917	263,756,000
In foreign currencies	3,462,940	4,730,812
	457,871,857	268,486,812

19. 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	881,225,829	263,167,081	1,144,392,910	689,868,538	196,127,089	885,995,627
Savings deposits	933,409,161	29,216,445	962,625,606	866,812,045	35,204,745	902,016,790
Term deposits	26,046,977	22,926,920	48,973,897	25,872,766	18,399,616	44,272,382
Others	46,748,775	4,596,666	51,345,441	34,080,636	4,216,067	38,296,703
	1,887,430,742	319,907,112	2,207,337,854	1,616,633,985	253,947,517	1,870,581,502
Financial Institutions						
Current deposits	17,685,271	4,333,159	22,018,430	16,246,174	3,400,370	19,646,544
Savings deposits	21,559,407	355,790	21,915,197	22,331,061	730,511	23,061,572
Term deposits	419,968	9,499,168	9,919,136	424,968	8,412,163	8,837,131
Others	–	84,413	84,413	–	85,250	85,250
	39,664,646	14,272,530	53,937,176	39,002,203	12,628,294	51,630,497
	1,927,095,388	334,179,642	2,261,275,030	1,655,636,188	266,575,811	1,922,211,999

		2025	2024
		(Rupees in '000)	
19.1	**Composition of deposits**		
	– Individuals	1,442,383,116	1,278,035,206
	– Government (Federal and Provincial)	91,749,053	60,752,027
	– Public Sector Entities	64,234,119	35,878,856
	– Banking Companies	10,536,547	7,015,712
	– Non–Banking Financial Institutions	43,400,629	44,614,785
	– Private Sector	608,971,566	495,915,413
		2,261,275,030	1,922,211,999

19.2 Deposits and other accounts include deposits eligible to be covered under the Deposits Protection insurance arrangements amounting to Rs. 1,568,287.786 million (2024: Rs. 1,395,934.721 million).

		Note	2025	2024
			(Rupees in '000)	
20.	**LEASE LIABILITIES**			
	Lease Liabilities	20.1	11,804,530	9,586,216

		2025			2024		
		Buildings	Others	Total	Buildings	Others	Total
		(Rupees in '000)					
20.1	**At January 01,**	9,586,216	–	9,586,216	8,686,003	–	8,686,003
	Additions / adjustments during the year	3,313,968	–	3,313,968	1,952,331	–	1,952,331
	Lease payments including interest	(2,836,943)	–	(2,836,943)	(2,452,883)	–	(2,452,883)
	Finance charges	1,898,239	–	1,898,239	1,567,504	–	1,567,504
	Deletions during the year	(176,283)	–	(176,283)	(179,938)	–	(179,938)
	Exchange adjustments	19,333	–	19,333	13,199	–	13,199
	Closing Balance	11,804,530	–	11,804,530	9,586,216	–	9,586,216

		2025			2024		
		Buildings	Others	Total	Buildings	Others	Total
		(Rupees in '000)					
20.2	**Contractual maturity of lease liabilities**						
	Short–term lease liabilities – within 1 year	1,368,142	–	1,368,142	1,138,973	–	1,138,973
	Long–term lease liabilities						
	– 1 to 5 years	4,975,333	–	4,975,333	4,186,092	–	4,186,092
	– 5 to 10 years	4,176,072	–	4,176,072	3,267,716	–	3,267,716
	– More than 10 years	1,284,983	–	1,284,983	993,435	–	993,435
	Total at the year end	11,804,530	–	11,804,530	9,586,216	–	9,586,216

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2025

21. DEFERRED TAX LIABILITY – NET

	Note	At December 31, 2024	Effect of remeasurement on adoption of IFRS 9	At January 01, 2025	Recognized in P&L A/C	Recognized in OCI	At December 31, 2025
		2025					
		(Rupees in '000)					
Taxable Temporary differences on							
– Surplus on revaluation of property and equipment	25.1	3,681,236	–	3,681,236	(148,103)	1,810,967	5,344,100
– Surplus on revaluation of Non–banking assets	25.2	291,793	–	291,793	(42,759)	(29,773)	219,261
– Accelerated tax depreciation		4,115,762	–	4,115,762	220,788	–	4,336,550
– Receivable from pension fund		6,935,161	–	6,935,161	815,343	1,251,869	9,002,373
– Business combination		705,218	–	705,218	–	–	705,218
– Surplus on revaluation of investments	25	8,052,010	1,878,938	9,930,948	–	22,829,740	32,760,688
		23,781,180	1,878,938	25,660,118	845,269	25,862,803	52,368,190
Deductible Temporary differences on							
– Credit loss allowance against financial assets		(7,143,421)	–	(7,143,421)	2,246,713	–	(4,896,708)
– Leases – net		–	–	–	(2,524,378)	–	(2,524,378)
		(7,143,421)	–	(7,143,421)	(277,665)	–	(7,421,086)
		16,637,759	1,878,938	18,516,697	567,604	25,862,803	44,947,104

	Note	At December 31, 2023	Impact of adoption of IFRS 9	At January 01, 2024	Recognized in P&L A/C	Recognized in OCI	At December 31, 2024
		2024					
		(Rupees in '000)					
Taxable Temporary differences on							
– Surplus on revaluation of property and equipment	25.1	3,608,814	–	3,608,814	(139,960)	212,382	3,681,236
– Surplus on revaluation of Non–banking assets	25.2	297,334	–	297,334	(19,275)	13,734	291,793
– Accelerated tax depreciation		3,521,615	–	3,521,615	594,147	–	4,115,762
– Receivable from pension fund		3,639,789	–	3,639,789	803,432	2,491,940	6,935,161
– Business combination		705,218	–	705,218	–	–	705,218
– Surplus / Deficit on revaluation of investments	25	(11,470,532)	(4,918,719)	(16,389,251)	–	24,441,261	8,052,010
		302,238	(4,918,719)	(4,616,481)	1,238,344	27,159,317	23,781,180
Deductible Temporary differences on							
– Credit loss allowance against financial assets		(201,520)	(4,149,042)	(4,350,562)	(2,792,859)	–	(7,143,421)
		(201,520)	(4,149,042)	(4,350,562)	(2,792,859)	–	(7,143,421)
		100,718	(9,067,761)	(8,967,043)	(1,554,515)	27,159,317	16,637,759

	Note	2025	2024
		(Rupees in '000)	
22. OTHER LIABILITIES			
Mark–up / return / interest payable in local currency		1,146,669	37,547,920
Mark–up / return / interest payable in foreign currencies		533,949	512,636
Unearned commission and income on bills discounted		3,366,801	2,630,291
Accrued expenses		8,930,266	9,300,306
Provision for taxation (provisions less payments)		3,020,673	12,546,312
Workers' Welfare Fund	22.1	18,488,047	16,178,985
Acceptances	15	41,015,271	34,343,175
Unclaimed / dividend payable		3,108,703	2,746,424
Mark to market loss on forward foreign exchange contracts		1,172,792	912,461
Unrealized loss on derivative financial instruments	27	15,921	157,610
Branch adjustment account		–	129,455
Provision for employees' compensated absences	40.4	1,517,876	1,249,500
Provision for post retirement medical benefits	40.4	2,246,751	2,169,019
Provision for employees' contributory benevolent scheme	40.4	137,984	142,549
Insurance payable against consumer assets		36,172	30,428
Unclaimed balances		471,496	395,575
Duties and taxes payable		5,233,443	2,712,028
Credit loss allowance / provision against off–balance sheet obligations	22.2	1,538,494	1,459,096
Security deposits against lease		5,015,676	3,075,992
Clearing and settlement accounts		23,649,074	38,081,228
Others		9,153,905	8,008,731
		129,799,963	174,329,721

22.1 The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending.

Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive. Accordingly, the Bank has maintained its provision in respect of WWF.

22.2 Credit loss allowance against off–balance sheet obligations

	2025	2024
	(Rupees in '000)	
Opening balance	1,459,096	78,807
Impact of ECL on adoption of IFRS 9	–	1,595,511
Exchange adjustment	(7,396)	1,606
Charge for the year	479,384	286,777
Reversals	(392,590)	(503,605)
	86,794	(216,828)
Amount written off	–	–
Closing balance	1,538,494	1,459,096

22.2.1 This represents credit loss allowance recognised against guarantees, letter of credit and unutilised financing commitments.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2025

23. SHARE CAPITAL

23.1 Authorized Capital

2025	2024		2025	2024
(Number of shares)			(Rupees in '000)	
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each	15,000,000	15,000,000

23.2 Issued, subscribed and paid up

2025	2024		2025	2024
(Number of shares)			(Rupees in '000)	
		Ordinary shares		
197,253,795	197,253,795	Fully paid in cash	1,972,538	1,972,538
915,776,953	915,776,953	Issued as bonus shares	9,157,769	9,157,769
72,029,258	72,029,258	Issued for consideration other than cash	720,293	720,293
1,185,060,006	1,185,060,006		11,850,600	11,850,600

23.3 The movement in the issued, subscribed and paid–up capital during the year is as follows:

2025	2024		2025	2024
(Number of shares)			(Rupees in '000)	
1,185,060,006	1,185,060,006	Opening balance at January 01	11,850,600	11,850,600
1,185,060,006	1,185,060,006	Closing balance at December 31	11,850,600	11,850,600

23.4 Number of shares held by the associated undertakings as at December 31, are as follows:

	2025	2024
	(Number of Shares)	
Adamjee Insurance Company Limited	59,225,639	59,225,639
Nishat Mills Limited	95,125,651	95,125,651
Siddiqsons Limited	11,201,920	11,201,920
Nishat (Aziz Avenue) Hotels and Properties Limited	1,501,278	1,315,336
Nishat Real Estates Development Company (Private) Limited	598,485	483,650
Adamjee Life Assurance Company Limited	3,237,009	1,330,000
Habib University Foundation	108,300	108,300
Security General Insurance Company Limited	59,136,076	59,136,076
	230,134,358	227,926,572

	Note	2025	2024
		(Rupees in '000)	
24. RESERVES			
Share premium		23,751,114	23,751,114
Non – distributable capital reserve – gain on bargain purchase option	24.1	908,317	908,317
Exchange translation reserve		8,664,148	9,030,207
Statutory reserve	24.2	58,059,694	52,640,181
General reserve		18,600,000	18,600,000
		109,983,273	104,929,819

24.1 Under IFRS–3 a bargain purchase represents an economic gain which should be immediately recognized by the acquirer as income. However, the amount of bargain purchase gain was not taken to the statement of profit and loss account as the SBP, through its letter BPRD(R&PD)/2017/14330 dated June 13, 2017 recommended that the amount of gain may be routed directly into equity as a Non–distributable Capital Reserve (NCR). The NCR may become available for distribution through a stock dividend only with prior approval of the SBP. The Bank, before distribution of the gain as a stock dividend, may adjust any subsequent provisions/deficit, assessed by the Bank or recommended by the Banking Inspection Department of SBP, in the acquired assets and liabilities of NIB Bank Limited against the NCR.

24.2 Statutory reserve represents amount set aside as per the requirements of section 21 of the Banking Companies Ordinance, 1962.

	Note	2025	2024
		(Rupees in '000)	
25. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of:			
– Securities measured at FVOCI – Debt securities	10.1	37,425,923	3,861,075
– Securities measured at FVOCI – Equity securities		25,575,402	11,623,556
– Property and equipment	25.1	47,006,432	39,032,404
– Non–banking assets acquired in satisfaction of claims	25.2	421,655	561,141
		110,429,412	55,078,176
Deferred tax on surplus / (deficit) on revaluation of:			
– Securities measured at FVOCI – Debt securities	21	(19,461,480)	(2,007,760)
– Securities measured at FVOCI – Equity securities	21	(13,299,208)	(6,044,250)
– Property and equipment	25.1	(5,344,100)	(3,681,236)
– Non–banking assets acquired in satisfaction of claims	25.2	(219,261)	(291,793)
		(38,324,049)	(12,025,039)
		72,105,363	43,053,137

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2025

	Note	2025	2024
		(Rupees in '000)	
25.1 Surplus on revaluation of property and equipment			
Surplus on revaluation of property and equipment as at January 01		39,032,404	39,331,254
Recognised during the year		9,026,378	–
Realised on disposal during the year – net of deferred tax		(773,827)	(13,222)
Related deferred tax liability on surplus realised on disposal		(6,816)	–
Transferred to unappropriated profit in respect of incremental depreciation charged during the year – net of deferred tax		(130,420)	(145,668)
Related deferred tax liability on incremental depreciation charged during the year		(141,287)	(139,960)
Surplus on revaluation of property and equipment as at December 31		47,006,432	39,032,404
Less: Related deferred tax liability on:			
– revaluation as at January 01		3,681,236	3,608,814
– effect of change in tax rate		–	212,382
– recognised during the year		1,810,967	–
– surplus realised on disposal during the year		(6,816)	–
– transfer of revaluation surplus on change in use		–	–
– incremental depreciation charged during the year		(141,287)	(139,960)
	21	5,344,100	3,681,236
		41,662,332	35,351,168
25.2 Surplus on revaluation of non–banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January 01		561,141	606,806
Deficit recognised during the year		(57,256)	(6,329)
Realised on disposal during the year – net of deferred tax		(39,471)	(20,061)
Related deferred tax liability on surplus realised on disposal		(42,759)	(19,275)
Surplus on revaluation as at December 31		421,655	561,141
Less: Related deferred tax liability on:			
– revaluation as at January 01		291,793	297,334
– effect of change in tax rate		–	16,835
– deficit recognised during the year		(29,773)	(3,101)
– surplus realised on disposal during the year		(42,759)	(19,275)
– transfer of revaluation surplus on change in use		–	–
	21	219,261	291,793
		202,394	269,348

		Note	2025	2024
			(Rupees in '000)	
26.	**CONTINGENCIES AND COMMITMENTS**			
	– Guarantees	26.1	248,096,091	245,965,320
	– Commitments	26.2	552,701,700	735,379,420
	– Other contingent liabilities	26.3	35,710,949	28,432,693
			836,508,740	1,009,777,433
26.1	**Guarantees:**			
	Financial guarantees		168,117,809	151,784,648
	Performance guarantees		74,943,843	91,752,480
	Other guarantees		5,034,439	2,428,192
			248,096,091	245,965,320
26.2	**Commitments:**			
	Documentary credits and short–term trade–related transactions			
	– letters of credit		275,290,399	261,162,111
	Commitments in respect of:			
	– forward foreign exchange contracts	26.2.1	264,399,969	157,415,286
	– forward government securities transactions	26.2.2	4,000,000	301,115,690
	– derivatives (notional)	26.2.3	6,984,430	12,927,274
	Commitments for acquisition of:			
	– property and equipment		1,594,661	2,164,870
	– intangible assets		432,241	594,189
			552,701,700	735,379,420
26.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		131,361,638	71,498,197
	Sale		133,038,331	85,917,089
			264,399,969	157,415,286
26.2.2	**Commitments in respect of forward government securities transactions**			
	Purchase		4,000,000	301,115,690
	Sale		–	–
			4,000,000	301,115,690

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2025

		2025	2024
		(Rupees in '000)	
26.2.3	**Commitments in respect of derivatives**		
	FX options (notional)		
	Purchase	3,492,215	6,463,637
	Sale	3,492,215	6,463,637
		6,984,430	12,927,274
		6,984,430	12,927,274

26.2.4 The Bank makes commitments to extend credit 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.

		Note	2025	2024
			(Rupees in '000)	
26.3	**Other contingent liabilities**			
	Claims against the Bank not acknowledged as debts	26.3.1	35,710,949	28,432,693

26.3.1 These mainly represent counter claims by borrowers for damages 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 and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these unconsolidated financial statements.

26.4 For assessment year 1988–89 through tax year 2024, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 2,632.390 million (2024: Rs. 2,632.390 million). Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

The Bank has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Bank are being contested by the department at higher forums. No provision has been made in the financial statements regarding the aforesaid additional tax demand and already issued favourable decisions where the department is in appeal, as the management is of the view that the issues will be decided in the Bank's favour as and when these are taken up by the Appellate Authorities.

26.5 Amortisation of goodwill and other intangibles amounting to Rs 28.08 billion of Ex. NIB

Issue of goodwill and other related assets amortisation for few years has been assessed in Bank's favour at appellate forums, however, the tax department has filed appeal against these decisions. The management has not recorded any tax benefit because the issue has not attained finality.

27. DERIVATIVE INSTRUMENTS

27.1 Product Analysis

2025

Counterparties	Cross Currency Swaps		Interest Rate Swaps		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
	(Rupees in '000)					
With Banks for						
Hedging	–	–	–	–	3,492,215	15,921
Market Making	–	–	–	–	–	–
With other entities for						
Hedging	–	–	–	–	–	–
Market Making	–	–	–	–	3,492,215	(15,921)
Total						
Hedging	–	–	–	–	3,492,215	15,921
Market Making	–	–	–	–	3,492,215	(15,921)

2024

Counterparties	Cross Currency Swaps		Interest Rate Swaps		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
	(Rupees in '000)					
With Banks for						
Hedging	–	–	–	–	6,463,637	157,610
Market Making	–	–	–	–	–	–
With other entities for						
Hedging	–	–	–	–	–	–
Market Making	–	–	–	–	6,463,637	(157,610)
Total						
Hedging	–	–	–	–	6,463,637	157,610
Market Making	–	–	–	–	6,463,637	(157,610)

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2025

27.2 Maturity Analysis

	2025				
	No. of Contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
		(Rupees in '000)			
Remaining Maturity					
Upto 1 month	32	1,417,895	(20)	20	–
1 to 3 months	40	1,659,498	(430)	430	–
3 to 6 months	68	2,929,136	(8,958)	8,958	–
6 month to 1 Year	28	977,901	(6,513)	6,513	–
2 to 3 Years	–	–	–	–	–
Total	168	6,984,430	(15,921)	15,921	–

	2024				
	No. of Contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
		(Rupees in '000)			
Remaining Maturity					
Upto 1 month	16	658,587	(440)	440	–
1 to 3 months	34	1,262,826	(6,131)	6,131	–
3 to 6 months	90	3,291,798	(33,501)	33,501	–
6 month to 1 Year	230	7,714,063	(117,538)	117,538	–
2 to 3 Years	–	–	–	–	–
Total	370	12,927,274	(157,610)	157,610	–

27.3 Risk management related to derivatives is discussed in note 48.5.

	Note	2025	2024
		(Rupees in '000)	
28. MARK–UP / RETURN / INTEREST EARNED			
Loans and advances		77,658,778	111,305,848
Investments		209,891,136	246,251,644
Lendings to financial institutions		4,124,579	6,841,806
Balances with banks		1,436,191	2,089,034
IFRS 9 adjustment for staff loans – notional	33.1	719,781	531,920
		293,830,465	367,020,252
28.1 Interest income recognised on:			
Financial assets measured at amortised cost		87,290,138	121,125,378
Financial assets measured at FVOCI		205,004,882	237,634,646
Financial assets measured at FVTPL		1,535,445	8,260,228
		293,830,465	367,020,252
29. MARK–UP / RETURN / INTEREST EXPENSED			
Deposits		95,577,332	177,398,088
Borrowings		50,287,518	35,758,307
Cost of foreign currency swaps against foreign currency deposits / borrowings		465,066	3,201,785
Unwinding cost of lease liability against right–of–use assets		1,898,239	1,567,504
		148,228,155	217,925,684

		Note	2025	2024
			(Rupees in '000)	
30.	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		4,765,736	4,218,201
	Consumer finance related fees		797,380	685,801
	Card related fees (debit and credit cards)		9,358,294	7,920,653
	Credit related fees		672,058	633,307
	Investment banking fee		180,779	115,463
	Commission on trade		2,876,248	3,574,112
	Commission on guarantees		654,858	946,038
	Commission on cash management		1,065,102	1,020,451
	Commission on remittances including home remittances		(3,336,644)	181,970
	Commission on utility bills		103,800	106,727
	Commission on Bancassurance		1,362,604	1,068,885
	Rent on lockers		294,858	234,031
	Commission on investments services		284,981	285,239
	Other commission		193,927	208,028
			19,273,981	21,198,906
31.	**GAIN / (LOSS) ON SECURITIES – NET**			
	Realised	31.1	423,417	826,601
	Unrealised – Measured at FVTPL	10.1	261,687	218,457
	Unrealized – Forward contracts of government securities	15	–	2,096,975
			685,104	3,142,033
31.1	**Realised gain – net on:**			
	Federal Government securities		82,089	562,422
	Non Government debt securities		35,232	6,705
	Shares and units		306,096	257,474
			423,417	826,601
31.2	**Net gain on financial assets measured:**			
	At FVTPL			
	Designated upon initial recognition		167,082	375,545
	Mandatorily measured at FVTPL		–	–
			167,082	375,545
	Net gain on financial assets measured at FVOCI – Debt		256,335	451,056
			256,335	451,056
			423,417	826,601
32.	**OTHER INCOME**			
	Rent on property		198,498	147,603
	Gain on sale of property and equipment – net		311,598	200,989
	Gain on termination of lease liability against right–of–use assets		82,102	78,710
	Gain on sale of non–banking assets – net	15.1.2	–	2,008
			592,198	429,310

Notes To The Unconsolidated Financial Statements

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	Note	2025	2024
		(Rupees in '000)	
33. OPERATING EXPENSES			
Total compensation expense	33.1	31,028,624	25,891,908
Property expense			
Rent and taxes		305,287	405,615
Insurance		27,060	26,163
Utilities cost		2,399,029	2,892,030
Fuel expense generators		863,608	959,139
Security (including guards)		2,349,944	2,213,711
Repair and maintenance (including janitorial charges)		1,383,556	1,247,749
Depreciation on right–of–use assets	13.1	1,811,939	1,695,266
Depreciation	12.2	1,271,808	1,142,624
		10,412,231	10,582,297
Information technology expenses			
Software maintenance		2,357,407	1,985,214
Hardware maintenance		333,766	336,306
Depreciation	12.2	1,542,484	1,333,808
Amortisation	14.1	546,951	573,410
Network charges		569,015	613,701
Insurance		11,990	7,247
		5,361,613	4,849,686
Other operating expenses			
Directors' fees and allowances	42.2	71,400	64,300
Legal and professional charges		468,286	427,420
Outsourced services costs		1,220,569	1,095,428
Travelling and conveyance		670,821	598,717
NIFT clearing charges		291,235	232,583
Depreciation	12.2	1,622,393	1,347,318
Depreciation on non–banking assets acquired in satisfaction of claims	15.1.1	16,443	18,390
Training and development		162,028	72,437
Postage and courier charges		303,670	310,102
Communication		2,712,793	2,149,736
Stationery and printing		1,140,060	1,216,446
Marketing, advertisement & publicity		2,680,795	2,121,389
Donations	33.2	10,100	10,100
Auditors' remuneration	33.3	121,026	92,225
Cash transportation charges		1,149,837	1,241,525
Repair and maintenance		869,260	799,568
Subscription		48,165	34,686
Entertainment		525,809	437,521
Remittance charges		207,069	272,546
Brokerage expenses		61,065	59,698
Card related expenses		3,681,257	3,733,411
CNIC verification charges		343,220	414,708
Insurance		2,580,543	2,315,340
Others		678,445	573,397
		21,636,289	19,638,991
		68,438,757	60,962,882

The Bank has material outsourcing arrangement with "Euronet Pakistan Private Limited" (a related party) for hosting of POS acquiring & e–commerce gateway services. Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 148.408 million (2024: Rs. 134.242 million). This includes payments other than outsourced services costs, which are disclosed above. Outsourcing shall have the same meaning as specified in BPRD Circular No. 06 of 2019.

	Note	2025	2024
		(Rupees in '000)	
33.1 Total compensation expense			
Fees and allowances		1,494,356	1,259,979
Managerial remuneration			
i) Fixed		22,136,271	18,725,521
ii) Variable – cash bonus / awards / incentives		5,408,732	3,974,049
Charge for defined benefit plan		(839,244)	(501,969)
Contribution to defined contribution plan		706,382	600,770
Staff group insurance		909,591	789,840
Rent and house maintenance		35,684	55,850
Medical		62,588	53,991
Conveyance		354,386	310,350
		30,268,746	25,268,381
Sign–on bonus	33.1.1	18,175	11,607
IFRS 9 adjustment for staff loans – notional	33.1.2	719,781	531,920
Severance allowance	33.1.3	21,922	80,000
		31,028,624	25,891,908

33.1.1 During the year sign on bonus was paid to 41 employees (2024: 37).

33.1.2 This refers to unwinding of notional deferred cost on subsidised staff loans fair valuation under IFRS 9.

33.1.3 Severance allowance pertains to 3 employees (2024: 1).

	2025	2024
	(Rupees in '000)	
33.2 Detail of donations made during the year is as follows:		
FAST– National University of Computer and Emerging Science	100	10,100
Saleem Memorial Hospital	10,000	–
	10,100	10,100

33.2.1 None of the directors, executives or their spouses had any interest in the donees, except for Mr. Yahya Saleem who is a director in Saleem Memorial Hospital.

Notes To The Unconsolidated Financial Statements

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		Note	2025	2024
			(Rupees in '000)	
33.3	**Auditors' remuneration**			
	Audit fee		27,250	24,480
	Fee for audit of foreign branches		59,286	30,809
	Special certifications and sundry advisory services		–	3,000
	Tax services		29,040	29,040
	Sales tax on audit fee		1,363	1,224
	Out–of–pocket expenses		4,087	3,672
			121,026	92,225
34.	**OTHER CHARGES**			
	Penalties imposed by State Bank of Pakistan		147,714	95,930
	VAT & National Building tax & Crop Insurance Levy		174,825	217,344
	Education cess		141,594	130,619
			464,133	443,893
35.	**CREDIT LOSS ALLOWANCE AND WRITE OFFS – NET**			
	Credit loss allowance / (reversal) against balance with other banks		226,922	(63,647)
	(Reversal) / credit loss allowance against cash and balances with treasury banks		(170,165)	10,933
	Reversal of credit loss allowance for diminution in value of investments	10.4	(284,197)	(28,119)
	(Reversal) / credit loss allowance against loans and advances	11.5.2	(4,828,507)	4,757,706
	Credit loss allowance / (reversal) against lendings to financial institutions		971	(5,961)
	Credit loss allowance / (reversal) against off balance sheet items	22	86,794	(216,828)
	(Reversal) / credit loss allowance against other assets	15.2.1	(19,267)	134,621
	Bad debts written off directly	11.6.1	–	–
	Recovery of written off / charged off bad debts		(273,389)	(257,178)
			(5,260,838)	4,331,527
36.	**TAXATION**			
	Current		58,515,354	65,830,556
	Prior years		2,174,994	(3,470,506)
	Deferred	21	567,604	(1,554,515)
			61,257,952	60,805,535

		2025	2024
		(Rupees in '000)	
36.1	**Relationship between tax expense and accounting profit**		
	Accounting profit for the year	115,453,086	118,420,045
	Tax on income @ 43% (2024: 44%)	49,644,827	52,104,820
	Super tax @ 10% (2024: 10%)	11,545,309	11,842,005
	Tax effect of permanent differences	83,641	51,802
	Tax effect of prior years charge	2,174,994	(3,470,506)
	Others	(2,190,819)	277,414
	Tax charge for the year	61,257,952	60,805,535

		(Rupees in '000)	
37.	**BASIC AND DILUTED EARNINGS PER SHARE**		
	Profit for the year after tax	54,195,134	57,614,510
		(Number)	
	Weighted average number of ordinary shares	1,185,060,006	1,185,060,006
		(Rupees)	
	Basic and diluted earnings per share	45.73	48.62

Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue at the reporting dates.

		Note	2025	2024
			(Rupees in '000)	
38.	**CASH AND CASH EQUIVALENTS**			
	Cash and balances with treasury banks	7	190,083,526	168,507,615
	Balances with other banks	8	39,698,066	27,841,879
	Overdrawn nostro accounts	18	(3,044,969)	(4,302,864)
			226,736,623	192,046,630

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2025

38.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2025					2024				
	Liabilities	Equity				Liabilities	Equity			
	Other liabilities	Share Capital	Reserves	Unappropriated profit	Total	Other liabilities	Share Capital	Reserves	Unappropriated profit	Total
	(Rupees in '000)									
Opening balance	174,329,721	11,850,600	104,929,819	110,425,784	401,535,924	149,276,918	11,850,600	98,723,536	96,039,536	355,890,590
Impact of adoption of IFRS 9	–	–	–	–	–	(2,173,488)	–	–	799,307	(1,374,181)
Balance after adoption of IFRS 9	174,329,721	11,850,600	104,929,819	110,425,784	401,535,924	147,103,430	11,850,600	98,723,536	96,838,843	354,516,409
Changes from financing cash flows										
Payment of lease liability against right-of-use-assets	(2,836,943)	–	–	–	(2,836,943)	(2,452,883)	–	–	–	(2,452,883)
Dividend paid	–	–	–	(42,299,881)	(42,299,881)	–	–	–	(42,335,753)	(42,335,753)
Total changes from financing cash flows	(2,836,943)	–	–	(42,299,881)	(45,136,824)	(2,452,883)	–	–	(42,335,753)	(44,788,636)
Changes arising from demerger	–	–	–	–	–	(4,480)	–	–	–	(4,480)
Liability related										
Changes in other liabilities										
– Cash based	(8,665,338)	–	–	–	(8,665,338)	9,921,796	–	–	–	9,921,796
– Dividend payable	362,279	–	–	(362,279)	–	326,407	–	–	(326,407)	–
– Non cash based	(33,389,756)	–	–	–	(33,389,756)	19,435,451	–	–	–	19,435,451
Total liability related other changes	(41,692,815)	–	–	(362,279)	(42,055,094)	29,683,654	–	–	(326,407)	29,357,247
Total equity related other changes	–	–	5,053,454	54,038,366	59,091,820	–	–	6,206,283	56,249,101	62,455,384
Closing balance	129,799,963	11,850,600	109,983,273	121,801,990	373,435,826	174,329,721	11,850,600	104,929,819	110,425,784	401,535,924

	2025	2024
	(Number)	
39. STAFF STRENGTH		
Permanent	15,130	14,171
On Bank contract	280	118
Bank's own staff strength at end of the year	15,410	14,289

39.1 In addition to the above, 143 (2024: 102) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding, tea and janitorial services. Outsourced staff includes 137 (2024: 91) working domestically and 6 (2024:11) working abroad.

	2025	2024
	(Number)	
39.2 Staff Strength Bifurcation		
Domestic	15,258	14,148
Overseas	152	141
	15,410	14,289

40. DEFINED BENEFIT PLAN

40.1 General description

The Bank operates the following retirement benefits for its employees:

– Pension fund – funded

– Benevolent scheme – unfunded

– Post retirement medical benefits – unfunded

– Employees compensated absence – unfunded

The plan assets and defined benefit obligations are based in Pakistan.

40.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2025	2024
	(Number)	
– Pension fund – funded	4,783	5,012
– Benevolent scheme – unfunded	847	934
– Post retirement medical benefits – unfunded	14,979	14,035
– Employees compensated absence – unfunded	14,979	14,035

40.3 Principal actuarial assumptions

The latest actuarial valuations of the pension fund, employees' contributory benevolent scheme, post retirement medical benefits and employees' compensated absences were carried out at December 31, 2025. The principal actuarial assumptions used are as follows:

	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
	2025	2024	2025	2024	2025	2024	2025	2024
	(%)							
Discount rate	11.00	12.25	11.00	12.25	11.00	12.25	11.00	12.25
Expected rate of return on plan assets	11.00	12.25	–	–	–	–	–	–
Expected rate of salary increase	10.00	10.25	10.00	10.25	–	–	10.00	10.25
Expected rate of increase in pension	0–5	0–5	–	–	–	–	–	–
Expected rate of increase in medical benefit	–	–	–	–	11.00	10.25	–	–

40.4 Reconciliation of (receivable from) / payable to defined benefit plans

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2025	2024	2025	2024	2025	2024	2025	2024
		(Rupees in '000)							
Present value of obligations	40.5	5,426,194	4,732,130	137,984	142,549	2,246,751	2,169,019	1,517,876	1,249,500
Fair value of plan assets	40.6	(22,738,449)	(18,068,979)	–	–	–	–	–	–
(Receivable) / payable	40.7	(17,312,255)	(13,336,849)	137,984	142,549	2,246,751	2,169,019	1,517,876	1,249,500

Notes To The Unconsolidated Financial Statements

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40.5 Movement in defined benefit obligations

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2025	2024	2025	2024	2025	2024	2025	2024
		(Rupees in '000)							
Obligations at the beginning of the year		4,732,130	4,287,273	142,549	140,847	2,169,019	2,121,129	1,249,500	1,266,190
Current service cost	40.8.1	65,798	66,621	3,683	3,583	91,024	84,237	53,690	51,334
Interest cost		547,993	633,817	15,698	19,066	256,682	316,419	147,258	182,473
Benefits paid		(517,440)	(396,261)	(28,810)	(35,687)	(147,314)	(159,434)	(94,794)	(177,890)
Re-measurement loss / (gain)	40.8.1 & 40.8.2	597,713	140,680	4,864	14,740	(122,660)	(193,332)	162,222	(72,607)
Obligations at end of the year	40.4	5,426,194	4,732,130	137,984	142,549	2,246,751	2,169,019	1,517,876	1,249,500

40.6 Movement in fair value of plan assets

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2025	2024	2025	2024	2025	2024	2025	2024
		(Rupees in '000)							
Fair value at the beginning of the year		18,068,979	11,715,415	–	–	–	–	–	–
Interest income on plan assets		2,181,757	1,785,179	–	–	–	–	–	–
Benefits paid		(517,440)	(396,261)	–	–	–	–	–	–
Re-measurement gain / (loss): Net return on plan assets over interest income gain / (loss)	40.8.2	3,005,153	4,964,646	–	–	–	–	–	–
Fair value at end of the year	40.4	22,738,449	18,068,979	–	–	–	–	–	–

40.7 Movement in (receivable) / payable under defined benefit schemes

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2025	2024	2025	2024	2025	2024	2025	2024
		(Rupees in '000)							
Opening balance		(13,336,849)	(7,428,142)	142,549	140,847	2,169,019	2,121,129	1,249,500	1,266,190
(Reversal) / charge for the year	40.8.1	(1,567,966)	(1,084,741)	17,846	20,916	347,706	400,656	363,170	161,200
Employees' contribution		–	–	1,535	1,733	–	–	–	–
Re-measurement (gain) / loss recognised in OCI during the year	40.8.2	(2,407,440)	(4,823,966)	4,864	14,740	(122,660)	(193,332)	–	–
Benefits paid by the Bank		–	–	(28,810)	(35,687)	(147,314)	(159,434)	(94,794)	(177,890)
Closing balance	40.4	(17,312,255)	(13,336,849)	137,984	142,549	2,246,751	2,169,019	1,517,876	1,249,500

40.8 Charge for defined benefit plans

40.8.1 Cost recognised in statement of profit and loss account

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2025	2024	2025	2024	2025	2024	2025	2024
		(Rupees in '000)							
Current service cost	40.5	65,798	66,621	3,683	3,583	91,024	84,237	53,690	51,334
Net interest on defined benefit asset / liability		(1,633,764)	(1,151,362)	15,698	19,066	256,682	316,419	147,258	182,473
Employees' contribution		–	–	(1,535)	(1,733)	–	–	–	–
Actuarial (gain) / loss	40.5	–	–	–	–	–	–	162,222	(72,607)
	40.7	(1,567,966)	(1,084,741)	17,846	20,916	347,706	400,656	363,170	161,200

40.8.2 Re–measurements recognised in OCI during the year

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2025	2024	2025	2024	2025	2024	2025	2024
		(Rupees in '000)							
(Gain) / loss on obligation	40.5								
Financial assumptions		160,217	404,078	9,514	16,936	52,456	107,624	–	–
Experience adjustments		437,496	(263,398)	(4,650)	(2,196)	(175,116)	(300,956)	–	–
Return on plan assets over interest income	40.6	(3,005,153)	(4,964,646)	–	–	–	–	–	–
Re–measurement (gain) / loss recognised in OCI	40.7	(2,407,440)	(4,823,966)	4,864	14,740	(122,660)	(193,332)	–	–

40.9 Components of plan assets

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2025	2024	2025	2024	2025	2024	2025	2024
		(Rupees in '000)							
Cash and cash equivalents – net		1,178,804	223,500	–	–	–	–	–	–
Shares		21,229,038	17,546,703	–	–	–	–	–	–
Open ended mutual funds units		330,607	298,776	–	–	–	–	–	–
	40.4	22,738,449	18,068,979	–	–	–	–	–	–

40.9.1 Significant risk associated with the plan assets

The Fund's investments in equity securities and units of mutual funds are subject to price risk. These risks are regularly monitored by Trustees of the employee funds.

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40.10 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

	Approved Pension fund	Employees' contributory benevolent scheme	Post retirement medical benefits	Employees' compensated absences
	(Rupees in '000)			
1% increase in discount rate	(292,834)	(8,190)	(280,957)	(84,021)
1% decrease in discount rate	328,319	9,126	357,033	94,440
1 % increase in expected rate of salary increase	62,278	–	–	94,440
1 % decrease in expected rate of salary increase	(59,899)	–	–	(85,475)
1% increase in expected rate of pension increase	243,999	–	–	–
1% decrease in expected rate of pension increase	(220,223)	–	–	–
1% increase in expected rate of medical benefit increase	–	–	338,062	–
1% decrease in expected rate of medical benefit increase	–	–	(269,463)	–

40.11 Expected contributions to be paid to the funds in the next financial year

No contributions are being made to pension fund due to surplus of fair value of plan's assets over present value of defined obligation. No contribution to the pension fund is expected in the next year.

40.12 Expected (reversal) / charge for the next financial year

Based on actuarial advice, management estimates that the charge / (reversal) in respect of defined benefit plans for the year ending December 31, 2025 would be as follows:

	Approved Pension fund	Employees' contributory benevolent scheme	Post retirement medical benefits	Employees' compensated absences
	(Rupees in '000)			
Expected (reversal) / charge for the next financial year	(1,846,154)	16,804	345,821	231,035

40.13 Maturity profile

The weighted average duration of the obligation (in years)	7.80	7.80	7.80	7.80

40.14 Funding Policy

The Bank endeavours to ensure that liabilities under the various employee benefit schemes are covered by the Fund on any valuation date having regards to the various actuarial assumptions such as projected future salary increase, expected future contributions to the fund, projected increase in liability associated with future service and the projected investment income of the Fund.

40.15 The defined benefit plans may expose the bank to actuarial risks such as longevity risk, investment risk, salary increase risk and withdrawal rate risk as described below:

Investment risk	The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.
Longevity risk	The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.
Salary increase risk	The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.
Withdrawal rate	The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

41. DEFINED CONTRIBUTION PLAN

The Bank operates an approved contributory provident fund for 12,691 (2024: 11,581) employees where contributions are made by the Bank at 8.33% (2024: 8.33%) and employees ranging from 8.33% to 15% per annum (2024: 8.33% to 15% per annum) of the basic salary.

The Bank also operates an approved non–contributory provident fund for 460 (2024: 504) employees who have opted for the new scheme, where contributions are made by the employees ranging from 8.33% to 15% per annum (2024: 8.33% to 15% per annum) of the basic salary.

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42. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

42.1 Total compensation expense

	Note	2025					
		Directors					
		Chairman	Executive (other than CEO)	Non Executive	President / CEO	Key management personnel	Other material risk takers / controllers
		(Rupees in '000)					
Fee and allowances	42.2	8,400	–	63,000	–	9,703	66,841
Managerial Remuneration							
i) Fixed		–	–	–	61,045	542,394	1,330,054
ii) Cash Bonus / Awards / Incentives	42.1.1	–	–	–	30,000	282,181	571,102
Contribution to defined contribution plan		–	–	–	3,282	13,617	49,217
Rent & house maintenance		–	–	–	618	35,593	–
Medical		–	–	–	626	3,242	16,271
Overseas allowance		–	–	–	–	96,808	98,086
Security		–	–	–	1,104	–	–
Club membership		–	–	–	2,906	–	1,210
Others		–	–	–	–	–	–
Total		8,400	–	63,000	99,581	983,538	2,132,781
Number of Persons		1	–	12	1	25	178

	2024					
	Directors					
	Chairman	Executive (other than CEO)	Non Executive	President / CEO	Key management personnel	Other material risk takers / controllers
	(Rupees in '000)					
Fee and allowances	8,100	–	56,200	–	12,508	63,342
Managerial Remuneration						
i) Fixed	–	–	–	86,545	647,076	1,286,586
ii) Cash Bonus / Awards / Incentives	–	–	–	75,000	316,543	391,880
Contribution to defined contribution plan	–	–	–	4,395	18,752	46,971
Rent & house maintenance	–	–	–	33	33,669	5,978
Medical	–	–	–	168	3,260	15,053
Severance allowance	–	–	–	80,000	–	–
Overseas allowance	–	–	–	–	96,981	125,494
Security	–	–	–	942	–	–
Club membership	–	–	–	108	400	600
Others*	–	–	–	44,681	–	–
Total	8,100	–	56,200	291,872	1,129,189	1,935,904
Number of Persons	1	–	12	1	30	189

*This represents amounts paid to the outgoing President & CEO on account of leave encashment and post retirement medical benefit.

42.1.1 During the year 2025, Rs 42.837 million bonus has been deferred (2024: Rs. 52.917 million).

42.2 Remuneration paid to Directors for participation in Board and Committee meetings

	2025									
		For Board Committees								
	Board meeting	Board's Audit Committee	BS & DC	RM & PRC	HR & RC	ITC	PP & CA	CR & MC	Wo & WC	Total
	(Rupees in '000)									
Mian Mohammad Mansha	4,800	–	1,200	–	1,200	–	1,200	–	–	8,400
Mr. Tariq Rafi	1,200	–	–	–	–	–	–	–	–	1,200
Mian Umer Mansha	2,000	1,500	1,200	1,200	900	2,400	1,200	900	–	11,300
Mrs. Iqraa Hassan Mansha	1,600	–	–	–	600	–	600	–	–	2,800
Mr. Muhammad Ali Zeb	2,000	1,500	–	1,200	1,200	–	1,200	1,200	–	8,300
Mr. Yahya Saleem	3,200	–	–	–	–	–	–	–	–	3,200
Mr. Mohd Suhail Amar Suresh	4,000	–	1,200	1,200	–	2,400	–	–	–	8,800
Mr. Salman Khalid Butt	4,000	–	1,200	1,200	1,200	2,400	–	1,200	–	11,200
Mr. Shahzad Hussain	2,000	1,500	–	–	–	–	–	–	–	3,500
Mr. Masood Ahmed Puri	4,000	–	–	–	–	–	–	–	–	4,000
Shaikh Muhammad Jawed	2,000	–	1,200	–	–	–	–	–	–	3,200
Mr. Noruzulkarnien Bin Nor Mohamad	4,000	1,500	–	–	–	–	–	–	–	5,500
	34,800	6,000	6,000	4,800	5,100	7,200	4,200	3,300	–	71,400

	2024									
		For Board Committees								
	Board meeting	Board's Audit Committee	BS & DC	RM & PRC	HR & RC	ITC	PP & CA	CR & MC	Wo & WC	Total
	(Rupees in '000)									
Mian Mohammad Mansha	4,800	–	1,000	–	1,300	–	1,000	–	–	8,100
Mr. Tariq Rafi	1,600	–	–	–	–	–	–	–	–	1,600
Mian Umer Mansha	2,000	1,000	1,000	1,000	300	1,600	1,000	1,000	–	8,900
Mrs. Iqraa Hassan Mansha	2,000	–	–	–	400	–	600	–	–	3,000
Mr. Muhammad Ali Zeb	2,000	1,300	–	1,000	1,300	–	1,000	1,000	–	7,600
Mr. Yahya Saleem	4,000	–	–	–	–	–	–	–	–	4,000
Mr. Mohd Suhail Amar Suresh	3,200	–	900	600	–	1,200	–	–	–	5,900
Mr. Salman Khalid Butt	4,000	–	1,000	1,000	1,300	1,600	–	1,000	–	9,900
Mr. Shahzad Hussain	2,000	1,300	–	–	–	–	–	–	–	3,300
Mr. Masood Ahmed Puri	4,000	–	400	–	–	–	–	–	–	4,400
Mr. Shariffuddin Bin Khalid	1,600	400	–	–	–	–	–	–	–	2,000
Shaikh Muhammad Jawed	2,000		600	–	–	–	–	–	–	2,600
Mr. Noruzulkarnien Bin Nor Mohamad	2,400	600	–	–	–	–	–	–	–	3,000
	35,600	4,600	4,900	3,600	4,600	4,400	3,600	3,000	–	64,300

42.3 The Chairman has been provided with free use of the Bank maintained car. In addition to the above, the Chief Executive and certain executives are provided with free use of the Bank's maintained cars and household equipment in accordance with the terms of their employment.

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43. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as amortised cost, is based on quoted market price. Quoted debt securities classified as amortised cost are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiary, is determined on the basis of valuation methodologies.

Fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 6.5 to these unconsolidated financial statements.

The maturity and repricing profile and effective rates are stated in note 48.

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

43.1 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. Financial instruments included in Level 1 comprise of investments in listed ordinary shares.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Financial instruments included in Level 2 comprise of Sukuk Bonds, Pakistan Investment Bonds, Market Treasury Bills, Mutual Fund units, Term Finance certificates, FX options, Cross Currency Swaps, Interest Rate Swaps and Forward Exchange Contracts.

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs). Financial instruments included in Level 3 comprise of investments in unquoted equity investments.

43.2 Fair value of non–financial assets

Certain categories of property and equipment (land and buildings) and non banking assets acquired in satisfaction of claims are carried at revalued amounts determined by professional valuers based on their assessment of the market values. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of the State Bank of Pakistan.

43.3 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				
	Carrying / Notional value	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	1,765,037,667	–	1,765,037,667	–	1,765,037,667
Shares and units	79,214,870	71,590,221	243,070	7,381,579	79,214,870
Non–Government Debt Securities	8,637,375	–	8,637,375	–	8,637,375
Foreign Securities	68,394,627	–	68,394,627	–	68,394,627
Financial assets – disclosed but not measured at fair value					
Investments (amortised cost, subsidiaries and associates)	25,940,135	–	–	–	–
Non – Financial Assets measured at fair value					
Property and equipment (land and buildings)	74,794,092	–	74,794,092	–	74,794,092
Non–banking assets	1,547,188	–	1,547,188	–	1,547,188
Off–balance sheet financial instruments – measured at fair value					
Forward purchase of foreign exchange	131,361,638	–	938,631	–	938,631
Forward sale of foreign exchange	133,038,331	–	777,927	–	777,927
Forward purchase of government securities	4,000,000	–	–	–	–
Derivatives purchase	3,492,215	–	15,921	–	15,921
Derivatives sale	3,492,215	–	15,921	–	15,921

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	2024				
	Carrying / Notional value	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	1,016,058,323	–	1,016,058,323	–	1,016,058,323
Shares and units	49,810,066	49,708,452	101,614	–	49,810,066
Non–Government Debt Securities	9,807,129	–	9,807,129	–	9,807,129
Foreign Securities	58,121,060	–	58,121,060	–	58,121,060
Financial assets – disclosed but not measured at fair value					
Investments (amortised cost, unquoted ordinary shares, subsidiaries and associates)	33,656,033	–	–	–	–
Non – Financial Assets measured at fair value					
Property and equipment (land and buildings)	64,861,626	–	64,861,626	–	64,861,626
Non–banking assets	1,901,887	–	1,901,887	–	1,901,887
Off–balance sheet financial instruments – measured at fair value					
Forward purchase of foreign exchange	71,498,197	–	726,974	–	726,974
Forward sale of foreign exchange	85,917,089	–	1,402,562	–	1,402,562
Forward purchase of government securities	301,115,690	–	2,096,975	–	2,096,975
Derivatives purchase	6,463,637	–	157,610	–	157,610
Derivatives sale	6,463,637	–	157,610	–	157,610

43.4 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.

43.5 Valuation techniques used in determination of fair valuation of financial instruments within Level 2 and Level 3

Item	Valuation approach and input used
Federal Government securities	The fair values of Treasury Bills and fixed rate Pakistan Investments Bonds are determined using the PKRV rates while floating rate Pakistan Investments Bonds are revalued using PKFRV rates. The fair values of foreign currency denominated GoP Eurobonds are determined on the basis of rates taken from Bloomberg.
Term Finance and Bonds	Investments in debt securities (comprising term finance certificates, sukuks, 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 Securities and Exchange Commission of Pakistan.
Foreign Government Debt Securities	The fair values of Foreign Government debt securities are determined on the basis of rates taken from Bloomberg.
Foreign exchange contracts	The valuation has been determined by interpolating the mark-to-market currency 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 currency involved, interest rates, yield curves, volatilities, contracts duration etc.
Unquoted equity investments	The fair value of unquoted equity investments is determined using the discounted cash flow (DCF) method based on projected cash flows, where available. In the absence of reliable projections, a comparable market approach is applied using relevant P/B and P/E multiples of comparable listed companies. For entities with negative equity and sustained losses or negative cash flows, fair value is assessed at the lower of cost or break-up value.
Mutual Funds	Units of mutual funds are valued using the Net Asset Value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP).
Property and equipment (land and building) & Non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using valuation experts. 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, comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these unconsolidated condensed interim 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 investment in unquoted equity securities.

Description	Valuation technique	Unobservable inputs*	Discount rate	Relationship of unobservable inputs to fair value
Unquoted equity investments (Income approach)	DCF method	Discount rate	19.63%	Increase / decrease in discount rate by 1% with all other variables held constant, would decrease / increase the fair value by Rs. 386.910 million and Rs 473.460 million respectively.
		Terminal growth rate	4% - 13%	Increase / decrease in terminal growth factor rate by 1% with all other variables held constant, would increase / decrease the fair value by Rs. 358.119 million and Rs. 286.786 million respectively.
Unquoted equity investments (market approach)	Price to Earnings and Price to Book Value	Market multiple/ transaction price	Not applicable	Not applicable

*There were no significant inter–relationships between unobservable inputs that materially affect fair values.

The following table shows reconciliation of investments Level 3 fair value movement:

	2025	2024
	(Rupees in '000)	
Opening balance	5,017,877	1,404,534
Impact of fair valuation on adoption of IFRS 9	–	3,613,343
Opening balance as at January 01, 2025 – Restated	5,017,877	5,017,877
Remeasurement recognised in OCI	2,363,702	–
Closing balance	7,381,579	5,017,877

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44 SEGMENT INFORMATION

44.1 Segment details with respect to business activities

The segment analysis with respect to business activity is as follows:

	2025								
	Retail Banking	Consumer Banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total
	(Rupees in '000)								
Profit & Loss									
Net mark-up / return / profit	(81,393,687)	6,569,497	50,876,535	161,096,022	8,453,943	–	145,602,310	–	145,602,310
Inter segment revenue – net	183,394,279	(3,857,540)	(41,232,243)	(145,934,586)	(415,140)	8,045,230	–	–	–
Non mark-up / return / interest income	15,596,105	3,346,828	6,337,332	8,462,203	2,334,836	(275,414)	35,801,890	–	35,801,890
Total Income	117,596,697	6,058,785	15,981,624	23,623,639	10,373,639	7,769,816	181,404,200	–	181,404,200
Segment direct expenses	43,476,685	2,927,277	3,178,971	640,923	3,290,058	17,698,038	71,211,952	–	71,211,952
Inter segment expense allocation	–	–	–	–	–	–	–	–	–
Total expenses	43,476,685	2,927,277	3,178,971	640,923	3,290,058	17,698,038	71,211,952	–	71,211,952
Credit loss allowance and write offs – net	2,032,844	124,755	(626,806)	–	280,912	(7,072,543)	(5,260,838)	–	(5,260,838)
Profit / (loss) before tax	72,087,168	3,006,753	13,429,459	22,982,716	6,802,669	(2,855,679)	115,453,086	–	115,453,086
Balance Sheet									
Cash and Bank balances	68,843,100	118,623	285,083	108,325,440	52,209,346	–	229,781,592	–	229,781,592
Investments	–	–	9,359,179	1,845,307,619	92,557,876	–	1,947,224,674	–	1,947,224,674
Net inter segment lending	1,760,188,077	–	–	–	–	355,720,293	2,115,908,370	(2,115,908,370)	–
Lendings to financial institutions	–	–	–	16,746,603	82,301,696	–	99,048,299	–	99,048,299
Advances – performing / underperforming – net	47,606,751	49,912,087	536,484,718	–	50,549,799	(5,850,070)	678,703,285	–	678,703,285
– non performing – net	127,017	160,553	746,315	–	9,669,918	911,622	11,615,425	–	11,615,425
Others	60,129,463	3,587,468	63,618,182	54,663,139	2,673,183	96,012,252	280,683,687	–	280,683,687
Total Assets	1,936,894,408	53,778,731	610,493,477	2,025,042,801	289,961,818	446,794,097	5,362,965,332	(2,115,908,370)	3,247,056,962
Borrowings	1,786,061	35,830	60,868,235	392,856,382	2,325,349	–	457,871,857	–	457,871,857
Deposits and other accounts	1,910,873,393	–	104,181,107	–	246,220,530	–	2,261,275,030	–	2,261,275,030
Net inter segment borrowing	–	45,539,151	403,770,695	1,630,088,435	36,510,089	–	2,115,908,370	(2,115,908,370)	–
Others	24,234,954	8,203,750	41,673,440	2,097,984	4,905,850	131,052,871	212,168,849	–	212,168,849
Total liabilities	1,936,894,408	53,778,731	610,493,477	2,025,042,801	289,961,818	131,052,871	5,047,224,106	(2,115,908,370)	2,931,315,736
Equity	–	–	–	–	–	315,741,226	315,741,226	–	315,741,226
Total Equity & liabilities	1,936,894,408	53,778,731	610,493,477	2,025,042,801	289,961,818	446,794,097	5,362,965,332	(2,115,908,370)	3,247,056,962
Contingencies & Commitments	101,275,094	–	399,615,175	275,384,399	22,491,394	37,742,678	836,508,740	–	836,508,740

	2024								
	Retail Banking	Consumer Banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total
	(Rupees in '000)								
Profit & Loss									
Net mark-up / return / profit	(147,372,934)	7,777,501	65,061,197	215,492,159	8,136,645	–	149,094,568		149,094,568
Inter segment revenue – net	280,744,637	(5,578,141)	(55,924,382)	(233,615,189)	(447,739)	14,820,814	–	–	–
Non mark-up / return / interest income	13,601,926	2,852,628	9,092,731	10,108,417	2,157,830	(381,352)	37,432,180	–	37,432,180
Total Income	146,973,629	5,051,988	18,229,546	(8,014,613)	9,846,736	14,439,462	186,526,748	–	186,526,748
Segment direct expenses	38,791,747	1,980,304	2,341,844	653,173	2,827,827	17,180,281	63,775,176	–	63,775,176
Inter segment expense allocation	–	–	–	–	–	–	–	–	–
Total expenses	38,791,747	1,980,304	2,341,844	653,173	2,827,827	17,180,281	63,775,176	–	63,775,176
Credit loss allowance and write offs – net	2,676,558	134,097	415,594	–	(240,940)	1,346,218	4,331,527	–	4,331,527
Profit / (loss) before tax	105,505,324	2,937,587	15,472,108	(8,667,786)	7,259,849	(4,087,037)	118,420,045	–	118,420,045
Balance Sheet									
Cash and Bank balances	46,364,878	112,551	201,339	104,117,273	45,563,659	(10,206)	196,349,494	–	196,349,494
Investments	–	–	10,671,310	1,084,998,962	71,479,168	303,171	1,167,452,611	–	1,167,452,611
Net inter segment lending	1,540,925,947	–	–	–	–	306,652,585	1,847,578,532	(1,847,578,532)	–
Lendings to financial institutions	–	–	–	199,978	55,455,526	–	55,655,504	–	55,655,504
Advances – performing	61,051,389	36,075,897	895,659,616	–	45,235,202	(8,455,016)	1,029,567,088	–	1,029,567,088
– non performing – net	221,802	129,398	936,180	–	9,102,756	1,669,062	12,059,198	–	12,059,198
Others	61,358,291	3,648,516	56,430,997	36,583,876	4,169,533	80,064,197	242,255,410	–	242,255,410
Total Assets	1,709,922,307	39,966,362	963,899,442	1,225,900,089	231,005,844	380,223,793	4,550,917,837	(1,847,578,532)	2,703,339,305
Borrowings	4,811,563	42,145	79,574,711	183,036,102	1,022,291	–	268,486,812	–	268,486,812
Deposits and other accounts	1,627,321,691	–	109,698,501	–	185,184,270	7,537	1,922,211,999	–	1,922,211,999
Net inter segment borrowing	–	33,742,698	739,981,530	1,042,577,045	31,277,259	–	1,847,578,532	(1,847,578,532)	–
Others	77,789,053	6,181,519	34,644,700	286,942	13,522,024	109,956,916	242,381,154	–	242,381,154
Total liabilities	1,709,922,307	39,966,362	963,899,442	1,225,900,089	231,005,844	109,964,453	4,280,658,497	(1,847,578,532)	2,433,079,965
Equity	–	–	–	–	–	270,259,340	270,259,340	–	270,259,340
Total Equity & liabilities	1,709,922,307	39,966,362	963,899,442	1,225,900,089	231,005,844	380,223,793	4,550,917,837	(1,847,578,532)	2,703,339,305
Contingencies & Commitments	77,434,778	–	416,240,574	471,458,250	13,340,003	31,303,828	1,009,777,433	–	1,009,777,433

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44.2 Segment details with respect to geographical locations

Geographical Segment Analysis

	2025					
	Pakistan	South Asia	Middle East	Sub-total	Eliminations	Total
	(Rupees in '000)					
Profit & Loss						
Net mark-up / return / profit	137,122,836	1,095,385	7,384,089	145,602,310	–	145,602,310
Inter segment revenue – net	308,289	(52,673)	(255,616)	–	–	–
Non mark-up / return / interest income	33,473,327	333,556	1,995,007	35,801,890	–	35,801,890
Total Income	170,904,452	1,376,268	9,123,480	181,404,200	–	181,404,200
Segment direct expenses	68,251,509	1,059,974	1,900,469	71,211,952	–	71,211,952
Total expenses	68,251,509	1,059,974	1,900,469	71,211,952	–	71,211,952
Credit loss allowance and write offs – net	(5,541,750)	(174,180)	455,092	(5,260,838)	–	(5,260,838)
Profit before tax	108,194,693	490,474	6,767,919	115,453,086	–	115,453,086
Balance Sheet						
Cash and Bank balances	178,088,844	1,887,363	49,805,385	229,781,592	–	229,781,592
Investments	1,854,666,798	10,327,823	82,230,053	1,947,224,674	–	1,947,224,674
Net inter segment lendings	33,867,116	–	–	33,867,116	(33,867,116)	–
Lendings to financial institutions	16,746,603	–	82,301,696	99,048,299	–	99,048,299
Advances – performing / underperforming – net	628,153,486	13,708,692	36,841,107	678,703,285	–	678,703,285
– non performing – net	10,641,912	277,251	696,262	11,615,425	–	11,615,425
Others	278,039,378	1,447,910	1,196,399	280,683,687	–	280,683,687
Total Assets	3,000,204,137	27,649,039	253,070,902	3,280,924,078	(33,867,116)	3,247,056,962
Borrowings	455,546,509	2,020,195	305,153	457,871,857	–	457,871,857
Deposits and other accounts	2,019,781,122	16,177,354	225,316,554	2,261,275,030	–	2,261,275,030
Net inter segment borrowing	–	8,468,974	25,398,142	33,867,116	(33,867,116)	–
Others	209,135,280	982,516	2,051,053	212,168,849	–	212,168,849
Total liabilities	2,684,462,911	27,649,039	253,070,902	2,965,182,852	(33,867,116)	2,931,315,736
Equity	315,741,226	–	–	315,741,226	–	315,741,226
Total Equity & liabilities	3,000,204,137	27,649,039	253,070,902	3,280,924,078	(33,867,116)	3,247,056,962
Contingencies & Commitments	814,017,346	1,773,974	20,717,420	836,508,740	–	836,508,740

	2024					
	Pakistan	South Asia	Middle East	Sub-total	Eliminations	Total
	(Rupees in '000)					
Profit & Loss						
Net mark-up / return / profit	140,945,022	1,421,346	6,728,200	149,094,568	–	149,094,568
Inter segment revenue – net	318,073	(132,504)	(185,569)	–	–	–
Non mark-up / return / interest income	35,273,492	286,145	1,872,543	37,432,180	–	37,432,180
Total Income	176,536,587	1,574,987	8,415,174	186,526,748	–	186,526,748
Segment direct expenses	60,952,262	1,084,184	1,738,730	63,775,176	–	63,775,176
Total expenses	60,952,262	1,084,184	1,738,730	63,775,176	–	63,775,176
Credit loss allowance and write offs – net	4,572,467	(179,498)	(61,442)	4,331,527	–	4,331,527
Profit before tax	111,011,858	670,301	6,737,886	118,420,045	–	118,420,045
Balance Sheet						
Cash and Bank balances	151,395,630	3,304,063	41,649,801	196,349,494	–	196,349,494
Investments	1,095,973,443	11,119,781	60,359,387	1,167,452,611	–	1,167,452,611
Net inter segment lendings	28,850,057	–	–	28,850,057	(28,850,057)	–
Lendings to financial institutions	199,978	95,100	55,360,426	55,655,504	–	55,655,504
Advances – performing	984,437,404	8,510,587	36,619,097	1,029,567,088	–	1,029,567,088
– non performing – net	11,498,493	560,705	–	12,059,198	–	12,059,198
Others	238,115,601	1,360,854	2,778,955	242,255,410	–	242,255,410
Total Assets	2,510,470,606	24,951,090	196,767,666	2,732,189,362	(28,850,057)	2,703,339,305
Borrowings	267,464,520	427,950	594,342	268,486,812	–	268,486,812
Deposits and other accounts	1,741,730,189	14,367,385	166,114,425	1,922,211,999	–	1,922,211,999
Net inter segment borrowing	–	9,236,833	19,613,224	28,850,057	(28,850,057)	–
Others	231,016,557	918,922	10,445,675	242,381,154	–	242,381,154
Total liabilities	2,240,211,266	24,951,090	196,767,666	2,461,930,022	(28,850,057)	2,433,079,965
Equity	270,259,340	–	–	270,259,340	–	270,259,340
Total Equity & liabilities	2,510,470,606	24,951,090	196,767,666	2,732,189,362	(28,850,057)	2,703,339,305
Contingencies & Commitments	996,437,431	839,081	12,500,921	1,009,777,433	–	1,009,777,433

44.3 Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates. Furthermore, segment assets and liabilities include inter segment balances. Costs which are not allocated to segments are included in the Head office. Income taxes are managed at bank level and are not allocated to operating segments.

44.4 No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2025 or 2024.

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45 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 in Investor Portfolio Securities Accounts (IPS) accounts are shown in the table below:

Category	Number of IPS Accounts	Securities Held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Government of Pakistan Ijarah Sukuks	
		2025			
		(Rupees in '000)			
Corporates	106	49,034,580	18,251,200	1,600	67,287,380
Insurance Companies	10	11,372,000	5,200,000	–	16,572,000
Asset Management Companies	51	37,257,000	766,000	–	38,023,000
Pension & Employee Funds	155	43,937,415	60,373,800	–	104,311,215
NGO / Charitable Organisation	31	8,131,345	1,475,300	–	9,606,645
Individuals	3,117	4,512,660	1,721,800	233,800	6,468,260
Others	81	49,757,590	50,714,900	2,167,500	102,639,990
Total	3,551	204,002,590	138,503,000	2,402,900	344,908,490

Category	Number of IPS Accounts	Securities Held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Government of Pakistan Ijarah Sukuks	
		2024			
		(Rupees in '000)			
Corporates	106	160,224,450	126,946,300	2,600	287,173,350
Insurance Companies	10	8,250,000	4,700,000	–	12,950,000
Asset Management Companies	40	40,920,635	625,000	–	41,545,635
Pension & Employee Funds	153	60,342,530	53,664,500	–	114,007,030
NGO / Charitable Organisation	30	7,000,560	774,500	–	7,775,060
Individuals	2,569	4,855,055	1,499,800	107,800	6,462,655
Others	76	144,208,225	184,175,600	382,500	328,766,325
Total	2,984	425,801,455	372,385,700	492,900	798,680,055

46 RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its subsidiaries, associates, employee benefit plans, its directors and key management personnel and their close family members.

The Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits 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 during the year, other than those which have been disclosed elsewhere in these unconsolidated financial statements are as follows:

	2025					2024				
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
	(Rupees in '000)									
Lendings to Financial Institutions										
Opening balance	–	–	–	–	–	–	–	9,000,000	–	–
Addition during the year	–	–	105,742,434	–	–	–	–	76,600,000	–	–
Repaid during the year	–	–	(96,994,838)	–	–	–	–	(85,600,000)	–	–
Closing balance	–	–	8,747,596	–	–	–	–	–	–	–
Credit loss allowance held against lending to financial institutions*	–	–	(519)	–	–	–	–	–	–	–
Investments										
Opening balance	–	–	17,968,237	700,401	249,253	–	–	16,968,237	700,401	249,253
Investment made during the year	–	–	–	–	–	–	–	1,000,000	–	–
Investment disposed off during the year	–	–	–	–	–	–	–	–	–	–
Closing balance	–	–	17,968,237	700,401	249,253	–	–	17,968,237	700,401	249,253
Credit loss allowance for diminution in value of investments*	–	–	–	–	–	–	–	–	–	–
Advances										
Opening balance	20,707	368,057	614,054	–	5,288,804	1,436	339,386	581,933	–	1,509,280
Addition / exchange adjustment during the year	16,935	54,666	–	–	3,193,959	33,104	111,052	32,121	–	4,911,914
Repaid / exchange adjustment during the year	(24,060)	(66,112)	(53,809)	–	(6,239,829)	(13,833)	(108,796)	–	–	(1,132,390)
Transfer (out) / in – net	–	(147,343)	–	–	–	–	26,415	–	–	–
Closing balance	13,582	209,268	560,245	–	2,242,934	20,707	368,057	614,054	–	5,288,804
Credit loss allowance against advances*	(33)	(1,571)	(4,344)	–	(13,877)	(747)	(12,374)	(1,248)	–	(9,864)
Property and equipment										
Purchase of property and equipment	–	–	–	8,555	66,834	–	–	–	25,666	541,045

	2025					2024				
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
	(Rupees in '000)									
Other Assets										
Income / markup accrued	836	3,957	87,508	–	24,919	–	3,924	7,188	–	64,558
Advances, deposits, advance rent and other prepayments	–	–	84,618	387,190	27,588	–	–	88,594	470,036	26,329
Receivable from pension fund	–	–	–	–	17,312,255	–	–	–	–	13,336,850
	836	3,957	172,126	387,190	17,364,762	–	3,924	95,782	470,036	13,427,737
Credit loss allowance against other assets*	(13)	(55)	(58)	–	(234)	–	(104)	(16)	–	(98)
Borrowings										
Opening balance	–	–	33,725	–	–	–	–	71,914	–	–
Borrowings / exchange adjustment during the year	–	–	3,873,624	–	–	–	–	4,474,959	–	–
Settled during the year	–	–	(3,875,580)	–	–	–	–	(4,513,148)	–	–
Closing balance	–	–	31,769	–	–	–	–	33,725	–	–
Deposits and other accounts										
Opening balance	147,783	204,135	939,294	9,178,670	8,319,616	3,034,686	200,484	102,012	8,321,464	10,033,148
Received during the year	7,527,883	1,634,686	49,471,655	80,084,735	243,465,421	6,929,977	2,661,377	46,786,972	75,020,811	225,529,950
Withdrawn during the year	(7,372,481)	(1,960,080)	(49,572,735)	(79,728,267)	(237,800,375)	(9,815,845)	(2,658,593)	(45,949,690)	(74,163,605)	(227,616,705)
Transfer in / (out) – net	–	298,410	–	–	(118,438)	(1,035)	867	–	–	373,223
Closing balance	303,185	177,151	838,214	9,535,138	13,866,224	147,783	204,135	939,294	9,178,670	8,319,616
Other Liabilities										
Markup / return / interest payable	3,290	6	–	99,635	5,457	1,342	2,403	7,122	171,862	114,516
Accrued expenses and other payable	–	–	22,042	35,163	202	–	–	38,452	92,360	32,760
Advance received against sale of property	–	–	20,000	–	–	–	–	20,000	–	–
Unrealized loss on forward foreign exchange contracts – outstanding	–	–	20	–	–	–	–	–	–	–
	3,290	6	42,062	134,798	5,659	1,342	2,403	65,574	264,222	147,276
Credit loss allowance against off–balance sheet obligations*	–	–	121	329	11,246	–	–	245	476	10,086
Contingencies and Commitments										
Letter of Credit	–	–	–	–	1,828,407	–	–	–	–	4,111,927
Bank guarantee	–	–	138,064	8,784,002	2,896,611	–	–	178,575	8,734,277	1,846,504
Forward foreign exchange contracts (Notional)	–	–	1,120,840	–	–	–	–	–	–	–
	–	–	1,258,904	8,784,002	4,725,018	–	–	178,575	8,734,277	5,958,431
Income										
Markup / return / interest earned	136	14,637	355,828	–	132,253	–	19,489	477,009	–	155,267
Fee and commission income	–	–	293,994	1,333,590	27,506	3	–	298,109	1,054,427	30,231
Dividend income	–	–	410,347	245,000	224,967	–	–	351,726	210,000	121,416
Gain on forward foreign exchange contracts matured	–	–	–	–	62,628	–	–	–	–	100,133
Net gain / (loss) on sale of securities	–	(9)	182	2,616	2,031	7	98	91	5,400	6,245
Gain on sale of Property and equipment	7	352	–	–	–	–	258	–	–	460
Rent income	–	–	166,636	10,337	6,282	–	–	106,328	11,106	6,263

	2025					2024				
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
	(Rupees in '000)									
Expense										
Markup / return / interest expensed	18,873	11,504	81,610	449,359	638,672	62,677	20,606	157,627	741,546	1,740,402
Other Operating expenses										
Clearing expenses paid to NIFT	–	–	–	–	291,235	–	–	–	–	232,583
Contribution to provident fund	–	–	–	–	706,382	–	–	–	–	600,768
Rent expenses	–	–	–	96,269	65,519	–	–	–	87,195	61,256
Professional Fee	–	–	–	–	–	–	–	7,352	–	–
Cash sorting expenses	–	–	–	–	149,011	–	–	–	–	130,958
Stationery expenses	–	–	–	–	447,329	–	–	–	–	406,608
Security guards expenses	–	–	–	–	5,828	–	–	–	–	5,492
Remuneration to key executives and non–executive directors fee	170,981	983,538	–	–	–	356,172	1,129,189	–	–	–
Outsourcing service expenses	–	–	–	148,108	–	–	–	–	134,242	–
Donations	–	–	–	–	10,000	–	–	–	–	–
E–dividend processing fee and CDC charges	–	–	–	–	16,789	–	–	–	–	9,265
Travelling Expenses	–	–	–	–	110,357	–	–	–	–	109,109
Hotel stay expenses	–	–	–	–	8,467	–	–	–	–	17,615
Repair & Maintenance Charges	–	–	–	–	12,306	–	–	–	–	7,512
Utility expenses	–	–	–	–	2,393	–	–	–	–	3,021
Miscellaneous expenses and payments	–	–	–	–	4,073	–	–	–	–	4,102
Insurance premium–net of refund	–	–	–	1,285,600	–	–	–	–	871,082	–
Insurance claim settled	–	–	–	54,942	–	–	–	–	85,631	–
Other Transactions										
Proceeds from sale of property and equipment	7	485	–	–	–	–	361	9,398	–	3,463
Payment against scheme of demerger	–	–	–	–	–	–	–	5,000,788	–	–
Sale of foreign currency	–	–	35,831,672	–	–	–	–	3,997,851	–	–
Purchase of foreign currency	–	–	36,781,458	–	–	–	–	4,275,276	–	–
Payments against home remittances	–	–	4,869,373	–	–	–	–	4,441,954	–	–
Reimbursement of other expenses	–	–	140,585	–	–	–	–	94,266	–	–
Sale of government securities	–	78,288	236,342	15,864,817	14,746,823	123,702	106,754	160,611	10,250,745	24,680,305
Purchase of government securities	–	71,231	236,817	2,629,427	318,795	–	126,317	–	10,236,331	16,842,651
Forward exchange contracts matured during the year	–	–	–	–	8,059,748	–	–	–	–	10,257,277
Insurance premium paid on behalf of related party	–	–	–	–	–	–	–	–	–	–

*Represents credit loss allowance recognized against performing exposures on adoption of IFRS 9 .

The Chairman has been provided with free use of the Bank's maintained car. The Chief Executive and certain executives are provided with free use of the Bank's maintained cars and household equipment in accordance with the terms of their employment.

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		2025	2024
		(Rupees in '000)	
47	**CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**		
47.1	**Capital Adequacy**		
	Minimum Capital Requirement (MCR):		
	Paid–up capital (net of losses)	11,850,600	11,850,600
	Capital Adequacy Ratio (CAR):		
	Eligible Common Equity Tier 1 (CET 1) Capital	230,337,134	216,926,557
	Eligible Additional Tier 1 (ADT 1) Capital	–	–
	Total Eligible Tier 1 Capital	230,337,134	216,926,557
	Eligible Tier 2 Capital	82,571,219	53,942,822
	Total Eligible Capital (Tier 1 + Tier 2)	312,908,353	270,869,379
	Risk Weighted Assets (RWAs):		
	Credit Risk	938,955,723	892,722,644
	Market Risk	322,478,845	209,096,250
	Operational Risk	340,803,917	298,196,285
	Total	1,602,238,485	1,400,015,179
	Common Equity Tier 1 Capital Adequacy ratio	14.38%	15.49%
	Tier 1 Capital Adequacy Ratio	14.38%	15.49%
	Total Capital Adequacy Ratio	19.53%	19.35%

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid up capital (net of losses) for all locally incorporated banks of Rs. 10 billion. The paid up capital of the Bank for the year ended December 31, 2025 stood at Rs. 11.851 billion (2024: Rs. 11.851 billion) and is in compliance with the SBP requirements. Further, under Basel III instructions, banks are required to maintain minimum Capital Adequacy Ratio (CAR) of 11.50% (including a capital conservation buffer of 1.5% which has been revised downwards from 2.5% as per BPRD Circular No. 12 dated March 26, 2020), Common Equity Tier 1 (CET 1) ratio of 6.0% and Tier 1 ratio of 7.50% as at reporting dates. The Bank is fully compliant with prescribed ratios.

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 simple approach.

		2025	2024
		(Rupees in '000)	
47.2	**Leverage Ratio (LR):**		
	Eligible Tier–1 Capital	230,337,134	216,926,557
	Total Exposures	3,955,924,632	3,405,253,089
	Leverage Ratio	5.82%	6.37%

		2025	2024
		(Rupees in '000)	
47.3	**Liquidity Requirements**		
	Liquidity Coverage Ratio (LCR):		
	Total High Quality Liquid Assets	1,540,865,591	1,355,092,505
	Total Net Cash Outflow	576,357,861	561,499,238
	Liquidity Coverage Ratio	267.35%	241.33%
	Net Stable Funding Ratio (NSFR):		
	Total Available Stable Funding	1,970,592,090	1,697,337,126
	Total Required Stable Funding	1,203,698,874	1,323,057,743
	Net Stable Funding Ratio	163.71%	128.29%

The full disclosures on the Capital Adequacy, Leverage Ratio & Liquidity Requirements as per SBP instructions issued from time to time are available at https://www.mcb.com.pk/investor–relations/capital–adequacy–statements.

48 RISK MANAGEMENT

Risk is an inherent part of banking business activities. The risk management framework and governance structure at Bank helps to mitigate and counter any foreseeable risk in its various lines of business. Risk awareness forms an integral part of strategic and operational activities of risk management. Through its Global Risk Management Policy, the Bank sets the best course of action under uncertainty by identifying, prioritizing, mitigating and monitoring risk issues, with the goal of enhancing shareholders' value. The Bank's risk management structure is based on the following five guiding principles:

- Optimizing risk / return in a controlled manner
- Establishing clear responsibility and accountability
- Establishing independent and properly resourced risk management function
- Promoting open risk culture
- Adopting international best practices in risk management

Keeping in view dynamics of internal and external environment, the Bank regularly reviews and updates policy manuals / frameworks and procedures in accordance with domestic regulatory environment and international standards.

The Bank executes its risk strategy and undertakes controlled risk–taking activities within its risk management framework. The Board of Directors and its relevant committee, i.e. the Risk Management & Portfolio Review Committee (RM&PRC), the senior management and its relevant committees, i.e. the Management Credit and Risk Committee (MC&RC), Asset Liability Committee (ALCO), etc. are responsible to ensure formulation and implementation of a comprehensive Risk Management Framework. This framework is based on prudent risk identification, measurement, management and monitoring processes which are closely aligned with the activities of the Bank. The framework combines core policies, procedures and process designs with broad oversight and is supported by an efficient monitoring mechanism across the Bank to ensure that risks are kept within an acceptable level.

The Bank ensures that not only the relevant risks are identified but their implications are also considered and basis provided for managing and measuring the risks. Through Internal Control units, the Bank ensures that effective controls are in place to mitigate each of the identified risk.

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The MC&RC and RM&PRC convenes regular meetings to evaluate Bank's risk and portfolio concentrations. The Risk Management Group performs the following critical functions:

- Risk Management Policy Formulation
- Credit Risk Management
- Credit Review
- Credit Risk Control
- Market Risk Management
- Liquidity Risk Management
- Operational Risk Management
- IT Risk Management

Keeping in view the international best practices and SBP requirements, Board of Directors of the Bank has approved a Risk Appetite Statement, which takes into account quantitative and qualitative risk indicators, covering target ratios, credit, market, operational, liquidity and business risks. Risk Appetite review is carried out in regular meetings of RM&PRC.

48.1 Credit Risk

Credit risk arises from bank's dealings with individuals, corporate borrowers, financial institutions, sovereigns etc. The Bank is exposed to credit risk through its lending and investment activities. Credit risk makes up the largest part of the Bank's exposure and it stems from Bank's both on and off–balance sheet activities. The Bank's credit risk management philosophy is aligned with its overall business strategy and direction, as established by the Board of Directors. The Bank is committed to conducting thorough due diligence to ensure that credit risks are properly analysed, quantified, disclosed and managed. To manage adverse outcomes in terms of unfavourable scenarios, multiple control factors in the lending structure of the Bank provide additional comfort and support. Such controls range from quality of eligible collateral, pre–disbursement safety measures to post disbursement monitoring.

The Bank has a well–defined credit policy approved by the Board of Directors, which guides its lending activities. The credit evaluation system consists of robust credit appraisal, sanctioning, and review procedures to ensure prudence in lending and maintain a high–quality asset portfolio. The comprehensive credit risk management framework encompasses following policies and procedures:

- Individuals who take or manage risks clearly understand them in order to protect the Bank from avoidable risks;
- The approval of credit limits to counter parties are subject to pre–fact review;
- Extension in credit facility or material change to the credit facility is subject to credit review;
- Approval and review process is reviewed by RM&PRC and internal audit;
- Management periodically reviews the powers of credit approving and credit reviewing authorities.

Ongoing administration of the credit portfolio is an essential part of the credit process that supports and controls extension and maintenance of credit. The Bank's Credit Risk Control is responsible for performing following activities:

- Credit disbursement authorization
- Collateral coverage and monitoring
- Compliance of loan covenants / terms of approval
- Maintenance / custody of collateral and security documentation
- Credit Risk Limit Controls

Credit Risk Monitoring is based on a comprehensive reporting framework. Continuous monitoring of the credit portfolio and the risks attached thereto are carried out at different levels including businesses, Audit & Risk Assets Review, Credit Risk Control, Credit Risk Management Division etc.

To ensure a prudent distribution of asset portfolio, the Bank manages its lending and investment activities within an appropriate limits framework to manage concentrations in terms of risk quality, industry and large exposure. Per party exposure limit is maintained in accordance with SBP Prudential Regulations.

An internal credit rating system is in place, which is capable of quantifying counter–party risk. The risk rating system incorporates comprehensive obligor risk rating models for the Corporate, Commercial, Small & Medium Enterprises and Agricultural portfolios. These models are designed using a diverse array of qualitative and quantitative variables, each assigned specific weights or scores. The aggregate score of these variables is mapped to determine the final obligor risk rating. These models are regularly validated and updated to maintain their predictive accuracy.

Management of Non Performing Loans

To handle the specialized requirements of managing delinquent and problem accounts, the Bank has a separate Special Asset Management (SAM) function to negotiate repayment / settlement of the Bank's non–performing exposure and protect the interests of the Bank. The priority of the SAM function is recovery of amounts and / or to structure an arrangement (such as rescheduling, restructuring, settlement or a combination of these) by which the interests of the Bank are protected. Where no other recourse is possible, SAM may proceed with legal recourse so as to maximize the recovery of the Bank's assets. The Risk Management Group also monitors NPL portfolio of the Bank and reports the same to Board's sub–committee i.e.; Risk Management & Portfolio Review Committee.

Stress Testing

Credit Risk stress testing is a regular exercise. Bank's credit exposures including funded and non–funded facilities are subjected to stress tests. This exercise is conducted on a quarterly basis through assigning shocks to all assets of the Bank and assessing its resulting affect on capital adequacy inline with SBP requirements. Additionally, The Bank is regularly conducting assessments of the credit portfolio, with robust post disbursement credit review mechanism to identify borrowers most likely to be affected in the challenging business and economic environment. Bank is confident that it has more than sufficient risk bearing capacity to withstand these difficult times.

48.1.1 Credit risk – general disclosures Basel specific

The Bank uses the Standardized Approach (SA) of the SBP's Basel accord to estimate credit risk–weighted assets. This approach allows the Bank to consider external ratings from specified External Credit Assessment Institutions (ECAIs) when calculating risk–weighted assets. A detailed procedural manual outlining the processes for deriving Credit Risk Weighted Assets is in place and adhered to by the Bank.

48.1.2 Disclosures for portfolio subject to the standardised approach & supervisory risk weights

48.1.2.1 External ratings

The SBP Basel III guidelines require banks to use ratings assigned by specified External Credit Assessment Institutions (ECAIs) namely Pakistan Credit Rating Agency Limited (PACRA), VIS, Moody's, Fitch and Standard & Poor's.

48.1.3 Disclosures with respect to credit risk mitigation for standardised approach

48.1.3.1 Credit risk mitigation policy

The Bank defines collateral as the assets or rights provided to the Bank by the borrower or a third party in order to secure a credit facility. The Bank would have the rights of secured creditor in respect of the assets / contracts offered as security for the obligations of the borrower / obligor.

48.1.3.2 Collateral valuation and management

As stipulated in the SBP Basel guidelines, the Bank uses the comprehensive approach for collateral valuation. Under this approach, the Bank reduces its credit exposure to a counterparty when calculating its capital requirements to the extent of risk mitigation provided by the eligible financial collateral as specified in the Basel guidelines. In line with Basel guidelines, the Bank makes adjustments in eligible collaterals for possible future fluctuations in the value of the collateral. These adjustments, also referred to as 'haircuts', to produce volatility adjusted amounts for collateral, are reduced from the exposure to compute the capital charge based on the applicable risk weights.

48.1.3.3 Types of collaterals

The Bank describes the appropriate collateral for respective facility based on the category of product and counterparty. There are two types of collateral:

- Primary collateral comprises assets that are acquired / to be acquired through Bank 's financing i.e. hypothecation and pledge of stocks in case of Running Finance and Cash Finance facilities respectively.
- Secondary collateral is in addition to primary collateral and it serves the purpose of additional security. Generally, for short term financing facilities, tangible fixed assets i.e. immovable properties are required as secondary collateral.

48.1.3.4 Types of eligible financial collateral

For credit risk mitigation purposes (capital adequacy purposes), the Bank considers various types of financial collaterals that are eligible under the SBP Basel III accord. This includes cash / TDRs, gold and securities issued by Government of Pakistan such as T–Bills and PIBs.

48.1.3.5 Credit concentration risk

The Bank manages credit concentration risk by monitoring exposure to single borrowers, groups, industries and geographical regions. Regulatory limits are in place to prevent excessive exposure on single Obligor and Group basis, while, Industry concentration limits are in place (as part of Bank's Global Risk Appetite Statement) to monitor excessive exposures to any specific industry. Moreover, geographic concentration limits are also in place for Pakistan.

Particulars of the Bank's on–balance sheet and off–balance sheet credit risk in various sectors are analysed in note 48.1.4 to note 48.1.7.

48.1.3.6 Methodologies and models used for measurement of Expected Credit Loss (ECL)

The Bank's has established a comprehensive policy framework to enable it in complying with the accounting and provisioning requirements as set out in IFRS 9 by the International Accounting Standards Board's (IASB's) and IFRS 9 Application Instructions issued by the State Bank of Pakistan (SBP), as amended from time to time.

The key elements of the policy framework include:

- Bank's governance structure (i.e. ownership, roles and responsibilities) to organize the operational, financial and risk management and reporting processes for IFRS 9 implementation;
- Implementing requirements related to identification, recognition, classification, measurement, impairment and de–recognition of financial instruments; and
- Interpretation and guidance on the technical areas of IFRS 9 related to computation of ECL allowance; including developing an ECL allowance methodology and corresponding measurement models for Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

Based on the above framework, key details about significant data inputs and assumptions used in the ECL allowance estimation process have been disclosed in note. 6.1.1.6

48.1.4 Lending's to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Credit loss allowance / Provision held					
					Stage 1		Stage 2		Stage 3	
Note	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	(Rupees in '000)									
Public / Government	82,301,696	55,455,526	-	-	-	-	-	-	-	-
Private	16,747,596	200,000	-	-	(993)	(22)	-	-	-	-
9	99,049,292	55,655,526	-	-	(993)	(22)	-	-	-	-

48.1.5 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Credit loss allowance / Provision held					
					Stage 1		Stage 2		Stage 3	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	(Rupees in '000)									
Manufacture of chemicals and pharmaceutical products	826,599	885,000	-	-	2,287	4,609	-	-	-	-
Financials including government securities	1,810,848,095	1,093,499,950	118	118	160	-	371,541	640,873	118	118
Manufacture of cement	285,000	285,000	285,000	285,000	-	-	-	-	285,000	285,000
Manufacture of sugar	139,925	144,676	139,925	144,676	-	-	-	-	139,925	144,676
Manufacture of textiles	37,262	40,732	37,262	40,732	-	-	-	-	37,262	40,732
Construction	513,429	-	-	-	-	-	-	-	-	-
Electricity, gas, steam and air conditioning supply	115,947	-	-	-	-	-	-	-	-	-
Others	4,952	4,952	4,952	4,952	-	-	-	-	4,952	4,952
	1,812,771,209	1,094,860,310	467,257	475,478	2,447	4,609	371,541	640,873	467,257	475,478
Credit risk by public / private sector										
Public / Government	1,801,961,059	1,084,450,363	-	-	-	-	371,541	640,873	-	-
Private	10,810,150	10,409,947	467,257	475,478	2,447	4,609	-	-	467,257	475,478
	1,812,771,209	1,094,860,310	467,257	475,478	2,447	4,609	371,541	640,873	467,257	475,478

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		Note	Gross advances		Non-performing advances		Credit loss allowance / Provision held					
							Stage 1		Stage 2		Stage 3	
			2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
			(Rupees in '000)									
48.1.6	Advances											
	Agriculture, forestry and fishing		12,738,993	6,879,384	397,913	291,266	54,392	48,712	5,790	44,648	328,127	233,188
	Construction		7,251,588	10,986,733	98,159	120,164	3,275	93,362	10,702	21,226	98,159	120,164
	Electricity, gas, steam and air conditioning supply		63,832,461	51,493,380	1,243,511	1,642,139	193,266	162,178	–	145,221	641,551	981,909
	Electronics and electrical appliances		14,097,541	15,737,127	42,989	85,471	24,633	25,289	–	–	42,989	85,471
	Financials		33,306,354	212,716,581	46,348	128,760	93,808	154,945	87,479	1,942	46,348	128,760
	Footwear and Leather garments		1,531,211	2,194,464	122,445	147,255	2,227	5,200	152	257	122,445	147,255
	Human health and social work activities		727,180	338,177	22,979	41,605	2,281	1,766	5,040	–	22,979	41,605
	Individuals		51,193,267	43,461,788	1,241,918	1,586,643	279,640	784,955	18,654	178,643	1,054,663	1,433,767
	Manufacture of basic metals and metal products		11,789,730	11,359,321	4,245,339	4,308,988	9,065	2,848	9,539	14,911	4,245,339	4,308,988
	Manufacture of cement		18,429,749	60,971,819	392,862	392,862	22,908	34,107	–	–	392,862	392,862
	Manufacture of chemicals and pharmaceutical products		36,305,678	39,907,983	456,039	192,637	77,362	45,810	20,182	13,360	314,809	192,637
	Manufacture of coke and refined petroleum products		11,644,401	6,656,783	227,901	378,870	4,065	1,327	–	–	115,360	189,435
	Manufacture of food & beverages products		51,378,610	70,875,793	5,127,255	6,259,739	99,675	110,208	27,629	81,033	4,639,398	4,795,932
	Manufacture of machinery, equipment and transport Equipment		16,265,184	6,966,620	351,674	362,264	18,311	7,528	1,133	9,468	351,674	362,264
	Manufacture of rubber and plastics products		8,388,444	8,495,909	402,172	455,558	7,647	18,856	1,984	3,206	402,172	455,558
	Manufacture of sugar		41,186,486	73,122,372	3,134,801	3,597,751	101,614	116,706	18,876	20,321	3,134,801	3,597,751
	Manufacture of textiles		166,356,562	266,954,921	10,058,783	11,760,765	210,893	334,735	61,781	40,947	9,774,301	11,160,248
	Mining and quarrying		1,808,041	6,523,637	–	5,414	3,158	5,085	–	–	–	5,414
	Manufacturing of Pulp, Paper, Paperboard		9,367,351	13,315,011	145,690	176,349	44,569	41,141	–	–	145,690	176,349
	Ship Breaking		2,881,368	3,015,955	2,677,099	2,871,265	38	52	–	–	2,677,099	2,871,265
	Services		20,672,246	16,467,429	229,449	332,742	52,363	45,698	2,099	100,442	226,532	307,484
	Telecommunications		63,114,825	57,760,123	28,065	57,304	282,132	240,670	–	–	28,065	57,304
	Transportation and storage		25,418,009	25,498,262	275,418	432,822	17,619	22,716	1,421	–	275,418	432,822
	Wholesale and retail traders		60,279,770	77,307,964	17,139,415	17,610,594	64,470	91,644	70,371	158,679	8,115,558	8,702,173
	Others		6,364,165	5,814,630	1,647,925	311,991	7,137	5,456	330	11,678	944,385	311,415
		11	736,329,214	1,094,822,166	49,756,149	53,551,218	1,676,548	2,400,994	343,162	845,982	38,140,724	41,492,020
	Credit risk by public / private sector											
	Public / Government		64,271,708	114,286,772	575,948	575,948	185,224	154,088	124	135,367	575,948	575,948
	Private		672,057,506	980,535,394	49,180,201	52,975,270	1,491,324	2,246,906	343,038	710,615	37,564,776	40,916,072
		11	736,329,214	1,094,822,166	49,756,149	53,551,218	1,676,548	2,400,994	343,162	845,982	38,140,724	41,492,020

	Note	2025	2024
		(Rupees in '000)	
48.1.7 Contingencies and Commitments			
Credit risk by industry sector			
Agriculture, forestry and fishing		320,439	129,363
Construction		26,743,642	21,498,516
Electricity, gas, steam and air conditioning supply		26,537,069	42,286,349
Electronics and electrical appliances		12,439,019	11,047,526
Financials		307,577,835	523,304,417
Footwear and Leather garments		1,200,093	1,035,521
Human health and social work activities		5,097,202	376,100
Individuals		9,007,985	3,992,915
Manufacture of basic metals and metal products		9,056,513	6,837,963
Manufacture of cement		4,522,051	2,913,044
Manufacture of chemicals and pharmaceutical products		35,633,390	35,201,485
Manufacture of coke and refined petroleum products		37,762,700	37,656,846
Manufacture of food & beverages products		61,622,269	55,552,737
Manufacture of machinery, equipment and transport Equipment		30,390,743	30,367,203
Manufacture of rubber and plastics products		11,759,418	6,348,324
Manufacture of sugar		6,910,961	7,059,325
Manufacture of textiles		74,350,174	84,249,995
Mining and quarrying		260,918	1,020,858
Manufacturing of Pulp, Paper, Paperboard		4,884,089	4,861,428
Ship Breaking		1,472,538	1,361,315
Services		79,671,695	27,747,849
Telecommunications		20,191,233	22,621,289
Transportation and storage		3,300,767	273,585
Wholesale and retail traders		55,673,343	53,863,014
Others		10,122,654	28,170,466
	26	836,508,740	1,009,777,433
Credit risk by public / private sector			
Public / Government		159,426,398	143,314,327
Private		677,082,342	866,463,106
	26	836,508,740	1,009,777,433

48.1.8 Concentration of Advances

The bank top 10 exposures on the basis of total (funded and non–funded exposures) aggregated to Rs. 302,053.549 million (2024: Rs. 418,580.786 million) are as following:

	2025	2024
	(Rupees in '000)	
Funded	129,598,161	313,154,688
Non Funded	172,455,388	105,426,098
Total Exposure	302,053,549	418,580,786

The sanctioned limits against these top 10 exposures aggregated to Rs. 422,960.000 million (2024: Rs. 467,887.030 million). None of the Bank's top 10 exposures were classified as non–performing at December 31, 2025 (2024: Nil). For the purpose of this note, exposure means outstanding funded facilities and utilised non–funded facilities as at the reporting date.

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48.1.9 Advances – Province / Region–wise Disbursement & Utilization

2025

Province / Region	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	788,527,173	766,193,516	14,186,657	2,332,000	–	792,000	5,023,000
Sindh	907,687,982	5,846,306	899,689,676	2,031,000	121,000	–	–
KPK including FATA	3,845,000	–	–	3,845,000	–	–	–
Balochistan	171,000	–	–	–	171,000	–	–
Islamabad	94,648,652	1,340,652	–	2,303,000	–	91,005,000	–
AJK including Gilgit–Baltistan	457,000	–	–	–	–	–	457,000
	1,795,336,807	773,380,474	913,876,333	10,511,000	292,000	91,797,000	5,480,000

2024

Province / Region	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	703,321,077	661,771,569	32,890,006	7,757,008	–	902,487	7
Sindh	850,477,353	9,021,364	822,510,404	874,026	18,071,270	132	157
KPK including FATA	3,631,580	223	162	3,631,185	–	10	–
Balochistan	85,191	53	223	–	84,915	–	–
Islamabad	229,757,203	1,019	533	2,579,649	–	227,176,002	–
AJK including Gilgit–Baltistan	3,719,485	695	–	–	–	–	3,718,790
	1,790,991,889	670,794,923	855,401,328	14,841,868	18,156,185	228,078,631	3,718,954

48.2 Market Risk

Market Risk arises from changes in market rates such as interest rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices as well as their correlations and volatilities resulting in a loss to earnings and capital. The Bank is exposed to market risk primarily through its trading activities, which are centered in the Treasury and Foreign Exchange Group and the Capital Market Division. Market risk also arises from market–making, facilitation of client business and proprietary positions in equities, fixed income and interest rate products and foreign exchange, which exposes the Bank to interest rate risk, foreign exchange risk and equity price risk.

The Bank's Market Risk Management structure consists of Risk Management & Portfolio Review Committee (RM&PRC) of the Board, Management Credit and Risk Committee, ALCO and independent Market Risk Management Division reporting directly to Group Head Risk Management. Market Risk function works in close partnership with the business segments to identify and monitor market risks throughout the Bank and to define market risk policies and procedures. Market Risk seeks to facilitate efficient risk / return management decisions, reduce volatility in operating performance and provide transparency into the Bank's market risk profile for senior management, the Board of Directors and regulators. Market risk authority, including both approval of market risk limits and approval of market risks is vested in the ALCO.

The Bank has clearly defined, in its Global Risk Management policy, the positions which shall be subject to trading book treatment. The definition covers the accounting classifications as well as positions booked by different business groups/functions under FVOCI or FVTPL category. The assets subject to trading book treatment are frequently, mostly on daily basis, valued and actively managed. The positions which does not fulfil the criteria of trading book falls under the banking book and are treated as per regulatory requirements.

The Bank measures and manages Market Risk by using different risk parameters with combinations of various limits. The Board approved Risk Appetite and Global Risk Management Policy provide guidelines for assuming controlled market risk, its monitoring, reporting and management. The approved limits are compared with the numbers generated by the market risk management systems based on the trading activity and the outstanding positions.

Besides conventional methods, the Bank also uses VaR (Value at Risk) technique for market risk assessment of positions assumed by the bank. In–house developed solutions are used for calculating mark to market value of positions and generating VaR (value at risk) and sensitivity numbers. Thresholds for different positions are established to compare the expected losses at a given confidence level and over a specified time horizon. Interest rate risk is measured through the risk parameters viz. duration, Price Value of a Basis Point (PVBP), and VaR on individual security basis as well as on portfolio basis. The result of these parameters are presented to the senior management for review on a daily basis.

A framework of stress testing, scenario analysis and reverse stress tests covering both banking and trading books as per SBP guidelines is also in place. The results of the stress tests are reviewed by senior management and also reported to the SBP.

48.2.1 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	190,083,526	–	190,083,526	168,507,615	–	168,507,615
Balances with other banks	39,698,066	–	39,698,066	27,841,879	–	27,841,879
Lendings to financial institutions	99,048,299	–	99,048,299	55,655,504	–	55,655,504
Investments	33,321,714	1,913,902,960	1,947,224,674	33,656,033	1,133,796,578	1,167,452,611
Advances	690,318,710	–	690,318,710	1,041,626,286	–	1,041,626,286
Property and equipment	97,069,222	–	97,069,222	82,694,343	–	82,694,343
Right–of–use assets	7,456,518	–	7,456,518	6,045,346	–	6,045,346
Intangible assets	1,351,034	–	1,351,034	1,314,143	–	1,314,143
Other assets	173,778,904	1,028,009	174,806,913	148,358,944	3,842,634	152,201,578
	1,332,125,993	1,914,930,969	3,247,056,962	1,565,700,093	1,137,639,212	2,703,339,305

48.2.2 Foreign Exchange Risk

Foreign exchange risk exposes the Bank to changes in the values of current holdings and future cash flows denominated in currencies other than home currency due to the exchange rate fluctuation and volatility. The types of instruments exposed to this risk include investments in foreign branches, foreign currency–denominated loans, foreign currency–denominated deposits, future cash flows in foreign currencies arising from foreign exchange transactions, etc.

The core objective of foreign exchange risk management is to ensure the foreign exchange exposure of the Bank remains within defined risk appetite and insulate the Bank against undue losses that may arise due to volatile movements in foreign exchange rates or interest rates.

Limit structure to manage foreign exchange risk including gap limits on different tenors in major currencies is in place to control risk. Bank's net open position and Foreign Exchange Exposure Limit (FEEL) are monitored and reported on intra–day and day end basis. Foreign exchange risk parameters including VaR is generated and monitored on a daily basis. Stress testing of foreign exchange portfolio and its reporting to senior management and RM&PRC of the Board is a regular feature.

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	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	77,948,901	64,183,599	(20,835,302)	(7,070,000)	104,553,344	60,845,424	(45,973,381)	(2,265,461)
Sri Lankan Rupees	–	181,379	–	(181,379)	–	71,537	–	(71,537)
Arab Emirates Dirham	193,931	639,745	30,510	(415,304)	138,281	399,938	(482,720)	(744,377)
Euro	5,377,466	13,574,805	8,189,824	(7,515)	14,105,890	11,276,650	(2,844,201)	(14,961)
Great Britain Pound Sterling	8,034,906	10,104,065	2,107,226	38,067	8,778,457	8,722,225	(69,941)	(13,709)
Japanese Yen	1,124	85,473	98,406	14,057	49,008	12	(9,809)	39,187
Chinese Yuan	234,518	12,073	(200,364)	22,081	3,343,783	22,853	(3,286,685)	34,245
Other currencies	204,644	697,755	525,245	32,134	528,230	299,753	(39,715)	188,762
	91,995,490	89,478,894	(10,084,455)	(7,567,859)	131,496,993	81,638,392	(52,706,452)	(2,847,851)

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
– Statement of profit and loss account	(75,679)	–	(28,479)	–
– Other comprehensive income	261,164	–	210,834	–

48.2.3 Equity position Risk

Bank's proprietary positions in the equity instruments exposes it to the equity price risk in its trading and banking books. Equity price risk is managed by applying trading limits, scrip–wise and portfolio wise nominal limits. VaR analysis and stress testing of the equity portfolio are also performed and reported to senior management on a daily basis. The stress test for equity price risk assesses the impact of the fall in the stock market prices using certain assumptions. In addition to this stress testing, historical scenario analysis on equities is also performed periodically as advised by the State Bank of Pakistan through Guideline on Stress Testing.

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices on				
– Other comprehensive income	–	3,591,665	–	2,490,503

48.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)–Basel II Specific

Interest rate risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in interest rates, including changes in the shape of yield curves. Interest rate risk is inherent in many of the Bank's businesses and arises from mismatches between the contractual maturities or the re–pricing of on and off–balance sheet assets and liabilities. The interest rate sensitivity profile is prepared on a quarterly basis based on the re–pricing or contractual maturities of assets and liabilities.

Interest rate risk is monitored and managed by performing periodic gap analysis, sensitivity analysis and stress testing and taking appropriate actions where required.

The increase / (decrease) in earnings due to change in the interest rate is as follows:

	2025		2024	
	Banking Book	Trading Book	Banking Book	Trading Book
	(Rupees in '000)			
Impact of 1% increase in interest rates on				
– Statement of profit and loss account	3,606,768	–	5,167,317	–
– Other comprehensive income	–	(12,894,903)	–	(7,458,431)

The Bank has classified FVOCI investments as Trading in Basel–II.

48.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

2025

	Effective yield / interest rate	Total	Exposed to Yield/ Interest risk									Non-interest bearing financial instruments
			Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		190,083,526	8,716,198	–	–	–	–	–	–	–	–	181,367,328
Balances with other banks	0.77%	39,698,066	11,108,096	6,054,815	1,400,616	–	–	–	–	–	–	21,134,539
Lending to financial institutions	5.27%	99,048,299	93,055,008	5,178,875	814,416	–	–	–	–	–	–	–
Investments	12.32%	1,947,224,674	95,253,687	595,268,908	649,170,937	119,064,438	131,243,349	67,332,901	191,325,303	300,642	395,721	97,868,788
Advances	10.69%	690,318,710	622,079,790	15,261,854	14,717,334	1,290,045	3,605,208	5,828,534	5,310,807	7,418,012	14,807,126	–
Other assets		139,892,189	–	–	–	–	–	–	–	–	–	139,892,189
		3,106,265,464	830,212,779	621,764,452	666,103,303	120,354,483	134,848,557	73,161,435	196,636,110	7,718,654	15,202,847	440,262,844
Liabilities												
Bills payable		25,617,252	–	–	–	–	–	–	–	–	–	25,617,252
Borrowings	9.99%	457,871,857	418,433,666	4,020,068	8,995,040	1,566,779	7,956,939	12,878,155	1,690,664	2,279,395	51,151	–
Deposits and other accounts	4.52%	2,261,275,030	1,000,924,862	25,084,293	12,463,105	4,834,968	94,454	19,042	13,112	–	–	1,217,841,194
Other liabilities		104,388,632	–	–	–	–	–	–	–	–	–	104,388,632
		2,849,152,771	1,419,358,528	29,104,361	21,458,145	6,401,747	8,051,393	12,897,197	1,703,776	2,279,395	51,151	1,347,847,078
On-balance sheet gap		257,112,693	(589,145,749)	592,660,091	644,645,158	113,952,736	126,797,164	60,264,238	194,932,334	5,439,259	15,151,696	(907,584,234)
Off-balance sheet financial instruments												
FX options purchase		3,492,215	751,658	787,039	1,616,472	337,046	–	–	–	–	–	–
Forward purchase of Government securities		4,000,000	4,000,000	–	–	–	–	–	–	–	–	–
Foreign exchange contracts purchase		131,361,638	56,113,121	39,696,935	31,067,794	4,483,788	–	–	–	–	–	–
		138,853,853	60,864,779	40,483,974	32,684,266	4,820,834	–	–	–	–	–	–
FX options sale		3,492,215	751,658	787,039	1,616,472	337,046	–	–	–	–	–	–
Forward sale of Government securities		–	–	–	–	–	–	–	–	–	–	–
Cross Currency Swaps sale		–	–	–	–	–	–	–	–	–	–	–
Foreign exchange contracts sale		133,038,331	69,699,758	40,407,860	19,427,345	3,503,368	–	–	–	–	–	–
		136,530,546	70,451,416	41,194,899	21,043,817	3,840,414	–	–	–	–	–	–
Off-balance sheet gap		2,323,307	(9,586,637)	(710,925)	11,640,449	980,420	–	–	–	–	–	–
Total Yield / Interest Risk Sensitivity Gap			(598,732,386)	591,949,166	656,285,607	114,933,156	126,797,164	60,264,238	194,932,334	5,439,259	15,151,696	
Cumulative Yield / Interest Risk Sensitivity Gap			(598,732,386)	(6,783,220)	649,502,387	764,435,543	891,232,707	951,496,945	1,146,429,279	1,151,868,538	1,167,020,234	

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	Effective yield / interest rate	Total	Exposed to Yield/ Interest risk									Non-interest bearing financial instruments
			Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		168,507,615	8,178,869	–	–	–	–	–	–	–	–	160,328,746
Balances with other banks	1.18%	27,841,879	22,666,652	475,500	–	–	–	–	–	–	–	4,699,727
Lending to financial institutions	9.81%	55,655,504	55,555,515	–	99,989	–	–	–	–	–	–	–
Investments	18.60%	1,167,452,611	197,684,989	223,968,188	369,909,892	90,893,693	37,988,187	86,324,155	73,899,711	16,931,610	–	69,852,186
Advances	16.87%	1,041,626,286	842,678,584	149,361,051	26,651,888	2,425,277	2,821,008	3,700,890	2,768,937	6,254,029	4,964,622	–
Other assets		128,203,498	–	–	–	–	–	–	–	–	–	128,203,498
		2,589,287,393	1,126,764,609	373,804,739	396,661,769	93,318,970	40,809,195	90,025,045	76,668,648	23,185,639	4,964,622	363,084,157
Liabilities												
Bills payable		41,827,458	–	–	–	–	–	–	–	–	–	41,827,458
Borrowings	14.85%	268,486,812	201,856,234	18,070,439	15,892,526	1,770,105	3,371,675	3,001,021	4,778,780	19,694,881	51,151	–
Deposits and other accounts	9.23%	1,922,211,999	937,098,914	24,357,569	11,992,982	4,421,409	178,408	118,154	20,439	–	–	944,024,124
Other liabilities		141,913,901	–	–	–	–	–	–	–	–	–	141,913,901
		2,374,440,170	1,138,955,148	42,428,008	27,885,508	6,191,514	3,550,083	3,119,175	4,799,219	19,694,881	51,151	1,127,765,483
On-balance sheet gap		214,847,223	(12,190,539)	331,376,731	368,776,261	87,127,456	37,259,112	86,905,870	71,869,429	3,490,758	4,913,471	(764,681,326)
Off-balance sheet financial instruments												
FX options purchase		6,463,637	329,293	631,413	1,710,110	3,792,821	–	–	–	–	–	–
Forward purchase of Government securities		301,115,690	87,918,950	213,196,740	–	–	–	–	–	–	–	–
Foreign exchange contracts purchase		71,498,197	35,161,297	22,514,310	11,756,471	2,066,119	–	–	–	–	–	–
		379,077,524	123,409,540	236,342,463	13,466,581	5,858,940	–	–	–	–	–	–
FX options sale		6,463,637	329,293	631,413	1,710,110	3,792,821	–	–	–	–	–	–
Forward sale of Government securities		–	–	–	–	–	–	–	–	–	–	–
Cross Currency Swaps – sale		–	–	–	–	–	–	–	–	–	–	–
Foreign exchange contracts sale		85,917,089	39,030,442	26,890,538	13,205,867	6,790,242	–	–	–	–	–	–
		92,380,726	39,359,735	27,521,951	14,915,977	10,583,063	–	–	–	–	–	–
Off-balance sheet gap		286,696,798	84,049,805	208,820,512	(1,449,396)	(4,724,123)	–	–	–	–	–	–
Total Yield / Interest Risk Sensitivity Gap			71,859,266	540,197,243	367,326,865	82,403,333	37,259,112	86,905,870	71,869,429	3,490,758	4,913,471	
Cumulative Yield / Interest Risk Sensitivity Gap			71,859,266	612,056,509	979,383,374	1,061,786,707	1,099,045,819	1,185,951,689	1,257,821,118	1,261,311,876	1,266,225,347	

	2025	2024		2025	2024
	(Rupees in '000)			(Rupees in '000)	
Reconciliation to total assets			**Reconciliation to total liabilities**		
Balance as per balance sheet	3,247,056,962	2,703,339,305	**Balance as per balance sheet**	2,931,315,736	2,433,079,965
Less: Non financial assets			**Less: Non financial liabilities**		
Property and equipment	97,069,222	82,694,343			
Right–of–use assets	7,456,518	6,045,346	Lease Liability	11,804,530	9,586,216
Intangible assets	1,351,034	1,314,143	Deferred tax liability	44,947,104	16,637,759
Other assets	34,914,724	23,998,080	Other liabilities	25,411,331	32,415,820
	140,791,498	114,051,912		82,162,965	58,639,795
Total financial assets	3,106,265,464	2,589,287,393	**Total financial liabilities**	2,849,152,771	2,374,440,170

48.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. This definition includes legal risks but excludes strategic and reputational risks.

The Bank's operational risk management framework, as laid down in the Global Risk Management Policy, duly approved by the Board, is flexible enough to implement in stages and permits the overall risk management approach to evolve in the light of organizational learning and the future needs of the Bank. Operational loss events are reviewed and appropriate corrective actions taken on an ongoing basis, including measures to improve control procedures with respect to design and operative effectiveness.

Operational Risk Management helps the Bank understand risks and improve mitigating controls so as to minimize operational risks that are inherent in almost all areas of the Bank. Bank on continuous basis strengthens its risk function, policies and procedures to facilitate its operations and improve quality of assets to safeguard interest of depositors.

48.3.1 Operational Risk–Disclosures Basel II Specific

Currently, the Bank is reporting operational risk capital charge under Basic Indicator Approach (BIA). The Bank have adopted a number of measures e.g. using Key Risk Indicators (KRIs), loss events database and Risk & Control Self Assessments (RCSA) to manage its operational risk effectively.

In accordance with the Operational Risk Management (OR) regulations, policy and framework, a database covering operational risk events is being maintained using a state of the art software solution, which has enhanced features and a better workflow management. This new software has further augmented bank's capacity to capture and report operational risk events and KRIs. The software is also capable of generating periodical regulatory and management reports. Periodical updates on Operational Risk events are presented to senior management and the Risk Management and Portfolio Review Committee of the Board.

48.4 Liquidity Risk

Liquidity represents the ability to fund assets and meet obligations as they become due. The Bank understands that liquidity does not come for free, and surplus liquidity has an opportunity cost which needs to be recognized. Liquidity risk is a risk of not being able to obtain funds at a reasonable price within a reasonable time period to meet obligations as they become due. Liquidity is essential to the ability to operate financial services businesses and, therefore, the ability to maintain adequate levels of liquidity through economic cycles is crucial. Particularly during periods of adverse conditions, liquidity management is among the most important activities that the Bank conducts during both normal and stress periods. The Bank recognizes that liquidity risk can arise from the Bank's activities and can be grouped into three categories:

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- Inflows / Outflows from on–balance sheet items (other than marketable securities and wholesale borrowings) and off–balance sheet items;
- Marketability of trading securities; and
- Capacity to borrow from the wholesale markets for funding as well as trading activities.

Liquidity Management

The Asset Liability Committee of the Bank has the responsibility for formulation of overall strategy and oversight of the Asset Liability Management function. The Board has approved a comprehensive Liquidity Risk Policy (part of Risk Management Policy), which stipulates policies regarding maintenance of various ratios, funding preferences, and evaluation of Banks' liquidity under normal and stress scenarios. A framework to assess the maturity profile of non–contractual assets and liabilities is in place to supplement the liquidity management. Bank's comprehensive liquidity management framework assists it to closely watch the liquidity position through monitoring of early warning indicators and stress testing, to ensure effective and timely decision making.

The Bank's liquidity risk management framework is designed to identify measure and manage in a timely manner the liquidity risk position of the Bank. The underlying policies and procedures include: Global Risk Management policy, Global Treasury Policy, Investment policy, Contingency Funding Plan, Liquidity Strategy and Limit Structure which are reviewed and approved regularly by the senior management / Board. Moreover; the Bank also prepares a 'Contingency Funding Plan' (CFP) to address liquidity issues in time of stress/crises situation containing early warning indicators to pre–empt unforeseen liquidity crises. The Bank conducts Liquidity Risk Analysis on regular basis as well as Maturity of gaps are also reviewed in order to ensure diversification in terms of tenors. MCB liquidity risk framework envisages to project the Bank's funding position during temporary and long–term liquidity changes, including those caused by liability erosion and explicitly identifying, quantifying and ranking all sources of funding preferences, such as reducing assets, modifying or increasing liability structure; and using other alternatives for controlling statement of financial position changes. The Bank performs regular liquidity stress tests as part of its liquidity monitoring activities. The purpose of the liquidity stress tests is intended to ensure sufficient liquidity for the Bank under both idiosyncratic and systemic market stress conditions. The Bank's liquidity risk management approach involves intraday liquidity management, managing funding sources and evaluation of structural imbalances in balance sheet structure.

Intraday Liquidity Management

Intraday liquidity management is about managing the daily payments and cash flows. The Bank has policies to ensure that sufficient cash is maintained during the day to make payments through local payment system. The policy of the Bank is to maintain adequate liquidity at all times, in all geographical locations and for all currencies and hence to be in a position, in the normal course of business, to meet obligations, repay depositors and fulfil commitments.

Managing Funding Sources

As per policy, the Bank maintains a portfolio of marketable securities that can either be sold outright or sold through a repurchase agreement to generate cash flows for meeting unexpected liquidity requirement. As a part of liquidity management, the Bank maintains borrowing relationships to ensure continued access to diverse market of funding sources. The Bank's sound credit rating together with excellent market reputation has enabled the Bank to secure ample call lines with local and foreign banks. The level of liquidity reserves as per regulatory requirements also mitigates risks. The Bank's investment in marketable securities is much higher than the Statutory Liquidity Requirements.

48.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Bank

	2025													
	Total	Upto 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	190,083,526	190,083,526	–	–	–	–	–	–	–	–	–	–	–	–
Balances with other banks	39,698,066	20,897,648	9,944,371	–	1,400,616	6,054,815	–	1,400,616	–	–	–	–	–	–
Lendings to financial institutions	99,048,299	–	88,055,305	4,999,703	–	5,178,875	–	814,416	–	–	–	–	–	–
Investments – net	1,947,224,674	18,825,474	3,177,249	1,291,184	6,924,292	19,439,867	18,493,355	168,039,606	102,794,139	36,423,330	179,366,479	221,113,775	596,187,814	575,148,110
Advances – net	690,318,710	96,044,195	23,965,251	7,888,562	81,559,111	34,530,816	64,052,470	81,801,497	17,162,291	24,945,911	46,040,629	49,061,883	82,885,662	80,380,432
Property and equipment	97,069,222	28,875	173,247	202,122	490,867	808,487	895,111	2,627,583	2,656,457	2,656,457	4,436,685	5,633,944	5,293,776	71,165,611
Right-of-use assets	7,456,518	–	–	–	114,890	114,892	114,829	334,715	321,935	310,471	1,138,816	994,690	1,606,948	2,404,332
Intangible assets	1,351,034	3,286	19,721	23,008	55,877	92,033	101,893	299,106	302,393	302,393	151,324	–	–	–
Other assets – net	174,806,913	87,432	30,159,489	13,279,117	23,130,671	25,040,482	32,615,547	17,676,879	3,997,536	799,652	1,579,469	1,288,600	19,226,293	5,925,746
	3,247,056,962	325,970,436	155,494,633	27,683,696	113,676,324	91,260,267	116,273,205	272,994,418	127,234,751	65,438,214	232,713,402	278,092,892	705,200,493	735,024,231
Liabilities														
Bills payable	25,617,252	826,363	4,958,178	5,784,541	14,048,170	–	–	–	–	–	–	–	–	–
Borrowings	457,871,857	21,509,123	391,539,153	654,781	4,730,609	1,574,991	2,445,077	8,995,040	730,179	836,600	7,956,939	12,878,155	1,690,664	2,330,546
Deposits and other accounts	2,261,275,030	2,202,892,059	8,241,095	1,807,564	5,825,338	8,604,041	16,480,252	12,463,105	2,633,445	2,201,523	94,454	19,042	13,112	–
Lease liabilities	11,804,530	–	–	–	106,003	107,487	105,686	316,582	309,780	314,038	1,237,535	1,254,857	2,414,679	5,637,883
Deferred tax liabilities – net	44,947,104	73,881	100,420	63,137	53,018	(41,636)	(113,367)	49,293	100,633	(501,220)	5,013,137	3,734,729	16,330,777	20,084,302
Other liabilities	129,799,963	10,583,195	28,022,360	7,293,729	10,660,970	14,232,313	9,314,467	9,927,833	10,524,541	4,379,259	1,797,349	1,486,043	19,023,817	2,554,087
	2,931,315,736	2,235,884,621	432,861,206	15,603,752	35,424,108	24,477,196	28,232,115	31,751,853	14,298,578	7,230,200	16,099,414	19,372,826	39,473,049	30,606,818
Net assets	315,741,226	(1,909,914,185)	(277,366,573)	12,079,944	78,252,216	66,783,071	88,041,090	241,242,565	112,936,173	58,208,014	216,613,988	258,720,066	665,727,444	704,417,413
Share capital	11,850,600													
Reserves	109,983,273													
Surplus on revaluation of assets	72,105,363													
Unappropriated profit	121,801,990													
	315,741,226													

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For the year ended December 31, 2025

	2024														
	Total	Upto 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	168,507,615	168,507,615	–	–	–	–	–	–	–	–	–	–	–	–
Balances with other banks	27,841,879	4,715,140	20,844,348	1,806,891	–	475,500	–	–	–	–	–	–	–	–
Lendings to financial institutions	55,655,504	95,100	55,460,415	–	–	–	–	99,989	–	–	–	–	–	–
Investments – net	1,167,452,611	18,597,098	1,118,898	13,102,315	4,443,768	11,117,151	18,100,045	269,314,504	20,160,133	77,177,862	155,668,734	132,513,093	399,441,183	46,697,827
Advances – net	1,041,626,286	39,524,127	74,061,868	10,192,048	129,368,636	294,638,806	127,985,399	103,072,467	29,952,659	20,955,398	43,801,356	35,677,094	57,193,941	75,202,487
Property and equipment	82,694,343	22,404	134,427	156,831	380,875	627,324	694,537	2,038,803	2,061,208	2,061,208	3,823,750	4,756,582	4,747,752	61,188,642
Right-of-use assets	6,045,346	–	–	–	97,095	97,033	96,702	282,702	270,013	260,917	1,163,640	776,789	1,242,369	1,758,086
Intangible assets	1,314,143	2,654	15,924	18,578	45,117	74,311	82,272	241,509	244,163	244,163	345,452	–	–	–
Other assets – net	152,201,578	185,890	36,632,256	8,505,526	15,565,839	27,378,156	21,972,976	13,122,922	585,279	1,756,841	5,186,513	41,855	15,484,434	5,783,091
	2,703,339,305	231,650,028	188,268,136	33,782,189	149,901,330	334,408,281	168,931,931	388,172,896	53,273,455	102,456,389	209,989,445	173,765,413	478,109,679	190,630,133
Liabilities														
Bills payable	41,827,458	1,349,273	8,095,637	9,444,910	22,937,638	–	–	–	–	–	–	–	–	–
Borrowings	268,486,812	20,476,531	163,325,409	506,571	17,547,723	3,014,878	15,055,561	15,892,526	854,132	915,973	3,371,675	3,001,021	4,778,780	19,746,032
Deposits and other accounts	1,922,211,999	1,869,672,546	1,525,181	546,169	9,379,143	6,767,628	17,589,941	11,992,982	2,503,488	1,917,920	178,408	118,154	20,439	–
Lease liabilities	9,586,216	–	–	–	90,278	91,249	91,140	273,982	268,980	323,345	1,066,872	992,189	2,127,031	4,261,150
Deferred tax liabilities	16,637,759	38,426	7,422	(40,386)	(147,820)	(410,810)	(348,700)	(1,400,773)	(1,228,517)	(1,293,864)	3,623,157	5,016,050	7,473,348	5,350,226
Other liabilities	174,329,721	46,790,761	13,255,402	11,676,448	29,652,098	10,762,576	11,938,908	5,260,397	15,917,717	4,513,881	5,551,957	388,556	16,889,121	1,731,899
	2,433,079,965	1,938,327,537	186,209,051	22,133,712	79,459,060	20,225,521	44,326,850	32,019,114	18,315,800	6,377,255	13,792,069	9,515,970	31,288,719	31,089,307
Net assets	270,259,340	(1,706,677,509)	2,059,085	11,648,477	70,442,270	314,182,760	124,605,081	356,153,782	34,957,655	96,079,134	196,197,376	164,249,443	446,820,960	159,540,826
Share capital	11,850,600													
Reserves	104,929,819													
Surplus on revaluation of assets	43,053,137													
Unappropriated profit	110,425,784													
	270,259,340													

48.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

	2025									
	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	Above 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	190,083,526	190,083,526	–	–	–	–	–	–	–	–
Balances with other banks	39,698,066	32,242,635	6,054,815	1,400,616	–	–	–	–	–	–
Lendings to financial institutions	99,048,299	93,055,008	5,178,875	814,416	–	–	–	–	–	–
Investments – net	1,947,224,674	12,218,149	33,054,710	172,949,932	139,217,468	179,366,479	221,113,775	596,187,814	574,051,988	19,064,359
Advances – net	690,318,710	187,646,667	72,103,083	57,831,920	44,918,929	66,624,952	67,814,441	106,383,099	72,821,655	14,173,964
Property and equipment	97,069,222	873,132	1,746,264	2,619,396	5,238,793	4,436,685	5,641,557	5,337,733	7,236,860	63,938,802
Right–of–use assets	7,456,518	114,890	229,721	334,715	632,406	1,138,816	994,690	1,549,761	2,078,025	383,494
Intangible assets	1,351,034	101,893	193,926	299,106	604,785	151,324	–	–	–	–
Other assets – net	174,806,913	66,308,321	58,004,417	17,676,879	4,797,188	1,579,469	1,288,600	19,226,293	1,134,910	4,790,836
	3,247,056,962	582,644,221	176,565,811	253,926,980	195,409,569	253,297,725	296,853,063	728,684,700	657,323,438	102,351,455
Liabilities										
Bills payable	25,617,252	25,617,252	–	–	–	–	–	–	–	–
Borrowings	457,871,857	418,433,666	4,020,068	8,995,040	1,566,779	7,956,939	12,878,155	1,690,664	2,279,395	51,151
Deposits and other accounts	2,261,275,030	116,529,926	116,119,678	120,669,530	111,460,737	539,005,020	538,929,607	538,923,677	179,636,855	–
Lease liabilities	11,804,530	106,003	213,173	316,582	623,818	1,237,535	1,254,857	2,320,957	4,362,482	1,369,123
Deferred tax liabilities	44,947,104	290,453	(156,247)	50,538	(400,586)	5,013,137	3,734,729	16,350,138	14,601,754	5,463,188
Other liabilities	129,799,963	56,560,256	23,546,779	9,927,833	14,903,799	1,797,349	1,486,043	19,023,817	2,554,087	–
	2,931,315,736	617,537,556	143,743,451	139,959,523	128,154,547	555,009,980	558,283,391	578,309,253	203,434,573	6,883,462
Net assets	315,741,226	(34,893,335)	32,822,360	113,967,457	67,255,022	(301,712,255)	(261,430,328)	150,375,447	453,888,865	95,467,993
Share capital	11,850,600									
Reserves	109,983,273									
Surplus on revaluation of assets	72,105,363									
Unappropriated profit	121,801,990									
	315,741,226									

	2024									
	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	Above 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	168,507,615	168,507,615	–	–	–	–	–	–	–	–
Balances with other banks	27,841,879	27,366,379	475,500	–	–	–	–	–	–	–
Lendings to financial institutions	55,655,504	55,555,515	–	99,989	–	–	–	–	–	–
Investments – net	1,167,452,611	19,276,211	29,234,828	269,314,504	97,337,995	155,668,734	132,513,093	399,441,183	45,997,425	18,668,638
Advances – net	1,041,626,286	242,757,372	306,790,260	94,110,552	31,052,977	89,668,205	81,886,840	104,714,980	71,252,403	19,392,697
Property and equipment	82,694,343	677,042	1,354,085	2,031,128	4,062,255	3,823,750	4,762,273	4,784,994	7,325,620	53,873,196
Right–of–use assets	6,045,346	97,094	193,735	282,702	530,931	1,163,640	776,789	1,197,830	1,514,739	287,886
Intangible assets	1,314,143	82,273	156,583	241,509	488,326	345,452	–	–	–	–
Other assets – net	152,201,578	60,500,278	49,740,365	13,122,922	2,342,120	5,186,513	41,855	15,484,434	879,021	4,904,070
	2,703,339,305	574,819,779	387,945,356	379,203,306	135,814,604	255,856,294	219,980,850	525,623,421	126,969,208	97,126,487
Liabilities										
Bills payable	41,827,458	41,827,458	–	–	–	–	–	–	–	–
Borrowings	268,486,812	201,856,234	18,070,439	15,892,526	1,770,105	3,371,675	3,001,021	4,778,780	19,694,881	51,151
Deposits and other accounts	1,922,211,999	111,167,261	154,853,393	174,698,321	193,403,941	386,510,032	386,449,779	386,352,064	128,777,208	–
Lease liabilities	9,586,216	90,278	182,389	273,982	592,325	1,066,872	992,189	2,127,031	3,267,716	993,434
Deferred tax liabilities	16,637,759	(142,361)	(759,509)	(1,400,773)	(2,522,381)	3,623,157	5,016,050	7,473,348	532,172	4,818,056
Other liabilities	174,329,721	101,374,709	22,701,485	5,260,397	20,431,597	5,551,957	388,556	16,889,121	1,731,899	–
	2,433,079,965	456,173,579	195,048,197	194,724,453	213,675,587	400,123,693	395,847,595	417,620,344	154,003,876	5,862,641
Net assets	270,259,340	118,646,200	192,897,159	184,478,853	(77,860,983)	(144,267,399)	(175,866,745)	108,003,077	(27,034,668)	91,263,846

Share capital	11,850,600
Reserves	104,929,819
Surplus on revaluation of assets	43,053,137
Unappropriated profit	110,425,784
	270,259,340

Liquidity Gap Reporting

When an asset or liability does not have any contractual maturity date, the period in which these are assumed to mature has been taken as the expected date of maturity. The Bank regularly conducts an objective and systematic behavioural study using regression analysis technique to ascertain the maturity of its non-contractual assets and liabilities. Core and non-core parts of the non-contractual assets and liabilities are segregated through the behavioural study. Non Core part is placed among the short term maturity buckets i.e. up to 1 Year based on the model results, whereas core part is distributed among the longer terms buckets based on the discussion and decision by the ALCO. Following percentages are used to distribute the core assets and liabilities among longer term buckets:

Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years
30%	30%	30%	10%

48.5 Derivative Risk

Most business clients have either interest rate exposures arising from debt financing or currency exposures arising out of commercial transactions from import and export of goods. Businesses face the risk of sudden movements in interest rates or foreign exchange rates that may adversely affect their profitability. The Bank provides solutions to this problem through its derivatives desk in major types of derivative instruments i.e. forwards, futures, swaps and options. As an Authorized Derivative Dealer (ADD), the Bank is an active participant in Derivative market and has flexibility in providing a broad range of derivatives products covering both hedging and market making to satisfy customers' needs. As an ADD, the Bank offers derivative products which are permitted under the Financial Derivative Business Regulations (FDBR) or as permitted by the State Bank of Pakistan. Before executing Derivative transactions, the Bank ensures that the clients understand the risk and reward associated with the derivative being offered. Derivative transactions are executed with appropriate clients only.

Risk management activities take place at the following different levels.

Strategic Level:

By senior management, Assets and Liabilities Committee (ALCO), Management Credit and Risk Committee (MC&RC) and the Board of Directors to institute a risk management framework and to ensure provision of all resources and support required for effective risk management on Bank–wide basis. The Board provides the overall limits / thresholds for derivatives business.

Macro Level:

By Treasury and FX Group and Risk Management Group, responsible for policy formulation, procedure development and implementation, monitoring and reporting.

Micro Level:

Treasury Derivatives and Structured Product Desk, where risks are actually created and Treasury Operations for settlements of the transactions.

Derivative Risk Management caters the following risks:

Market Risk arises from changes in market rates such as Interest Rates, Foreign Exchange Rates, Equity Prices, credit spreads and/or commodity prices as well as their correlations and volatilities resulting in a loss to earnings and capital. In line with SBP's regulatory guidelines, the Bank back–to–back hedges all option transactions with other financial institutions. The Bank minimizes the exchange rate risk on its Cross Currency Swap Portfolio by hedging the exposure in interbank market. The Bank also manages interest rate risk on its Interest Rate Derivatives and Cross Currency Swaps through various sensitivity limits approved by ALCO. Marked to market positions and sensitivity of the derivatives transactions are monitored on regular basis. All individual deals are approved at the appropriate level of authority after analysing the risk and benefits associated with the deals.

Credit risk is a probable risk of loss resulting from customer's inability to meet contractual obligation that may have adverse impact on Bank's profitability. The Bank manages the risk by setting policies and limits for counterparty based on a pre–defined criteria linked with financial health of the customer. The exposure of each counterparty is monitored by Risk Management Function of the Bank on daily basis.

Considering small Derivative portfolio, the Bank is not exposed to any liquidity risk. However, the Bank manages liquidity risk through its liquidity risk framework which is defined in the relevant Liquidity Risk Section.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2025

The Bank has adequate system and controls for smooth execution of derivative transactions. Transactions are executed in line with well defined accounting and operational aspects to mitigate the operational risk. Policies and control functions are regularly reviewed on periodic basis.

The Bank uses a third party's Super Derivative System which provides front end sales and structuring capabilities, end to end valuation solutions, risk management systems, back end processing and provides analytical tools to measure various risk exposures and carry out sensitivity analysis.

The goal of Asset / Liability Management (ALM) is to properly manage the risk related to changes in interest rates, the mix of balance sheet assets and liabilities, the holding of foreign currencies, and the use of derivatives. Due to thin liquidity in the derivative market, interest rate derivatives are not actively used to manage/alter the interest rate risk profile of the Bank.

49 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on February 04, 2026 has announced a final cash dividend in respect of the year ended December 31, 2025 of Rs. 9.00 per share (2024: Rs. 9.00 per share). These unconsolidated financial statements for the year ended December 31, 2025 do not include the effect of these appropriations which will be accounted for subsequent to the year end.

50 GENERAL

Comparative information has been reclassified, rearranged or additionally incorporated wherever necessary for better presentation of the financial statements. There have been no significant reclassifications during the year.

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

51 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on February 04, 2026.

Hammad Khalid	Muhammad Nauman Chughtai	Mian Umer Mansha	Shahzad Hussain	Muhammad Ali Zeb
Chief Financial Officer	President/Chief Executive	Director	Director	Director

Statement showing written-off loans or any other financial relief of five hundred thousand or above provided during the year 2025

(Rupees in '000)

Sr. No.	Name and address of the borrower	Name of individuals / partners / directors		Father's / Husband's name	Outstanding liabilities at beginning of the year				Principal Written off	Interest / Markup Written off / waived	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
1	M/s. Ghousia Power Looms Chak No. 367/JB Shalamar, Post Office Same Gojra, District Toba Tek Singh.	Muhammad Aslam	33301-0411237-5	Muhammad Ismail	–	1,271	67	1,338	–	1,271	67	1,338
2	M/s. Shahzad Brothers Ghalla Mandi, Chak No.01, A/4L, Tehsil & District Okara.	Muhammad Umar Shahzad Mehmood	35302-5386826-7 35302-3818655-3	Liaqat Ali Liaqat Ali	–	1,563	21	1,584	–	1,563	21	1,584
3	Abdul Sattar & Asam Sattar Toti Chak P.O Mateer Wala Tehsil Daska District Sialkot.	Abdul Sattar Asam Sattar	34601-6571977-9 34601-2528785-3	Chaudhary Muhammad Ali Abdul Sattar	–	3,680	127	3,807	–	3,680	127	3,807
4	M/s Shoaib & Brothers Village & P.O Rasoolpur Tarar, District Hafizabad.	Shoaib Iqbal Chohan Abdul Rehman Chohan	34302-1187067-3 34302-1187069-9	Abdul Rehman Chohan Muhammad	–	618	17	635	–	618	17	635
5	M/s First City Enterprises Ward No.5, Jalal Pur Bhattian, Tehsil Pindi Bhattian, District Hafizabad.	Javaid Saleem Guftar Saleem	34302-3594401-7 34302-7092488-9	Muhammad Saleem Muhammad Saleem	–	510	17	527	–	510	17	527
6	Khalid Mehmood New Jeweller Shop, Sarafa Bazar B/1, Mirpur, Azad Kashmir	Khalid Mahmood	81302-8858988-9	Muhammad Younus	–	719	–	719	–	719	–	719
7	Rehman Shahid House No. 20 , Block J, Izmir Town, Canal Bank Lahore.	Rehman Shahid	35301-1971851-9	Riaz Ahmad Shahid	–	1,846	18	1,864	–	1,846	18	1,864
8	Sheikh Shahid Elahi House No. 88, Block -B, New Muslim Town Lahore.	Sheikh Shahid Elahi Sheikh Maqsood Elahi	35202-2071351-5 35202-8042939-9	Manzoor Elahi Manzoor Elahi	–	4,440	17	4,457	–	4,440	17	4,457
9	M/s. Meharban Flour & General Mills KLP Road, Sadiq Abad, Rahim Yar Khan	Zahoor Ahmad Amir Aziz Nusrat Shaheen Sobia Arshad	31303-8436744-1 31303-0597727-5 31303-1645711-2 31303-3871863-8	Choudhry Abdul Aziz Choudhry Abdul Aziz Zahoor Ahmad Amir Aziz	–	29,586	–	29,586	–	29,586	–	29,586
10	M/s. Meharban Cotton Ginners KLP Road, Sadiq Abad, Rahim Yar Khan	Zahoor Ahmad Amir Aziz	31303-8436744-1 31303-0597727-5	Choudhry Abdul Aziz Choudhry Abdul Aziz	–	3,237	–	3,237	–	3,237	–	3,237
11	M/s. Meharban Seed Corporation KLP Road, Sadiq Abad, Rahim Yar Khan	Zahoor Ahmad Amir Aziz	31303-8436744-1 31303-0597727-5	Choudhry Abdul Aziz Choudhry Abdul Aziz	–	3,576	–	3,576	–	3,576	–	3,576

Annexure I

Statement showing written-off loans or any other financial relief of five hundred thousand or above provided during the year 2025

(Rupees in '000)

Sr. No.	Name and address of the borrower	Name of individuals / partners / directors		Father's / Husband's name	Outstanding liabilities at beginning of the year				Principal Written off	Interest / Markup Written off / waived	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
12	**Hissan Rasheed Khan** **House No. P-75, Street No. 8, Mohallah Chiniot Bazar, Faisalabad.**	Hissan Rasheed Khan	33100-7903823-5	Abdul Waheed Khan	–	1,813	295	2,108	–	1,813	295	2,108
13	**Rashid Nadeem** **House No. 82-X Street No. 11, Madina Town, Faisalabad.**	Rashid Nadeem	33100-2450476-1	Muhammad Hussain	–	1,015	18	1,033	–	1,015	18	1,033
14	**Jamil Ahmad** **House No. 75, Mohallah Larex Colony, Data Nagar, Badami Bagh, Lahore.**	Jamil Ahmad	35200-1471289-3	Muhammad Ashraf	–	865	–	865	–	865	–	865
15	**Haji Muhammad Idrees** **House No. 195, Street No. 07, Rawal Town, Islamabad.**	Haji Muhammad Idrees Muhammad Rafi	61101-2398655-7 61101-2399605-7	Haji Muhammad Sharif Haji Muhammad Sharif	–	1,311	–	1,311	–	1,311	–	1,311
16	**M/s. M Umer Plastic** **House No.55, Street No.1, Block No.16, Mumtaz Colony Sargodha**	Rana Muhammad Ejaz	38403-2106597-7	Rana Muhammad Saeed	–	898	60	958	–	898	60	958
17	**Manzoor Ahmed** **Plot No. 48, New Lasani Town, Near Chiniot Hospital, Sargodha Road, Faisalabad.**	Manzoor Ahmed	33103-0639584-7	Ghulam Muhammad	–	2,269	117	2,386	–	1,779	117	1,896
18	**M/s. Khyber Value Marketing & Developers** **256-A, Peoples Colony No.02, Farwa Chowk, Faisalabad.**	Muhammad Yousaf Sani Mudassar Nadeem Naeem Akhtar	33100-8942218-9 33100-5313052-9 33100-5522875-9	Mufti Zain Ul Abideen Muhammad Saleem Baitab Muhammad Tufail	–	5,768	93	5,861	–	5,768	93	5,861
19	**M/s. Imran Traders** **Plot No. 33/237, Khayaban Colony, Chak No.213/RB, Faisalabad.**	Sheikh Allauddin Azam Ali Muhammad Imran Kishwar Sultana	33100-3314229-3 33100-1543078-5 33100-7586997-9 33100-9155665-0	Sheikh Muhammad Rafique Sheikh Allauddin Sheikh Allauddin Sheikh Allauddin	–	3,270	68	3,338	–	3,270	68	3,338
20	**Muhammad Asim** **Chak No. 188/RB, Tehsil Chak Jhumra, District Faisalabad.**	Muhammad Asim	33101-1700625-3	Muhammad Aslam	–	494	27	521	–	494	27	521
21	**M/s. Nayyab Traders** **House No. 69-C, Satellite Town, Sargodha.**	Muhammad Ali Gondal Atta Ur Rehman	38403-5680412-3 38403-1500669-5	Atta Ur Rehman Faqir Ullah	–	1,066	19	1,085	–	1,066	19	1,085

Annexure I

Statement showing written-off loans or any other financial relief of five hundred thousand or above provided during the year 2025

(Rupees in '000)

Sr. No.	Name and address of the borrower	Name of individuals / partners / directors		Father's / Husband's name	Outstanding liabilities at beginning of the year				Principal Written off	Interest / Markup Written off / waived	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
22	M/s Amana Rice Mills Sheikhupura Road, Tatly Aali, Tehsil Naushehra Virkan, District Gujranwala.	Ijaz Ul Hassan	34101-2628085-3	Hassan Din	–	2,758	17	2,775	–	2,758	17	2,775
23	Syed Muhammad Awais Shah House No. 110, Safari Block, Sector-B, Bahria Town, Lahore.	Syed Muhammad Awais Shah	35202-0308131-1	Syed Azam Ali Shah	100	1,718	–	1,818	–	1,718	–	1,718
24	Amir Hassan & Shahida Shareen House No. 642, Nizam Block, Allama Iqbal Town, Lahore.	Amir Hassan Chaudhary Shahida Shareen	35202-2477447-5 35202-2363705-6	Najam Ul Hassan Chaudhary Najam Ul Hassan Chaudhary	–	2,155	18	2,173	–	2,155	18	2,173
25	Javed Akhtar House No.39-40, Street No.02, Hamza Town, Ferozpur Road, Lahore.	Javed Akhtar	42101-2201901-5	Muhammad Hussain	428	1,108	150	1,686	–	1,108	150	1,258
26	M/s. Shafqat & Co Mauza Wahi Jagguwala, Tehsil Jalalpur Pir wala, District Multan.	Muhammad Shafqat Zulfiqar Khan Sardar Ahmed Khan	36301-1488471-9 36203-6692721-9	Sardar Ahmed Khan Zulfiqar Khan	198	909	41	1,148	–	656	41	697
27	Zahida Parveen House No.41 Lodhi Colony, Tehsil & District, Multan.	Zahida Parveen Shameel Munir	36302-9272237-2 36302-9188964-3	Munir Hussain Munir Hussain	–	921	–	921	–	921	–	921
28	Muhammad Nawaz Bismillah Rice Mills, Mandi Faiz Abad, Sialkot.	Muhammad Nawaz	35401-7727828-5	Nazar Hussain	680	826	42	1,548	–	809	42	851
29	Rehan House No.24, Block B, Al Faisal Town, Zarar Shaheed Road, Cantt Lahore.	Rehan	35201-3347222-5	Muhammad Siddique	953	246	15	1,214	–	685	15	700
30	Absar Saeed Eden Villas Near Thokar Niaz Baig, Lahore.	Absar Saeed	36103-5512199-1	Allah Ditta	–	579	28	607	–	579	28	607
31	M/s. Rehman Filling Station Chak No.111/10R, Cheema Colony, Tehsil Jahanian, District Khanewal.	Mushtaq Elahi	36101-0274289-5	Noor Elahi	–	532	31	563	–	532	31	563

Annexure I

Statement showing written-off loans or any other financial relief of five hundred thousand or above provided during the year 2025

(Rupees in '000)

Sr. No.	Name and address of the borrower	Name of individuals / partners / directors		Father's / Husband's name	Outstanding liabilities at beginning of the year				Principal Written off	Interest / Markup Written off / waived	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
32	M/s. Hashim Khan Rice Mill Through Mr. Rehmat Ullah(JD) Narang Mor, Narowal Road, Narang Mandi.	Umer Nawaz Hashim Khan Qudrat Ullah	35401-4445113-3 35401-6204769-1 35401-4339568-3	Hashim Khan Daleel Khan Hashim Khan	–	904	19	923	–	904	19	923
33	M/s. Angora Textile Ltd. 15-KM, Multan Road, Shapur, Lahore	Avais Mazhar Hussain Sheharyar Hussain Muhammad Sajjad Khan	35202-3003329-7 35202-3003331-7 35201-6853583-3	Muhammad Mazhar Hussain Avais Mazhar Hussain Muhammad Siddiq Khan	3,057	19,061	17	22,135	3,057	19,061	17	22,135
34	Muhammad Usman Butt & Zahida Begum House No. 54, Street No. 54, Jalal Park Yaseen Road Karim Park Lahore.	Muhammad Usman But Zahida Begum	35202-8749641-5 35202-2408066-4	Muhammad Yousaf Butt Muhammad Yousaf Butt	–	696	19	715	–	696	19	715
35	M/s. Eagle House No. 148-D, Asif Block, Allama Iqbal Town, Lahore.	Shabana Abdul Naeem	35202-6062939-0	Abdul Naeem	106	1,860	67	2,033	–	1,716	67	1,783
36	Muhammad Nawaz 61 -Allah Malik Market, Chowk Mayo Hosipital, Lahore.	Muhammad Nawaz	35202-2418636-5	Muhammad Akbar	458	1,580	21	2,059	–	1,563	21	1,584
37	Sultan Ahmed 29 / 6A - 1, Davis Road, Behind Muslim League House, Lahore.	Sultan Ahmed	35202-1729595-9	Abdul Ghani	–	1,316	19	1,335	–	547	19	566
38	M/s Mian Oil Mills P.O Box Akbarabad, Kot Sardar Kahin Singh, Tehsil Pattoki, District Kasur.	Sardar Sikandar Hayat Nakai Muhammad Ramzan	35103-9417865-7 35103-9018405-9	Sardar Iftikhar Ahmad Nakai Hakim Ali	–	2,434	17	2,451	–	2,434	17	2,451
39	M/s. Sunder Textiles 179-E, Tajpura Scheme, Lahore.	Shahbaz Ahmad Rana Shahzad Rana	35201-8566072-5 35201-6872821-7	Ghulam Muhammad Ghulam Muhammad	–	755	–	755	–	755	–	755
40	Atif Bilal Malik Model Town Aurangzeb Road Sialkot, Tehsil & District Sialkot.	Atif Bilal Malik	34603-5083785-9	Muhammad Jamil Malik	233	1,093	–	1,326	–	1,095	–	1,095
41	M/s. Muhammad Amir & Brothers Chak No. 71/JB, Tehsil Saddar, District Faisalabad.	Muhammad Amir Khan	33100-6600097-5	Ghulam Fareed	797	1,243	35	2,075	–	1,092	35	1,127

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(Rupees in '000)

Sr. No.	Name and address of the borrower	Name of individuals / partners / directors		Father's / Husband's name	Outstanding liabilities at beginning of the year				Principal Written off	Interest / Markup Written off / waived	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
42	**M/s Javaid Rice Mills Shamsa Road Baddo Malhi Tehsil & Distt Narowal.**	Javed Iqbal Akbar Ali Haji Anayat Ullah Asmat Ullah Khurshid Begum Tariq Iqbal Shahid Iqbal Aftab Iqbal Dhillon Iftikhar Ali Dhillon Majeedan Baigam	34501-2010291-7 34501-7684771-3 34501-1921781-9 34501-2021864-9 38405-2283101-4 34501-2029354-5 34501-1921783-3 34501-1968628-9 13302-6293628-5 34501-1866418-0	Muhammad Iqbal Ghulam Haider Ghulam Haider Ghulam Haider Muhammad Anwar Muhammad Iqbal Muhammad Iqbal Muhammad Iqbal Muhammad Iqbal Muhammad Iqbal	–	597	99	696	–	597	99	696
43	**M/s Jalil Traders New Ghalla Mandi, Tehsil Kamoke, Distt: Gujranwala.**	Muhammad Jalil Khan Abdul Qayyum Khan Zafar Ullah Khan Muhammad Akram	34102-0428681-5 34102-2414439-9 34102-6707097-5 34102-1784749-1	Muhammad Wakeel Khan Muhammad Wakeel Khan Muhammad Tufail Khan Abdul Rasheed	210	4,806	82	5,098	–	4,418	82	4,500
44	**M/s. Qasim Rice Mills Awan Chowk, Naushehra Virkan Road, Gujranwala.**	Chaudhary Muhammad Akram Chaudhary Muhammad Aslam	34103-5950682-7 34103-0524234-1	Chaudhary Muhammad Aslam Abdulllah Khan	390	3,735	17	4,142	–	3,427	17	3,444
45	**Haji Peer Buksh Fazal Rahim Office No. 67, 3rd Floor, Trade Avenue, Altaf Hussain Road, New Challi, Karachi.**	Abid Ismail Nasir Ilyas Jawad Adil Fawad Adil Khurram Ibrahim	42301-2122069-9 42301-5818397-1 42301-1081470-9 91506-0126427-3 91509-0119365-1	Muhammad Ibrahim Muhammad Ibrahim Muhammad Ibrahim Muhammad Ibrahim Muhammad Ibrahim	53,168	76,943	135	130,246	53,168	76,943	135	130,246
46	**Syed Danish Imam Awan Town, Multan Road, Lahore.**	Syed Danish Imam	35202-9564887-9	Syed Zaki Ud Din Alhussainy	401	714	16	1,131	–	621	16	637
47	**M/s. MB Feeds House No. 33, Mohallah Lalazar-1, Lane No. 2, Jehlum Road, Rawalpindi.**	Syed Imtiaz Ali Shah	37405-5152317-7	Syed Mehmood Ali Shah	–	5,744	–	5,744	–	5,744	–	5,744
48	**M/s. Pak Builders and Estate Agency Gul Plaza, Jinnah Road, Gujrat.**	Mirza Naeem Baig Nazir Begum Irshad Begum Baby Tabassum Musarat Zahid Farhat Aziz Baig Farrah Yasmeen Shagufta Akhtar	34201-0571920-9 34201-0546787-6 34201-7436461-2 34201-7246966-4 17301-1343306-8 34201-1912686-8 37301-2235153-4 34201-0546784-4	Amin Baig Amin Baig Mirza Muhammad Amin Mirza Sikandar Baig Zahid Baig Aziz Baig Mirza Javaid Akhtar Mirza Naeem Baig	57	4,048	78	4,183	–	4,049	78	4,127
49	**M/s. Citi Centre Mall 1, U Block, Model Town Gujranwala.**	Tahir Munir	34101-9046400-1	Muhammad Abdul Raheem	800	1,170	67	2,037	–	1,135	67	1,202
50	**Waseem Ahmed Khan Street No. 8, Nafees Colony, Kasur.**	Waseem Ahmed Khan Rabia Anjum Shahzad	35102-6317631-9 33100-0840516-4	Feroz Khan Rana Anjum Shahzad	–	804	17	821	–	804	17	821

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Domestic												
51	M/s. City Enterprises P-16 Opposite Hockey Stadium Khoinoor Town, Madina Town, Faisalabad.	Hassan Saeed	33100-0966348-1	Akhtar Saeed	1,496	1,008	119	2,623	–	818	119	937
52	Babar Hussain Chak No. 236/GB Tehsil Jaranwala District Faisalabad.	Babar Hussain	33104-3775075-9	Faqir Hussain	786	892	33	1,711	–	878	33	911
53	Abdul Wahab House No. P-250, Street No.05, Mohallah Asim Town, Faisalabad.	Abdul Wahab	33100-0893899-7	Abdul Sattar	724	851	58	1,633	–	856	58	914
54	Muhammad Masood Ahmad Chak No. 459/GB Tehsil Jaranwala District Faisalabad.	Muhammad Masood Ahmad	33104-2162198-9	Shah Muhammad Kalyar	988	1,069	49	2,106	–	1,071	49	1,120
55	M/s. Kafil Textile Plot No. F-453/A, S.I.T.E, Karachi.	Kafil Ahmad Shahnaz Mehar	42101-1767426-3 42101-1792575-8	Abdul Ghaffar Kafil Ahmad	–	12,387	33	12,420	–	12,387	33	12,420
56	Muhammad Nazir House No. 22, Street No. 97, Chowk Nagina, Baghbanpura, Lahore.	Muhammad Nazir	35201-0674545-9	Muhammad Rafi	–	588	37	625	–	588	37	625
57	M/s. Dogar Commission Shop Kalpi Dogran, Post office Malo Wal, Chak No. 24-UCC, Tehsil & District Sheikhupura.	Sarwar Subhani Dogar Amanat Ali Altaf Hussain Razia Begum	35404-1586729-5 35404-0443826-7 35404-1335302-5 35404-8835594-6	Aziz Ur Rehman Atta Ullah Muhammad Hussain Altaf Hussain	–	1,070	33	1,103	–	1,070	33	1,103
58	M/s. Al Imran Enterprises House No. 34, Street No. 4, Old Anarkali, Lahore.	Imran Ali Syed Mazhar Ul Hassan Syed Nazim Hussain Shah	269-76-442709 267-53-318327 35202-8726846-3	Said Alam Shah Syed Nadir Ali Shah Syed Shoukat Ali Shah	–	1,572	47	1,619	–	1,572	47	1,619
59	M/s. Rahim Bakery & General Store 6-Church Road, Old Anarkali, Lahore.	Saqib Anjum	35202-1752826-1	Hashim Din	500	716	67	1,283	–	575	67	642
60	Muhammad Noman Saigal House No. 89, Block 3/4, Behar Muslim Society, Bahadurabad ,Karachi.	Muhammad Noman Saigal	42201-0487763-5	Muhammad Mushtaq Saigal	–	9,365	33	9,398	–	9,365	33	9,398

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Domestic												
61	Saira Noman House No. 89, Block 3/4, Behar Muslim Society, Bahadurabad ,Karachi.	Saira Noman Muhammad Noman Saigal	42201-0423638-6 42201-0487763-5	Muhammad Noman Saigal Muhammad Mushtaq Saigal	–	11,977	69	12,046	–	11,977	69	12,046
62	Muhammad Saleem House No. 30/1, Sheet 19, Model Colony, Karachi.	Muhammad Saleem	42201-0550983-1	Muhammad Shareef	88	713	–	801	–	609	–	609
63	Muhammad Kashif Pasha House No.A-98, Block No. 13-B, Railway Housing Society, Gulshan-E-Iqbal, Karachi.	Muhammad Kashif Pasha	42201-0722699-7	Muhammad Anwar Pasha	769	877	–	1,646	–	776	–	776
64	Syed Najam Zafar Shop No.12, Agha Ghee Market, Shoba Bazar, Railway 02, Peshawar.	Syed Najam Zafar	17301-2910732-3	Syed Muzaffar Shah	242	920	10	1,172	–	866	10	876
65	M/s. Al-Madina Enterprises House No. B-75, Gulshan Sajjad Housing Scheme, Deh Jamshoro, Qasimabad, Hyderabad.	Abdul Jabbar Abro Mushtaq Ali Aisha Allah Bux Mehran Poto	41101-5426925-1 44203-5000111-7 41101-1382354-8 41101-8013731-1	Arbab Jumma Abro Muhammad Ismail Arbab Jumma Abro Haji Aadoo Mehran Poto	–	743	–	743	–	743	–	743
66	G.A. Impex Chak No. 77/RB, Lokhe, Tehsil Jaranwala, District Faisalabad.	Azhar Abbas Shah Khalil Ahmed Khan	33100-1155081-7 33104-8134790-3	Syed Sikhawat Ali Shah Haji Rehmat Ali Khan	900	6,621	57	7,578	–	6,531	57	6,588
67	M/s Zeeshan Enterprises Thalli Road, Rahim Yar Khan.	Zafar Anees Khan	31303-5162311-3	Anees Ahmad Khan	809	563	–	1,372	–	560	–	560
68	Anees Aslam Khan Colony, Chungi No. 07, LMQ, Road, Multan.	Anees Aslam	36302-8782872-7	Muhammad Aslam	838	1,028	–	1,866	–	761	–	761
69	Imran Ahmad Ameer Park, Street No. 5, Fathomand, Jinah Road, Gujranwala.	Imran Ahmed	34101-8512128-7	Muhammad Akhtar	277	934	52	1,263	–	828	52	880
70	M/s Aaj Food Enterprises House No. 26, Abbot Road, Lahore.	Mian Asher Ghazzaal Shakir Mian Muzaffar Ali Qadri	35401-1852373-5 35401-1852370-5	Mian Muzaffar Ali Qadri Mian Anwar Ali	157	2,050	17	2,224	–	1,888	17	1,905

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Domestic												
71	Haider Ali House No.25, Block No.4, Kareem Park, Yaseen Road, Lahore.	Haider Ali	35202-6947663-7	Shabbir Hussain	1,378	1,524	18	2,920	–	1,439	18	1,457
72	M/s. Aaj Foods Entreprises House No. 26, Abbot Road, Lahore.	Mian Asher Ghazzaal Shakir Syed Asad Usman Javed Iqbal	35401-1852373-5 35401-5659444-7 35401-4823115-7	Mian Muzaffar Ali Qadri Muhammad Usman Malik Umar Daraz	–	598	–	598	–	598	–	598
73	M/s, Yadgars Post Office Box 1719, Street No. R6, Mehar Link Street, Tahir Town, Fateh Garh, Sialkot.	Shahzad Hafeez Hifsa Shahzad	34603-1648357-5 34603-5091783-0	Hafeez Muhammad Yad Shahzad Hafeez	–	1,783	–	1,783	–	1,783	–	1,783
74	Muhammad Khalil House No. 425, Block J-II, Johar Town, Lahore.	Muhammad Khalil	35202-5966782-7	Farzand Ali	801	803	60	1,664	–	805	60	865
75	M/s Mashallah Cloth House House No. 103, Gulnar Colony, Off. Raiwind Road, Dubai Town, Lahore.	Muhammad Ramzan Muhammad Ismail	35202-2804741-9 35202-2804749-9	Muhammad Ismail Siraj Din	159	912	37	1,108	–	911	37	948
76	Abdul Saleem Khan, Abdul Nadeem Khan, Abdul Karim Khan House No.7/A & 8/A, Rehman Garden, Darbar Bag-e-Shah, Garhi Shahu, Lahore.	Abdul Saleem Khan Abdul Nadeem Khan Abdul Karim Khan	35200-1573222-7 35200-1560522-9 35202-4831886-1	Abdul Ghani Khan Abdul Ghani Khan Abdul Ghani Khan	4,039	3,330	18	7,387	–	2,508	18	2,526
77	Muhammad Iqbal House No. 19, Street No. 1-D, ARA Channan Din Macca Colony, Gulberg III, Lahore.	Muhammad Iqbal	35202-0317430-1	Muhammad Sharif	1,080	956	32	2,068	–	1,003	32	1,035
78	Hamayun Sartaj Sheikhupura Road, Khiali, Gujranwala.	Hamayun Sartaj	34101-0199757-7	Sartaj Ahmed	147	1,565	66	1,778	–	1,213	66	1,279
79	Muhammad Imran Ward No.3, Mohalla Purana Dak Khana Jalapur Bhattian.Tehsil Pindi Bhattian Distt:Hafizabad.	Muhammad Imran	34302-3471076-9	Muhammad Jamil	1,200	705	65	1,970	–	528	65	593
80	Muhammad Kamran House No. 221, Street No.501, Sheikh Maltoon Town, Mardan.	Muhammad Kamran	16101-6418088-9	Haji Abdul Raheem	226	705	10	941	–	699	10	709

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Domestic												
81	**Abid Ali Malik** **Mohallah Peer Qazi Pak Gate, Multan.**	Abid Ali Malik	36302-0287747-5	Malik Nazar Hussain	21	557	77	655	–	554	77	631
82	**Haq Nawaz** **House No.76, Street No.15, Chaudhary Park, Rashid Road,Bilal Gunj, Lahore.**	Haq Nawaz	32103-0269748-1	Muhammad Khan	187	660	17	864	–	666	17	683
83	**M/s. Ittefaq Packages** **House No.34, Street No. 23, Mohallah Shafiqabad, Ghati Ganjan Kalan, Bund Road Lahore.**	Ghulam Nasir Yousafi Azad Ghulam Anwar	35202-5596304-5 35202-7845409-1	Ghulam Anwar Ghulam Nabi	424	767	–	1,191	–	503	–	503
84	**M/s. T.N. Enterprises** **House No. 344, Block-B, Qaddafi Park, Gulshan-e-Ravi, Lahore.**	Mian Nazir Ahmed Tabasum Nazir	35202-2501859-7 35202-6988339-0	Mian Noor Elahi Mian Nazir Ahmed	550	1,668	17	2,235	–	1,381	17	1,398
85	**M/s. Haider & Co** **Ghakhar Peer Kot Tehsil Wazirabad.**	Shabbir Ahmad Cheema	34104-3510242-9	Nazir Ahmad	400	2,033	62	2,495	–	2,565	62	2,627
86	**Amjad Ali** **Mohallah Ali Khan, Village Umar Payan, Tehsil & District Peshawar.**	Amjad Ali	17301-1737880-7	Sher Ali Khan	817	1,513	25	2,355	–	1,512	–	1,512
87	**Abdul Aziz Panhwar** **Survey No. 328/4, Part, PSO Hassni Petrol Pump, Near Dadu Sugar Mills Piyaro Goth Village, Deh. Taga, Taluka District, Dadu.**	Abdul Aziz Panhwar Wali Muhammad Rosool Bux	41201-4779394-7 - -	Muhammad Umar Panhwar Allah Bux Panhwar Muhammad Essa Panhwar	–	778	26	804	–	778	26	804
88	**M/s. Eagle Textile** **1.5–KM, Kahna Kacha Road, Off-25-KM, Khana Nau, Lahore.**	Mahmood Akhtar	35202-2605452-1	Muhammad Siddique	4,781	1,719	119	6,619	–	1,893	119	2,012
89	**M/s. Chaudhry Poultry Farm** **House No.200, Street No. 93 (Aziz Street), Pir Ghazi Road, Ichra, Lahore.**	Muhammad Shahzad Chaudhry Muhammad Shoaib Chaudhry	35202-2715969-9 35202-1796852-3	Ghulam Rasool Chaudhry Ghulam Rasool Chaudhry	125	2,721	17	2,863	–	2,297	17	2,314
90	**M/s Tanzeem Brothers** **Near K.D School, Green Wood Street, Tehsil & District Sialkot.**	Chaudhary Tanzeem Qadir	34603-0358597-7	Chaudhary Ghulam Qadir	865	1,051	–	1,916	–	1,080	–	1,080

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Domestic												
91	M/s. Nasir & Company Mohallah Narooki Thatta, New Canal Park, Patoki District.	Nasir Mahmood Ali Mukhtar Ahmad	35103-3000837-5 35103-8909027-3	Mukhtar Ahmad Jalal Din	549	1,209	17	1,775	–	1,233	17	1,250
92	M/s. Hanzala Traders Incorporation House No. 35, Street Leharanwali, Bakhtewala, Gujranwala.	Naeem Sharaz Peer Muhammad	34101-2242657-9 34101-0906522-5	Peer Muhammad Khushi Muhammad	199	579	–	778	–	586	–	586
93	Anwar Muhammad Khan House No. 2192, Block No.24, Mohallah Samanabad, Faisalabad.	Anwar Muhammad Khan	33100-8066946-3	Nisar Muhammad Khan	–	504	86	590	–	504	86	590
94	Waqar Butt Street No. 30, Sunny View Park, Mughalpura, Lahore.	Waqar Butt	35201-4874589-3	Altaf Hussain Butt	733	656	18	1,407	–	660	18	678
95	M/s. Alusys (Pvt) Ltd Main G.T Road, Sadhoke, District Gujranwala, Pakistan.	Faisal Rasheed Adnan Rasheed Abdul Rasheed Haroon Rasheed	34101-0898270-7 34101-7021729-9 34101-6445178-1 34101-2754921-5	Abdul Rasheed Abdul Rasheed Muhammad Hussain Abdul Rasheed	–	18,270	–	18,270	–	14,716	–	14,716
96	Muhammad Shahid House bearing Khasra No. 735, Dina Thekrian, Tehsil & District Jhelum.	Muhammad Shahid	37301-0516506- 5	Ehsan ul Haq	365	518	–	883	–	533	–	533
97	M/s Union Marketing Main Road, Judicial Housing Colony, Lahore Sheikhupura Road, Faisalabad.	Iftikhar Rabbani Muhammad Naeem Rafique Ghulam Rabbani	33100-0665818-5 33302-2207481-5 33100-0665820-1	Ghulam Rabbani Muhammad Rafique Nizam Din	–	1,704	67	1,771	–	1,704	67	1,771
98	M/s. Ismaeel & Sons House No.38-A, Block No. B, Main Bazar, Mohallah Satellite Town, Sargodha.	Muhammad Suleman	38403-4458512-7	Muhammad Ismail	1,522	2,172	–	3,694	–	2,125	–	2,125
99	M/s. Salman Garments House No. 02, Street No 11,Mohallah Punj peer, Mouza Fateh Garh, Lahore.	Iftikhar Ali	35402-8183474-1	Nazeer Ahmed	769	567	–	1,336	–	527	–	527
100	M/s. Zeenat Industires 1st Floor, Jalal centre office No.6-B, street No. 3, Montgomery Bazar, Faisalabad.	Hamid Nawaz Zobia Hamid	33100-9601803-3 33100-0266741-2	Muhammad Nawaz Hamid Nawaz	379	1,048	47	1,474	–	967	47	1,014

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Domestic												
101	M/s. Arabi Oil Trader Mouza Jungle Khan, R.B Colony Multan.	Abdul Kareem	36302-9678551-3	Malik Khan Muhammad	424	824	29	1,277	–	878	29	907
102	Ali Ahmed Ali Pur Chatha, Wazirabad, District Gujranwala.	Ali Ahmad	34104-5986437-9	Noor Muhammad	81	702	19	802	–	659	19	678
103	M/s. Ali Haider Traders Ghalla Mandi Wazirabad, Tehsil Wazirabad District Gujranwala.	Qazi Ghulam Mujtaba	34104-5153625-3	Qazi Ghulam Mustafa	107	923	68	1,098	–	729	68	797
104	M/s. Ali Tanveer Traders Ghalla Mandi, Jalal Pur Bhattian, Tehsil pindi Bhattian, District Hafizabad.	Tanveer Ahmad Muhammad Yaqoob Muhammad Latif	34302-1817774-3 34302-1207030-3 34301-6867743-1	Hakim Din Sher Alam Sher Alam	998	889	17	1,904	–	833	17	850
105	Mirza Nadeem Baig House No. 6, Street No. 12, Block B, Al-Faisal Town, Cantt Lahore.	Mirza Nadeem Baig	35202-2283764-3	Iqbal Baig	163	550	–	713	–	550	–	550
106	M/s Fauji Corporation Ameer Pur Sadat Kehror Pacca, Lodhran.	Rana Khalil Ahmad Khan	36202-0953432-1	Munir Ahmad Khan	1,300	1,423	67	2,790	–	1,236	67	1,303
107	Ghulam Abbas Khan Mouza Shatab Garh, Tehsil Mailsi, District Vehari.	Ghulam Abbas Khan	36302-6528768-5	Haji Muhammad Hashim	484	619	16	1,119	–	617	16	633
108	Muhammad Siddique House No. 201, Block Q ,Phase II, D.H.A, Lahore.	Muhammad Siddique	35201-1458638-1	Nizam Din	1,192	10,827	–	12,019	–	10,760	–	10,760
109	Riffat Naheed House No. 173-B-3, Johar Town, Lahore.	Riffat Naheed	32203-2012415-4	Anwar Hussain	383	2,662	18	3,063	–	2,632	18	2,650
110	M/s. Music Valley House No. 79, Watman Road,Mughal Pura Lahore.	Zaryab Zaheer Sajjad Anwar	35201-8676860-5 35202-6597271-5	Zaheer Alam Bashir Tahir	740	1,070	–	1,810	–	1,087	–	1,087
111	Abbas Manzoor Al Haq General Store, New Satellite Town, Akbar Colony, Bahawalpur.	Abbas Manzoor	31202-1595854-7	Manzoor Ahmad	1,050	627	18	1,695	–	630	18	648

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Domestic												
112	Kaleem Ud Din Ahmad Army Apartments, Sher Pao Bridge Colony, Lahore.	Kaleem Ud Din Ahmad	35201-1921050-5	Azeem Ud Din	477	686	16	1,179	–	715	16	731
113	Shahid Mehmood House No. 343, A/1 Near Jan Sher Tower, Committee Chowk, Rawalpindi.	Shahid Mehmood	61101-3693952-9	Aslam Mehmood	949	1,199	22	2,170	–	1,117	22	1,139
114	Arshad Javeed Qureshi House No. 986/1, Banker street, Mohammadi Colony, Dhoke Choudrian, Rawalpindi.	Arshad Javeed Qureshi	37405-3262833-5	Haji Khan Zaman Qureshi	393	783	54	1,230	–	809	54	863
115	Erum Bilal Ahmed Flat No. 203, 2nd Floor Moti Wala Appartment Near Farooque Masjid, Main Tower, Karachi.	Erum Bilal Ahmed	42301-0906839-6	Bilal Ahmed	452	1,334	–	1,786	–	1,104	–	1,104
116	Sadiq Feeds (Pvt.) Limited House No.31-A, A Block, Satellite Town, Rawalpindi.	Sadia Sadiq Muhammad Saad Sadiq	37405-8477435-6 37405-1930907-9	Muhammad Sadiq Muhammad Sadiq	492,860	103,321	–	596,181	–	107,789	–	107,789
117	M/s. City Wood Co. Mohallah Hajipura No. 01, Noorani Chowk, Old Noora Kot Road, Ghakher Mandi, Gujranwala.	Amjad Ranhja Dar	34104-2373561-7	Abdul Rehman Dar	900	1,745	–	2,645	–	1,762	–	1,762
118	Tanveer Hussain Sardar Street, Dusehra Ground, Faisal Road, Sheikupura.	Tanveer Hussain	35404-7489036-7	Nazir Hussain	90	478	53	621	–	457	53	510
119	Muhammad Ashfaq House No. 58, Gosha Ahbab, Rasheed Street, Mohallah New Gulshan Park, Multan Road, Lahore.	Muhammad Ashfaq	35202-4722788-9	Muhammad Hadayat	1,247	1,182	–	2,429	–	1,281	–	1,281
120	Muhammad Zaka Ullah Chaudhary House No. 798-E, Mohallah Canal View Society, Multan Road, Lahore.	Muhammad Zaka Ullah Chaudhary	35202-2651251-1	Muhammad Sharif Chaudhary	2,276	2,404	25	4,705	–	2,556	25	2,581

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Domestic												
121	**M/s. Tahir Brothers Ice Factory House No. 02, Street No. 5, Mali Pura, Karim Park, Lahore.**	Muhammad Tahir Ayub	35202-5751171-7	Muhammad Ayub	100	1,345	42	1,487	–	1,147	42	1,189
122	**M/s. Royal Ray Ban 34-F, Palace Arcade, Sun Fort Hotel, Liberty Market, Gulberg-III, Lahore.**	Ijaz Ali Siddiqui	35202-2856948-3	Imtiaz Ali Siddiqui	3,681	10,524	17	14,222	–	10,702	17	10,719
123	**Muhammad Yaseen Hong Kong Mobile, Shop No. 45, First Floor, Singapore Plaza, Near KFC, Saddar, Rawalpindi.**	Muhammad Yaseen	37405-5966451-5	Muhammad Yousaf	653	608	44	1,305	–	597	44	641
124	**Usman Salim Khan House No. 2, Street No.27, Sector F-6/2,Federal Capital Area, Islamabad.**	Usman Salim Khan	61101-9841283-7	Javed Salim Khan	90,199	9,988	–	100,187	–	317	2,941	3,258
125	**Wajeeh Arsalan Dostaan Associates, 210/211 2nd Floor, Al Amin Plaza, The Mall Rawalpindi.**	Wajeeh Arsalan	37405-3190359-7	Ghulam Mustafa Qureshi	631	703	37	1,371	–	726	37	763
126	**M/s. Asad Enterprises Kassesay Road, Jalalpur Bhattian, District Hafizabad.**	Nasrullah Khan	34302-6589625-1	Jahan Khan	631	728	17	1,376	–	654	17	671
127	**M/s. Rai Asad Corporation Pindi Bhattian Road, Jalalpur Bhattian, Tehsil Pindi Bhattian District Hafizabad.**	Rai Asad Ali Nasarullah Khan	34302-6684625-1 34302-6589625-1	Nasrullah Khan Jahan Khan	–	444	77	521	–	444	77	521
128	**M/s. Musa Traders Mohallah Hussain Pura Hafizabad.**	Chaudhary Fariq Ullah Bashir Kalsoom Akhtar Muhammad Jaffar	34301-8229500-3 34301-2072934-2 35202-2883851-1	Chaudhary Bashir Ahmad Tahir Chaudhary Fariq Ullah Bashir Booda	875	4,279	77	5,231	–	3,875	77	3,952
129	**M/s. Fariq Ullah Bashir Mohallah Hussain Pura Hafizabad.**	Chaudhary Fariq Ullah Bashir Jamila Begum Hayat Muhammad	34301-8229500-3 34301-9290630-8 265-38-253077	Chaudhary Bashir Ahmad Tahir Chaudhary Bashir Ahmad Tahir Ahmad Din	–	1,852	86	1,938	–	1,852	86	1,938
130	**Syed Nasir Abbas Zaidi House No.328-29 C-1, China Scheme Shadbagh, Lahore.**	Syed Nasir Abbas Zaidi Syed Sarwar Abbas Zaidi	35202-5588746-7 35202-8905970-9	Syed Sarwar Abas Zaidi Syed Afzal Hussain	894	622	19	1,535	–	663	19	682

Annexure I

Statement showing written-off loans or any other financial relief of five hundred thousand or above provided during the year 2025

(Rupees in '000)

Sr. No.	Name and address of the borrower	Name of individuals / partners / directors		Father's / Husband's name	Outstanding liabilities at beginning of the year				Principal Written off	Interest / Markup Written off / waived	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
131	**Tanveer Ahmad** **House No. 5-A, Sabzarzar Colony, Muslim Town Mor, Wahdat Road Lahore.**	Tanveer Ahmad	35202-6930585-7	Muhammad Shafi Zawar	724	711	–	1,435	–	659	–	659
132	**Muhammad Iqbal** **Mouza Jatoi Janubi, Rampur Road, Tehsil Jatoi, District Muzaffargarh.**	Muhammad Iqbal Chaudhari Muhammad Ramzan	32302-7443829-5 32302-2776676-5	Haji Muhammad Yousaf Chaudhry Muhammad Yousaf	485	536	–	1,021	–	552	–	552
133	**M/s. B.A Knitwear** **House No. 874-E, Mohallah Canal View, Lahore.**	Chaudhry Aziz Ur Rehman	35202-8889385-9	Chaudhry Bashir Ahmad	2,395	3,594	19	6,008	–	3,336	19	3,355
134	**M/s. Gillani Transport Services** **Niazi Terminal, Near Shezan Factory, Link Bund Road, Lahore.**	Khurram Hussain Gillani Naheed Shehzad	35201-2366429-9 35201-8487161-2	Syed Shehzad Hussain Gillani Syed Shehzad Hussain Gillani	1,694	2,332	47	4,073	–	2,363	47	2,410
135	**M/s. Masood Sons Roller Flour Mills** **House No.595, Street No. 130, Phase -V, Bahria Town, Islamabad.**	Syed Babar Ali Syeda Nazish Ali	37405-3713519-3 37405-7897415-6	Masood Ul Hasan Syed Babar Ali	598	1,907	68	2,573	–	1,825	68	1,893
136	**Shahzad Ali, Asghar Ali, Akbar Ali** **House No. 02, Street No. 04, Chughtai Street Chohan Road, Islampura Lahore.**	Shahzad Ali Asghar Ali Akbar Ali	35202-3530200-1 35202-3907688-5 35202-9943987-7	Mumtaz Hussain Mumtaz Hussain Mumtaz Hussain	961	1,278	17	2,256	–	1,354	17	1,371
137	**M/s. Aman Trading Links (Pvt) Limited** **SA-22, Shahnaz Arcade, Shaheed-e-Millat Road, Karachi.**	Muhammad Noman Saigal Amir Saigal	42201-0487763-5 42201-0608958-9	Muhammad Mushtaq Saigal Muhammad Mushtaq Saigal	–	950	–	950	–	950	–	950
138	**M/s. Ashraf Weaving Factory** **House No. 1086-3, Street No.03, Mohallah Warispura, Faisalabad.**	Muhammad Ashraf Tahir Mahmood	33100-7288370-5 33100-9701016-1	Abdur Rehman Muhammad Rafiq	71	1,236	18	1,325	–	1,098	18	1,116
139	**M/s. Tajammal Flour Mills** **D Type Colony Samundari Road, Faisalabad.**	Syed Tauqeer Arshad Syed Mubashar Hussain Syed Zaheer Hussain	33100-6400302-9 33100-3958434-9 33100-3254860-1	Syed Tajammal Hussain Shah Syed Tajammal Hussain Shah Syed Tajammal Hussain Shah	–	5,780	–	5,780	–	5,780	–	5,780
140	**M/s. Masood Jewelers** **Rail Bazar, Faisalabad.**	Syed Zaheer Hussain Syed Tanveer Hussain Shah	33100-3254860-1 33100-3264360-1	Syed Tajammal Hussain Shah Syed Tajammal Hussain Shah	–	4,120	52	4,172	–	4,120	52	4,172

Annexure I

Statement showing written-off loans or any other financial relief of five hundred thousand or above provided during the year 2025

(Rupees in '000)

Sr. No.	Name and address of the borrower	Name of individuals / partners / directors		Father's / Husband's name	Outstanding liabilities at beginning of the year				Principal Written off	Interest / Markup Written off / waived	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
141	**Abdullah Bin Qadeer** **House No.202, Street No.43 Sector F, Phase 8 Bahria Town Rawalpindi.**	Abdullah Bin Qadeer	35200-1557113-1	Abdul Qadeer	1,093	367	145	1,605	–	445	145	590
142	**Muhammad Junaid Shafique** **House No.P-14, Satlight Town Stiana Road Near Ghoal Chowk Faisalabad.**	Muhammad Junaid Shafique	33100-8617310-7	Mian Muhammad Shafique	226	572	20	818	–	561	20	581
143	**Hafiz Shahbaz Rafiq** **Bazar 03, Race Course Road, Near Modern Divisional, School, Gujranwala.**	Hafiz Shahbaz Rafiq	35201-5596061-5	Muhammad Rafiq	2,423	643	17	3,083	–	751	17	768
144	**M/s. S.S Constructions (Pvt) Limited** **House No. 89, BMCH, Block3/4, Karachi.**	Shahnaz Saigal Mohammad Mushtaq Saigal Muhammad Shaheen Qureshi Muhammad Noman Saigal Amir Saigal	42201-0333907-8 42201-0487783-7 42201-0487765-7 42201-0487763-5 42201-0608958-9	Mohammad Mushtaq Saigal Mohammad Yousuf Mohammad Yamin Qureshi Muhammad Mushtaq Saigal Muhammad Mushtaq Saigal	–	7,552	33	7,585	–	7,552	33	7,585
145	**Rizwan Maqsood** **House No. P-141, Street No.02, Mohallah Rahim Town, Faisalabad.**	Rizwan Maqsood	33100-0923971-1	Maqsood Ahmad	776	500	60	1,336	–	508	60	568
146	**M/s Sardar Impex** **313- Ground Floor, General Bus Stand, Circular Road, Lahore.**	Adnan Jawad Rashid Asia Jawad Rashid Jawad Rashid	35200-1439703-5 35200-1391668-4 35200-1439702-5	Jawad Rashid Jawad Rashid Abdul Rashid	1,940	47,381	-	49,321	–	45,185	–	45,185
147	**Muhammad Naveed Malik & Muhammad Shafique** **House No. 196 , Rawal Town Islamabad.**	Muhammad Naveed Malik Haji Muhammad Shafique	61101-4168856-5 61101-2399700-7	Haji Muhammad Sharif Haji Muhammad Sharif	71	822	6	899	–	754	6	760
148	**Pervez Iqbal & Muhammad Mehtab** **Pindi Sarhal, Tehsil Jand, District Attock.**	Pervez Iqbal Muhammad Mehtab	37104-4638663-1 37104-6195959-5	Lashkari Khan Pervez Iqbal	800	618	–	1,418	–	657	–	657
149	**M/s. Dubai Construction Company** **Plot No. 31, Block B, M.A Johar Town, Lahore.**	Abdul Majeed	35202-2928977-7	Fazal Muhammad	–	5,993	–	5,993	–	5,993	–	5,993
150	**M/s. Sohail Rice Corporation** **Khuram Street, Shafi Pura, Narang Mandi, Distt. Sheikhupura.**	Malik Sohail Zafar Muhammad Tufail Muhammad Anwar Muhammad Riaz	35401-1748813-7 35401-1727842-5 35401-1856837-9 35401-5149054-5	Malik Muhammad Muzzafar Muhammad Sadiq Muhammad Sadiq Muhammad Sadiq	799	534	–	1,333	–	591	–	591

Annexure I

Statement showing written-off loans or any other financial relief of five hundred thousand or above provided during the year 2025

(Rupees in '000)

Sr. No.	Name and address of the borrower	Name of individuals / partners / directors		Father's / Husband's name	Outstanding liabilities at beginning of the year				Principal Written off	Interest / Markup Written off / waived	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
151	**Muhammad Ajmal Javed Mian House, Mohallah United Park, Jandiala Road, Sheikhupura.**	Muhammad Ajmal Javed	35404-3828754-5	Chaudhary Mhuammad Sharif	299	2,918	24	3,241	–	2,826	24	2,850
152	**M/s. I.U Rehman Textile Mills (Pvt) Ltd 47 Kilometer, Ferozpur Road, Lahore.**	Ishfaq-Ur-Rehman Muhammad Ali Rehman Khan Maleeha Salman Tahir Ahmad Khan	35200-9670992-3 36302-0513842-7 35202-5370656-6 36602-4561291-1	Abdul Rehman Ishfaq-Ur-Rehman Suleman Shahid Shahid Ahmad	15,627	14,659	20	30,306	–	24,356	20	24,376
153	**M/s. Abdul Majeed & Co Grain Market adjacent to Samiullah Commission Shop & Haji Muneer Mobile, Village & P.O Hassan Wala, Tehsil Kallur Kot, District Bhakkar.**	Abdul Hameed Abdul Majeed	38103-1889231-5 38103-8783373-3	Haji Sultan Ahmed Haji Sultan Ahmed	1,671	876	71	2,618	–	470	71	541
154	**M/s. Mohsin Enterprise P-168, Abu Bakar Road, Saeed Colony, Faisalabad.**	Muhammad Mohsin Muhammad Ahsan Fatima Shaheen	33100-6735553-5 33100-2313842-1 33100-9787465-6	Chaudhary Muhammad Sharif Chaudhary Muhammad Sharif Chaudhary Muhammad Sharif	5,300	13,295	93	18,688	–	10,110	93	10,203
155	**M/s. Imperial Dental Supply Company Property (Shop & Property S-31 & R-151) Sharif Plaza, Napier Road, Lahore.**	Muhammad Iftikhar	35200-1502456-7	Muhammad Ali	3,131	2,304	19	5,454	–	2,230	19	2,249
156	**M/s. Tex Tech International Plot No. 130, Block A, Overseas Pakistan Foundation (OPF) Housing Scheme, Raiwand Road, Lahore.**	Azhar Iqbal	35200-1449358-5	Muhammad Nawaz	2,906	1,090	20	4,016	–	1,225	20	1,245
157	**M/s. Muhammad Awais & Nusrat Younas Near Yasin Hotel Chowk, Royal Park, Mcleod Road, Lahore.**	Chaudhary Muhammad Awais Nusrat Younas	35202-9378903-9 35202-5292157-0	Chaudhary Muhammad Younas Chaudhary Muhammad Younas	3,377	2,647	–	6,024	–	2,942	–	2,942
158	**M/s. AL Awan General Trading Corporation Bungalow No. 12/8, Ward No. 4, Masjid Road, Cantt, Sialkot.**	Nazir Ahmed Awan Ijaz Hussain Khurram Ijaz	34603-2255215-9 34603-2270626-9 34603-2270610-9	Sardar Ahmed Khan Ashiq Hussain Ijaz Hussain	497	7,792	17	8,306	–	7,616	17	7,633

Statement showing written-off loans or any other financial relief of five hundred thousand or above provided during the year 2025

(Rupees in '000)

Sr. No.	Name and address of the borrower	Name of individuals / partners / directors		Father's / Husband's name	Outstanding liabilities at beginning of the year				Principal Written off	Interest / Markup Written off / waived	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
159	M/s. Rai Abuzar Khalid & Co Channi Chohra, PO Kaleki Mandi Tehsil & Dictrict Hafizabad.	Rai Muhammad Khalid Muhammad Ali	34301-2974590-5 34301-1761958-7	Muhammad Ali Shah Muhammad	152	567	65	784	–	493	65	558
160	M/s. Rizwan & Company Ghalla Mandi Ghakhar, Wazirabad.	Rizwan Ali Muhammad Imtiaz Ahmed Khan Munj Haji Muhammad Ashraf	34104-7156386-3 34104-2348368-9 34104-2239849-9	Muhammad Iqbal Abdul Majeed Khan Munj Muhammad Ali	800	1,613	57	2,470	–	1,593	57	1,650
161	M/s. Aamir Engineering Works House No. 16, Street No. 06, Rasheed ParK, Scheme Mor, Multan Road, Lahore.	Amir Ikram	35202-5637393-3	Muhammad Ikram	961	1,984	–	2,945	–	2,045	–	2,045
162	Amir Rafique House No. 286, A Block, Tajpura Scheme, Lahore.	Amir Rafique	35202-8088526-3	Rafique Ahmed	775	713	19	1,507	–	778	19	797
163	M/s. Faisal Jewellers Khaleej Towers, Flat No. G-7, Najma Mansion Hostels, 38, Jail Road, Lahore.	Rehman Liaquat Ali Imran Liaquat Ali Faisal Liaquat Ali Nadeem Ahmed	35202-2627686-3 35202-2627685-5 35202-2627687-1 35202-3908366-1	Liaquat Ali Liaquat Ali Liaquat Ali Bashir Ahmed	1,046	1,694	145	2,885	–	1,742	145	1,887
164	M/s. Karmanwala Electronics House No. 829, L Block, Johar Town, Lahore.	Moeen Naeem Elahi Naeem Elahi	35202-2722300-7 35202-3087788-7	Naeem Elahi Mian Inayat Elahi	1,700	2,820	–	4,520	–	2,895	–	2,895
165	Akhtar Mehmood Village Sarang, Tehsil Phalia, District Mandi Baha Ud Din.	Akhtar Mehmood	34403-1945162-7	Sultan Ahmed	2,492	694	117	3,303	–	486	117	603
166	Malik Sibtain Datoori Ahiran Wala, P.O Abbasian Wala, Tehsil Kallur Kot District Bhakkar.	Malik Sibtain Datoori Hasnain	38103-7839678-1 38103-3496233-5	Falak Sher Datori Falak Sher Datori	480	595	44	1,119	–	640	44	684
167	Jawad Hafeez House No. 4-J-III, Industrial State, Multan.	Jawad Hafeez	36302-2457144-7	Muhammad Hussain	189	623	36	848	–	604	36	640
168	Faisal Manzoor House No. 33, Zulfiqar Lane No. 1, Mohallah Officer Colony, Cavalary Ground, Cantt Lahore.	Faisal Manzoor	35201-7154391-3	Manzoor Ahmad	938	859	17	1,814	–	874	17	891

Annexure I

Statement showing written-off loans or any other financial relief of five hundred thousand or above provided during the year 2025

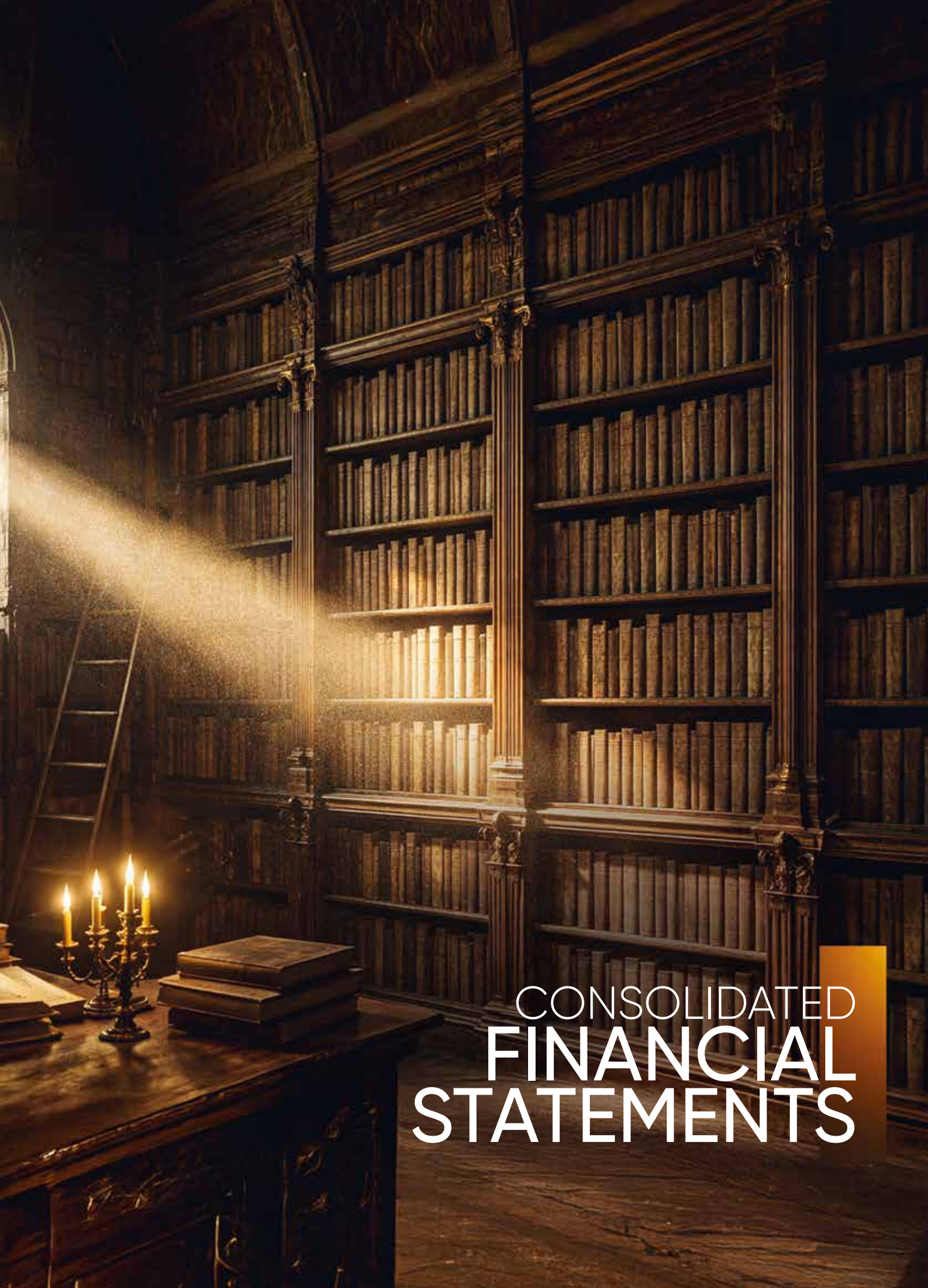
(Rupees in '000)

Sr. No.	Name and address of the borrower	Name of individuals / partners / directors		Father's / Husband's name	Outstanding liabilities at beginning of the year				Principal Written off	Interest / Markup Written off / waived	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Interest / mark-up	Others	Total				
Domestic												
169	Muhammad Irfan Butt Flat No. B-408, 4th Floor, Akber Paradise, Block -10-A, Gulshan-e-Iqbal, Karachi.	Muhammad Irfan Butt	42201-1071226-7	Mairaj Uddin Butt	669	671	–	1,340	–	669	–	669
170	Ilyas Karim Flat No. 401, 4th Floor, Sana Terrace, Street No. 6, Delhi Colony, Clifton, Karachi.	Ilyas Karim	42301-0852466-5	Abdul Hameed	502	291	62	855	–	464	62	526
171	HP-Spencer/PEL/LB/2001/076	–	–	–	490	28	–	518	490	28	–	518
172	S.S.Garments	–	–	–	461	68	–	529	461	68	–	529
173	Vertex Construction Company	–	–	–	392	133	–	525	392	133	–	525
174	Khyber Spinning Co.	–	–	–	300	355	–	655	300	355	–	655
175	Sheikh, Shiekh And Sheikh	–	–	–	267	2,145	–	2,412	267	2,145	–	2,412
176	Iftikhar Arif Mahessar	–	–	–	238	811	–	1,049	238	811	–	1,049
177	Hassan Tanneries Ltd.	–	–	–	15,710	–	–	15,710	15,710	–	–	15,710
178	Waqar Ceramics Ltd.	–	–	–	12,399	–	–	12,399	12,399	–	–	12,399
179	Asia Motors-3	–	–	–	6,070	1,385	–	7,455	6,070	1,385	–	7,455
180	Mehboob Industries Ltd.	–	–	–	5,351	–	–	5,351	5,351	–	–	5,351
181	Allied Services	–	–	–	3,862	–	–	3,862	3,862	–	–	3,862
182	Ali & Brothers	–	–	–	2,407	–	–	2,407	2,407	–	–	2,407
183	Damaan Oil Mills Ltd.	–	–	–	1,900	–	–	1,900	1,900	–	–	1,900
184	Nasreen Kayani	–	–	–	1,052	95	–	1,147	1,052	95	–	1,147
185	HP-Spencer/PEL/LB	–	–	–	648	56	–	704	648	56	–	704
186	HP-Spencer/PEL/LB	–	–	–	544	18	–	562	544	18	–	562
187	HP-Spencer/LB	–	–	–	520	37	–	557	520	37	–	557
188	Shahid Umer	–	–	–	468	167	–	635	468	167	–	635
189	Muhammad Arif	–	–	–	352	991	–	1,343	352	991	–	1,343
					808,555	**638,350**	**5,829**	**1,452,734**	**109,656**	**627,396**	**8,745**	**745,797**

Disposal of property and equipment (refer note 12.2.6)

Description	Cost/ revalued amount	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal	Particulars of buyers	Location
	(Rupees in '000)						
Computers							
Laptop	150	149	1	15	As per Bank's policy	Umar Naeem Khan	Lahore
Laptop	350	349	1	70	As per Bank's policy	Usman Hassan	Lahore
Laptop	75	74	1	8	As per Bank's policy	Syed Faheem Ahmed	Lahore
Laptop	336	203	133	140	As per Bank's policy	Salman Y. Zaidi	Lahore
Tablet	130	129	1	13	As per Bank's policy	Malik Abdul Waheed	Lahore
	1,041	**904**	**137**	**246**			

Notes



CONSOLIDATED FINANCIAL STATEMENTS

Directors' Report

On Consolidated Financial Statements

The Board of Directors present the report on the consolidated financial statements of MCB Bank Limited and its subsidiaries namely MCB Investment Management Limited, MCB Exchange Company (Pvt.) Limited, MCB Islamic Bank Limited and MCB Non-Banking Credit Organization Closed Joint Stock Company for the year ended December 31, 2025.

Profit and Appropriations

The profit before and after taxation for the year ended December 31, 2025 together with appropriations is as under:

	(Rs. in Million)
Profit Before Taxation	**125,119**
Taxation	(66,344)
Profit After Taxation	**58,775**
Profit attributable to non-controlling interest	(360)
Profit attributable to Equity shareholders of the Bank	**58,415**
Un-appropriated profit brought forward	120,926
Re-measurement loss on defined benefit obligations - net of tax	1,211
Surplus realized on disposal of investments in equity instruments through FVOCI - net of tax	3,108
Surplus realized on disposal of revalued property and equipment - net of tax	774
Surplus realized on disposal of non-banking assets - net of tax	40
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipment to un-appropriated profit - net of tax	133
	126,192
Profit Available for Appropriation	**184,607**
Appropriations:	
Transfer to Statutory Reserve	5,875
Final Cash Dividend at Rs. 9.0 per share - December 31, 2024	10,666
First Interim Cash Dividend at Rs. 9.0 per share - March 31, 2025	10,666
Second Interim Cash Dividend at Rs. 9.0 per share - June 30, 2025	10,666
Third Interim Cash Dividend at Rs. 9.0 per share – September 30, 2025	10,666
Total Appropriations	**48,539**
Un-appropriated Profit Carried Forward	**136,068**
Earnings per Share (Rs)	**49.29**

Dividends

The Board of Directors declared a final cash dividend of Rs. 9.00 per share for the year ended December 31, 2025, which is in addition to Rs. 27.00 per share interim dividends already paid to the shareholders. The effect of the final cash dividend declared is not reflected in the above appropriations.

For and on behalf of the Board of Directors,

Muhammad Nauman Chughtai
President & CEO
MCB Bank Limited

Mian Umer Mansha
Director
MCB Bank Limited

February 04, 2026

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز، ایم سی بی بینک لمیٹڈ اور اس کے ذیلی اداروں جن میں ایم سی بی انویسٹمنٹ مینجمنٹ لمیٹڈ، ایم سی بی ایکسچینج کمپنی (پرائیویٹ) لمیٹڈ، ایم سی بی اسلامک بینک لمیٹڈ اور ایم سی بی نان بینک کریڈٹ آرگنائزیشن کلوز ڈجوائنٹ اسٹاک کمپنی شامل ہیں، کی مجموعی مالیاتی اسٹیٹمنٹس برائے سال مختتمہ 31 دسمبر 2025ء پر رپورٹ پیش کرتے ہیں۔

منافع اور تخصیص

31 دسمبر 2025ء کو اختتام پذیر سال میں منافع قبل و بعد از ٹیکس اور تخصیص، مندرجہ ہے

	ملین روپے
منافع از ٹیکس	125,119
ٹیکس	(66,344)
منافع بعد از ٹیکس	58,775
نان کنٹرولنگ انٹرسٹ کے لیے تفویض شدہ منافع	(360)
عام حصص یافتگان کے لیے تفویض شدہ منافع	58,415
افتتاحی غیر تخصیص شدہ منافع	120,926
ڈیفائنڈ بینیفٹ واجبات کا دوبارہ تعین شدہ منافع / نقصان-خالص از ٹیکس	(1,211)
ایف وی او سی آئی (FVOCI) کے ذریعے ایکویٹی انسٹرومینٹس کی فروخت سے حاصل شدہ سرپلس خالص از ٹیکس	3,108
از سر نو تخمینہ شدہ جائیداد و آلات کی فروخت سے حاصل شدہ سرپلس۔خالص از ٹیکس	774
نان بینکنگ اثاثہ جات کی فروخت سے حاصل شدہ سرپلس۔خالص از ٹیکس	40
از سر نو تخمینہ شدہ معین اثاثوں کے سرپلس سے اضافی فرسودگی کی غیر تخصیص شدہ منافع میں منتقلی خالص از ٹیکس	133
	126,192
تخصیص کے لیے دستیاب منافع	184,607
تخصیص	
قانونی ریزرو میں منتقلی	5,875
حتمی کیش ڈیویڈنڈ 9 روپے فی حصص 31 دسمبر 2024	10,666
پہلا عبوری کیش ڈیویڈنڈ 9 روپے فی حصص 31 مارچ 2025	10,666
دوسرا عبوری کیش ڈیویڈنڈ 9 روپے فی حصص 30 جون 2025	10,666
تیسرا عبوری کیش ڈیویڈنڈ 9 روپے فی حصص 30 ستمبر 2025	10,666
کل تخصیص	48,539
اختتامی غیر تخصیص شدہ منافع	136,068
فی حصص آمدنی (روپے)	49.29

ڈیوڈینڈز

بورڈ آف ڈائریکٹرز نے 31 دسمبر 2025ء کو اختتام پذیر سال کے لئے 9 روپے فی حصص کے حتمی کیش ڈیوڈینڈ کا اعلان کیا ہے جو کہ حصص یافتگان کو 27 روپے فی حصص کے پہلے سے ادا شدہ عبوری ڈیوڈینڈز کے علاوہ ہے حتمی کیش ڈیوڈینڈ کے اس اعلان کے اثرات کو مندرجہ بالا تخصیص میں شمار نہیں کیا گیا ہے۔

منجانب و برائے بورڈ آف ڈائریکٹرز

محمد نعمان چغتائی
پریزیڈینٹ اور سی ای او
ایم سی بی بینک لمیٹڈ

میاں عمر منشاء
ڈائریکٹر
ایم سی بی بینک لمیٹڈ

04 فروری 2026ء

INDEPENDENT AUDITOR'S REPORT

To the members of MCB Bank Limited

Opinion

We have audited the annexed consolidated financial statements of MCB Bank Limited and subsidiary companies (the Group), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information 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 December 31, 2025 and of its consolidated financial performance and its consolidated cash flows 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 the 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(s)

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.

Following is the Key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	**Credit loss allowance against advances:** (Refer notes 6.1.1.6, 6.1.1.7, 11 and 22 to the consolidated financial statements) The Group records credit loss allowance against advances in accordance with the requirements of IFRS Accounting Standard 9 'Financial Instruments' (IFRS 9). Under IFRS 9, the Group assesses on a forward-looking basis the Expected Credit Losses (ECL) associated with all advances and other debt financial assets not held at fair value through profit and loss, together with letters of credit, guarantees and irrevocable unutilised financing commitments. A lifetime ECL is recorded on advances in which there have been Significant Increase in Credit Risk (SICR) from the date of initial recognition and on advances which are credit impaired as on the reporting date. A 12 months ECL is recorded for advances which do not meet the criteria for SICR or "credit impaired" as at the reporting date. To assess whether there is a significant increase in the credit risk, the Group compares the risk of a default occurring on the advances as at the reporting date with the risk of default as at the date of initial recognition. Both lifetime and 12 months ECL are calculated at facility level. The credit loss allowance is increased by provisions charged to the consolidated statement of profit and loss account and is decreased by charge-offs, net of recoveries.	Our audit procedures to verify credit loss allowance against advances included, amongst others, the following: • We obtained and updated our understanding of the Group management's assessment of credit loss allowance in respect of advances including the Group's internal rating model, accounting policy and model methodology including any key changes made during the year. • We obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Group to identify loss events and for determining the extent of provisioning required against advances. • The testing of controls included testing of: o controls over the correct classification of advances; o controls over the monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria; o controls over the accurate computation and recording of provisions; and o controls over the governance and approval process related to provisions, including continuous reassessment by the management.

S. No.	Key Audit Matter	How the matter was addressed in our audit
	The Group records charge for Stage 3 based on the higher of provision under Prudential Regulations or ECL under IFRS 9, as per the instructions of the State Bank of Pakistan (SBP). This assessment is conducted at the borrower / facility level for corporate, commercial, retail and consumer portfolios. If one facility of a counterparty becomes more than 90 days past due or is otherwise defined as impaired under Prudential Regulations, all other facilities of that counterparty are classified as Stage 3. The measurement of ECL involves evaluating a range of possible outcomes, considering the time value of money, and incorporating reasonable and supportable information available at the reporting date about past events, current conditions, and forecasts of future economic conditions. The net credit loss allowance made / reversed during the year is charged to the consolidated statement of profit and loss account and accumulated credit loss allowance is netted-off against advances. The Group has recognised a reversal of credit loss allowance / provision against advances (including general provision) and net credit loss allowance against off-balance sheet obligations amounting to Rs. 4,624.381 million and Rs. 146.483 million respectively in the consolidated statement of profit and loss account in the current year. As at December 31, 2025, the Group holds a credit loss allowance / provision of Rs. 42,975.361 million and Rs. 1,682.454 million against advances and off-balance sheet obligations respectively. In addition, the Group has also maintained a general reserve of Rs. 6,492.615 million (December 31, 2024: Rs. 8,739.178 million) against advances / financing made in accordance with the prevailing circumstances as mentioned in note 6.1.1.6 to the consolidated financial statements. The determination of credit loss allowance / provision against advances based on the above criteria remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations and the materiality of advances relative to the overall consolidated financial statements of the Group, we considered this area as a key audit matter.	• We selected a sample of loan accounts and performed the following substantive procedures: o Assessed the reasonableness and accuracy of the data used for ECL computation based on accounting records and information system of the Group as well as the related external sources used for this purpose; o Checked repayments of loans / mark-up installments and tested classification of advances based on the number of days overdue; o Tested the staging of loans and advances as per the criteria of SICR and in accordance with IFRS 9; o Evaluated the Group management's assessment for classification of a borrower's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and discussions with the management; and o Assessed the ECL model used by the Group management to calculate Expected Credit Loss against loans and advances balances of the Group for appropriateness of the assumptions used and the methodology applied. We also tested the mathematical accuracy of the model. • Assessed the reasonableness of the forward-looking assumptions used by the Group management in calculation of ECL. • Assessed the relevant disclosures made in the consolidated financial statements to determine whether these are complied with the accounting and reporting standards as applicable in Pakistan. • We issued instructions to auditors of those overseas branches which were selected for audit, highlighting 'Credit loss allowance against advances' as a significant risk. The auditors of those branches performed audit procedures to check compliance with regulatory requirements and reported the results thereof to us. We, as auditors of the Group, evaluated the work performed by the component auditors and the results thereof.

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated and unconsolidated 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.

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 and Companies Act, 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.

Auditor's 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 controls.
- Obtain an understanding of internal controls 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.
- 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.

The engagement partner on the audit resulting in this independent auditor's report is **Hammad Ali Ahmad**.



A. F. Ferguson & Co.
Chartered Accountants
Lahore

Date: March 06, 2026

UDIN: AR202510092uS2jDY9P3

Consolidated Statement of Financial Position

As at December 31, 2025

	Note	2025	2024
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	7	211,224,339	186,680,045
Balances with other banks	8	41,825,804	28,854,218
Lendings to financial institutions	9	99,041,793	57,655,504
Investments	10	2,099,046,161	1,306,556,156
Advances	11	821,711,633	1,165,914,626
Property and equipment	12	103,683,770	88,019,025
Right–of–use assets	13	10,442,271	8,452,814
Intangible assets	14	3,453,209	2,650,482
Other assets	15	188,312,726	164,938,886
Total Assets		3,578,741,706	3,009,721,756
LIABILITIES			
Bills payable	17	31,132,570	53,421,951
Borrowings	18	476,169,106	320,236,834
Deposits and other accounts	19	2,529,503,221	2,130,525,378
Lease liabilities	20	15,505,119	12,663,814
Subordinated debt		–	–
Deferred tax liabilities	21	49,340,982	20,824,376
Other liabilities	22	139,912,047	184,802,159
Total Liabilities		3,241,563,045	2,722,474,512
NET ASSETS		337,178,661	287,247,244
REPRESENTED BY			
Share capital	23	11,850,600	11,850,600
Reserves	24	113,681,018	108,157,770
Surplus on revaluation of assets	25	74,810,215	45,811,069
Unappropriated profit		136,068,597	120,926,276
		336,410,430	286,745,715
Non–controlling interest		768,231	501,529
		337,178,661	287,247,244
CONTINGENCIES AND COMMITMENTS	26		

The annexed notes 1 to 51 and annexure I form an integral part of these consolidated financial statements.

Hammad Khalid	Muhammad Nauman Chughtai	Mian Umer Mansha	Shahzad Hussain	Muhammad Ali Zeb
Chief Financial Officer	President/Chief Executive	Director	Director	Director

Consolidated Statement of Profit and Loss Account

For the year ended December 31, 2025

	Note	2025	2024
		(Rupees in '000)	
Mark–up / return / interest earned	28	327,508,057	413,551,319
Mark–up / return / interest expensed	29	166,304,983	245,603,966
Net mark–up / interest income		161,203,074	167,947,353
NON MARK–UP / INTEREST INCOME			
Fee and commission income	30	24,347,202	24,784,627
Dividend income		4,449,984	2,929,796
Foreign exchange income		10,856,153	9,613,683
Income from derivatives		4,066	1,982
Gain on securities – net	31	1,187,921	3,466,555
Net gains / (losses) on derecognition of financial assets measured at amortised cost		–	–
Other income	32	557,682	443,544
Total non–markup / interest income		41,403,008	41,240,187
Total income		202,606,082	209,187,540
NON MARK–UP / INTEREST EXPENSES			
Operating expenses	33	82,413,997	72,527,182
Workers Welfare Fund		2,471,691	2,599,084
Other charges	34	494,856	447,184
Total non–markup / interest expenses		85,380,544	75,573,450
Share of profit of associates		2,826,590	2,441,139
Profit before credit loss allowance		120,052,128	136,055,229
Credit loss allowance and write offs – net	35	(5,066,789)	4,878,210
PROFIT BEFORE TAXATION		125,118,917	131,177,019
Taxation	36	66,343,509	67,711,345
PROFIT AFTER TAXATION		58,775,408	63,465,674
Attributable to:			
Equity shareholders of the Bank		58,415,056	63,225,058
Non–controlling interest		360,352	240,616
		58,775,408	63,465,674
		(Rupees)	
Basic and diluted earnings per share attributable to ordinary shareholders	37	49.29	53.35

The annexed notes 1 to 51 and annexure I form an integral part of these consolidated financial statements.

Hammad Khalid	Muhammad Nauman Chughtai	Mian Umer Mansha	Shahzad Hussain	Muhammad Ali Zeb
Chief Financial Officer	President/Chief Executive	Director	Director	Director

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2025

	2025	2024
	(Rupees in '000)	
Profit after taxation for the year	58,775,408	63,465,674
Other comprehensive income / (loss)		
Items that may be reclassified to profit and loss account in subsequent periods:		
Effect of translation of net investment in foreign branches and subsidiary		
– Equity shareholders of the Bank	(358,919)	431,337
– Non–controlling interest	4	(8)
	(358,915)	431,329
Share of exchange translation reserve of associate	6,756	(12,561)
Movement in surplus on associated undertaking – net of tax	406,526	527,762
Movement in surplus on revaluation of debt investments through FVOCI investments – net of tax	15,447,662	17,322,532
	15,502,029	18,269,062
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations – net of tax	1,210,935	2,423,108
Movement in surplus on revaluation of equity investments through FVOCI – net of tax	8,070,575	9,549,937
Movement in surplus on revaluation of property and equipment – net of tax	7,421,362	(218,243)
Movement in surplus on revaluation of non–banking assets – net of tax	(27,483)	(20,063)
	16,675,389	11,734,739
Total comprehensive income	90,952,826	93,469,475
Attributable to:		
– Equity shareholders of the Bank	90,592,470	93,228,867
– Non–controlling interest	360,356	240,608
	90,952,826	93,469,475

The annexed notes 1 to 51 and annexure I form an integral part of these consolidated financial statements.

Hammad Khalid	Muhammad Nauman Chughtai	Mian Umer Mansha	Shahzad Hussain	Muhammad Ali Zeb
Chief Financial Officer	President/Chief Executive	Director	Director	Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2025

(Rupees in '000)

	Share capital	Capital reserve			Statutory reserve	Revenue reserve	Surplus/(deficit) on revaluation of			Unappropriated profit	Sub Total	Non-controlling interest	Grand Total
		Share premium	Non-distributable capital reserve	Exchange translation reserve		General reserve	Investments	Associate	Property and equipment / non - banking assets				
Balance as ta December 31, 2023	11,850,600	23,973,024	908,317	9,341,253	48,307,215	18,600,000	(11,470,624)	422,761	36,788,145	102,689,217	241,409,908	341,194	241,751,102
Impact of adoption of IFRS 9 'Financial Instruments' – net of tax	–	–	–	–	–	–	(5,116,113)	–	–	(114,787)	(5,230,900)	–	(5,230,900)
Opening balance as at January 01, 2024 – after adoption of IFRS 9	11,850,600	23,973,024	908,317	9,341,253	48,307,215	18,600,000	(16,586,737)	422,761	36,788,145	102,574,430	236,179,008	341,194	236,520,202
Profit after taxation for the year ended December 31, 2024	–	–	–	–	–	–	–	–	–	63,225,058	63,225,058	240,616	63,465,674
Other comprehensive Income – net of tax													
Effect of translation of net investment in foreign branches and subsidiary	–	–	–	418,776	–	–	–	–	–	–	418,776	(8)	418,768
Movement in surplus on revaluation of property and equipment – net of tax	–	–	–	–	–	–	–	–	(218,243)	–	(218,243)	–	(218,243)
Movement in surplus on revaluation of non–banking assets – net of tax	–	–	–	–	–	–	–	–	(20,063)	–	(20,063)	–	(20,063)
Movement in surplus on associated undertaking–net of tax	–	–	–	–	–	–	–	527,762	–	–	527,762	–	527,762
Remeasurement gain on defined benefit obligations – net of tax	–	–	–	–	–	–	–	–	–	2,423,108	2,423,108	–	2,423,108
Movement in surplus / (deficit) on revaluation of equity investments through FVOCI – net of tax	–	–	–	–	–	–	9,549,937	–	–	–	9,549,937	–	9,549,937
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI – net of tax	–	–	–	–	–	–	17,322,532	–	–	–	17,322,532	–	17,322,532
	–	–	–	418,776	–	–	26,872,469	527,762	(238,306)	2,423,108	30,003,809	(8)	30,003,801
Transfer to statutory reserve	–	–	–	–	6,609,185	–	–	–	–	(6,609,185)	–	–	–
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipment to unappropriated profit – net of tax	–	–	–	–	–	–	–	–	(147,759)	147,759	–	–	–
Surplus realized on disposal of investments in equity instruments through FVOCI – net of tax	–	–	–	–	–	–	(1,793,983)	–	–	1,793,983	–	–	–
Surplus realized on disposal of revalued property and equipment – net of tax	–	–	–	–	–	–	–	–	(13,222)	13,222	–	–	–
Surplus realized on disposal of revalued non–banking assets – net of tax	–	–	–	–	–	–	–	–	(20,061)	20,061	–	–	–
Transactions with owners, recorded directly in equity													
Final cash dividend at Rs. 9.0 per share – December 31, 2023	–	–	–	–	–	–	–	–	–	(10,665,540)	(10,665,540)	–	(10,665,540)
Interim cash dividend at Rs. 9.0 per share – March 31, 2024	–	–	–	–	–	–	–	–	–	(10,665,540)	(10,665,540)	–	(10,665,540)
Interim cash dividend at Rs. 9.0 per share – June 30, 2024	–	–	–	–	–	–	–	–	–	(10,665,540)	(10,665,540)	–	(10,665,540)
Interim cash dividend at Rs. 9.0 per share – September 30, 2024	–	–	–	–	–	–	–	–	–	(10,665,540)	(10,665,540)	–	(10,665,540)
	–	–	–	–	–	–	–	–	–	(42,662,160)	(42,662,160)	–	(42,662,160)
Share of dividend attributable to Non–controlling interest	–	–	–	–	–	–	–	–	–	–	–	(80,273)	(80,273)
Balance as at December 31, 2024 (Audited)	11,850,600	23,973,024	908,317	9,760,029	54,916,400	18,600,000	8,491,749	950,523	36,368,797	120,926,276	286,745,715	501,529	287,247,244
Effect of remeasurement on adoption of IFRS 9 (note 6.1.1.3)	–	–	–	–	–	–	1,734,405	–	–	–	1,734,405	–	1,734,405
Opening balance as at January 01, 2025	11,850,600	23,973,024	908,317	9,760,029	54,916,400	18,600,000	10,226,154	950,523	36,368,797	120,926,276	288,480,120	501,529	288,981,649
Profit after taxation for the year ended December 31, 2025	–	–	–	–	–	–	–	–	–	58,415,056	58,415,056	360,352	58,775,408
Other comprehensive income – net of tax													
Effect of translation of net investment in foreign branches and subsidiary	–	–	–	(352,163)	–	–	–	–	–	–	(352,163)	4	(352,159)
Movement in surplus on revaluation of property and equipment – net of tax	–	–	–	–	–	–	–	–	7,421,362	–	7,421,362	–	7,421,362
Movement in surplus on revaluation of non–banking assets – net of tax	–	–	–	–	–	–	–	–	(27,483)	–	(27,483)	–	(27,483)
Movement in surplus on associated undertaking–net of tax	–	–	–	–	–	–	–	406,526	–	–	406,526	–	406,526
Remeasurement gain on defined benefit obligations – net of tax	–	–	–	–	–	–	–	–	–	1,210,935	1,210,935	–	1,210,935
Movement in surplus / (deficit) on revaluation of equity investments through FVOCI – net of tax	–	–	–	–	–	–	8,070,575	–	–	–	8,070,575	–	8,070,575
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI – net of tax	–	–	–	–	–	–	15,447,662	–	–	–	15,447,662	–	15,447,662
	–	–	–	(352,163)	–	–	23,518,237	406,526	7,393,879	1,210,935	32,177,414	4	32,177,418
Transfer to statutory reserve	–	–	–	–	5,875,411	–	–	–	–	(5,875,411)	–	–	–
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipment to unappropriated profit – net of tax	–	–	–	–	–	–	–	–	(132,511)	132,511	–	–	–
Surplus realized on disposal of investments in equity instruments through FVOCI – net of tax	–	–	–	–	–	–	(3,108,092)	–	–	3,108,092	–	–	–
Surplus realized on disposal of revalued property and equipment – net of tax	–	–	–	–	–	–	–	–	(773,827)	773,827	–	–	–
Surplus realized on disposal of non–banking assets – net of tax	–	–	–	–	–	–	–	–	(39,471)	39,471	–	–	–
Transactions with owners, recorded directly in equity													
Final cash dividend at Rs. 9.0 per share – December 31, 2024	–	–	–	–	–	–	–	–	–	(10,665,540)	(10,665,540)	–	(10,665,540)
Interim cash dividend at Rs. 9.0 per share – March 31, 2025	–	–	–	–	–	–	–	–	–	(10,665,540)	(10,665,540)	–	(10,665,540)
Interim cash dividend at Rs. 9.0 per share – June 30, 2025	–	–	–	–	–	–	–	–	–	(10,665,540)	(10,665,540)	–	(10,665,540)
Interim cash dividend at Rs. 9.0 per share – September 30, 2025	–	–	–	–	–	–	–	–	–	(10,665,540)	(10,665,540)	–	(10,665,540)
	–	–	–	–	–	–	–	–	–	(42,662,160)	(42,662,160)	–	(42,662,160)
Share of dividend attributable to Non–controlling interest	–	–	–	–	–	–	–	–	–	–	–	(93,654)	(93,654)
Balance as at December 31, 2025	11,850,600	23,973,024	908,317	9,407,866	60,791,811	18,600,000	30,636,299	1,357,049	42,816,867	136,068,597	336,410,430	768,231	337,178,661

For details of dividend declaration and appropriations, please refer note 49 to these consolidated financial statements.

For details of reserves, please refer note 24 to these consolidated financial statements.

The annexed notes 1 to 51 and annexure I form an integral part of these consolidated financial statements.

Hammad Khalid	Muhammad Nauman Chughtai	Mian Umer Mansha	Shahzad Hussain	Muhammad Ali Zeb
Chief Financial Officer	President/Chief Executive	Director	Director	Director

Consolidated Cash Flow Statement

For the year ended December 31, 2025

	Note	2025	2024
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		125,118,917	131,177,019
Less: Dividend income and share of profit of associates		(7,276,574)	(5,370,935)
		117,842,343	125,806,084
Adjustments:			
Net–mark–up / interest income		(161,203,074)	(167,947,353)
Depreciation on property and equipment	12.2	5,294,504	4,507,526
Depreciation on right–of–use assets	33	2,706,766	2,365,859
Depreciation on non–banking assets acquired in satisfaction of claims	33	16,443	18,390
Amortization	14	665,266	766,220
Credit loss allowance and write offs – net	35	(5,066,789)	4,878,210
Workers Welfare Fund		2,471,691	2,599,084
Gain on sale of non–banking assets acquired in satisfaction of claims – net	32	–	(2,008)
Finance charges on lease liability against right–of–use assets	29	2,368,490	1,959,921
Reversal for defined benefit plan – net	33.1	(839,244)	(501,969)
Gain on sale of property and equipment – net	32	(312,846)	(223,852)
Gain on termination of lease liability against right–of–use assets	32	(82,102)	(86,514)
Unrealized gain on forward contracts of government securities	31	–	(2,096,975)
Unrealized gain on revaluation of investments classified as FVTPL	31	(408,165)	(209,681)
		(154,389,060)	(153,973,142)
		(36,546,717)	(28,167,058)
Decrease / (increase) in operating assets			
Lendings to financial institutions		(41,387,308)	32,057,874
Securities classified as FVTPL		(1,981,095)	3,720,083
Advances		349,100,781	(525,532,657)
Others assets (excluding advance taxation)		(2,384,450)	57,442,600
		303,347,928	(432,312,100)
Increase / (decrease) in operating liabilities			
Bills payable		(22,289,381)	26,150,567
Borrowings from financial institutions		157,191,166	92,851,227
Deposits		398,977,843	120,696,759
Other liabilities (excluding current taxation)		(6,662,114)	11,176,745
		527,217,514	250,875,298
Mark–up / interest received		313,052,207	424,399,489
Mark–up / interest paid		(200,739,450)	(211,787,332)
Defined benefits paid		(269,383)	(371,278)
Income tax paid		(77,934,645)	(83,897,007)
Net cash flow from / (used in) operating activities		828,127,454	(81,259,988)
CASH FLOW FROM INVESTING ACTIVITIES			
Net (investment) / divestment in securities classified as FVOCI		(740,909,285)	111,610,547
Net investment in securities classified as amortised cost		6,315,691	9,671,566
Dividends received		4,721,616	3,157,361
Investments in property and equipment		(13,459,479)	(11,907,944)
Investments in intangible assets		(1,470,458)	(1,555,297)
Disposals of property and equipment		2,059,203	361,180
Disposals of non–banking assets acquired in satisfaction of claims		281,000	280,000
Net investment in associates		51,861	(88,050)
Effect of translation of net investment in foreign branches and subsidiary		(352,163)	431,337
Net cash flow (used in) / from investing activities		(742,762,014)	111,960,700
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid	38.1	(42,393,173)	(42,415,715)
Payment of lease liability against right–of–use–assets	38.1	(4,157,320)	(3,457,629)
Net cash flow used in financing activities		(46,550,493)	(45,873,344)
Effects of credit loss allowance changes on cash and cash equivalents		(40,173)	54,854
Increase / (decrease) in cash and cash equivalents		38,774,774	(15,117,778)
Cash and cash equivalents at beginning of the year		211,371,537	227,436,013
Effects of exchange rate changes on cash and cash equivalents		498,728	(403,227)
Opening expected credit loss allowance on cash and cash equivalents		(582,389)	(627,132)
		211,287,876	226,405,654
Cash and cash equivalents at end of the year	38	250,062,650	211,287,876

The annexed notes 1 to 51 and annexure I form an integral part of these consolidated financial statements.

Hammad Khalid	Muhammad Nauman Chughtai	Mian Umer Mansha	Shahzad Hussain	Muhammad Ali Zeb
Chief Financial Officer	President/Chief Executive	Director	Director	Director

Notes To The Consolidated Financial Statements

For the year ended December 31, 2025

1. STATUS AND NATURE OF BUSINESS

The "Group" consists of:

– **Holding Company**

MCB Bank Limited (the 'Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on the Pakistan Stock Exchange. The Bank's Registered Office and Principal Office are situated at MCB –15 Main Gulberg, Lahore. The Bank operates 1,401 branches (2024: 1,394 branches) within Pakistan and 9 branches (2024: 9 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

– **Subsidiary companies**

a) **MCB Islamic Bank Limited**

MCB Islamic Bank Limited (MIB) was incorporated in Pakistan as an unlisted public limited company on May 15, 2014 to carry out the business of an Islamic Commercial Bank in accordance and in conformity with the principles of Islamic Shari'ah and in accordance with regulations and guidelines of the State Bank of Pakistan. The Securities and Exchange Commission of Pakistan granted 'Certificate of Commencement of Business' to MIB on January 30, 2015. MIB is a wholly owned subsidiary of the MCB Bank.

The State Bank of Pakistan (SBP) granted a 'Certificate of Commencement of Banking Business' to MIB on September 14, 2015 under Section 27 of the Banking Companies Ordinance, 1962. MIB formally commenced operations as a Scheduled Islamic Commercial Bank with effect from October 15, 2015 upon receiving notification in this regard from SBP under section 37 of the State Bank of Pakistan Act, 1956. Currently, MIB is engaged in corporate, commercial, consumer, micro finance, investment and retail banking activities.

MIB is operating through 323 branches including two sub branches in Pakistan (December 31, 2024: 303 branches including two sub branches). The Registered Office of the Bank is situated at 59 Block T, Phase II, DHA, Lahore Cantonment and Principal Office is situated at 14–A Main Jail Road, Gulberg, Lahore.

b) **MCB Investment Management Limited**

MCB Investment Management Limited (MCBIM) was incorporated on August 30, 2000, as an unquoted public limited Company. During 2008, the Company was listed on the Pakistan Stock Exchange by way of offer for sale of shares by a few of the existing shareholders of the Company to the general public. The registered office of the Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan. The MCB Bank owns 81.42% shares of the Company.

The Company is registered as a Pension Fund Manager under the Voluntary Pension System Rules, 2005, as an Asset Management Company and an Investment Advisor under the Non–Banking Finance Companies (Establishment and Regulation) Rules, 2003.

c) **MCB Non–Bank Credit Organization Closed Joint Stock Company**

MCB Non–banking Credit Organization Closed Joint Stock Company was incorporated on October 16, 2009 and domiciled in the Republic of Azerbaijan. The Company is a closed joint stock Company limited by shares and was set up in accordance with Azerbaijani regulations. The registered office of the Company is located at 49B Tbilisi Ave. Baku AZ1065, Republic of Azerbaijan. The MCB Bank owns 99.94% shares of the Company.

The Company's principal business activity is provision of finance leases within the Republic of Azerbaijan. The Company leases out various types of automotive vehicles, industrial equipment, equipment used in medicine, health care, and for other business needs. Further the Company is involved in real estate finance leases. During the year 2021, the Central Bank of the Republic of Azerbaijan (CBAR) has issued Non–Banking Credit Organization (NBCO) license (BKT–42) to the Company.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2025

d) MCB Exchange Company Limited

MCB Exchange Company (Private) Limited was incorporated in Pakistan on November 14, 2023, as a private limited company under the Companies Act, 2017. The Company obtained license for commencement of operations from the State Bank of Pakistan (SBP) on March 22, 2024. The Company is required to operate in accordance with the rules and regulations laid down by the State Bank of Pakistan (SBP) through Foreign Exchange Circular No. 9 dated July 30, 2002. The registered office of the Company is situated at 15–Main Gulberg, Jail Road, Lahore, Pakistan. The head office of the Company is situated at MCB Center, 1st floor, Airport Access Road Near Rangers Headquarters Opposite, Askari X, Lahore, Punjab. The Company is a wholly owned subsidiary of MCB Bank Limited.

2. BASIS OF PRESENTATION

2.1 These consolidated financial statements include the financial statements of MCB Bank Limited and its subsidiary companies and share of the profit / reserves of associates (the 'Group').

2.2 These consolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide its BPRD Circular No. 02 dated February 09, 2023, with further addition made vide BPRD Circular Letter No. 13 of 2024, dated July 01, 2024 that are applicable for quarterly / half yearly / annual periods beginning on or after January 1, 2024 as per BPRD Circular Letter No. 07 of 2023 dated April 13, 2023.

2.3 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade–related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.

2.4 Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Holding Company operates. The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. The amounts are rounded off to the nearest thousand.

3. STATEMENT OF COMPLIANCE

3.1 These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of, directives and notifications issued under the Banking Companies Ordinance, 1962, the Companies Act, 2017; and
- Directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP).

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

The State Bank of Pakistan has deferred the applicability of International Accounting Standards 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS 7 'Financial Instruments: Disclosures' on banks through S.R.O 411(1) / 2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

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.O 56(I) /2016 dated January 28, 2016, that the requirements of consolidation under section 237 of the repealed Companies Ordinance 1984 (Section 228 of Companies Act 2017) and IFRS 10 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under Trust structure. The State Bank of Pakistan has deferred the applicability of IFAS 3 'Profit and Loss Sharing on Deposits', through BPRD Circular No.04 dated February 25, 2015.

3.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 2025 but are considered not to be relevant or do not have any material effect on the Group's operations and therefore are not detailed in these consolidated financial statements.

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

The following other standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 1, 2026:

	Effective date (annual periods beginning on or after)
Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	January 01, 2026
IFRS S1, 'General requirements for disclosure of sustainability–related financial information' and IFRS S2, 'Climate–related disclosures'	January 01, 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	January 01, 2027

3.4 Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are 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. Critical accounting estimates and judgements applied in application of IFRS 9 have been disclosed under note 6.1. Other major areas where various assumptions and estimates are significant to the Group's financial statements or where judgment was exercised in the application of accounting policies are as follows:

a) Taxation

In making the estimates for income taxes currently payable by the Group, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past.

b) Fair value of 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 currency involved, interest rates, yield curves, volatilities, contracts duration etc.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2025

c) Depreciation, amortisation, impairment and revaluation of property and equipment

The management reviews the useful lives and residual values of assets annually by considering expected pattern of economic benefit that the management expects to drive from the item and the maximum period up to which such benefits are expected to be available. Any change in estimates in future years might affect the carrying amounts of the respective items of assets with a corresponding effect on the depreciation charge and impairment. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Further, the Bank estimates the revalued amount of land and buildings on a regular basis. The estimates are based on valuations carried out by independent professional valuers under the market conditions.

d) Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 40 of these consolidated financial statements for the actuarial valuation of staff retirement benefit plans. Actuarial assumptions are entity's best estimates of the variables that will determine the ultimate cost of providing post employment benefits. Changes in these assumptions in future years may affect the liability / asset under these plans in those years.

e) Lease term for lease liability and right–of–use asset

The Group applies judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right–of–use assets recognized.

f) Provision and contingent assets and liabilities

Provisions are recognized 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 reporting date and are adjusted to reflect the current best estimates. Contingent assets are not recognized and are also not disclosed until an inflow of economic benefits is probable. Contingent liabilities are not recognized and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

4. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except that certain classes of property and equipment and non–banking assets acquired in satisfaction of claims are stated at revalued amounts; investments classified at fair value through profit and loss and fair value through other comprehensive income; foreign exchange contracts and derivative financial instruments are measured at fair value; defined benefit obligations are carried at present value; right of use of asset and related lease liability are measured at present value on initial recognition; and staff loans and subsidised loans disbursed under Temporary Economic Refinance Facility (TERF) are measured at fair value on initial recognition.

5. FINANCIAL RISK MANAGEMENT

These risk management policies continue to remain robust and the Group is reviewing its portfolio regularly in line with the emerging risks. Detailed disclosure on financial risk management has been reported in note 48 to the consolidated financial statements.

6. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies and methods of computation adopted in the preparation of these consolidated financial statements are consistent with those applied in the preparation of the audited annual consolidated financial statements of the Group for the year ended December 31, 2024 except for the change mentioned in note 6.1.1.3.

6.1 IFRS 9 'Financial Instruments'

As per the SBP BPRD Circular Letter No. 07 dated April 13, 2023, IFRS 9 'Financial Instruments' is applicable on banks with effect from January 01, 2024. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard also introduced a new impairment model for financial assets which requires recognition of impairment charge based on a forward looking 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as previously followed. The ECL approach has an impact on all assets of the Group which are exposed to credit risk.

The SBP through BPRD Circular Letter No. 16 dated July 19, 2024, and BPRD Circular Letter No. 01 dated January 22, 2025 has made certain amendments and clarified the timelines of some of the SBP's IFRS 9 Application Instructions to address the matters raised by the banks to ensure compliance by the timelines. The circulars have provided clarifications / relaxations on measurement of unquoted equity securities, modification accounting and maintenance of general provisions over and above ECL. Accordingly, the Group has adopted the treatment as instructed in the aforementioned circulars in these consolidated financial statements.

6.1.1 Application to the Group's financial assets

6.1.1.1 Initial recognition and subsequent measurement

Financial assets are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group purchases or sells the asset. Other financial assets like advances, lendings to financial institutions etc. are recognised when funds are transferred to the customers' account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

a. Amortised Cost (AC)

Financial assets under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction costs. These are subsequently measured at amortised cost. An Expected Credit Loss allowance (ECL) is recognised for financial assets in the statement of profit and loss account. Interest income / profit / expense on these assets are recognised in the statement of profit and loss account. On derecognition of these financial assets, capital gain / loss will be recognised in the statement of profit and loss account.

b. Fair Value through Other Comprehensive Income (FVOCI)

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction costs. These assets are subsequently measured at fair value with changes recorded in OCI. An Expected Credit Loss allowance (ECL) is recognised for debt based financial assets in the statement of profit and loss account. Interest / profit / dividend income on these assets are recognised in the statement of profit and loss account. On derecognition of debt based financial assets, capital gain / loss will be recognised in the statement of profit and loss account and for equity based financial assets classified as FVOCI, capital gain / loss is recognized directly in the statement of changes in equity.

c. Fair Value through Profit or Loss (FVTPL)

Financial assets under FVTPL category are initially recognised at fair value. Transaction costs will be directly recorded in the statement of profit and loss account. These assets are subsequently measured at fair value with changes recorded in the statement of profit and loss account. Interest / dividend income on these assets are recognised in the statement of profit and loss account. On derecognition of these financial assets, capital gain / loss will be recognised in the statement of profit and loss account. An Expected Credit Loss allowance (ECL) is not recognised for these financial assets.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2025

6.1.1.2 Classification and measurement

The classification and measurement of financial assets is based on the business model within which they are held and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payments of Principal and Interest (SPPI) criteria are measured at Fair Value Through Profit or Loss ('FVTPL') regardless of the business model in which they are held. The Group's business model in which financial assets are held determines whether the financial assets are measured at Amortised Cost ('AC'), Fair Value through Other Comprehensive Income ('FVOCI') or Fair Value Through Profit or Loss ('FVTPL').

The business model reflects how groups of financial assets are managed to achieve a particular business objective. Debt based financial assets can only be held at amortised cost if these are held in order to collect the contractual cash flows ('hold to collect'), and where those contractual cash flows are Solely Payments of Principal and Interest (SPPI). Assets may be sold out of 'hold to collect' portfolios where there is an increase in credit risk. Disposals for other reasons are permitted but such sales should be insignificant in value or infrequent in nature.

Debt based financial assets where the business model objectives are achieved by collecting the contractual cash flows and by selling the assets ('hold to collect and sell') and that have SPPI cash flows are measured at FVOCI, with unrealized gains or losses are deferred in reserves until the asset is derecognized. The debt based financial assets that are held for trading purposes are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset at FVTPL that otherwise meets the requirements to be measured at amortised cost or at FVOCI; if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The classification of equity instruments is generally measured at FVTPL unless the Bank, at initial recognition, irrevocably designates the investment as FVOCI in which case, both the unrealized and realized gains or losses are recognized in reserves and no amounts other than dividends received are recognized in the statement of profit and loss account.

All other financial assets will mandatorily be held at FVTPL. Financial assets may be designated at FVTPL only if doing so eliminates or reduces an accounting mismatch.

6.1.1.3 Fair Valuation of unquoted equity securities

With effect from January 01, 2025, unquoted equity investments are valued at their fair value, in accordance with SBP's BPRD Circular Letter No. 16 dated July 29, 2024, which represents the price at which the investment could be sold in an orderly transaction between market participants at the measurement date. Previously, these were measured at the lower of cost and break up value derived on the basis of their latest available audited financial statements. The Group has adopted this change retrospectively with date of initial application as January 01, 2025, which resulted in changes in accounting policies and adjustments to the carrying amounts of unquoted equity investments previously recognised in the financial statements. In terms of the transitional provisions of IFRS 9, adjustments to the carrying amounts at the date of transition were recognised in the opening reserves at the beginning of the current period without restating the comparative figures.

The following table reconciles the carrying amounts of unquoted equity securities under the previous accounting policy and their restated amounts on January 01, 2025.

	Carrying amount as at December 31, 2024	Fair valuation of unquoted equity securities	Carrying amount as at January 01, 2025
	(Rupees in '000)		
Investments in financial assets			
FVOCI – Ordinary shares – Unquoted companies			
Cost	1,611,616	–	1,611,616
(Deficit) / Surplus	(207,082)	3,613,343	3,406,261
	1,404,534	3,613,343	5,017,877
Deferred tax asset / (liability)	107,683	(1,878,938)	(1,771,255)
Effect on net assets		1,734,405	

The impact of above on the surplus on revaluation of investments as at January 01, 2025 is as follows:

	(Rupees in '000)
Surplus on revaluation of investments	
Closing balance as at December 31, 2024 – Audited	8,491,749
Increase in the fair valuation of unquoted equity securities carried at FVOCI	3,613,343
Less: related deferred tax	(1,878,938)
	1,734,405
Opening balance as at January 01, 2025 – as restated	10,226,154

6.1.1.4 Derecognition

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

6.1.1.5 Modification

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its customers. When the contractual cash flows of financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in derecognition of that financial asset in accordance with IFRS 9, the Group recalculates the gross carrying amount of the financial asset and shall recognize a modification gain or loss in the statement of profit and loss account. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial assets original effective interest rate (or credit–adjusted effective interest rate for purchased or originated credit–impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the financial asset.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2025

6.1.1.6 Expected Credit Loss (ECL)

The Group assesses on a forward–looking basis the Expected Credit Loss ('ECL') associated with all advances and other debt based financial assets not held at FVTPL, together with letter of credit, financial guarantees and unutilised financing commitments, hereinafter referred to as "Financial Instruments". The Group recognises a credit loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability–weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the LifeTime Expected Credit Loss or LTECL), unless there has been no Significant Increase in Credit Risk (SICR) since origination, in which case, the allowance is based on the 12 months' Expected Credit Loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at facility level.

Staging criteria / Significant Increase in Credit Risk (SICR)

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in risk of default occurring over the remaining life of the financial instrument. The Group uses a number of qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Internal Credit Risk Rating (ICRR) or where principal and / or interest payments are 60 days or more past due. Qualitative factors include restructuring, unavailability of financial information and pending litigations. 'Based on the level of increase in credit risk, the Group shall calculate 12mECL for assets which did not have a SICR i.e., Stage 1 or a LTECL for the life of the asset (for assets which demonstrated a SICR) i.e., Stage 2.

Based on the above process, the Group categories its financial instruments into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1:	When financial instruments are first recognised, the Group recognises an allowance based on 12mECL. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to the Exposure At Default (EAD) and multiplied by the expected / forward looking Loss Given Default (LGD) and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.
Stage 2:	When a financial instrument has shown SICR since origination, the Group records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash flows are discounted by an approximation to the original EIR.

Stage 3:	For financial instruments considered credit-impaired, the Group recognises the LTECLs for these instruments. The Group uses a PD of 100% and the forward looking LGD as computed for each portfolio / segment.
Guarantee & Letter of Credit contracts:	The Group performs internal assessment and estimates ECLs based on the BASEL driven Credit Conversion Factor (CCF) for guarantee and letter of credit contracts respectively. The calculation is made using a probability-weighting of three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

Portfolio Segmentation

For assessment of significant deterioration in credit risk and estimation of corresponding risk parameters, financial instruments have been grouped together based on their shared risk characteristics to collectively assess for significant credit risk deterioration.

ECL Measurement Models

– **Probability of Default (PD):**

The Probability of default (PD) represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining lifetime (Lifetime PD) of the obligation.

– for loans and advances, PD estimation is based on the historic transitions of segmented obligors from one credit state/rating to another credit state/rating. Credit states are defined by rating classes and are based on the Group's internal credit risk ratings (i.e. from ICRR 1 to ICRR 12). In order to convert historic trends to forward–looking; PD's are weighted by considering key macro–economic drivers affecting credit ratings i.e. (Gross Domestic Product, Consumer Price Index, Volume of Export of Goods, Unemployment).

– For other financial assets (i.e. investments, lendings to financial institutions, balances with other banks etc.), historical PDs have been estimated on the basis of global default Rates taken from S&P rating–wise transition matrices. These annual default rates have than been converted into forward–looking point in time PDs using the vasicek model.

– **Exposure at Default (EAD):**

EAD represents the amount of potential exposure that is at risk. The estimation of EAD considers any expected changes in the exposure after the reporting date, including expected drawdowns on committed facilities through the application of a Credit Conversion Factor (CCF). The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has a legal right to call it earlier. However, in case of revolving facilities, the Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behaviour, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities.

– **Loss Given Default (LGD):**

LGD represents an estimate of the loss incurred on a facility in the event of default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Group expects to receive. It is expressed as a percentage of the EAD. The LGDs are determined using workout approach, based on vintage recovery data for the defaulted portfolio; these recoveries are then discounted back to date of default, to factor in time value of money.

The Group has converted the estimates for segment / product wise historical LGDs (Through the cycle LGDs) into forward looking point in time LGDs using the Jacob Frye model; that estimates LGD as an increasing function of default rate.

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The calculation of ECLs

The ECL is determined by projecting the PD, LGD and EAD for each future repayment date and for each individual exposure. These three components are multiplied together, effectively calculating an ECL for each future repayment date, which is then discounted back to the reporting date and summed.

The discount rate used to discount the ECLs is based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities; effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

As per BPRD Circular No. 03 of 2022 and BPRD Circular Letter No. 20 of 2025, ECL of Stage 1 and Stage 2 is calculated as per IFRS 9, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS 9 at borrower / facility level.

When estimating the ECLs, In addition to the base economic scenario, the Group considers three scenarios (a base case, an upside and a downside case). Each of these is associated with different PDs. The number of scenarios and their attributes are reassessed at each reporting date. The scenario weightings are determined by a combination of statistical analysis and expert credit judgment, taking account of the range of possible outcomes each chosen scenario is representative of.

The Group's management has only considered cash, liquid securities and Government of Pakistan guarantees as eligible collaterals, while calculating EADs.

The credit exposure (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

General provisions over and above the ECL

ECL calculation under IFRS 9 involves evaluation against multiple qualitative and quantitative parameters, including forward looking estimates, and hence demands a considerable amount of subjectivity. Considering the volatility in current operating and macroeconomic environment, the sensitivity in ECL models could lead to significant variations in the ECL charge reported for comparative periods. In order to overcome this volatility, the Holding Company has set a minimum threshold for ECL recognition against advances and non–funded exposure classified in Stage 1 and Stage 2. SBP through its BPRD Circular Letter No. 01 dated January 22, 2025 has permitted banks to maintain general provisions, over and above the ECL worked out for Stage 1 and Stage 2, upto December 31, 2026.

– For Advances:

Stage 1:

ECL allowance has been recognized based on IFRS 9 principles. Incase, IFRS 9 provision is less than 1% of gross advances classified under Stage 1, the Holding Company maintains a general reserve over and above the IFRS 9 based ECL. The general reserve is being maintained as the difference between 1% of gross advances classified under Stage 1 and ECL computed under IFRS 9 principles.

Stage 2:

ECL allowance has been recognized based on IFRS 9 principles. Incase, IFRS 9 provision is less than 5% of gross advances classified under Stage 2, the Holding Company maintains a general reserve over and above the IFRS 9 based ECL. The general reserve is being maintained as the difference between 5% of gross advances classified under Stage 2 and ECL computed under IFRS 9 principles.

– **For Non–Funded Credit Exposure:**

Stage 1:

ECL allowance has been recognized based on IFRS 9 principles. In case, IFRS 9 provision is less than 0.20% of non–funded exposure classified under Stage 1, the Holding Company maintains a general reserve over and above the IFRS 9 based ECL. The general reserve is being maintained as the difference between 0.20% of non–funded exposure classified under Stage 1 and ECL computed under IFRS 9 principles.

Stage 2:

ECL allowance has been recognized based on IFRS 9 principles. Incase, IFRS 9 provision is less than 0.50% of non–funded exposure classified under Stage 2, the Holding Company maintains a general reserve over and above the IFRS 9 based ECL. The general reserve is being maintained as the difference between 0.50% of non–funded exposure classified under Stage 2 and ECL computed under IFRS 9 principles.

Backward Transition

In line with Group's IFRS 9 Policy and Regulatory guidelines, financial assets shall be reclassified out of Stage 3 if they fulfil the criteria outlined in the Prudential Regulations (PR) issued by the State Bank of Pakistan (SBP). Similarly, financial assets classified under Stage 2 shall be reclassified to Stage 1 if the conditions that led to a significant increase in credit risk (SICR) no longer exist. However, a minimum period of three months from the initial downgrade is mandatory before any facility can be moved back to Stage 1 from Stage 2.

For a facility to transition from Stage 3 to Stage 2, it must meet the declassification requirements specified in the relevant Prudential Regulations. An exposure cannot be directly upgraded from Stage 3 to Stage 1; instead, it must first transition to Stage 2 and subsequently complete a cooling–off period of three months before being reclassified to Stage 1.

Impact on Regulatory Capital

The introduction of IFRS 9 has resulted in reduction in regulatory capital of the Banks, which has affected their lending capacity and ability to support their clients. In order to mitigate the impact of ECL provisioning, a transitional arrangement is allowed to the banks to absorb impact on regulatory capital; in accordance with SBP's Guideline for absorption of ECL for CAR Purposes as mentioned in the Annexure B of 'IFRS 9 Application Instructions' issued through BPRD Circular No 3 of 2022. However, the Group has not availed the benefit of captioned transitional arrangement in regulatory capital.

6.1.1.7 Definition of default

The concept of 'impairment or default' is critical to the implementation of IFRS 9 as it drives determination of risk parameters, i.e. PD, LGD and EAD. The Group has defined that an exposure with regards to a particular obligor will be treated as having defaulted when either one or both of the following two events have taken place:

– If a customer fails to service mark–up and / or principal within Days Past Due (DPD) criteria as prescribed by SBP from time to time;

– The Group considers that the obligor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if held).

6.1.2 Application to the Group's financial liabilities

The financial liabilities are being carried at amortised cost except for derivatives that has been measured at fair value.

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.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non–cash assets transferred or liabilities assumed) is recognised in the statement of profit and loss account.

6.2 IFRS 16 – Lease Liability & Right–of–Use Assets

The Group enters into leasing arrangements of buildings for its branches and offices. Rental contracts are typically for a fixed period and may have extension options. 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 lease liability is initially measured at the present value of lease payments to be made over the term of the lease, discounted using the Group's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest rate method. The carrying amount is remeasured / adjusted if there are changes in the future cash flows or the lease term.

The right–of–use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date. On subsequent measurement, right–of–use assets are stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of the lease liability.

Right–of–use assets are depreciated on a straight line basis over the lease term as this method closely reflects the expected pattern of consumption of future economic benefits. Carrying amount of the lease liability is derecognized upon termination of the lease contract with corresponding adjustment to right–of–use asset. Gain or loss on termination of lease contract is recognized in the statement of profit and loss account.

The Group has elected not to recognize a right–of–use asset and the corresponding lease liability for short–term leases with terms of 12 months or less and leases of low–value assets. Payments associated with these leases are recognized as an expense in the statement of profit or loss account on a straight–line basis.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand–alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right–of–use asset.

6.3 Investments

Investments include Federal Government securities, shares, mutual fund units, non–Government debt securities, foreign securities, associates. Classification and measurement of investments has been detailed in note 6.1.

6.3.1 Investments in Associates

Investment in associates are accounted for using the equity method of accounting, after initially being recognised at cost. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post–acquisition profits or losses of the investee in the consolidated profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

6.4 Sale and repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in these consolidated financial statements as investments and the counter party liability is included in borrowings, unless the securities qualify for derecognition upon transfer of substantial risks and rewards associated with the securities to the counter party. Securities purchased under an agreement to resell (reverse repo) are not recognized in these consolidated financial statements as investments and the amount extended to the counter party is included in lending's to financial institutions. The difference between the purchase / sale and re–sale / re–purchase price is recognized as mark–up income / expense on a time proportion basis, as the case may be.

6.5 Loans and advances

Loans and advances including net investment in finance lease are stated net of credit loss allowance and general reserve. Credit loss allowance against loans and advances have been made in accordance with the requirements of Prudential Regulations, IFRS 9 application instructions and various circulars issued by the SBP from time to time. The Group also maintains a general reserve against loans and advances, over and above the IFRS 9 based ECL, as permitted by SBP under BPRD Circular Letter No. 01 dated January 22, 2025.

Staff loans and subsidised loans disbursed under Temporary Economic Refinance Facility (TERF) have been recorded at fair value resulting in recognition of fair value adjustment on initial recognition. Unwinding of income on fair value adjustment is recognised in the statement of profit and loss account.

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 recognized at an amount equal to the present value of the lease payments including any guaranteed residual value. Finance lease receivables are included in advances to the customers.

Advances are written off / charged off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

In Murabaha transactions, the Group purchases the goods through its agent or client and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction. Under Murabaha financing, funds disbursed for purchase of goods are recorded as 'Advance against Murabaha finance'. On culmination of Murabaha i.e. sale of goods to customers, Murabaha financing are recorded at the deferred sale price. Goods purchased but remaining unsold at the statement of financial position date are recorded as inventories.

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

In Ijarah financing, the Group provides the asset on pre–agreed rentals for specific tenors to the customers. Ijarah assets are stated at cost less depreciation and are disclosed as part of 'Islamic financing and related assets'. The rental on Ijarah under Islamic Financial Accounting Standard – 2 Ijarah (IFAS 2) are recorded as income / revenue. The Group charges depreciation from the date of

recognition of Ijarah of respective assets to Mustajir. Ijarah assets are depreciated over the period of Ijarah using the straight line method. Impairment of Ijarah assets is determined in accordance with the Prudential Regulations issued by the SBP.

In Diminishing Musharaka based financing, the Group enters into Musharaka based on Shirkat–ul–Milk for financing and agreed share of property and equipment assets (example: house, land, plant, machinery or vehicle) with its customers and enters into period profit payment agreement for the utilization of the Group's Musharaka share by the customer.

In Istisna financing, the Group acquires the described goods to be manufactured by the customer from raw material of its own and deliver to the Group within an agreed time. The goods are then sold and the amount financed is received back by the Group along with profit.

In Salam financing, the Group pays full in advance to its customer for buying specified goods / commodities to be delivered to the Group within an agreed time. The goods are then sold and the amount financed is received back by the Group along with profit.

In Running Musharaka based financing, the Group enters into financing with the customer based on Shirkat–ul–Aqd or Business Partnership in the customer's operating business where the funds can be withdrawn or refunded during the Musharakah period.

6.6 Property and equipment and depreciation

Property and equipment other than land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Buildings are carried at revalued amount less any accumulated depreciation and subsequent impairment losses, if any. Land is carried at revalued amount less any subsequent impairment losses, if any. Cost of property and equipment of foreign operations includes exchange differences arising on currency translation at year–end rates.

Capital work–in–progress is stated at cost less accumulated impairment losses, if any. These are transferred to specific assets as and when assets become available for use.

Depreciation on all property and equipment (excluding land) is charged using the straight line method in accordance with the rates specified in note 12.2 to these consolidated financial statements and after taking into account residual value, if any. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off.

Land and buildings are revalued by independent, professionally qualified valuers with sufficient regularity to ensure that their net carrying amount does not differ materially from their fair value. An increase arising on revaluation is credited to the surplus on revaluation of property and equipment account. A decrease arising on revaluation of property and equipment is adjusted against the surplus of that asset or, if no surplus exists, is charged to the statement of profit and loss account as an impairment of the asset. A surplus arising subsequently on an impaired asset is reversed through the statement of profit and loss account up to the extent of the original impairment.

Surplus on revaluation of property and equipment (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

Gains / losses on sale of property and equipment are credited / charged to the statement of profit and loss account currently, except that the related surplus on revaluation of land and buildings (net of deferred taxation) is transferred directly to unappropriated profit.

Subsequent costs are included in the asset's carrying amount or are recognized 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. All other repairs and maintenance are charged to the statement of profit and loss account.

6.7 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the cost of the intangible assets are amortized over its estimated useful lives over which economic benefits are expected to flow to the Group. The useful lives are reviewed and adjusted, if appropriate, at each reporting date.

6.8 Impairment

The carrying amount of assets are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. The resulting impairment loss is taken to the statement of profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

6.9 Staff retirement benefits

MCB Bank Limited (Holding Company)

The Holding Company operates the following staff retirement benefits for its employees:

a) For clerical / non–clerical staff who did not opt for the new scheme, the Bank operates the following:

- an approved contributory provident fund;
- an approved gratuity scheme; and
- a contributory benevolent scheme

b) For clerical / non–clerical staff who joined the Bank after the introduction of the new scheme and for others who opted for the new scheme introduced in 1975, the Bank operates the following:

- an approved non–contributory provident fund introduced in lieu of the contributory provident fund;
- an approved pension fund; and
- contributory benevolent scheme

c) For officers who joined the Bank after the introduction of the new scheme and for others who opted for the new scheme introduced in 1977, the Bank operates the following:

- an approved non–contributory provident fund introduced in lieu of the contributory provident fund;
- an approved pension fund, and
- contributory benevolent fund.

However, the management has replaced the pension benefits for employees in the officer category with a contributory provident fund for services rendered after December 31, 2003.

d) For executives and officers who joined the Bank on or after January 01, 2000, the Bank operates an approved contributory provident fund.

e) Post retirement medical benefits to entitled employees.

Annual contributions towards the defined benefit plans and schemes are made on the basis of actuarial advice using the Projected Unit Credit Method. The above benefits are payable to staff at the time of separation from the Bank's services subject to the completion of qualifying period of service. Actuarial gains / losses arising from experience adjustments and changes in actuarial assumptions are recognized in statement of comprehensive income in the period of occurrence.

Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment. The Bank recognizes past service cost as an expense at the earlier of the following dates:

(i) when the plan amendment or curtailment occurs; and
(ii) when the Bank recognizes related restructuring costs or termination benefits.

Employees' compensated absences

Liability in respect of employees' compensated absences is accounted for in the year in which these are earned on the basis of actuarial valuation carried out using the Projected Unit Credit Method. Actuarial gains / losses arising from experience adjustments and changes in actuarial assumptions are recognized in the statement of profit and loss account in the period of occurrence.

MCB Islamic Bank Limited

MIB operates a recognised contributory provident fund scheme for all its permanent employees. Equal monthly contributions are made both by the Bank and its permanent employees, to the Fund at the rate of 8.33% of the basic salaries of employees. However, an employee has an option to increase his/her contribution upto 15% but the Bank will still contribute 8.33% of the employee's basic salary. The Bank has no further payment obligation once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

6.10 Taxation

Current and prior years

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credits and rebates. The charge for current tax also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The Group records deferred tax assets / liabilities using the tax rates, enacted or substantively enacted by the reporting date expected to be applicable at the time of its reversal. Deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The Group also recognizes deferred tax asset / liability on deficit / surplus on revaluation of securities and deferred tax liability on surplus on revaluation of property and equipment which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS) 12, 'Income Taxes'.

Deferred tax liability is not recognized in respect of taxable temporary differences associated with exchange translation reserves of foreign operations, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

6.11 Provisions

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events and 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 reporting date and are adjusted to reflect the current best estimates.

6.12 Foreign currencies

6.12.1 Foreign currency transactions

Transactions in foreign currencies other than the results of foreign operations discussed in note 6.12.2 are translated to Pak Rupees at the foreign exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in Pak Rupee terms at the rates of exchange prevailing at the reporting date. Forward foreign exchange contracts are valued at the rates applicable to their respective maturities.

6.12.2 Foreign operations

The assets and liabilities of foreign branches are translated to Pak Rupees at exchange rates prevailing at the statement of financial position date. The results of foreign operations are translated to Rupees at the average rate of exchange for the year.

6.12.3 Translation gains and losses

Translation gains and losses are included in the statement of profit and loss account, except those arising on the translation of the Group's net investment in foreign branches, which are taken to the capital reserve (exchange translation reserve) until the disposal of the net investment, at which time these are recognized in the statement of profit and loss account.

6.12.4 Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in these consolidated financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Pak Rupee terms at the rates of exchange prevailing at the statement of financial position date.

6.13 Acceptances

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be simultaneously settled with the reimbursement from the customers.

6.14 Revenue recognition

- Mark–up / interest / return on advances and returns on investments are recognized on an accrual basis using the effective interest method except that mark–up / interest / return on non–performing advances and investments is recognized on a receipt basis, in accordance with the requirements of the Prudential Regulations issued by the SBP or as permitted by the regulations of the overseas regulatory authorities of countries where the branches operate.

- Fee, brokerage and commission income is recognized on an accrual basis.

- Dividend income is recognized when the Group's right to receive dividend is established.

- Profit on Salam financing is recognised on accrual basis.

- Profit on Running Musharaka financing is booked on an accrual basis and is subject to adjustment (if any) upon declaration of profit by Musharakah partners.

- Rental income from Ijarah financing is recognised on an accrual basis. Depreciation on Ijarah asset is charged to income (net of with rental income) over the period of Ijarah using the straight line method.

- Profit from Bai–Mua'jjal is recognised on an accrual basis.

- Profit on Diminishing Musharaka is recognised on an accrual basis.

- Profit on Istisna financing is recognised on accrual basis.

- Profit from Musharaka placements with financial institutions is recognised on accrual basis.

- Profit from Murabaha financing is accounted for on culmination of Murabaha transaction. Profit on Murabaha is recognised on an accrual basis. Profit on Murabaha transactions for the period from the date of disbursement to the date of culmination of Murabaha is recognised immediately on the later date.

- Revenue for acting as trustee is recognized on Net Assets Value (NAV) of respective funds.

- Management / advisory fee is calculated on a daily / monthly basis by charging specified rates to the net assets value / income of the Collective Investment Schemes. Advisory fee from the discretionary portfolio is calculated in accordance with the respective agreements with the clients. Management fee from the pension funds is calculated by charging the specified rates to the average net assets value.

- Revenue from trusteeship and custodian is recognised when the Group satisfies a performance obligation by rendering promised services as per respective agreements.

- The income on Islamic financing is recognised in accordance with the principles of Islamic Shari'ah and in accordance with regulations and guidelines of the State Bank of Pakistan. However, income, if any, received which does not comply with the principles of Islamic Shari'ah is recognised as charity payable if so directed by the Shari'ah Board of the subsidiary.

- Islamic banking income on performing advances and debt securities is recognised on a time proportion basis / effective interest rate method as per the terms of the contract and as permitted by the SBP. In view of industry–wide concerns relating to Islamic portfolio income recognition, profit distribution and compatibility with IFAS and AAOIFI standards, MIB obtained specific approval from SBP, vide its letter No. BPRD/RPD/822456/25 dated January 22, 2025, to defer implementation of EIR methodology until December 31, 2025. Accordingly, for the year ended December 31, 2025, MIB has recognized income and expense on Islamic financing, investment and liability products based on contractual profit rates in accordance with IFAS and SBP instructions. MIB has initiated alignment of its Islamic banking products with an EIR–based profit recognition framework, which will be applied prospectively from January 1, 2026.

6.15 Assets acquired in satisfaction of claims

Non–Banking Assets (NBA) acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation and impairment loss. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of NBA is credited to the 'surplus on revaluation of non–banking assets' account through statement of comprehensive income and any deficit arising on revaluation is taken to the statement of profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property are charged to profit and loss account and not capitalized.

6.16 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks and balances with other banks (net of overdrawn Nostro balances) in current and deposit accounts.

6.17 Financial instruments

6.17.1 Financial assets and financial liabilities

Financial instruments carried on the statement of financial position include cash and balances with treasury banks, balances with other banks, lendings to financial institutions, investments, advances, other assets, bills payable, borrowings, deposits and other liabilities. The particular recognition, classification and measurement methods adopted for significant financial assets and financial liabilities are disclosed under note 6.1 and within the individual policy statements associated with these assets and liabilities.

6.17.2 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value using valuation techniques. All the derivative financial instruments are carried as an asset when the fair value is positive and as a liability when the fair value is negative. Any change in the fair value of derivative financial instruments is taken to the statement of profit and loss account currently.

6.17.3 Off setting

Financial assets and financial liabilities are off set and the net amount is reported in these consolidated financial statements when there is a legally enforceable right to set off and the Group intends either to settle on a net basis, or to realize the assets and settle the liabilities, simultaneously.

6.18 Borrowings / deposits

Borrowings / deposits are recorded at the proceeds received except for Temporary Economic Refinance Facility (TERF) borrowing from the SBP which has been recorded at fair value on initial recognition. Unwinding of expense on fair value adjustment is recognised in the statement of profit and loss account. The cost of other borrowings / deposits is recognized as an expense in the statement of profit and loss account on an accrual basis using effective interest method.

Deposits, with respect to Islamic Banking operations, are generated on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as ‘Current accounts’ and Deposits generated on Mudaraba basis are classified as ‘Savings deposits’ or ‘Fixed deposits’. No profit or loss is passed to current account depositors.

Profits realized in investment pools are distributed in pre–agreed profit sharing ratio. Rab–ul–Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

Profits are distributed from the pool such that the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of Investments.

Asset pools may be created at the Group’s discretion and the Group may add, amend, and transfer an asset to any other pool in the interests of the deposit holders.

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6.19 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format of reporting is based on business segments.

6.19.1 Business segments

Retail Banking

This includes retail lending and deposits, banking services, cards and branchless banking.

Corporate Banking

This comprises of loans, deposits, project financing, trade financing, investment banking and other banking activities / with Group's corporate and public sector customers.

Consumer Banking

This segment primarily constitutes consumer financing activities with individual customers of the Group. Product suite offered to these customers include credit cards, auto loans, housing finance and personal loans.

Islamic Banking

This segment includes Islamic Banking operations of the Group.

Treasury

This includes fixed income, equity, foreign exchange, credit, funding, own position securities, lending's and borrowings and derivatives for hedging and market making.

Assets Management

It includes asset management, investment advisory, portfolio management, equity research and underwriting.

International Banking

This comprises of loans, deposits, project financing, trade financing, investment banking and other banking activities by Group's overseas operations.

Others

This includes the head office related activities and other functions which cannot be classified in any of the above segments.

6.19.2 Geographical segments

The Group operates in four geographic regions being:

- Pakistan
- South Asia
- Middle East
- Eurasia

6.20 Dividend distribution and appropriation

Dividends (including bonus dividend) and other appropriations (except appropriations which are required by law) are recognized in the period in which these are approved.

6.21 Business combination

Business combinations other than under common control transaction are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition–related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognized directly in the statement of profit and loss account or as directed by the SBP.

6.22 Earnings Per Share

The Group presents basic and diluted Earnings Per Share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is not calculated seperately, as the Group doesnt have any convertible instruments in issue.

6.23 Pool Management

The Islamic Banking Subsidiary of the Group (MIB) operates general and specific pools for deposits and inter–Group funds accepted / acquired under Mudaraba, Musharaka and Wakala modes.

Under the general deposits pool, MIB accepts funds on Mudaraba basis from depositors (Rabb–ul–Maal) where MIB acts as Manager (Mudarib) and invests the funds in the Shari'ah Compliant modes of financings, investments and placements. When utilising investing funds, MIB prioritizes the funds received from depositors over the funds generated from own sources.

Specific pools may be operated for funds acquired / accepted from the State Bank of Pakistan and other banks for Islamic Export Refinance to MIB customers and liquidity management respectively under the Musharaka / Mudaraba modes. MIB also maintains an Equity Pool which consists of MIB equity and funds accepted on Qard (non–remunerative current deposit account) basis.

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, if any. The directly related costs comprise of depreciation on Ijarah assets, takaful premium, documentation charges etc. No general or administrative nature of expense is charged to pool. No provision 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 Musharaka at gross level (before charging of Mudarib fee) 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 fee.

The deposits and funds accepted under the above mentioned pools are provided to diversified sectors and avenues of the economy / business as mentioned in the notes and are also invested in Government of Pakistan backed Ijarah Sukuks. Staff financings are exclusively financed from the equity pool.

The risk characteristic of each pool mainly depends on the assets and liability profile of each pool.

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For the year ended December 31, 2025

MIB is maintaining the following types of pools for profit declaration and distribution:

General Pool

MIB manages one general pool for its depositors (Rabbul Mal) maintaining deposits under Mudaraba in both local and foreign currencies and also commingled its equity in this pool. The income (gross income less direct expenses) generated from the pool is distributed between Bank's equity and depositors' fund in proportion to their respective share in the pool. Under the Mudaraba mechanism, the income so distributed to depositors' fund is shared between the Bank (Mudarib) and depositors (Rabbul Mal) according to the pre–agreed profit sharing ratios and assigned weightages.

The average rate of profit earned on the earning assets was 12.75% (2024: 19.83%) and rate of profit paid was 7.94% (2024: 13.34%). Profit rate and weightage announcement period is monthly.

Treasury Musharaka / Mudaraba Pools

MIB accepts funds from other banks to manage its liquidity under Musharaka / Mudaraba mode. The funds accepted are tagged to remunerative assets having maturity on or after the period for which funds are accepted. The revenue generated from the pool asset is shared between the bank and other member of the pool according to pre–agreed profit sharing ratios or assigned weightages accordingly.

The average rate of profit earned on the earning assets was 13.59% (2024: 19.03%) and rate of profit paid was 12.05% (2024: 17.59%).

Special Musharaka Pool

MIB also accepts funds / deposits (other than Banks) under Musharaka mode. The comingled funds under this arrangement are deployed in remunerative assets as per the terms of agreement. The revenue generated from these assets are then shared as per pre–agreed profit sharing ratio.

The average rate of profit earned on the earning assets was 11.52% (2024: 20.03%) and rate of profit paid was 9.83% (2024: 18.15%).

Equity Pool

The Equity Pool consists of MIB equity and funds accepted on Qard (non–remunerative current deposit account) basis. The funds of this pool are invested in various assets or ventures which are higher in risk or having longer funding period. In addition to that all staff financings are financed by this pool. The risk of assets in the pool is borne by the Group.

The average rate of profit earned was 2.98% (2024: 13.76%).

6.24 Funds due to / from financial institutions

Bai Mu'ajjal

In Bai Mu'ajjal, the Group sells sukuk on deferred basis to other financial institutions. The deferred price is agreed at the time of sale and such proceeds are received at the end of the deferral period. Bai Muajjal with the Federal Government is classified as investment.

Musharaka / Mudaraba / Wakala

In Musharaka / Mudaraba / Wakala, the Group invests in the Shariah compliant business pools of the financial institutions at the agreed profit and loss sharing ratio / fees.

	Note	2025	2024
		(Rupees in '000)	
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		43,681,313	40,924,288
Foreign currencies		7,915,456	6,457,260
		51,596,769	47,381,548
With State Bank of Pakistan in			
Local currency current accounts	7.1	98,447,311	100,539,415
Foreign currency current accounts	7.2	6,630,888	5,848,604
Foreign currency deposit account	7.3	8,716,198	8,178,869
		113,794,397	114,566,888
With other central banks in			
Foreign currency current accounts	7.4	22,595,643	20,199,247
With National Bank of Pakistan in			
Local currency current accounts		23,513,255	4,961,153
Prize bonds		109,340	140,118
Less: Credit loss allowance held against cash and balances with treasury banks		(385,065)	(568,909)
Cash and balances with treasury banks – net of credit loss allowance		211,224,339	186,680,045

7.1 This represents current account maintained with the SBP under the Cash Reserve Requirement of section 22 of the Banking Companies Ordinance, 1962.

7.2 This includes foreign currency settlement accounts and cash reserve requirements with the State Bank of Pakistan, including special reserves maintained by a subsidiary against foreign currency deposits.

7.3 This represents account maintained by Holding Company with the SBP to comply with the Special Cash Reserve requirement. This includes balance of Rs. 8,716.198 million (2024: Rs. 8,178.869) which carries interest rate of 2.69% (2024: 3.53%) per annum as declared by SBP.

7.4 Foreign currency current accounts with other central banks are maintained to meet their minimum cash reserves and capital requirements pertaining to the foreign branches of the Group.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2025

	Note	2025 (Rupees in '000)	2024 (Rupees in '000)
8. BALANCES WITH OTHER BANKS			
Inside Pakistan			
In current accounts		316,426	41,813
In deposit accounts		18,483	46,376
		334,909	88,189
Outside Pakistan			
In current accounts		22,927,964	5,627,378
In deposit accounts	8.1	18,800,419	23,152,131
		41,728,383	28,779,509
Less: Credit loss allowance held against balances with other banks		(237,488)	(13,480)
Balances with other banks – net of credit loss allowance		41,825,804	28,854,218

8.1 Balances with other banks outside Pakistan in deposit accounts carry interest rate of 3.25% to 8.14% (2024: 2.00% to 8.75%) per annum.

	Note	2025 (Rupees in '000)	2024 (Rupees in '000)
9. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings	9.1	85,301,696	55,655,526
Repurchase agreement lendings (Reverse Repo)	9.2	5,000,000	–
Bai mu'ajjal		3,241,138	–
Musharaka arrangements	9.3	5,500,000	2,000,000
		99,042,834	57,655,526
Less: Credit loss allowance held against lending to financial institutions		(1,041)	(22)
Lending to financial institutions – net of credit loss allowance		99,041,793	57,655,504

9.1 Call money lendings carry mark–up rate ranging from 3.65% to 10.55% (2024: 4.40% to 15.75%) per annum and are due to mature latest by Jan 05, 2026.

9.2 Repurchase agreement lendings carry mark–up at the rate of 10.55% (2024: Nil) per annum.

9.3 This represents Musharaka placements with various financial institutions carrying average profit rate ranging from 10.50% to 10.69% per annum (2024: 13.0% per annum) and having maturity till July 24, 2028.

		2025	2024
		(Rupees in '000)	
9.4	**Particulars of lending**		
	In local currency	16,741,138	2,200,000
	In foreign currencies	82,301,696	55,455,526
		99,042,834	57,655,526

		2025			2024		
		Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
		(Rupees in '000)					
9.5	**Securities held as collateral against Lending to financial institutions**						
	Market Treasury Bills	5,000,000	–	5,000,000	–	–	–
	Pakistan Investment Bonds	–	–	–	–	–	–
	Total	5,000,000	–	5,000,000	–	–	–

			2025		2024	
			Lending	Credit loss allowance	Lending	Credit loss allowance
			(Rupees in '000)			
9.6	**Lending to FIs – Particulars of credit loss allowance**					
	Domestic					
	Performing	Stage 1	16,741,138	(1,041)	2,200,000	(22)
	Under performing	Stage 2	–	–	–	–
	Non–performing	Stage 3				
	Substandard		–	–	–	–
	Doubtful		–	–	–	–
	Loss		–	–	–	–
			–	–	–	–
	Total		16,741,138	(1,041)	2,200,000	(22)
	Overseas					
	Performing	Stage 1	82,301,696	–	55,360,426	–
	Under performing	Stage 2	–	–	95,100	–
	Non–performing	Stage 3				
	Substandard		–	–	–	–
	Doubtful		–	–	–	–
	Loss		–	–	–	–
			–	–	–	–
	Total		82,301,696	–	55,455,526	–

Notes To The Consolidated Financial Statements

For the year ended December 31, 2025

	2025			
	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)			
Balance at the start of the year	22	–	–	22
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Net remeasurement of credit loss allowance	22	–	–	22
New financial assets originated or purchased	1,041	–	–	1,041
Financial assets that have been derecognised	(22)	–	–	(22)
Write offs	–	–	–	–
Unwind of discount	–	–	–	–
Changes in risk parameters (PDs/LGDs/EADs)	–	–	–	–
Balance at the end of the year	1,041	–	–	1,041

	2024			
	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)			
Balance at the start of the year	–	–	–	–
Impact of ECL on adoption of IFRS 9	5,983	–	–	5,983
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Net remeasurement of credit loss allowance	5,983	–	–	5,983
New financial assets originated or purchased	22	–	–	22
Financial assets that have been derecognised	(5,983)	–	–	(5,983)
Write offs	–	–	–	–
Unwind of discount	–	–	–	–
Changes in risk parameters (PDs/LGDs/EADs)	–	–	–	–
Balance at the end of the year	22	–	–	22

10. INVESTMENTS

	Note	2025 Cost / Amortised cost	2025 Credit loss allowance	2025 Surplus/ (Deficit)	2025 Carrying Value	2024 Cost / Amortised cost	2024 Credit loss allowance	2024 Surplus/ (Deficit)	2024 Carrying Value
		(Rupees in '000)							
10.1 Investments by type:									
– Debt instruments:									
Classified / Measured at FVTPL									
Federal Government Securities		2,304,608	–	2,374	2,306,982	3,070,508	–	91	3,070,599
Non Government Debt Securities		9,316,961	–	(16,595)	9,300,366	10,508,181	–	(39,919)	10,468,262
Foreign securities		1,398,413	–	(5,135)	1,393,278	–	–	–	–
		13,019,982	–	(19,356)	13,000,626	13,578,689	–	(39,828)	13,538,861
Classified / Measured at FVOCI									
Federal Government Securities		1,851,433,214	(169,923)	38,187,749	1,889,451,040	1,125,555,607	(425,777)	6,029,040	1,131,158,870
Foreign Securities		66,938,879	–	62,470	67,001,349	58,082,509	–	38,551	58,121,060
		1,918,372,093	(169,923)	38,250,219	1,956,452,389	1,183,638,116	(425,777)	6,067,591	1,189,279,930
Classified / Measured at amortised cost									
Federal Government Securities		34,756,479	(201,618)	–	34,554,861	41,288,780	(215,096)	–	41,073,684
Provincial Government Securities		118	(118)	–	–	118	(118)	–	–
Non Government Debt Securities		1,191,229	(469,426)	–	721,803	1,360,360	(479,969)	–	880,391
Foreign securities		361,880	(160)	–	361,720	–	–	–	–
		36,309,706	(671,322)	–	35,638,384	42,649,258	(695,183)	–	41,954,075
– Equity instruments:									
Classified / Measured at FVTPL									
Shares and units									
Listed companies		4,219,506	–	427,521	4,647,027	1,470,023	–	249,509	1,719,532
Unlisted companies		–	–	–	–	–	–	–	–
		4,219,506	–	427,521	4,647,027	1,470,023	–	249,509	1,719,532
Classified / Measured at FVOCI (Non-Reclassifiable)									
Shares									
Listed companies		49,099,968	–	19,753,902	68,853,870	36,260,161	–	11,830,638	48,090,799
Unlisted companies		1,560,079	–	5,821,500	7,381,579	1,611,616	–	(207,082)	1,404,534
		50,660,047	–	25,575,402	76,235,449	37,871,777	–	11,623,556	49,495,333
– Associates									
Adamjee Insurance Company Limited		10,353,752	–	–	10,353,752	8,551,051	–	–	8,551,051
Euronet Pakistan (Private) Limited		216,505	–	–	216,505	106,318	–	–	106,318
Funds under Management of MCBIM	10.13	2,502,029	–	–	2,502,029	1,911,056	–	–	1,911,056
	10.14	13,072,286	–	–	13,072,286	10,568,425	–	–	10,568,425
Total Investments		2,035,653,620	(841,245)	64,233,786	2,099,046,161	1,289,776,288	(1,120,960)	17,900,828	1,306,556,156

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For the year ended December 31, 2025

	2025				2024			
	Cost / Amortised cost	Credit loss allowance	Surplus/ (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance	Surplus/ (Deficit)	Carrying Value
	(Rupees in '000)							
10.2 Investments by segments:								
Federal Government Securities:								
Market Treasury Bills	114,188,385	–	323,139	114,511,524	76,752,994	–	396,870	77,149,864
Pakistan Investment Bonds	1,609,377,196	–	36,807,455	1,646,184,651	937,824,941	–	3,322,639	941,147,580
Sukuks bonds	152,669,594	–	824,296	153,493,890	143,728,552	–	2,206,516	145,935,068
Islamic Naya Pakistan Certificates	873,016	–	–	873,016	2,621,794	–	–	2,621,794
Euro Bonds	11,386,110	(371,541)	235,233	11,249,802	8,986,614	(640,873)	103,106	8,448,847
	1,888,494,301	(371,541)	38,190,123	1,926,312,883	1,169,914,895	(640,873)	6,029,131	1,175,303,153
Provincial Government Securities	118	(118)	–	–	118	(118)	–	–
Shares and units:								
Listed Companies	53,319,474	–	20,181,423	73,500,897	37,730,184	–	12,080,147	49,810,331
Unlisted Companies	1,552,675	–	5,744,819	7,297,494	1,604,071	–	(205,199)	1,398,872
	54,872,149	–	25,926,242	80,798,391	39,334,255	–	11,874,948	51,209,203
Non Government Debt Securities								
Listed	1,283,691	–	–	1,283,691	1,873,691	–	(2,950)	1,870,741
Unlisted	9,224,499	(469,426)	(16,595)	8,738,478	9,994,850	(479,969)	(36,969)	9,477,912
	10,508,190	(469,426)	(16,595)	10,022,169	11,868,541	(479,969)	(39,919)	11,348,653
Foreign Securities								
Government securities	66,938,879	–	62,470	67,001,349	58,082,509	–	38,551	58,121,060
Fixed Income Portfolio	1,398,413	–	(5,135)	1,393,278	–	–	–	–
Commercial papers	361,880	(160)	–	361,720	–	–	–	–
Unlisted equity securities	7,404	–	76,681	84,085	7,545	–	(1,883)	5,662
	68,706,576	(160)	134,016	68,840,432	58,090,054	–	36,668	58,126,722
Associates								
Adamjee Insurance Company Limited	10,353,752	–	–	10,353,752	8,551,051	–	–	8,551,051
Euronet Pakistan (Private) Limited	216,505	–	–	216,505	106,318	–	–	106,318
Funds under Management of MCBIM	2,502,029	–	–	2,502,029	1,911,056	–	–	1,911,056
	13,072,286	–	–	13,072,286	10,568,425	–	–	10,568,425
Total Investments	2,035,653,620	(841,245)	64,233,786	2,099,046,161	1,289,776,288	(1,120,960)	17,900,828	1,306,556,156

	2025	2024
	(Rupees in '000)	
10.2.1 Investments given as collateral		
– Market Treasury Bills	4,459,153	18,468,908
– Pakistan Investment Bonds	389,509,264	160,686,611
– Ijarah Sukuks	–	6,134,850
	393,968,417	185,290,369

		2025				2024			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
		(Rupees in '000)							
10.3	Particulars of exposure against debt securities								
	Opening balance	1,228,553,901	10,836,684	475,478	1,239,866,063	1,350,996,038	15,639,458	477,659	1,367,113,155
	New investments	1,259,697,192	4,508,266	–	1,264,205,458	569,534,577	–	–	569,534,577
	Investments derecognised or repaid	(532,966,570)	(3,394,949)	(8,221)	(536,369,740)	(691,976,714)	(4,802,774)	(2,181)	(696,781,669)
	Transfer to stage 1	–	–	–	–	–	–	–	–
	Transfer to stage 2	–	–	–	–	–	–	–	–
	Transfer to stage 3	–	–	–	–	–	–	–	–
		726,730,622	1,113,317	(8,221)	727,835,718	(122,442,137)	(4,802,774)	(2,181)	(127,247,092)
	Amounts written off / charged Off	–	–	–	–	–	–	–	–
	Exchange Adjustments	–	–	–	–	–	–	–	–
	Changes in risk parameters (PDs/LGDs/EADs)	–	–	–	–	–	–	–	–
	Closing balance	1,955,284,523	11,950,001	467,257	1,967,701,781	1,228,553,901	10,836,684	475,478	1,239,866,063
10.4	Particulars of credit loss allowance against debt securities								
	Opening balance	4,609	640,873	475,478	1,120,960	–	675,088	477,659	1,152,747
	Impact of adoption of IFRS 9	–	–	–	–	4,304	–	–	4,304
	Balance after adoption of IFRS 9	4,609	640,873	475,478	1,120,960	4,304	675,088	477,659	1,157,051
	New investments	160	140,457	–	140,617	–	–	–	–
	Investments derecognised or repaid	(2,322)	(118,095)	(8,221)	(128,638)	–	(26,243)	(2,181)	(28,424)
	Transfer to stage 1	–	–	–	–	–	–	–	–
	Transfer to stage 2	–	–	–	–	–	–	–	–
	Transfer to stage 3	–	–	–	–	–	–	–	–
		(2,162)	22,362	(8,221)	11,979	–	(26,243)	(2,181)	(28,424)
	Amounts written off / charged Off	–	–	–	–	–	–	–	–
	Exchange Adjustments	–	4,482	–	4,482	–	(7,972)	–	(7,972)
	Changes in risk parameters (PDs/LGDs/EADs)	–	(296,176)	–	(296,176)	305	–	–	305
	Closing balance	2,447	371,541	467,257	841,245	4,609	640,873	475,478	1,120,960

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		2025		2024	
		Outstanding amount	Credit loss allowance	Outstanding amount	Credit loss allowance
		(Rupees in '000)			
10.5	**Particulars of credit loss allowance/ provision against debt securities**				
	Domestic				
Performing	Stage 1	1,874,040,297	2,287	1,170,471,392	–
Under performing	Stage 2	563,891	–	1,850,070	–
Non–performing	Stage 3				
Substandard		–	–	–	–
Doubtful		–	–	–	–
Loss		467,257	467,257	475,478	475,478
		467,257	467,257	475,478	475,478
		1,875,071,445	469,544	1,172,796,940	475,478
	Overseas				
Performing	Stage 1	81,244,226	160	58,082,509	4,609
Under performing	Stage 2	11,386,110	371,541	8,986,614	640,873
Non–performing	Stage 3	–	–	–	–
		92,630,336	371,701	67,069,123	645,482
		1,967,701,781	841,245	1,239,866,063	1,120,960

10.6 Quality of Fair Value through Other Comprehensive Income securities (FVOCI)

Details regarding quality of securities held under "Held to Collect and Sell" model

	2025	2024
	Cost (Rupees in '000)	
Federal Government Securities – Government guaranteed		
Market Treasury Bills	112,756,793	76,304,280
Pakistan Investment Bonds	1,609,217,810	927,787,294
Euro Bonds	4,996,518	5,948,208
Sukuk Bonds	124,462,093	115,515,825
	1,851,433,214	1,125,555,607
Listed Companies and mutual funds		
Automobile Assembler	2,869,379	2,133,261
Automobile Parts and Accessories	211,460	211,460
Cable and Electrical Goods	2,434,873	730,219
Cement	1,153,248	2,770,994
Chemical	166,414	949,662
Close end Mutual Fund	1,187,116	1,187,116
Commercial Banks	2,359,265	1,519,995
Engineering	1,672,853	2,305,868
Fertilizer	2,647,283	2,039,794
Food and Personal Care Products	3,323,921	2,121,951
Glass and Ceramics	–	340,673
Insurance	494,496	661,879
Investment Banks / Investment Companies / Securities Companies	832,720	700,435
Oil and Gas Exploration Companies	12,075,403	7,279,940
Oil and Gas Marketing Companies	6,780,965	519,747
Paper and Board	13,461	562,738
Pharmaceuticals	–	312,627
Power Generation and Distribution	6,499,843	6,800,985
Refinery	2,004,422	458
Technology and Communication	1,546,935	2,135,334
Tobacco	711,138	824,921
Textile composite	98,604	133,935
Textile spinning	16,169	16,169
	49,099,968	36,260,161

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	2025		2024	
	Cost	Breakup value	Cost	Breakup value
	(Rupees in '000)			
Unlisted Companies				
Central Depository Company Limited	184,426	1,872,542	184,426	1,116,664
First Capital Investment Private Limited	2,500	1,786	2,500	3,072
First Women Bank Limited	63,300	200,805	63,300	178,242
ISE Towers REIT Management Company Limited	30,346	110,227	30,346	127,935
National Investment Trust Limited	1,027,651	1,816,189	1,027,651	2,148,599
National Institutional Facilitation Technologies	1,527	87,609	1,527	62,042
Pak Agro Storage And Service Corporation*	2,500	–	2,500	1,629,506
1 Link Private Limited	50,000	3,208,336	50,000	1,182,173
Naymat Collateral Management Company	29,286	–	29,286	4,042
Pakistan Corporate Restructuring Company	–	–	51,396	32,581
Arabian Sea Country Club*	5,000	–	5,000	–
SME Bank Limited*	10,106	–	10,106	–
Al–Ameen Textile Mills Limited*	197	–	197	–
Custodian Management Services*	1,000	–	1,000	–
Galaxy Textile Mills Limited*	30,177	–	30,177	–
Pakistan Textile City Private Limited*	50,000	–	50,000	–
Ayaz Textile Mills Limited*	2,253	–	2,253	–
Musarrat Textile Mills Limited*	36,045	–	36,045	–
Sadiqabad Textile Mills Limited*	26,361	–	26,361	–
	1,552,675	7,297,494	1,604,071	6,484,856

*These investments are fully provided.

	2025		2024	
	Cost	Rating	Cost	Rating
	(Rupees in '000)			
Foreign Securities				
Government Securities				
– United Arab Emirates	56,972,523	AA	46,989,756	AA
– Sri Lanka	9,966,356	*CCC+	11,092,753	*CCC+

*Local currency rating as the Group has Nil investment in Foreign Currency Bonds.

	2025	2024
	Cost	
	(Rupees in '000)	
Unlisted Equity Securities		
LankaPay (Private) Limited	905	951
Credit Information Bureau of Sri Lanka	27	29
Lanka Financial Services Bureau Limited	1,809	1,902
Society for Worldwide Inter Fund Transfer (SWIFT)	4,663	4,663
	7,404	7,545

10.7 Particulars relating to securities classified Under Amortised Cost (AC) securities

Details regarding quality of securities held under "Held to Collect" model.

	2025	2024
	Cost	
	(Rupees in '000)	
Federal Government Securities – Government guaranteed		
Pakistan Investment Bonds	159,386	10,037,647
Euro Bonds	6,389,592	3,038,406
Ijarah Sukuks	28,207,501	28,212,727
	34,756,479	41,288,780
Provincial Government Securities – Government guaranteed	118	118
Non Government Debt Securities		
Unlisted		
– AAA	–	–
– AA+, AA, AA–	–	–
– A+, A, A–	724,091	885,000
– BB+, BB, BB–	–	–
– Unrated	467,138	475,360
	1,191,229	1,360,360

10.7.1 The market value of securities classified as amortised cost as at December 31, 2025 amounted to Rs. 36,240.644 million (2024: Rs. 42,563.946 million).

10.8 FVOCI Market Treasury Bills and Pakistan Investment Bonds are eligible for rediscounting with the State Bank of Pakistan.

10.9 With effect from January 01, 2025, unquoted equity investments are valued at their fair value, in accordance with SBP's BPRD Circular Letter No. 16 dated July 29, 2024. Previously, these were measured at the lower of cost and break up value derived on the basis of their latest available audited financial statements. Valuation techniques used in determination of fair valuation of unquoted equity investments as at December 31, 2025, have been disclosed in note 43.5.

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10.10 Investments include Pakistan Investment Bonds amounting to Rs. 29.4 million (2024: Rs. 29.4 million) earmarked by the SBP against TT discounting facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (2024: Rs. 5 million) have been pledged with the Controller of Military Accounts on account of Regimental Fund account and Pakistan Investment Bonds amounting to Rs. 200 million (2024: Rs. 200 million) have been pledged with the National Clearing Company of Pakistan Limited (NCCPL) on account of removal of irrevocable undertaking as alternate option for collateral against participant's exposure in stock market.

10.11 Certain approved / Government securities are kept with the SBP to meet statutory liquidity requirements calculated on the basis of domestic demand and time liabilities.

10.12 Investment of the Group in Adamjee Insurance Company Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'. The market value of the investment in Adamjee Insurance Company Limited as at December 31, 2025 amounted to Rs. 5,679.100 million. (2024: Rs. 3,469.500 million).

Investment in Adamjee Insurance Company Limited under equity method – holding 20.00% (2024: 20%)

	Note	2025	2024
		(Rupees in '000)	
Opening balance		8,551,051	6,578,813
Share of profit for the year before tax		1,981,698	1,712,347
Dividend from associate		(245,000)	(210,000)
Share of tax		(795,001)	(708,968)
		941,697	793,379
Share of other comprehensive income / (loss)	10.12.1	861,004	1,178,859
Closing balance		10,353,752	8,551,051

10.12.1 Share of other comprehensive income / (loss)

	2025	2024
	(Rupees in '000)	
Share of unrealized surplus on assets – net of tax	854,248	1,191,420
Share of exchange translation reserve of associate	6,756	(12,561)
	861,004	1,178,859

Investment of the Group in Euronet Pakistan (Private) Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'.

Investment in Euronet Pakistan (Private) Limited under equity method – holding 30% (2024: 30.00%)

	2025	2024
	(Rupees in '000)	
Opening balance	106,318	8,361
Share of profit for the year before tax	172,117	129,218
Share of tax	(61,930)	(31,261)
	110,187	97,957
Closing balance	216,505	106,318

10.13 Investment in units of funds under management of MCB Investment Management Limited.

Investment of the Group in units of funds under management of MCB Investment Management Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'.

	2025	2024
	(Rupees in '000)	
Investment at the beginning the year	1,911,056	1,234,703
(Redemptions) / Investment during the year–net	(51,861)	88,050
Share of profit for the year	672,775	599,574
Dividend Income	(29,941)	(11,271)
	590,973	676,353
Closing balance	2,502,029	1,911,056

10.14 Summarized financial information of associates

Name	Country of incorporation	% of interest held	Revenue	Profit / (loss) after tax	Total comprehensive income / (loss)	Assets	Liabilities
			(Rupees in '000)				
2025							
Associates							
Euronet Pakistan (Private) Limited (unaudited based on December 31, 2025)	Pakistan	30%	2,417,659	440,980	440,980	3,155,701	2,434,018
Adamjee Insurance Company Limited (unaudited based on September 30, 2025)	Pakistan	20%	52,612,992	4,475,970	7,807,970	258,072,849	208,571,009
2024							
Associates							
Euronet Pakistan (Private) Limited (unaudited based on December 31, 2024)	Pakistan	30%	1,910,127	321,344	334,085	2,279,467	1,925,074
Adamjee Insurance Company Limited (unaudited based on September 30, 2024)	Pakistan	20%	38,034,803	3,559,856	7,154,122	207,980,763	170,141,927

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11. ADVANCES

	Note	Performing		Non Performing		Total	
		2025	2024	2025	2024	2025	2024
		(Rupees in '000)					
Loans, cash credits, running finances, etc.	11.1	664,240,336	1,017,885,653	49,266,343	52,781,005	713,506,679	1,070,666,658
Islamic financing and related assets		126,328,653	120,011,147	2,448,485	2,588,556	128,777,138	122,599,703
Bills discounted and purchased		28,400,780	28,327,243	495,012	770,213	28,895,792	29,097,456
Advances – gross		818,969,769	1,166,224,043	52,209,840	56,139,774	871,179,609	1,222,363,817
Credit loss allowance against advances							
– Stage 1		(1,952,417)	(3,003,535)	–	–	(1,952,417)	(3,003,535)
– Stage 2		(667,795)	(1,283,679)	–	–	(667,795)	(1,283,679)
– Stage 3		–	–	(40,355,149)	(43,422,799)	(40,355,149)	(43,422,799)
– General	11.6.2	(6,492,615)	(8,739,178)	–	–	(6,492,615)	(8,739,178)
		(9,112,827)	(13,026,392)	(40,355,149)	(43,422,799)	(49,467,976)	(56,449,191)
Advances – net of credit loss allowance		809,856,942	1,153,197,651	11,854,691	12,716,975	821,711,633	1,165,914,626

11.1 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	3,722,946	13,761,751	753,171	18,237,868	4,027,157	9,349,508	714,491	14,091,156
Residual value	454,384	4,141,411	86,784	4,682,579	294,463	2,368,066	65,596	2,728,125
Minimum lease payments	4,177,330	17,903,162	839,955	22,920,447	4,321,620	11,717,574	780,087	16,819,281
Financial charges for future periods	(726,553)	(2,557,946)	(290,039)	(3,574,538)	(619,263)	(2,163,067)	(379,003)	(3,161,333)
Present value of minimum lease payments	3,450,777	15,345,216	549,916	19,345,909	3,702,357	9,554,507	401,084	13,657,948

	2025	2024
	(Rupees in '000)	
11.2 Particulars of advances (Gross)		
In local currency	742,578,094	1,068,945,681
In foreign currencies	128,601,515	153,418,136
	871,179,609	1,222,363,817

11.3 Islamic Financing And Related Assets – Net

	Performing		Non Performing		Total	
	2025	2024	2025	2024	2025	2024
	(Rupees in '000)					
Murabaha	24,072,546	17,966,225	46,456	46,456	24,119,002	18,012,681
Musawamah	1,458,171	531,196	–	–	1,458,171	531,196
Istisna	15,469,818	8,928,030	414,460	510,679	15,884,278	9,438,709
Salam	99,998	–	–	–	99,998	–
Ijarah	2,136,623	1,514,883	1,424	2,388	2,138,047	1,517,271
Running Musharaka	40,075,104	44,233,477	353,211	200,000	40,428,315	44,433,477
Diminishing Musharaka	40,820,601	30,956,613	1,632,934	1,829,033	42,453,535	32,785,646
Staff finance	1,916,402	1,529,774	–	–	1,916,402	1,529,774
Wakala finance	11,950	–	–	–	11,950	–
Forced Qard	27,440	–	–	–	27,440	–
Forced PAD – Inland	240,000	–	–	–	240,000	–
Bai Muajjal	–	14,350,949	–	–	–	14,350,949
	126,328,653	120,011,147	2,448,485	2,588,556	128,777,138	122,599,703
Less: Credit loss allowance against Islamic financing and related assets						
– Stage 1	(207,717)	(595,926)	–	–	(207,717)	(595,926)
– Stage 2	(324,242)	(437,561)	–	–	(324,242)	(437,561)
– Stage 3	–	–	(2,213,124)	(1,930,779)	(2,213,124)	(1,930,779)
– Specific	–	–	–	–	–	–
– General	(642,545)	(282,294)	–	–	(642,545)	(282,294)
	(1,174,504)	(1,315,781)	(2,213,124)	(1,930,779)	(3,387,628)	(3,246,560)
Islamic financing and related assets – net of credit loss allowance	125,154,149	118,695,366	235,361	657,777	125,389,510	119,353,143

	2025	2024
	(Rupees in '000)	
11.4 Advances to Women, Women–owned and Managed Enterprises		
Women	8,688,150	8,834,519
Women Owned and Managed Enterprises	3,146,089	1,696,941
	11,834,239	10,531,460

11.4.1 Gross loans disbursed to women, women–owned and managed enterprises during the year amounted to Rs. 7,098.891 million (2024: Rs. 11,875.155 million).

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11.5 Particulars of Credit Loss Allowance

11.5.1 Advances – Exposure

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)							
Opening balance	1,127,904,521	38,319,522	56,139,774	1,222,363,817	580,634,736	78,287,173	57,603,865	716,525,774
Impact of adoption of IFRS 9	–	–	–	–	(17,646,079)	(49,815)	–	(17,695,894)
Balance after adoption of IFRS	1,127,904,521	38,319,522	56,139,774	1,222,363,817	562,988,657	78,237,358	57,603,865	698,829,880
New advances	174,661,219	8,768,731	89,523	183,519,473	239,316,668	6,375,812	719,041	246,411,521
Advances derecognised or repaid	(198,160,365)	(2,483,242)	(2,724,643)	(203,368,250)	(108,649,295)	(37,076,038)	(2,103,915)	(147,829,248)
Transfer to stage 1	20,521,077	(20,506,312)	(14,765)	–	16,433,913	(16,422,966)	(10,947)	–
Transfer to stage 2	(21,297,565)	21,918,030	(620,465)	–	(11,038,733)	11,193,060	(154,327)	–
Transfer to stage 3	(2,085,342)	(1,558,513)	3,643,855	–	(1,449,234)	(4,184,233)	5,633,467	–
	(26,360,976)	6,138,694	373,505	(19,848,777)	134,613,319	(40,114,365)	4,083,319	98,582,273
Amounts written off	–	–	(130,872)	(130,872)	–	–	(1,120,526)	(1,120,526)
Amounts charged off	–	–	(2,192,847)	(2,192,847)	–	–	(1,191,935)	(1,191,935)
Changes in risk parameters (PDs/LGDs/EADs)	(328,882,803)	1,850,811	(1,979,720)	(329,011,712)	430,302,545	196,529	(3,234,949)	427,264,125
Closing balance	772,660,742	46,309,027	52,209,840	871,179,609	1,127,904,521	38,319,522	56,139,774	1,222,363,817

11.5.2 Advances – Credit loss allowance

	2025					2024				
	Credit loss allowance					Credit loss allowance				
	Stage 1	Stage 2	Stage 3	General	Total	Stage 1	Stage 2	Stage 3	General	Total
	(Rupees in '000)									
Opening balance	3,003,535	1,283,679	43,422,799	8,739,178	56,449,191	2,509	136	42,682,380	3,167,254	45,852,279
Impact of ECL on adoption of IFRS 9	–	–	–	–	–	2,153,817	1,492,490	2,651,225	1,242,987	7,540,519
Balance after adoption of IFRS 9	3,003,535	1,283,679	43,422,799	8,739,178	56,449,191	2,156,326	1,492,626	45,333,605	4,410,241	53,392,798
New advances	617,893	291,557	65,388	1,015,246	1,990,084	759,764	248,312	560,660	1,149,557	2,718,293
Advances derecognised or repaid	(625,818)	(83,772)	(2,046,144)	(852,610)	(3,608,344)	(297,467)	(328,231)	(1,253,031)	(789,959)	(2,668,688)
Transfer to stage 1	51,963	(51,878)	(85)	(733,497)	(733,497)	340,904	(333,688)	(7,216)	(308,631)	(308,631)
Transfer to stage 2	(184,424)	187,936	(3,512)	397,501	397,501	(35,104)	177,390	(142,286)	291,604	291,604
Transfer to stage 3	(1,253,320)	(988,771)	2,242,091	1,757,248	1,757,248	(11,693)	(61,849)	73,542	(147,230)	(147,230)
	(1,393,706)	(644,928)	257,738	1,583,888	(197,008)	756,404	(298,066)	(768,331)	195,341	(114,652)
Amounts written off	–	–	(130,872)	–	(130,872)	–	–	(1,120,526)	–	(1,120,526)
Amounts charged off	–	–	(2,192,847)	–	(2,192,847)	–	–	(1,191,935)	–	(1,191,935)
Exchange Adjustments	(25,780)	–	(7,335)	–	(33,115)	65,095	–	(8,568)	–	56,527
Changes in risk parameters (PDs/LGDs/EADs)	368,368	29,044	(994,334)	(3,830,451)	(4,427,373)	25,710	89,119	1,178,554	4,133,596	5,426,979
Closing balance	1,952,417	667,795	40,355,149	6,492,615	49,467,976	3,003,535	1,283,679	43,422,799	8,739,178	56,449,191

11.5.3 Advances – Credit loss allowance

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)							
Internal / External rating / stage classification								
Outstanding gross exposure								
Performing – ICRR 1 to ICRR 6	772,660,742	–	–	772,660,742	1,127,904,521	–	–	1,127,904,521
Under Performing – ICRR 7 to ICRR 9	–	46,309,027	–	46,309,027	–	38,319,522	–	38,319,522
Non-performing – ICRR 10 to ICRR 12								
Other Assets Especially Mentioned (OAEM)	–	–	1,418,889	1,418,889	–	–	1,446,068	1,446,068
Substandard	–	–	2,493,351	2,493,351	–	–	1,008,033	1,008,033
Doubtful	–	–	1,269,853	1,269,853	–	–	3,187,841	3,187,841
Loss	–	–	47,027,747	47,027,747	–	–	50,497,832	50,497,832
	–	–	52,209,840	52,209,840	–	–	56,139,774	56,139,774
Total	772,660,742	46,309,027	52,209,840	871,179,609	1,127,904,521	38,319,522	56,139,774	1,222,363,817

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)							
Corresponding Credit loss allowance								
Stage 1 and Stage 2	1,952,417	667,795	–	2,620,212	3,003,535	1,283,679	–	4,287,214
Stage 3	–	–	40,355,149	40,355,149	–	–	43,422,799	43,422,799
General Provision	5,580,715	911,900	–	6,492,615	7,971,222	767,956	–	8,739,178
	7,533,132	1,579,695	40,355,149	49,467,976	10,974,757	2,051,635	43,422,799	56,449,191

11.6 Advances include Rs. 52,209.840 million (2024: Rs. 56,139.774 million) which have been placed under Stage 3 / non performing status as detailed below:

	2025		2024	
	Non performing loans	Credit loss allowance	Non performing loans	Credit loss allowance
	(Rupees in '000)			
11.6.1 Category of Classification in Stage 3				
Domestic				
Other Assets Especially Mentioned (OAEM)	1,418,889	709,130	1,446,068	696,827
Substandard	756,194	485,237	546,684	307,920
Doubtful	1,043,463	652,654	2,758,453	1,535,514
Loss	33,623,708	32,814,365	37,127,232	35,723,957
	36,842,254	34,661,386	41,878,437	38,264,218
Overseas				
Substandard	1,737,157	872,280	461,349	220,855
Doubtful	226,390	113,849	429,388	214,694
Loss	13,404,039	4,707,634	13,370,600	4,723,032
	15,367,586	5,693,763	14,261,337	5,158,581
Total	52,209,840	40,355,149	56,139,774	43,422,799

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11.6.2 Particulars of credit loss allowance against advances

	Note	2025				2024			
		Expected Credit Loss				Expected Credit Loss			
		Stage 3	Stage 1 & Stage 2	General	Total	Stage 3	Stage 1 & Stage 2	General	Total
		(Rupees in '000)							
Opening balance		43,422,799	4,287,214	8,739,178	56,449,191	42,682,380	2,645	3,167,254	45,852,279
Impact of ECL on adoption of IFRS 9		–	–	–	–	2,651,225	3,646,307	1,242,987	7,540,519
Exchange adjustments		(7,335)	(25,780)	–	(33,115)	(8,568)	65,095	–	56,527
Charge for the year	11.6.4 &	3,570,936	1,454,932	–	5,025,868	4,948,291	2,276,912	4,328,937	11,554,140
Reversals	11.6.5	(4,307,532)	(3,096,154)	(2,246,563)	(9,650,249)	(4,538,068)	(1,703,745)	–	(6,241,813)
		(736,596)	(1,641,222)	(2,246,563)	(4,624,381)	410,223	573,167	4,328,937	5,312,327
Amounts written off	11.7	(130,872)	–	–	(130,872)	(1,120,526)	–	–	(1,120,526)
Amounts charged off	11.7	(2,192,847)	–	–	(2,192,847)	(1,191,935)	–	–	(1,191,935)
Closing balance		40,355,149	2,620,212	6,492,615	49,467,976	43,422,799	4,287,214	8,739,178	56,449,191

	2025				2024			
	Expected Credit Loss				Expected Credit Loss			
	Stage 3	Stage 1 & Stage 2	General	Total	Stage 3	Stage 1 & Stage 2	General	Total
	(Rupees in '000)							
In local currency	34,544,894	2,314,391	5,336,197	42,195,482	37,428,397	3,531,283	7,646,167	48,605,847
In foreign currencies	5,810,255	305,821	1,156,418	7,272,494	5,994,402	755,931	1,093,011	7,843,344
	40,355,149	2,620,212	6,492,615	49,467,976	43,422,799	4,287,214	8,739,178	56,449,191

11.6.3 State Bank of Pakistan vide BSD Circular No. 2 dated January 27, 2009, BSD Circular No. 10 dated October 20, 2009, BSD Circular No. 02 of 2010 dated June 03, 2010 and BSD Circular No.1 of 2011 dated October 21, 2011 has allowed benefit of Forced Sale Value (FSV) of Plant & Machinery under charge, pledged stock and mortgaged residential, commercial & industrial properties (land and building only) held as collateral against Non Performing Loans (NPLs) for five years from the date of classification. The Bank (Holding Company) has not taken the FSV benefit in calculation of specific provision. However, one of the subsidiary of the Bank has availed benefit of forced sale values amounting to Rs. 165.977 million (December 31, 2024: Rs. 531.299 million) in determining the provisioning against non–performing Islamic financing and related assets as at December 31, 2025. The additional benefit arising from availing the FSV benefit – net of tax amounts to Rs. 78.01 million as at December 31, 2025 (December 31, 2024: Rs. 255.02 million) is not available for payment of cash or stock dividends to shareholders.

11.6.4 This includes reversal of provisions and reduction of non–performing loans amounting to Nil (2024: Nil) balance as a result of settlement on debt asset swap arrangement with customers.

11.6.5 The Group also maintains a general reserve against loans and advances, over and above the IFRS 9 based ECL, as permitted by SBP under BPRD Circular Letter No. 01 dated January 22, 2025. The details have been disclosed in note 6.1.1.6.

		Note	2025	2024
			(Rupees in '000)	
11.7	**Particulars of write offs / charge off:**			
11.7.1	Write offs against credit loss allowance		130,872	1,120,526
	Amount written off from already charged off loans		5,351	–
	Charge offs against Credit Loss Allowance		2,192,847	1,191,935
			2,329,070	2,312,461
11.7.2	**Write offs of Rs. 500,000 and above**			
	– Domestic	11.7.3	109,656	402,377
	– Overseas	11.7.3	–	714,006
	Write offs of below Rs. 500,000		26,567	4,143
			136,223	1,120,526

11.7.3 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 December 31, 2025 is given at Annexure I of the unconsolidated financial statements. However, this write off does not affect the Group's right to recover the debts from these customers.

	2025		2024	
	No. of Borrowers	Amount in '000'	No. of Borrowers	Amount in '000'
	(Rupees in '000)			
11.7.4 Movement of charged off loans				
Opening Balance	12,229	1,145,058	–	–
Charge–off during the year	2,999	2,192,847	12,660	1,191,935
	15,228	3,337,905	12,660	1,191,935
Recoveries made during the year against already charged–off cases	(724)	(75,866)	(431)	(46,877)
Amount written off from already charged off loans	(1)	(5,351)	–	–
Closing Balance	14,503	3,256,688	12,229	1,145,058

		Note	2025	2024
			(Rupees in '000)	
12.	**PROPERTY AND EQUIPMENT**			
	Capital work–in–progress	12.1	6,554,403	4,764,665
	Property and equipment	12.2	97,129,367	83,254,360
			103,683,770	88,019,025
12.1	**Capital work–in–progress**			
	Civil works		2,419,950	2,659,625
	Equipment		181,083	282,439
	Advances payment – Suppliers and Property Acquisition		3,943,291	1,821,336
	Others		10,079	1,265
			6,554,403	4,764,665

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For the year ended December 31, 2025

12.2 Property and Equipment

	2025								
	Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Leasehold improvements	Total
	(Rupees in '000)								
At January 01, 2025									
Cost / Revalued amount	42,284,072	4,175,896	20,208,840	1,019,136	3,225,804	27,387,110	2,886,609	5,082,414	106,269,881
Accumulated depreciation	–	–	(1,354,472)	(87,399)	(1,848,527)	(16,635,536)	(1,015,709)	(2,066,593)	(23,008,236)
Accumulated Impairment	–	–	–	–	(726)	–	–	(6,559)	(7,285)
Net book value	42,284,072	4,175,896	18,854,368	931,737	1,376,551	10,751,574	1,870,900	3,009,262	83,254,360
Year ended December 31, 2025									
Opening net book value	42,284,072	4,175,896	18,854,368	931,737	1,376,551	10,751,574	1,870,900	3,009,262	83,254,360
Additions	1,616,597	104,129	2,101,311	50,286	474,144	4,035,985	1,668,002	1,619,287	11,669,741
Movement in surplus on assets revalued during the year	5,484,805	241,002	3,426,553	105,854	–	–	–	–	9,258,214
Disposals	(392,039)	(1,254,922)	(2,658)	(21,964)	(4,326)	(14,643)	(55,805)	–	(1,746,357)
Depreciation charge	–	–	(689,878)	(47,057)	(254,507)	(2,971,594)	(512,215)	(819,253)	(5,294,504)
Exchange rate adjustments	–	–	(9,217)	509	(308)	(3,334)	(228)	491	(12,087)
Closing net book value	48,993,435	3,266,105	23,680,479	1,019,365	1,591,554	11,797,988	2,970,654	3,809,787	97,129,367
At December 31, 2025									
Cost / Revalued amount	48,993,435	3,266,105	23,680,479	1,019,365	3,623,798	31,108,352	4,300,815	6,555,072	122,547,421
Accumulated depreciation	–	–	–	–	(2,031,518)	(19,310,364)	(1,330,161)	(2,738,726)	(25,410,769)
Accumulated Impairment	–	–	–	–	(726)	–	–	(6,559)	(7,285)
Net book value	48,993,435	3,266,105	23,680,479	1,019,365	1,591,554	11,797,988	2,970,654	3,809,787	97,129,367
Rate of depreciation / estimated useful life	–	–	2.50%–5.0%	2.50%–5.0%	10%	10%–25%	20%	Lease term	–

	2024								
	Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Leasehold improvements	Total
	(Rupees in '000)								
At January 01, 2024									
Cost / Revalued amount	42,237,396	4,175,896	19,604,451	1,007,171	2,796,007	22,664,048	2,041,514	3,434,395	97,960,878
Accumulated depreciation	–	–	(660,872)	(42,779)	(1,689,833)	(14,614,480)	(892,835)	(1,507,694)	(19,408,493)
Accumulated Impairment	–	–	–	–	(726)	–	–	(6,559)	(7,285)
Net book value	42,237,396	4,175,896	18,943,579	964,392	1,105,448	8,049,568	1,148,679	1,920,142	78,545,100
Year ended December 31, 2024									
Opening net book value	42,237,396	4,175,896	18,943,579	964,392	1,105,448	8,049,568	1,148,679	1,920,142	78,545,100
Additions	59,916	–	641,185	12,317	501,243	5,329,838	1,063,596	1,726,753	9,334,848
Disposal	–	–	–	–	–	–	–	–	–
Transfer to MIB	(13,240)	–	(46,203)	–	(1,450)	(28,599)	(47,836)	–	(137,328)
Depreciation charge	–	–	(700,844)	(44,631)	(229,691)	(2,600,772)	(294,159)	(637,429)	(4,507,526)
Exchange rate adjustments	–	–	16,651	(341)	1,001	1,539	620	(204)	19,266
Closing net book value	42,284,072	4,175,896	18,854,368	931,737	1,376,551	10,751,574	1,870,900	3,009,262	83,254,360
At December 31, 2024									
Cost / Revalued amount	42,284,072	4,175,896	20,208,840	1,019,136	3,225,804	27,387,110	2,886,609	5,082,414	106,269,881
Accumulated depreciation	–	–	(1,354,472)	(87,399)	(1,848,527)	(16,635,536)	(1,015,709)	(2,066,593)	(23,008,236)
Accumulated Impairment	–	–	–	–	(726)	–	–	(6,559)	(7,285)
Net book value	42,284,072	4,175,896	18,854,368	931,737	1,376,551	10,751,574	1,870,900	3,009,262	83,254,360
Rate of depreciation / estimated useful life	–	–	2.00%–5.0%	2.50%–5.0%	10%	10%–25%	20%	Lease term	–

12.2.1 Leasehold land includes a plot of land measuring 3,120.46 square yards having book value of Rs. 1,872.000 million situated at Railway Quarters, I.I. Chundrigar Road, Karachi, (the "Plot"), where a tenant is claiming for the possession of an insignificant area of only 18 square feet of the plot, however there is no dispute over the title of the subject property that would impact the right of the Group. Both the Constitutional Petitions filed by the Group have been dismissed by the Sindh High Court on January 28, 2016 against the Group. The Group has filed an appeal before the Supreme Court of Pakistan.

12.2.2 The land and buildings of the Group were revalued as at December 31, 2025 by independent valuers (Surval (Pvt) Limited, Perfect Consultants and Dharmaratne Holdings (Pvt) Limited), valuation and engineering consultants, Medallion Services Private Limited, on the basis of market value. The total surplus against revaluation of property & equipment as at December 31, 2025 amounts to Rs. 48,081.519 million (2024: Rs. 39,880.011 million).

12.2.3 Had the land and buildings not been revalued, the total carrying amounts of revalued properties as at the reporting dates would have been as follows:

	2025	2024
	(Rupees in '000)	
Freehold land	13,315,855	11,805,902
Leasehold land	1,688,949	2,334,051
Building on Freehold land	13,513,307	11,877,397
Building on Leasehold land	649,434	638,395

12.2.4 The gross carrying amount (cost) of fully depreciated assets that are still in use are as follows:

	2025	2024
	(Rupees in '000)	
Furniture and fixtures	895,533	832,075
Electrical, office and computer equipment	10,472,003	9,523,143
Vehicles	399,760	599,386
Leasehold Improvements	536,138	478,431
Building Free Hold	–	37,307

12.2.5 Carrying amount of temporarily idle property of the Group is Rs. 524.930 million (2024: Rs. 589.899 million)

12.2.6 The information relating to disposal of property and equipment to related parties is given in Annexure I of these consolidated financial statements.

		Note	2025	2024
			(Rupees in '000)	
13.	RIGHT–OF–USE ASSETS	13.1	10,442,271	8,452,814

Notes To The Consolidated Financial Statements

For the year ended December 31, 2025

		2025			2024		
		Buildings	Others	Total	Buildings	Others	Total
		(Rupees in '000)					
13.1	At January 01,						
	Cost	17,814,517	–	17,814,517	15,874,308	–	15,874,308
	Accumulated depreciation	(9,361,703)	–	(9,361,703)	(7,872,427)	–	(7,872,427)
	Net carrying amount at January 01,	8,452,814	–	8,452,814	8,001,881	–	8,001,881
	Additions / adjustments during the year	4,787,070	–	4,787,070	2,916,145	–	2,916,145
	Deletions during the year	(94,181)	–	(94,181)	(113,171)	–	(113,171)
	Exchange adjustments	3,334	–	3,334	13,818	–	13,818
	Depreciation charge for the year	(2,706,766)	–	(2,706,766)	(2,365,859)	–	(2,365,859)
	Closing net carrying amount	10,442,271	–	10,442,271	8,452,814	–	8,452,814

		Note	2025	2024
			(Rupees in '000)	
14.	INTANGIBLE ASSETS			
	Capital work–in–progress		1,568,611	1,098,995
	Goodwill		82,127	82,127
	Management rights		192,000	192,000
	Computer software	14.1	1,610,471	1,277,360
			3,453,209	2,650,482

		2025	2024
		(Rupees in '000)	
		Computer software	
14.1	At January 01,		
	Cost	7,770,906	6,722,875
	Accumulated amortisation and impairment	(6,493,546)	(5,753,435)
	Net Book Value	1,277,360	969,440
	Year ended December 31		
	Opening net book value	1,277,360	969,440
	Additions	1,000,842	1,071,767
	Amortisation charge	(665,266)	(766,220)
	Exchange rate adjustments	(2,465)	2,373
	Closing Net Book Value	1,610,471	1,277,360
	At December 31		
	Cost	8,759,511	7,770,906
	Accumulated amortisation and impairment	(7,149,040)	(6,493,546)
	Net Book Value	1,610,471	1,277,360
	Rate of amortisation	14.29% to 33.33%	14.29% to 33.33%
	Useful life	3 – 7 years	3 – 7 years

14.2 The gross carrying amount (cost) of fully amortised intangible assets that are still in use is Rs. 5,332.263 million (2024: Rs. 4,852.402 million).

		Note	2025	2024
			(Rupees in '000)	
15.	**OTHER ASSETS**			
	Income / mark–up accrued in local currency		70,653,555	60,310,117
	Income / mark–up accrued in foreign currencies		1,007,491	904,108
	Advances, deposits, advance rent and other prepayments		18,014,012	9,989,441
	Non–banking assets acquired in satisfaction of claims	15.1	1,165,624	1,380,837
	Branch adjustment account		–	240,545
	Mark to market gain on forward foreign exchange contracts		1,036,546	1,588,049
	Mark to market gain on forward contracts of government securities	31	–	2,096,975
	Unrealized gain on derivative financial instruments	27	15,921	157,610
	Acceptances	22	41,769,268	35,955,874
	Receivable from the pension fund	40.4	17,312,255	13,336,849
	Clearing and settlement accounts		27,367,114	26,346,723
	Deferred cost on staff loans	15.2.2	7,796,934	7,022,534
	Claims receivable against fraud and forgeries		802,160	598,183
	Others		4,571,109	8,135,765
			191,511,989	168,063,610
	Less: Credit loss allowance / provision held against other assets	15.2	3,620,918	3,685,865
	Other Assets net of credit loss allowance		187,891,071	164,377,745
	Surplus on revaluation of non–banking assets acquired in satisfaction of claims		421,655	561,141
	Other Assets – total		188,312,726	164,938,886
15.1	Market value of Non–banking assets acquired in satisfaction of claims		1,547,188	1,901,887

Non–banking assets acquired in satisfaction of claims of the Bank are revalued as at December 31, 2025 by independent valuer (Surval (Pvt) Limited) on the basis of market value.

		Note	2025	2024
			(Rupees in '000)	
15.1.1	**Non–banking assets acquired in satisfaction of claims**			
	Opening balance		1,901,887	2,156,606
	Additions		–	–
	Revaluation		(57,256)	(6,329)
	Disposals		(281,000)	(277,992)
	Depreciation	33	(16,443)	(18,390)
	Reversal of impairment		–	47,992
	Closing balance		1,547,188	1,901,887

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	Note	2025	2024
		(Rupees in '000)	
15.1.2 Gain on disposal of non–banking assets acquired in satisfaction of claims			
Disposal proceeds		281,000	280,000
Less			
– Revalued amounts		281,000	277,992
– Accumulated depreciation		–	–
		281,000	277,992
Gain	32	–	2,008
15.2 Credit loss allowance / provision held against other assets			
Non banking assets acquired in satisfaction of claims		40,091	40,091
Claims receivable against fraud and forgeries		802,160	598,183
Mark–up accrued		73,278	174,486
Others		2,705,389	2,873,105
		3,620,918	3,685,865
15.2.1 Movement in credit loss allowance / provision held against other assets			
Opening balance		3,685,865	3,370,145
Impact of ECL on adoption of IFRS 9		–	210,596
Charge for the year		262,660	193,068
Reversals		(335,139)	(70,805)
	35	(72,479)	122,263
Amount written off		(250)	(521)
Exchange and other adjustments		7,782	(16,618)
Closing balance		3,620,918	3,685,865

15.2.2 This refers to notional deferred cost on fair valuation of subsidised staff loans.

16. CONTINGENT ASSETS

There were no contingent assets of the Group as at December 31, 2025 (2024: Nil).

	2025	2024
	(Rupees in '000)	
17. BILLS PAYABLE		
In Pakistan	30,108,764	53,395,808
Outside Pakistan	1,023,806	26,143
	31,132,570	53,421,951

	Note	2025	2024
		(Rupees in '000)	
18. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
Under Export Refinance Scheme	18.1	28,582,782	43,530,025
Under Long Term Financing Facility	18.2	13,237,900	17,311,266
Under Renewable Energy Performance Platform	18.3	1,905,809	2,459,272
Under Temporary Economic Refinance Facility	18.4	24,410,395	27,695,530
Under Financing Facility for Storage of Agricultural Produce	18.5	142,946	176,755
Under Refinance and Credit Guarantee Scheme for Women Entrepreneurs	18.6	3,012	4,567
Under Shariah Compliant Open Market Operations		–	6,072,476
		68,282,844	97,249,891
Repurchase agreement borrowings	18.7	391,729,648	179,227,580
Total secured		460,012,492	276,477,471
Unsecured			
Call borrowings		407,115	527,950
Borrowings from other financial institution		4,731,826	3,384,206
Overdrawn nostro accounts		2,987,493	4,246,387
Musharaka Arrangements		7,867,894	35,438,534
Others		162,286	162,286
Total unsecured		16,156,614	43,759,363
		476,169,106	320,236,834

18.1 The Group has entered into agreements for financing with the State Bank of Pakistan (SBP) for extending export finance to customers. As per the agreements, the Group has granted SBP the right to recover the outstanding amount from the Group at the date of maturity of the finance by directly debiting the current account maintained by the Group with SBP. These borrowings are repayable within six months from the deal date. These carry mark up rate ranging from 1.0% to 7.0% per annum (2024: 1.0% to 16.5% per annum).

18.2 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. As per the agreements, the Group has granted SBP the right to recover the outstanding amount from the Group at the date of maturity of the finance by directly debiting the current account maintained by the Group with SBP. These borrowings are repayable within a period ranging from 3 years to 10 years. These carry mark up rates ranging from 2.0% to 8.5% per annum (2024: 2.0% to 8.5% per annum).

18.3 These borrowings have been obtained from the SBP for providing financing facilities to customers against renewable energy projects. As per the agreements, the Group has granted SBP the right to recover the outstanding amount from the Group at the date of maturity of finance by directly debiting the current account maintained by the Group with SBP. These borrowings are repayable within a maximum period of twelve years with two years of maximum grace period from date of disbursement. These carry mark up rate of 2.0% to 3.0% per annum (2024: 2.0% to 3.0% per annum).

18.4 These borrowings have been obtained from the SBP for providing concessionary refinancing facility to the industry for purchase of new imported and locally manufactured plant & machinery to set up new projects. As per the agreements, the Group has granted SBP the right to recover the outstanding amount from the Group at the date of maturity of the finance by directly debiting the current account maintained by the Group with SBP. These borrowings are repayable within a period of 10 years

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including a grace period of upto 2 years. These carry mark up rate of 1.0% per annum (2024: 1.0% per annum). The balance has been adjusted by Rs. 6,547.494 million (2024: Rs. 9,476.052 million) on account of fair valuation measurement under IFRS 9.

18.5 These borrowings have been obtained from SBP under "Financing Facility for Storage of Agricultural Produce (FFSAP)" to encourage Private Sector to establish Silos, Warehouses and Cold Storages. As per the agreements, the Group has granted SBP the right to recover the outstanding amount from the Group at the date of maturity of the finance by directly debiting the current account maintained by the Group with SBP. These borrowings are repayable within a period ranging from 3 years to 10 years. These carry mark up rates ranging from 2.5% to 3.5% per annum (2024: 2.5% to 3.5% per annum).

18.6 These borrowings have been obtained from SBP under "Refinance and Credit Guarantee Scheme for Women Entrepreneurs" to finance women entrepreneurs for setting up of new business enterprises and for expansion of existing ones. As per the agreements, the Group has granted SBP the right to recover the outstanding amount from the Group at the date of maturity of the finance by directly debiting the current account maintained by the Group with SBP. These borrowings are repayable within a period of 5 years. These carry mark–up at a rate of 0% per annum (2024: 0% per annum).

18.7 These carry mark–up rates ranging from 7.25% to 11.50% per annum (2024: 12.95% to 14.00% per annum) and are secured against government securities of carrying value of Rs. 393,968.417 million (2024: Rs. 179,155.519 million). These are repayable latest by April 2026.

18.8 This includes Musharaka arrangements with banks carrying profit at expected rates ranging from 10.30% to 10.45% per annum (2024: 11.25% to 13.65% per annum) and having maturity till January 20, 2026.

	2025	2024
	(Rupees in '000)	
18.9 Particulars of borrowings with respect to currencies		
In local currency	467,796,642	312,121,816
In foreign currencies	8,372,464	8,115,018
	476,169,106	320,236,834

19. 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	959,454,612	266,725,949	1,226,180,561	746,636,631	199,023,817	945,660,448
Savings deposits	1,027,956,884	30,323,987	1,058,280,871	946,745,949	36,927,823	983,673,772
Term deposits	58,769,399	25,449,316	84,218,715	68,449,798	19,440,357	87,890,155
Others	57,906,076	4,596,666	62,502,742	39,143,119	4,216,067	43,359,186
	2,104,086,971	327,095,918	2,431,182,889	1,800,975,497	259,608,064	2,060,583,561
Financial Institutions						
Current deposits	17,970,604	4,333,534	22,304,138	16,578,595	3,400,370	19,978,965
Savings deposits	65,543,080	355,565	65,898,645	40,305,095	730,376	41,035,471
Term deposits	533,968	9,499,168	10,033,136	429,968	8,412,163	8,842,131
Others	–	84,413	84,413	–	85,250	85,250
	84,047,652	14,272,680	98,320,332	57,313,658	12,628,159	69,941,817
	2,188,134,623	341,368,598	2,529,503,221	1,858,289,155	272,236,223	2,130,525,378

		2025	2024
		(Rupees in '000)	
19.1	**Composition of deposits**		
	– Individuals	1,530,057,267	1,351,112,524
	– Government (Federal and Provincial)	104,488,977	69,852,682
	– Public Sector Entities	69,621,981	44,829,706
	– Banking Companies	9,802,297	6,245,319
	– Non–Banking Financial Institutions	88,518,035	63,696,498
	– Private Sector	727,014,664	594,788,649
		2,529,503,221	2,130,525,378

19.2 Deposits and other accounts include deposits eligible to be covered under the Deposits Protection insurance arrangements amounting to Rs. 1,691,268.189 million (2024: Rs. 1,509,201.309 million).

		Note	2025	2024
			(Rupees in '000)	
20.	**LEASE LIABILITIES**			
	Lease Liabilities	20.1	15,505,119	12,663,814

		2025			2024		
		Buildings	Others	Total	Buildings	Others	Total
		(Rupees in '000)					
20.1	**At January 01,**	12,663,814	–	12,663,814	11,429,243	–	11,429,243
	Additions / adjustments during the year	4,787,070	–	4,787,070	2,910,826	–	2,910,826
	Lease payments including interest	(4,157,320)	–	(4,157,320)	(3,457,629)	–	(3,457,629)
	Finance charges	2,368,490	–	2,368,490	1,959,921	–	1,959,921
	Deletions during the year	(176,283)	–	(176,283)	(199,685)	–	(199,685)
	Exchange adjustments	19,348	–	19,348	21,138	–	21,138
	Closing Balance	15,505,119	–	15,505,119	12,663,814	–	12,663,814

		2025			2024		
		Buildings	Others	Total	Buildings	Others	Total
		(Rupees in '000)					
20.2	**Contractual maturity of lease liabilities**						
	Short–term lease liabilities – within 1 year	2,332,971	–	2,332,971	1,800,910	–	1,800,910
	Long–term lease liabilities						
	– 1 to 5 years	7,188,023	–	7,188,023	6,137,353	–	6,137,353
	– 5 to 10 years	4,699,143	–	4,699,143	3,732,116	–	3,732,116
	– More than 10 years	1,284,982	–	1,284,982	993,435	–	993,435
	Total at the year end	15,505,119	–	15,505,119	12,663,814	–	12,663,814

Notes To The Consolidated Financial Statements

For the year ended December 31, 2025

21. DEFERRED TAX LIABILITY – NET

	Note	At December 31, 2024	Effect of remeasurement on adoption of IFRS 9	At January 01, 2025	Recognized in P&L A/C	Recognized in OCI	At December 31, 2025
		2025					
		(Rupees in '000)					
Taxable Temporary differences on							
– Surplus on revaluation of property and equipment	25.1	3,780,562	–	3,780,562	(150,368)	1,836,852	5,467,046
– Surplus on revaluation of non–banking assets	25.2	291,793	–	291,793	(42,759)	(29,773)	219,261
– Accelerated tax depreciation		4,438,675	–	4,438,675	267,519	–	4,706,194
– Receivable from pension fund		6,935,161	–	6,935,161	815,343	1,251,869	9,002,373
– Business combination		705,218	–	705,218	–	–	705,218
– Surplus / Deficit on revaluation of investments	25	9,199,398	1,878,938	11,078,336	–	22,110,986	33,189,322
– Investments in associated undertaking		4,109,648	–	4,109,648	489,682	447,722	5,047,052
		29,460,455	1,878,938	31,339,393	1,379,417	25,617,656	58,336,466
Deductible Temporary differences on							
– Credit loss allowance against financial assets		(8,372,659)	–	(8,372,659)	2,686,653	–	(5,686,006)
– Workers Welfare Fund		(263,420)	–	(263,420)	(52,300)	–	(315,720)
– Leases – net		–	–	–	(2,993,758)	–	(2,993,758)
		(8,636,079)	–	(8,636,079)	(359,405)	–	(8,995,484)
		20,824,376	1,878,938	22,703,314	1,020,012	25,617,656	49,340,982

	Note	At December 31, 2023	Impact of adoption of IFRS 9	At January 01, 2024	Recognized in P&L A/C	Recognized in OCI	At December 31, 2024
		2024					
		(Rupees in '000)					
Taxable Temporary differences on							
– Surplus on revaluation of property and equipment	25.1	3,704,544	–	3,704,544	(142,225)	218,243	3,780,562
– Surplus on revaluation of Non–banking assets	25.2	297,334	–	297,334	(19,275)	13,734	291,793
– Accelerated tax depreciation		3,678,662	–	3,678,662	760,013	–	4,438,675
– Receivable from pension fund		3,639,789	–	3,639,789	803,432	2,491,940	6,935,161
– Business combination		705,218	–	705,218	–	–	705,218
– Surplus / Deficit on revaluation of investments	25	(11,020,798)	(4,920,439)	(15,941,237)	–	25,140,635	9,199,398
– Investments in associated undertaking		2,906,156	–	2,906,156	539,834	663,658	4,109,648
		3,910,905	(4,920,439)	(1,009,534)	1,941,779	28,528,210	29,460,455
Deductible Temporary differences on							
– Credit loss allowance against financial assets		(204,206)	(4,930,243)	(5,134,449)	(3,141,163)	(97,047)	(8,372,659)
– Minimum Tax and WWF		(154,378)	–	(154,378)	(109,042)	–	(263,420)
		(358,584)	(4,930,243)	(5,288,827)	(3,250,205)	(97,047)	(8,636,079)
		3,552,321	(9,850,682)	(6,298,361)	(1,308,426)	28,431,163	20,824,376

	Note	2025	2024
		(Rupees in '000)	
22. OTHER LIABILITIES			
Mark–up / return / interest payable in local currency		3,410,620	40,902,391
Mark–up / return / interest payable in foreign currencies		554,382	525,584
Unearned commission and income on bills discounted		3,471,757	2,801,265
Accrued expenses		11,245,549	11,301,460
Provision for taxation (provisions less payments)		2,670,318	12,571,095
Workers' Welfare Fund	22.1	19,279,421	16,807,730
Acceptances	15	41,769,268	35,955,874
Unclaimed / dividend payable		3,115,115	2,752,474
Mark to market loss on forward foreign exchange contracts		1,172,792	1,026,820
Unrealized loss on derivative financial instruments	27	15,921	157,610
Branch adjustment account		17,961	–
Provision for employees' compensated absences	40.4	1,517,876	1,249,500
Provision for post retirement medical benefits	40.4	2,246,751	2,169,019
Provision for employees' contributory benevolent scheme	40.4	137,984	142,549
Insurance payable against consumer assets		36,172	30,428
Unclaimed balances		471,496	395,575
Duties and taxes payable		5,808,518	3,301,622
Charity fund balance		31,844	26,310
Credit loss allowance / provision against off–balance sheet obligations	22.2	1,682,454	1,543,367
Security deposits against lease		6,008,377	3,942,199
Clearing and settlement accounts		24,602,583	38,081,228
Others		10,644,888	9,118,059
		139,912,047	184,802,159

22.1 The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending.

Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive. Accordingly, the Group has maintained its provision in respect of WWF.

22.2 Credit loss allowance against off–balance sheet obligations

	2025	2024
	(Rupees in '000)	
Opening balance	1,543,367	78,807
Impact of ECL on adoption of IFRS 9	–	1,673,186
Exchange adjustment	(7,396)	1,606
Charge for the year	539,073	293,373
Reversals	(392,590)	(503,605)
	146,483	(210,232)
Amount written off	–	–
Closing balance	1,682,454	1,543,367

22.2.1 This represents credit loss allowance recognised against guarantees, letter of credit and unutilised financing commitments.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2025

23. SHARE CAPITAL

23.1 Authorized Capital

2025	2024		2025	2024
(Number of shares)			(Rupees in '000)	
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each	15,000,000	15,000,000

23.2 Issued, subscribed and paid up

2025	2024		2025	2024
(Number of shares)			(Rupees in '000)	
		Ordinary shares		
197,253,795	197,253,795	Fully paid in cash	1,972,538	1,972,538
915,776,953	915,776,953	Issued as bonus shares	9,157,769	9,157,769
72,029,258	72,029,258	Issued for consideration other than cash	720,293	720,293
1,185,060,006	1,185,060,006		11,850,600	11,850,600

23.3 The movement in the issued, subscribed and paid–up capital during the year is as follows:

2025	2024		2025	2024
(Number of shares)			(Rupees in '000)	
1,185,060,006	1,185,060,006	Opening balance at January 01	11,850,600	11,850,600
1,185,060,006	1,185,060,006	Closing balance at December 31	11,850,600	11,850,600

23.4 Number of shares held by the associated undertakings as at December 31, are as follows:

	2025	2024
	(Number of Shares)	
Adamjee Insurance Company Limited	59,225,639	59,225,639
Nishat Mills Limited	95,125,651	95,125,651
Siddiqsons Limited	11,201,920	11,201,920
Nishat (Aziz Avenue) Hotels and Properties Limited	1,501,278	1,315,336
Nishat Real Estates Development Company (Private) Limited	598,485	483,650
Adamjee Life Assurance Company Limited	3,237,009	1,330,000
Habib University Foundation	108,300	108,300
Security General Insurance Company Limited	59,136,076	59,136,076
	230,134,358	227,926,572

	Note	2025	2024
		(Rupees in '000)	
24. RESERVES			
Share premium		23,973,024	23,973,024
Non – distributable capital reserve – gain on bargain purchase option	24.1	908,317	908,317
Exchange translation reserve		9,407,866	9,760,029
Statutory reserve	24.2	60,791,811	54,916,400
General reserve		18,600,000	18,600,000
		113,681,018	108,157,770

24.1 Under IFRS–3 a bargain purchase represents an economic gain which should be immediately recognized by the acquirer as income. However, the amount of bargain purchase gain was not taken to the statement of profit and loss account as the SBP, through its letter BPRD(R&PD)/2017/14330 dated June 13, 2017 recommended that the amount of gain may be routed directly into equity as a Non–distributable Capital Reserve (NCR). The NCR may become available for distribution through a stock dividend only with prior approval of the SBP. The Holding Company, before distribution of the gain as a stock dividend, may adjust any subsequent provisions/deficit, assessed by the Holding company or recommended by the Banking Inspection Department of SBP, in the acquired assets and liabilities of NIB Bank Limited against the NCR.

24.2 Statutory reserve represents amount set aside as per the requirements of section 21 of the Banking Companies Ordinance, 1962.

	Note	2025	2024
		(Rupees in '000)	
25. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of:			
– Securities measured at FVOCI – Debt securities	10.1	38,250,219	6,067,591
– Securities measured at FVOCI – Equity securities		25,575,402	11,623,556
– Property and equipment	25.1	48,081,519	39,880,011
– Non–banking assets acquired in satisfaction of claims	25.2	421,655	561,141
– Associated undertaking		3,295,737	2,441,488
		115,624,532	60,573,787
Deferred tax on surplus / (deficit) on revaluation of:			
– Securities measured at FVOCI – Debt securities	21	(19,890,114)	(3,155,148)
– Securities measured at FVOCI – Equity securities	21	(13,299,208)	(6,044,250)
– Property and equipment	25.1	(5,467,046)	(3,780,562)
– Non–banking assets acquired in satisfaction of claims	25.2	(219,261)	(291,793)
– Associated undertaking		(1,938,688)	(1,490,965)
		(40,814,317)	(14,762,718)
		74,810,215	45,811,069

Notes To The Consolidated Financial Statements

For the year ended December 31, 2025

	Note	2025	2024
		(Rupees in '000)	
25.1 Surplus on revaluation of property and equipment			
Surplus on revaluation of property and equipment as at January 01		39,880,011	40,183,217
Recognised during the year		9,258,214	–
Realised on disposal during the year – net of deferred tax		(773,827)	(13,222)
Related deferred tax liability on surplus realised on disposal		(6,816)	–
Transferred to unappropriated profit in respect of incremental depreciation charged during the year – net of deferred tax		(132,511)	(147,759)
Related deferred tax liability on incremental depreciation charged during the year		(143,552)	(142,225)
Surplus on revaluation of property and equipment as at December 31		48,081,519	39,880,011
Less: Related deferred tax liability on:			
– revaluation as at January 01		3,780,562	3,704,544
– effect of change in tax rate		–	218,243
– recognised during the year		1,836,852	–
– surplus realised on disposal during the year		(6,816)	–
– transfer of revaluation surplus on change in use		–	–
– incremental depreciation charged during the year		(143,552)	(142,225)
	21	5,467,046	3,780,562
		42,614,473	36,099,449
25.2 Surplus on revaluation of non–banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January 01		561,141	606,806
Deficit recognised during the year		(57,256)	(6,329)
Realised on disposal during the year – net of deferred tax		(39,471)	(20,061)
Related deferred tax liability on surplus realised on disposal		(42,759)	(19,275)
Surplus on revaluation as at December 31		421,655	561,141
Less: Related deferred tax liability on:			
– revaluation as at January 01		291,793	297,334
– effect of change in tax rate		–	16,835
– deficit recognised during the year		(29,773)	(3,101)
– surplus realised on disposal during the year		(42,759)	(19,275)
– transfer of revaluation surplus on change in use		–	–
	21	219,261	291,793
		202,394	269,348

		Note	2025	2024
			(Rupees in '000)	
26.	**CONTINGENCIES AND COMMITMENTS**			
	– Guarantees	26.1	287,348,991	272,138,880
	– Commitments	26.2	626,887,873	768,027,533
	– Other contingent liabilities	26.3	35,870,144	29,546,944
			950,107,008	1,069,713,357
26.1	**Guarantees:**			
	Financial guarantees		167,979,896	151,606,073
	Performance guarantees		91,081,060	103,399,996
	Other guarantees		28,288,035	17,132,811
			287,348,991	272,138,880
26.2	**Commitments:**			
	Documentary credits and short–term trade–related transactions			
	– letters of credit		297,666,130	275,549,395
	Commitments in respect of:			
	– forward foreign exchange contracts	26.2.1	314,027,563	172,408,517
	– forward government securities transactions	26.2.2	4,000,000	301,115,690
	– derivatives (notional)	26.2.3	6,984,430	12,927,274
	– commitments to extent credit		1,825,478	2,799,434
	Commitments for acquisition of:			
	– property and equipment		1,700,208	2,320,206
	– intangible assets		684,064	907,017
			626,887,873	768,027,533
26.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		156,792,284	80,842,372
	Sale		157,235,279	91,566,145
			314,027,563	172,408,517
26.2.2	**Commitments in respect of government securities transactions**			
	Purchase		4,000,000	301,115,690
	Sale		–	–
			4,000,000	301,115,690

Notes To The Consolidated Financial Statements

For the year ended December 31, 2025

		2025	2024
		(Rupees in '000)	
26.2.3	**Commitments in respect of derivatives**		
	FX options (notional)		
	Purchase	3,492,215	6,463,637
	Sale	3,492,215	6,463,637
		6,984,430	12,927,274
		6,984,430	12,927,274

26.2.4 The Group makes commitments to extend credit 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.

		Note	2025	2024
			(Rupees in '000)	
26.3	**Other contingent liabilities**			
	Claims against the Group not acknowledged as debts	26.3.1	35,870,144	29,546,944

26.3.1 These mainly represent counter claims by borrowers for damages 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 and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these consolidated financial statements.

26.4 For assessment year 1988–89 through tax year 2024, the tax department disputed Group's treatment on certain issues, where the Group's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 2,632.390 million (2024: Rs. 2,632.390 million). Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

The Group has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Group are being contested by the department at higher forums. No provision has been made in the financial statements regarding the aforesaid additional tax demand and already issued favourable decisions where the department is in appeal, as the management is of the view that the issues will be decided in the Group's favour as and when these are taken up by the Appellate Authorities.

26.5 Amortisation of goodwill and other intangibles amounting to Rs 28.08 billion of Ex. NIB

Issue of goodwill and other related assets amortisation for few years has been assessed in Holding company favour at appellate forums, however, the tax department has filed appeal against these decisions. The management has not recorded any tax benefit because the issue has not attained finality.

27. DERIVATIVE INSTRUMENTS

27.1 Product Analysis

2025

Counterparties	Cross Currency Swaps		Interest Rate Swaps		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
	(Rupees in '000)					
With Banks for						
Hedging	–	–	–	–	3,492,215	15,921
Market Making	–	–	–	–	–	–
With other entities for						
Hedging	–	–	–	–	–	–
Market Making	–	–	–	–	3,492,215	(15,921)
Total						
Hedging	–	–	–	–	3,492,215	15,921
Market Making	–	–	–	–	3,492,215	(15,921)

2024

Counterparties	Cross Currency Swaps		Interest Rate Swaps		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
	(Rupees in '000)					
With Banks for						
Hedging	–	–	–	–	6,463,637	157,610
Market Making	–	–	–	–	–	–
With other entities for						
Hedging	–	–	–	–	–	–
Market Making	–	–	–	–	6,463,637	(157,610)
Total						
Hedging	–	–	–	–	6,463,637	157,610
Market Making	–	–	–	–	6,463,637	(157,610)

Notes To The Consolidated Financial Statements

For the year ended December 31, 2025

27.2 Maturity Analysis

	2025				
	No. of Contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
		(Rupees in '000)			
Remaining Maturity					
Upto 1 month	32	1,417,895	(20)	20	–
1 to 3 months	40	1,659,498	(430)	430	–
3 to 6 months	68	2,929,136	(8,958)	8,958	–
6 month to 1 Year	28	977,901	(6,513)	6,513	–
2 to 3 Years	–	–	–	–	–
Total	168	6,984,430	(15,921)	15,921	–

	2024				
	No. of Contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
		(Rupees in '000)			
Remaining Maturity					
Upto 1 month	16	658,587	(440)	440	–
1 to 3 months	34	1,262,826	(6,131)	6,131	–
3 to 6 months	90	3,291,798	(33,501)	33,501	–
6 month to 1 Year	230	7,714,063	(117,538)	117,538	–
2 to 3 Years	–	–	–	–	–
Total	370	12,927,274	(157,610)	157,610	–

27.3 Risk management related to derivatives is discussed in note 48.5.

	Note	2025	2024
		(Rupees in '000)	
28. MARK–UP / RETURN / INTEREST EARNED			
Loans and advances		92,994,209	129,759,630
Investments		227,824,535	273,837,920
Lendings to financial institutions		4,270,356	7,107,920
Balances with banks		1,438,434	2,091,893
IFRS 9 adjustment for staff loans – notional	33.1	980,523	753,956
		327,508,057	413,551,319
28.1 Interest income / return recognised on:			
Financial assets measured at amortised cost		106,589,895	146,779,490
Financial assets measured at FVOCI		219,295,144	258,510,441
Financial assets measured at FVTPL		1,623,018	8,261,388
		327,508,057	413,551,319
29. MARK–UP / RETURN / INTEREST EXPENSED			
Deposits		108,578,823	201,253,456
Borrowings		54,892,604	39,188,804
Cost of foreign currency swaps against foreign currency deposits / borrowings		465,066	3,201,785
Unwinding cost of lease liability against right–of–use assets		2,368,490	1,959,921
		166,304,983	245,603,966

		Note	2025	2024
			(Rupees in '000)	
30.	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		4,786,020	4,241,556
	Consumer finance related fees		827,106	703,049
	Card related fees (debit and credit cards)		9,863,514	8,253,493
	Credit related fees		711,481	695,145
	Investment banking fee		180,779	115,463
	Commission on trade		3,100,503	3,768,392
	Commission on guarantees		758,281	1,032,373
	Commission on cash management		1,113,040	1,052,970
	Commission on remittances including home remittances		(3,281,218)	229,013
	Commission on utility bills		103,800	106,727
	Commission on Bancassurance		1,427,996	1,111,118
	Rent on lockers		330,553	258,258
	Commission on investments services		3,672,997	2,566,335
	Other commission		752,350	650,735
			24,347,202	24,784,627
31.	**GAIN / (LOSS) ON SECURITIES – NET**			
	Realised	31.1	779,756	1,168,766
	Unrealised – Reclassification due to business model and SPPI assessment		–	(8,867)
	Unrealised – Measured at FVTPL	10.1	408,165	209,681
	Unrealized – Forward contracts of government securities	15	–	2,096,975
			1,187,921	3,466,555
31.1	**Realised gain – net on:**			
	Federal Government securities		93,502	900,326
	Non Government debt securities		35,232	6,705
	Shares and units		651,022	261,735
			779,756	1,168,766
31.2	**Net gain on financial assets measured:**			
	At FVTPL			
	Designated upon initial recognition		190,623	717,710
	Mandatorily measured at FVTPL		–	–
			190,623	717,710
	Net gain on financial assets measured at FVOCI – Debt		256,335	451,056
			256,335	451,056
			446,958	1,168,766
32.	**OTHER INCOME**			
	Rent on property		156,863	121,408
	Gain on conversion of Ijarah agreements		5,871	9,762
	Gain on sale of property and equipment – net		312,846	223,852
	Gain on termination of lease liability against right–of–use assets		82,102	86,514
	Gain on sale of non–banking assets – net	15.1.2	–	2,008
			557,682	443,544

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		Note	2025	2024
			(Rupees in '000)	
33.	**OPERATING EXPENSES**			
	Total compensation expense	33.1	38,089,643	31,748,893
	Property expense			
	Rent and taxes		411,591	505,461
	Insurance		83,866	74,277
	Utilities cost		2,861,827	3,371,116
	Fuel expense generators		929,232	1,016,144
	Security (including guards)		2,856,401	2,595,334
	Repair and maintenance (including janitorial charges)		1,719,387	1,541,882
	Depreciation on right–of–use assets	13.1	2,706,766	2,365,859
	Depreciation	12.2	1,792,520	1,570,154
			13,361,590	13,040,227
	Information technology expenses			
	Software maintenance		2,856,820	2,415,367
	Hardware maintenance		462,949	391,965
	Depreciation	12.2	1,790,516	1,532,275
	Amortisation	14.1	665,266	766,220
	Network charges		810,671	812,801
	Insurance		19,961	10,390
			6,606,183	5,929,018
	Other operating expenses			
	Directors' fees and allowances	42.2	71,400	64,300
	Fees and allowances to Sharia Board members		18,740	17,361
	Legal and professional charges		595,634	543,923
	Outsourced services costs		1,492,455	1,306,509
	Travelling and conveyance		873,227	797,649
	NIFT clearing charges		350,301	276,424
	Depreciation	12.2	1,711,468	1,405,097
	Depreciation on non–banking assets acquired in satisfaction of claims	15.1.1	16,443	18,390
	Training and development		192,625	91,978
	Postage and courier charges		370,346	367,547
	Communication		2,972,508	2,330,502
	Stationery and printing		1,339,005	1,418,760
	Marketing, advertisement & publicity		2,957,477	2,280,285
	Donations	33.2	10,100	10,100
	Auditors' remuneration	33.3	152,429	122,545
	Cash transportation charges		1,333,142	1,374,830
	Repair and maintenance		963,480	877,923
	Subscription		112,395	83,653
	Entertainment		648,622	550,454
	Remittance charges		207,069	272,546
	Brokerage expenses		123,494	112,502
	Card related expenses		3,681,257	3,733,411
	CNIC verification charges		343,608	415,114
	Insurance		2,838,179	2,530,201
	Others		981,177	807,040
			24,356,581	21,809,044
			82,413,997	72,527,182

The Group has material outsourcing arrangement with "Euronet Pakistan Private Limited" (a related party) for hosting of POS acquiring & e–commerce gateway services. Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 213.631 million (2024: Rs. 180.339 million). This includes payments other than outsourced services costs, which are disclosed above. Outsourcing shall have the same meaning as specified in BPRD Circular No. 06 of 2019.

		Note	2025	2024
			(Rupees in '000)	
33.1	**Total compensation expense**			
	Fees and allowances		1,494,356	1,259,979
	Managerial remuneration			
	i) Fixed		26,292,219	22,035,092
	ii) Variable – cash bonus / awards / incentives		6,157,870	4,814,467
	Charge for defined benefit plan		(839,244)	(501,969)
	Contribution to defined contribution plan		835,865	698,846
	Staff group insurance		1,062,426	910,033
	Rent and house maintenance		906,480	712,099
	Medical		116,634	98,848
	Conveyance		1,038,501	874,352
	Others		1,462	868
			37,066,569	30,902,615
	Sign–on bonus	33.1.1	20,629	12,322
	IFRS 9 adjustment for staff loans – notional	33.1.2	980,523	753,956
	Severance allowance	33.1.3	21,922	80,000
			38,089,643	31,748,893

33.1.1 During the year sign on bonus was paid to 45 employees (2024: 41).

33.1.2 This refers to unwinding of notional deferred cost on subsidised staff loans fair valuation under IFRS 9.

33.1.3 Severance allowance pertains to 3 employees (2024: 1).

		2025	2024
		(Rupees in '000)	
33.2	**Detail of donations made during the year is as follows:**		
	FAST– National University of Computer and Emerging Science	100	10,100
	Saleem Memorial Hospital	10,000	–
		10,100	10,100

33.2.1 None of the directors, executives or their spouses had any interest in the donees, except for Mr. Yahya Saleem who is a director in Saleem Memorial Hospital.

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		Note	2025	2024
			(Rupees in '000)	
33.3	**Auditors' remuneration**			
	Audit fee		27,250	24,480
	Fee for audit of foreign branches		59,286	30,809
	Fee and other charges for audit of subsidiaries		31,403	30,320
	Special certifications and sundry advisory services		–	3,000
	Tax services		29,040	29,040
	Sales tax on audit fee		1,363	1,224
	Out–of–pocket expenses		4,087	3,672
			152,429	122,545
34.	**OTHER CHARGES**			
	Penalties imposed by State Bank of Pakistan		178,437	99,221
	VAT & National Building tax & Crop Insurance Levy		174,825	217,344
	Education cess		141,594	130,619
			494,856	447,184
35.	**CREDIT LOSS ALLOWANCE AND WRITE OFFS – NET**			
	Credit loss allowance / (reversal) against balance with other banks		224,218	(64,437)
	(Reversal) / credit loss allowance against cash and balances with treasury banks		(184,045)	9,583
	Reversal of credit loss allowance for diminution in value of investments	10.4	(284,197)	(28,119)
	(Reversal) / credit loss allowance against loans and advances	11.6.2	(4,624,381)	5,312,327
	Credit loss allowance / (reversal) against lendings to financial institutions		1,019	(5,961)
	Credit loss allowance / (reversal) against off balance sheet items	22	146,483	(210,232)
	(Reversal) / credit loss allowance against other assets	15.2.1	(72,479)	122,263
	Bad debts written off directly	11.7.1	–	–
	Recovery of written off / charged off bad debts		(273,407)	(257,214)
			(5,066,789)	4,878,210
36.	**TAXATION**			
	Current		61,826,634	71,738,579
	Prior years		2,639,932	(3,459,037)
	Deferred		1,020,012	(1,308,426)
	Share of tax of associates	21	856,931	740,229
			66,343,509	67,711,345

		2025	2024
		(Rupees in '000)	
36.1	**Relationship between tax expense and accounting profit**		
	Accounting profit for the year	125,118,917	131,177,019
	Tax on income @ 43% (2024: 44%)	53,801,134	57,717,888
	Super tax @ 10% (2024: 10%)	12,511,892	13,117,702
	Tax effect of permanent differences	99,925	53,579
	Tax effect of prior years charge	2,639,932	(3,459,037)
	Others	(2,709,374)	281,213
	Tax charge for the year	66,343,509	67,711,345

		(Rupees in '000)	
37.	**BASIC AND DILUTED EARNINGS PER SHARE**		
	Profit for the year after tax attributable to ordinary shareholders	58,415,056	63,225,058
		(Number)	
	Weighted average number of ordinary shares	1,185,060,006	1,185,060,006
		(Rupees)	
	Basic and diluted earnings per share	49.29	53.35

Diluted earnings per share has not been presented separately as the Group does not have any convertible instruments in issue at the reporting dates.

		Note	2025	2024
			(Rupees in '000)	
38.	**CASH AND CASH EQUIVALENTS**			
	Cash and balances with treasury banks	7	211,224,339	186,680,045
	Balances with other banks	8	41,825,804	28,854,218
	Overdrawn nostro accounts	18	(2,987,493)	(4,246,387)
			250,062,650	211,287,876

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38.1 Reconciliation of movement of liabilities to cash flows arising from financing activities.

	2025						2024					
	Liabilities	Equity					Liabilities	Equity				
	Other liabilities	Share Capital	Reserves	Unappropriated profit	Non-controlling interest	Total	Other liabilities	Share Capital	Reserves	Unappropriated profit	Non-controlling interest	Total
	(Rupees in '000)											
Opening balance	184,802,159	11,850,600	108,157,770	120,926,276	501,529	426,238,334	162,017,273	11,850,600	101,129,809	102,689,217	341,194	378,028,093
Impact of adoption of IFRS 9	-	-	-	-	-	-	(4,937,751)	-	-	(114,787)	-	(5,052,538)
Balance after adoption of IFRS 9	184,802,159	11,850,600	108,157,770	120,926,276	501,529	426,238,334	157,079,522	11,850,600	101,129,809	102,574,430	341,194	372,975,555
Changes from financing cash flows												
Payment of lease liability against right-of-use-assets	(4,157,320)	-	-	-	-	(4,157,320)	(3,457,629)	-	-	-	-	(3,457,629)
Dividend paid	-	-	-	(42,299,519)	(93,654)	(42,393,173)	-	-	-	(42,335,442)	(80,273)	(42,415,715)
Total changes from financing cash flows	(4,157,320)	-	-	(42,299,519)	(93,654)	(46,550,493)	(3,457,629)	-	-	(42,335,442)	(80,273)	(45,873,344)
Liability related												
Changes in other liabilities												
- Cash based	(6,931,497)	-	-	-	-	(6,931,497)	10,805,467	-	-	-	-	10,805,467
- Dividend payable	362,641	-	-	(362,641)	-	-	326,718	-	-	(326,718)	-	-
- Non cash based	(34,163,936)	-	-	-	-	(34,163,936)	20,048,081	-	-	-	-	20,048,081
Total liability related other changes	(40,732,792)	-	-	(362,641)	-	(41,095,433)	31,180,266	-	-	(326,718)	-	30,853,548
Total equity related other changes	-	-	5,523,248	57,804,481	360,356	63,688,085	-	-	7,027,961	61,014,006	240,608	68,282,575
Closing balance	139,912,047	11,850,600	113,681,018	136,068,597	768,231	402,280,493	184,802,159	11,850,600	108,157,770	120,926,276	501,529	426,238,334

	2025	2024
	(Number)	
39. STAFF STRENGTH		
Permanent	18,011	16,697
On Group contract	685	546
Group's own staff strength at end of the year	18,696	17,243

39.1 In addition to the above, 584 (2024: 522) employees of outsourcing services companies were assigned to the Group as at the end of the year to perform services other than guarding, tea and janitorial services. Outsourced staff includes 573 (2024: 511) working domestically and 6 (2024:11) working abroad.

	2025	2024
	(Number)	
39.2 Staff Strength Bifurcation		
Domestic	18,526	17,086
Overseas	170	157
	18,696	17,243

40. DEFINED BENEFIT PLAN

40.1 General description

The Holding Company operates the following retirement benefits for its employees:

– Pension fund – funded

– Benevolent scheme – unfunded

– Post retirement medical benefits – unfunded

– Employees compensated absence – unfunded

The plan assets and defined benefit obligations are based in Pakistan.

40.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2025	2024
	(Number)	
– Pension fund – funded	4,783	5,012
– Benevolent scheme – unfunded	847	934
– Post retirement medical benefits – unfunded	14,979	14,035
– Employees compensated absence – unfunded	14,979	14,035

40.3 Principal actuarial assumptions

The latest actuarial valuations of the pension fund, employees' contributory benevolent scheme, post retirement medical benefits and employees' compensated absences were carried out at December 31, 2025. The principal actuarial assumptions used are as follows:

	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
	2025	2024	2025	2024	2025	2024	2025	2024
	(%)							
Discount rate	11.00	12.25	11.00	12.25	11.00	12.25	11.00	12.25
Expected rate of return on plan assets	11.00	12.25	–	–	–	–	–	–
Expected rate of salary increase	10.00	10.25	10.00	10.25	–	–	10.00	10.25
Expected rate of increase in pension	0–5	0–5	–	–	–	–	–	–
Expected rate of increase in medical benefit	–	–	–	–	11.00	10.25	–	–

40.4 Reconciliation of (receivable from) / payable to defined benefit plans

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2025	2024	2025	2024	2025	2024	2025	2024
		(Rupees in '000)							
Present value of obligations	40.5	5,426,194	4,732,130	137,984	142,549	2,246,751	2,169,019	1,517,876	1,249,500
Fair value of plan assets	40.6	(22,738,449)	(18,068,979)	–	–	–	–	–	–
(Receivable) / payable	40.7	(17,312,255)	(13,336,849)	137,984	142,549	2,246,751	2,169,019	1,517,876	1,249,500

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40.5 Movement in defined benefit obligations

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2025	2024	2025	2024	2025	2024	2025	2024
		(Rupees in '000)							
Obligations at the beginning of the year		4,732,130	4,287,273	142,549	140,847	2,169,019	2,121,129	1,249,500	1,266,190
Current service cost	40.8.1	65,798	66,621	3,683	3,583	91,024	84,237	53,690	51,334
Interest cost		547,993	633,817	15,698	19,066	256,682	316,419	147,258	182,473
Benefits paid		(517,440)	(396,261)	(28,810)	(35,687)	(147,314)	(159,434)	(94,794)	(177,890)
Re-measurement loss / (gain)	40.8.1 & 40.8.2	597,713	140,680	4,864	14,740	(122,660)	(193,332)	162,222	(72,607)
Obligations at end of the year	40.4	5,426,194	4,732,130	137,984	142,549	2,246,751	2,169,019	1,517,876	1,249,500

40.6 Movement in fair value of plan assets

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2025	2024	2025	2024	2025	2024	2025	2024
		(Rupees in '000)							
Fair value at the beginning of the year		18,068,979	11,715,415	–	–	–	–	–	–
Interest income on plan assets		2,181,757	1,785,179	–	–	–	–	–	–
Benefits paid		(517,440)	(396,261)	–	–	–	–	–	–
Re-measurement gain / (loss):									
Net return on plan assets over interest income gain / (loss)	40.8.2	3,005,153	4,964,646	–	–	–	–	–	–
Fair value at end of the year	40.4	22,738,449	18,068,979	–	–	–	–	–	–

40.7 Movement in (receivable) / payable under defined benefit schemes

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2025	2024	2025	2024	2025	2024	2025	2024
		(Rupees in '000)							
Opening balance		(13,336,849)	(7,428,142)	142,549	140,847	2,169,019	2,121,129	1,249,500	1,266,190
(Reversal) / charge for the year	40.8.1	(1,567,966)	(1,084,741)	17,846	20,916	347,706	400,656	363,170	161,200
Employees' contribution		–	–	1,535	1,733	–	–	–	–
Re-measurement (gain) / loss recognised in OCI during the year	40.8.2	(2,407,440)	(4,823,966)	4,864	14,740	(122,660)	(193,332)	–	–
Benefits paid by the Bank		–	–	(28,810)	(35,687)	(147,314)	(159,434)	(94,794)	(177,890)
Closing balance	40.4	(17,312,255)	(13,336,849)	137,984	142,549	2,246,751	2,169,019	1,517,876	1,249,500

40.8 Charge for defined benefit plans

40.8.1 (Reversals) / cost recognised in statement of profit and loss account

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2025	2024	2025	2024	2025	2024	2025	2024
		(Rupees in '000)							
Current service cost	40.5	65,798	66,621	3,683	3,583	91,024	84,237	53,690	51,334
Net interest on defined benefit asset / liability		(1,633,764)	(1,151,362)	15,698	19,066	256,682	316,419	147,258	182,473
Employees' contribution		–	–	(1,535)	(1,733)	–	–	–	–
Actuarial (gain) / loss	40.5	–	–	–	–	–	–	162,222	(72,607)
	40.7	(1,567,966)	(1,084,741)	17,846	20,916	347,706	400,656	363,170	161,200

40.8.2 Re–measurements recognised in OCI during the year

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2025	2024	2025	2024	2025	2024	2025	2024
		(Rupees in '000)							
(Gain) / loss on obligation	40.5								
Financial assumptions		160,217	404,078	9,514	16,936	52,456	107,624	–	–
Experience adjustments		437,496	(263,398)	(4,650)	(2,196)	(175,116)	(300,956)	–	–
Return on plan assets over interest income	40.6	(3,005,153)	(4,964,646)	–	–	–	–	–	–
Re–measurement (gain) / loss recognised in OCI	40.7	(2,407,440)	(4,823,966)	4,864	14,740	(122,660)	(193,332)	–	–

40.9 Components of plan assets

	Note	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
		2025	2024	2025	2024	2025	2024	2025	2024
		(Rupees in '000)							
Cash and cash equivalents – net		1,178,804	223,500	–	–	–	–	–	–
Shares		21,229,038	17,546,703	–	–	–	–	–	–
Open ended mutual funds units		330,607	298,776	–	–	–	–	–	–
	40.4	22,738,449	18,068,979	–	–	–	–	–	–

40.9.1 Significant risk associated with the plan assets

The Fund's investments in equity securities and units of mutual funds are subject to price risk. These risks are regularly monitored by Trustees of the employee funds.

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40.10 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

	Approved Pension fund	Employees' contributory benevolent scheme	Post retirement medical benefits	Employees' compensated absences
	(Rupees in '000)			
1% increase in discount rate	(292,834)	(8,190)	(280,957)	(84,021)
1% decrease in discount rate	328,319	9,126	357,033	94,440
1 % increase in expected rate of salary increase	62,278	–	–	94,440
1 % decrease in expected rate of salary increase	(59,899)	–	–	(85,475)
1% increase in expected rate of pension increase	243,999	–	–	–
1% decrease in expected rate of pension increase	(220,223)	–	–	–
1% increase in expected rate of medical benefit increase	–	–	338,062	–
1% decrease in expected rate of medical benefit increase	–	–	(269,463)	–

40.11 Expected contributions to be paid to the funds in the next financial year

No contributions are being made to pension fund due to surplus of fair value of plan's assets over present value of defined obligation. No contribution to the pension fund is expected in the next year.

40.12 Expected (reversal) / charge for the next financial year

Based on actuarial advice, management estimates that the charge / (reversal) in respect of defined benefit plans for the year ending December 31, 2025 would be as follows:

	Approved Pension fund	Employees' contributory benevolent scheme	Post retirement medical benefits	Employees' compensated absences
	(Rupees in '000)			
Expected (reversal) / charge for the next financial year	(1,846,154)	16,804	345,821	231,035

40.13 Maturity profile

The weighted average duration of the obligation (in years)	7.80	7.80	7.80	7.80

40.14 Funding Policy

The Holding Company endeavours to ensure that liabilities under the various employee benefit schemes are covered by the Fund on any valuation date having regards to the various actuarial assumptions such as projected future salary increase, expected future contributions to the fund, projected increase in liability associated with future service and the projected investment income of the Fund.

40.15 The defined benefit plans may expose the bank to actuarial risks such as longevity risk, investment risk, salary increase risk and withdrawal rate risk as described below:

Investment risk	The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.
Longevity risk	The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.
Salary increase risk	The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.
Withdrawal rate	The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

41. DEFINED CONTRIBUTION PLAN

MCB Bank Limited (Holding Company)

The Holding Company operates an approved contributory provident fund for 12,691 (2024: 11,581) employees where contributions are made by the Bank at 8.33% (2024: 8.33%) and employees ranging from 8.33% to 15% per annum (2024: 8.33% to 15% per annum) of the basic salary.

The Holding Company also operates an approved non–contributory provident fund for 460 (2024: 504) employees who have opted for the new scheme, where contributions are made by the employees ranging from 8.33% to 15% per annum (2024: 8.33% to 15% per annum) of the basic salary.

41.1 MCB Islamic Bank Limited (Subsidiary)

The Subsidiary operates an approved contributory provident fund for 1,938 (2024: 1,648) employees. Equal monthly contributions are made both by the Bank and its permanent employees to the Fund at the rate of 8.33% of the basic salaries of employees. However, an employee has an option to increase his / her contribution upto 15% but the Bank will still contribute 8.33% of the employee's basic salary.

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42. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

42.1 Total compensation expense

	Note	2025						
		Directors						
		Chairman	Executive (other than CEO)	Non Executive	Members shariah board	President / CEO	Key Management Personnel	Other material risk takers / controllers
		(Rupees in '000)						
Fee and allowances	42.2	8,400	–	63,000	–	–	22,703	66,841
Managerial Remuneration								
i) Fixed		–	–	–	10,758	61,045	666,855	1,795,994
ii) Cash Bonus / Awards / Incentives	42.1.1	–	–	–	1,920	30,000	399,462	923,899
Contribution to defined contribution plan		–	–	–	286	3,282	16,843	67,161
Rent & house maintenance		–	–	–	1,542	618	66,081	181,255
Medical		–	–	–	–	626	5,609	35,653
Overseas allowance		–	–	–	–	–	96,808	98,086
Commission		–	–	–	–	–	–	1,780
Security		–	–	–	–	1,104	–	–
Utilities		–	–	–	343	–	6,029	39,334
Special Pay		–	–	–	397	–	–	14,432
Conveyance		–	–	–	2,153	–	4,546	101,291
Charge allowance		–	–	–	–	–	–	2,435
Fuel Allowance		–	–	–	–	–	–	114
Club membership		–	–	–	–	2,906	–	1,210
Others		–	–	–	33	–	20,405	399,816
Total		8,400	–	63,000	17,432	99,581	1,305,341	3,729,301
Number of Persons		1	–	12	3	1	37	310

	2024						
	Directors						
	Chairman	Executive (other than CEO)	Non Executive	Members shariah board	President / CEO	Key Management Personnel	Other material risk takers / controllers
	(Rupees in '000)						
Fee and allowances	8,100	–	56,200	–	–	29,108	63,342
Managerial Remuneration							
i) Fixed	–	–	–	9,372	86,545	758,095	1,647,049
ii) Cash Bonus / Awards / Incentives	–	–	–	1,469	75,000	382,275	588,796
Contribution to defined contribution plan	–	–	–	258	4,395	21,655	60,092
Rent & house maintenance	–	–	–	1,392	33	57,855	135,898
Medical	–	–	–	–	168	5,151	28,700
Overseas allowance	–	–	–	–	–	96,981	125,494
Commission	–	–	–	–	–	–	1,568
Security	–	–	–	–	942	–	–
Utilities	–	–	–	309	–	5,374	28,773
Special Pay	–	–	–	397	–	–	11,936
Conveyance	–	–	–	2,153	–	–	80,863
Charge allowance	–	–	–	–	–	–	2,101
Fuel Allowance	–	–	–	296	–	–	9,299
Leave fare assistance	–	–	–	–	–	–	–
Severance allowance	–	–	–	–	80,000	–	–
Club membership	–	–	–	–	108	400	600
Others*	–	–	–	–	44,681	17,576	248,492
Total	8,100	–	56,200	15,646	291,872	1,374,470	3,033,003
Number of Persons	1	–	12	3	1	42	286

*This represents amounts paid to the outgoing President & CEO on account of leave encashment and post retirement medical benefit.

42.1.1 During the year 2025, Rs 58.298 million bonus has been deferred (2024: Rs. 63.966 million).

42.2 Remuneration paid to Directors for participation in Board and Committee meetings

	2025									
		For Board Committees								
	Board meeting	Board's Audit Committee	BS & DC	RM & PRC	HR & RC	ITC	PP & CA	CR & MC	Wo & WC	Total
	(Rupees in '000)									
Miian Mohammad Mansha	4,800	–	1,200	–	1,200	–	1,200	–	–	8,400
Mr. Tariq Rafi	1,200	–	–	–	–	–	–	–	–	1,200
Mian Umer Mansha	2,000	1,500	1,200	1,200	900	2,400	1,200	900	–	11,300
Mrs. Iqraa Hassan Mansha	1,600	–	–	–	600	–	600	–	–	2,800
Mr. Muhammad Ali Zeb	2,000	1,500	–	1,200	1,200	–	1,200	1,200	–	8,300
Mr. Yahya Saleem	3,200	–	–	–	–	–	–	–	–	3,200
Mr. Mohd Suhail Amar Suresh	4,000	–	1,200	1,200	–	2,400	–	–	–	8,800
Mr. Salman Khalid Butt	4,000	–	1,200	1,200	1,200	2,400	–	1,200	–	11,200
Mr. Shahzad Hussain	2,000	1,500	–	–	–	–	–	–	–	3,500
Mr. Masood Ahmed Puri	4,000	–	–	–	–	–	–	–	–	4,000
Shaikh Muhammad Jawed	2,000	–	1,200	–	–	–	–	–	–	3,200
Mr. Noruzulkarnien Bin Nor Mohamad	4,000	1,500	–	–	–	–	–	–	–	5,500
	34,800	6,000	6,000	4,800	5,100	7,200	4,200	3,300	–	71,400

	2024									
		For Board Committees								
	Board meeting	Board's Audit Committee	BS & DC	RM & PRC	HR & RC	ITC	PP & CA	CR & MC	Wo & WC	Total
	(Rupees in '000)									
Mian Mohammad Mansha	4,800	–	1,000	–	1,300	–	1,000	–	–	8,100
Mr. Tariq Rafi	1,600	–	–	–	–	–	–	–	–	1,600
Mian Umer Mansha	2,000	1,000	1,000	1,000	300	1,600	1,000	1,000	–	8,900
Mrs. Iqraa Hassan Mansha	2,000	–	–	–	400	–	600	–	–	3,000
Mr. Muhammad Ali Zeb	2,000	1,300	–	1,000	1,300	–	1,000	1,000	–	7,600
Mr. Yahya Saleem	4,000	–	–	–	–	–	–	–	–	4,000
Mr. Mohd Suhail Amar Suresh	3,200	–	900	600	–	1,200	–	–	–	5,900
Mr. Salman Khalid Butt	4,000	–	1,000	1,000	1,300	1,600	–	1,000	–	9,900
Mr. Shahzad Hussain	2,000	1,300	–	–	–	–	–	–	–	3,300
Mr. Masood Ahmed Puri	4,000	–	400	–	–	–	–	–	–	4,400
Mr. Shariffuddin Bin Khalid	1,600	400	–	–	–	–	–	–	–	2,000
Shaikh Muhammad Jawed	2,000	–	600	–	–	–	–	–	–	2,600
Mr. Noruzulkarnien Bin Nor Mohamad	2,400	600	–	–	–	–	–	–	–	3,000
	35,600	4,600	4,900	3,600	4,600	4,400	3,600	3,000	–	64,300

42.3 The Chairman has been provided with free use of the Bank maintained car. In addition to the above, the Chief Executive and certain executives are provided with free use of the Bank's maintained cars and household equipment in accordance with the terms of their employment.

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42.4 Remuneration paid to Shariah Board Members

	2025			
	Chairman	Resident member	Non-Resident member(s)	Total
	(Rupees in '000)			
Meeting Fees and Allowances	–	–	–	–
Other Heads				
Basic salary	4,140	3,427	3,191	10,758
House rent	–	1,542	–	1,542
Utilities	–	343	–	343
Conveyance	–	2,153	–	2,153
Fuel	–	–	–	–
Special pay	–	397	–	397
Bonus	–	1,920	–	1,920
PF Employer	–	286	–	286
Medical	–	33	–	33
Total Amount	4,140	10,101	3,191	17,432
Total Number of Persons	1	1	1	3

	2024			
	Chairman	Resident member	Non-Resident member(s)	Total
	(Rupees in '000)			
Meeting Fees and Allowances	–	–	–	–
Other Heads				
Basic salary	3,720	3,094	2,558	9,372
House rent	–	1,392	–	1,392
Utilities	–	309	–	309
Conveyance	–	2,153	–	2,153
Fuel	–	296	–	296
Special pay	–	397	–	397
Bonus	–	1,429	–	1,429
PF Employer	–	258	–	258
Medical	–	40	–	40
Total Amount	3,720	9,368	2,558	15,646
Number of persons	1	1	1	3

43. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as amortised cost, is based on quoted market price. Quoted debt securities classified as amortised cost are carried at cost. The fair value of unquoted equity securities, other than investments in associates is determined on the basis of valuation methodologies.

Fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Group's accounting policy as stated in note 6.5 to these consolidated financial statements.

The maturity and repricing profile and effective rates are stated in note 48.

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

43.1 Fair value of financial assets

The Group 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. Financial instruments included in Level 1 comprise of investments in listed ordinary shares.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Financial instruments included in Level 2 comprise of Sukuk Bonds, Pakistan Investment Bonds, Market Treasury Bills, Mutual Fund units, Term Finance certificates, FX options, Cross Currency Swaps, Interest Rate Swaps and Forward Exchange Contracts.

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs). Financial instruments included in Level 3 comprise of investments in unquoted equity investments.

43.2 Fair value of non–financial assets

Certain categories of property and equipment (land and buildings) and non banking assets acquired in satisfaction of claims are carried at revalued amounts determined by professional valuers based on their assessment of the market values. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of the State Bank of Pakistan.

43.3

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:

Notes To The Consolidated Financial Statements

For the year ended December 31, 2025

	2025				
	Carrying / Notional value	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	1,891,758,022	–	1,891,758,022	–	1,891,758,022
Shares and units	80,882,476	73,257,827	243,070	7,381,579	80,882,476
Non–Government Debt Securities	9,300,366	–	9,300,366	–	9,300,366
Foreign Securities	68,394,627	–	68,394,627	–	68,394,627
Financial assets – disclosed but not measured at fair value					
Investments (amortized cost and associates)	48,710,670	–	–	–	–
Non – Financial Assets measured at fair value					
Property and equipment (land and buildings)	76,959,384	–	76,959,384	–	76,959,384
Non–banking assets	1,547,188	–	1,547,188	–	1,547,188
Off–balance sheet financial instruments – measured at fair value					
Forward purchase of foreign exchange	157,913,124	–	914,173	–	914,173
Forward sale of foreign exchange	157,235,279	–	777,927	–	777,927
Forward purchase of government securities	4,000,000	–	–	–	–
Derivatives purchase	3,492,215	–	15,921	–	15,921
Derivatives sale	3,492,215	–	15,921	–	15,921

	2024				
	Carrying / Notional value	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	1,134,229,469	–	1,134,229,469	–	1,134,229,469
Shares and units	49,810,331	49,708,717	101,614	–	49,810,331
Non–Government Debt Securities	10,468,262	–	10,468,262	–	10,468,262
Foreign Securities	58,121,060	–	58,121,060	–	58,121,060
Financial assets – disclosed but not measured at fair value					
Investments (amortized cost, unquoted ordinary shares and associates)	53,927,034	–	–	–	–
Non-Financial assets measured at fair value					
Property and equipment (land and buildings)	66,246,073	–	66,246,073	–	66,246,073
Non–banking assets	1,901,887	–	1,901,887	–	1,901,887
Off–balance sheet financial instruments – measured at fair value					
Forward purchase of foreign exchange	80,842,372	–	726,974	–	726,974
Forward sale of foreign exchange	91,566,145	–	1,402,562	–	1,402,562
Forward purchase of government securities	301,115,690	–	2,096,975	–	2,096,975
Derivatives purchase	6,463,637	–	157,610	–	157,610
Derivatives sale	6,463,637	–	157,610	–	157,610

Notes To The Consolidated Financial Statements

For the year ended December 31, 2025

43.4 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.

43.5 **Valuation techniques used in determination of fair valuation of financial instruments within Level 2 and Level 3**

Item	Valuation approach and input used
Federal Government securities	The fair values of Treasury Bills and fixed rate Pakistan Investments Bonds are determined using the PKRV rates while floating rate Pakistan Investments Bonds are revalued using PKFRV rates. The fair values of foreign currency denominated GoP Eurobonds are determined on the basis of rates taken from Bloomberg.
Term Finance and Bonds	Investments in debt securities (comprising term finance certificates, sukuks, 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 Securities and Exchange Commission of Pakistan.
Foreign Government Debt Securities	The fair values of Foreign Government debt securities are determined on the basis of rates taken from Bloomberg.
Foreign exchange contracts	The valuation has been determined by interpolating the mark-to-market currency 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 currency involved, interest rates, yield curves, volatilities, contracts duration etc.
Unquoted equity investments	The fair value of unquoted equity investments is determined using the discounted cash flow (DCF) method based on projected cash flows, where available. In the absence of reliable projections, a comparable market approach is applied using relevant P/B and P/E multiples of comparable listed companies. For entities with negative equity and sustained losses or negative cash flows, fair value is assessed at the lower of cost or break-up value.
Mutual Funds	Units of mutual funds are valued using the Net Asset Value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP).
Property and equipment (land and building) & Non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using valuation experts. The valuation experts used a market based approach to arrive at the fair value of the Group's properties. The market approach used prices and other relevant information generated by market transactions involving identical, comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated condensed interim financial statements.

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements of investment in unquoted equity securities.

Description	Valuation technique	Unobservable inputs*	Discount rate	Relationship of unobservable inputs to fair value
Unquoted equity investments (Income approach)	DCF method	Discount rate	19.63%	Increase / decrease in discount rate by 1% with all other variables held constant, would decrease / increase the fair value by Rs. 386.910 million and Rs 473.460 million respectively.
		Terminal growth rate	4% - 13%	Increase / decrease in terminal growth factor rate by 1% with all other variables held constant, would increase / decrease the fair value by Rs. 358.119 million and Rs. 286.786 million respectively.
Unquoted equity investments (market approach)	Price to Earnings and Price to Book Value	Market multiple/ transaction price	Not applicable	Not applicable

*There were no significant inter–relationships between unobservable inputs that materially affect fair values.

The following table shows reconciliation of investments Level 3 fair value movement:

	Audited December 31, 2025	Audited December 31, 2024
	(Rupees in '000)	
Opening balance	5,017,877	1,404,534
Impact of fair valuation on adoption of IFRS 9	–	3,613,343
Opening balance as at January 01, 2025 – Restated	5,017,877	5,017,877
Remeasurement recognised in OCI	2,363,702	–
Closing balance	7,381,579	5,017,877

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44 SEGMENT INFORMATION

44.1 Segment details with respect to business activities

The segment analysis with respect to business activity is as follows:

2025

	Retail Banking	Consumer Banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	Others	Sub-total	Eliminations	Total
	(Rupees in '000)										
Profit & Loss											
Net mark-up / return / profit	(81,393,687)	6,569,497	50,876,535	161,096,022	8,453,943	14,918,641	41,896	640,227	161,203,074	–	161,203,074
Inter segment revenue – net	183,394,279	(3,857,540)	(41,232,243)	(145,934,586)	(415,140)	–	–	8,045,230	–	–	–
Non mark-up / return / interest income	15,596,105	3,346,828	6,337,332	7,806,856	2,334,836	2,448,354	4,325,826	2,033,461	44,229,598	–	44,229,598
Total Income	117,596,697	6,058,785	15,981,624	22,968,292	10,373,639	17,366,995	4,367,722	10,718,918	205,432,672	–	205,432,672
Segment direct expenses	43,476,685	2,927,277	3,178,971	640,923	3,290,058	12,327,575	1,354,870	18,184,185	85,380,544	–	85,380,544
Inter segment expense allocation	–	–	–	–	–	–	–	–	–	–	–
Total expenses	43,476,685	2,927,277	3,178,971	640,923	3,290,058	12,327,575	1,354,870	18,184,185	85,380,544	–	85,380,544
Credit loss allowance and write offs – net	2,032,844	124,755	(626,806)	–	280,912	131,765	–	(7,010,259)	(5,066,789)	–	(5,066,789)
Profit / (loss) before tax	72,087,168	3,006,753	13,429,459	22,327,369	6,802,669	4,907,655	3,012,852	(455,008)	125,118,917	–	125,118,917
Balance Sheet											
Cash and Bank balances	68,843,100	118,623	285,083	108,325,440	52,209,346	23,058,567	46,975	163,009	253,050,143	–	253,050,143
Investments	–	–	9,359,179	1,827,094,382	92,557,876	155,824,222	3,936,260	10,274,242	2,099,046,161	–	2,099,046,161
Net inter segment lending	1,760,188,077	–	–	–	–	–	–	369,219,890	2,129,407,967	(2,129,407,967)	–
Lendings to financial institutions	–	–	–	7,999,007	82,301,696	8,741,090	–	–	99,041,793	–	99,041,793
Advances – performing / underperforming – net	47,606,751	49,912,087	535,924,472	–	50,549,799	125,154,149	16,951	692,733	809,856,942	–	809,856,942
– non performing – net	127,017	160,553	746,315	–	9,669,918	235,361	–	915,527	11,854,691	–	11,854,691
Others	60,129,463	3,587,468	64,178,428	54,663,139	2,673,183	23,031,123	1,668,911	95,960,261	305,891,976	–	305,891,976
Total Assets	1,936,894,408	53,778,731	610,493,477	1,998,081,968	289,961,818	336,044,512	5,669,097	477,225,662	5,708,149,673	(2,129,407,967)	3,578,741,706
Borrowings	1,786,061	35,830	60,868,235	392,856,382	2,325,349	13,622,899	–	4,674,350	476,169,106	–	476,169,106
Deposits and other accounts	1,910,167,310	–	104,181,107	–	246,220,530	268,934,274	–	–	2,529,503,221	–	2,529,503,221
Net inter segment borrowing	–	45,539,151	403,770,695	1,603,127,602	36,510,089	36,458,100	4,002,330	–	2,129,407,967	(2,129,407,967)	–
Others	24,941,037	8,203,750	41,673,440	2,097,984	4,905,850	17,029,239	1,666,767	135,372,651	235,890,718	–	235,890,718
Total liabilities	1,936,894,408	53,778,731	610,493,477	1,998,081,968	289,961,818	336,044,512	5,669,097	140,047,001	5,370,971,012	(2,129,407,967)	3,241,563,045
Equity	–	–	–	–	–	–	–	337,178,661	337,178,661	–	337,178,661
Total Equity & liabilities	1,936,894,408	53,778,731	610,493,477	1,998,081,968	289,961,818	336,044,512	5,669,097	477,225,662	5,708,149,673	(2,129,407,967)	3,578,741,706
Contingencies & Commitments	101,275,094	–	399,615,175	274,125,646	22,491,394	114,857,021	–	37,742,678	950,107,008	–	950,107,008

2024

	Retail Banking	Consumer Banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	Others	Sub-total	Eliminations	Total
	(Rupees in '000)										
Profit & Loss											
Net mark-up / return / profit	(147,372,934)	7,777,501	65,061,197	215,492,159	8,136,645	18,175,764	41,741	635,280	167,947,353	–	167,947,353
Inter segment revenue – net	280,744,637	(5,578,141)	(55,924,382)	(233,615,189)	(447,739)	–	–	14,820,814	–	–	–
Non mark-up / return / interest income	13,601,926	2,852,628	9,092,731	9,546,691	2,157,830	1,734,833	3,158,843	1,535,844	43,681,326	–	43,681,326
Total Income	146,973,629	5,051,988	18,229,546	(8,576,339)	9,846,736	19,910,597	3,200,584	16,991,938	211,628,679	–	211,628,679
Segment direct expenses	38,791,747	1,980,304	2,341,844	653,173	2,827,827	10,259,275	1,238,098	17,481,182	75,573,450	–	75,573,450
Inter segment expense allocation	–	–	–	–	–	–	–	–	–	–	–
Total expenses	38,791,747	1,980,304	2,341,844	653,173	2,827,827	10,259,275	1,238,098	17,481,182	75,573,450	–	75,573,450
Credit loss allowance and write offs – net	2,676,558	134,097	415,594	–	(240,940)	542,989	–	1,349,912	4,878,210	–	4,878,210
Profit / (loss) before tax	105,505,324	2,937,587	15,472,108	(9,229,512)	7,259,849	9,108,333	1,962,486	(1,839,156)	131,177,019	–	131,177,019
Balance Sheet											
Cash and Bank balances	46,364,878	112,551	201,339	104,117,273	45,563,659	19,076,604	63,957	34,002	215,534,263	–	215,534,263
Investments	–	–	10,671,310	1,066,820,725	71,479,168	146,596,201	2,360,126	8,628,626	1,306,556,156	–	1,306,556,156
Net inter segment lending	1,540,925,947	–	–	–	–	–	–	317,728,339	1,858,654,286	(1,858,654,286)	–
Lendings to financial institutions	–	–	–	199,978	55,455,526	2,000,000	–	–	57,655,504	–	57,655,504
Advances – performing	61,051,389	36,075,897	895,102,516	–	45,235,202	118,695,366	27,363	(2,990,082)	1,153,197,651	–	1,153,197,651
– non performing – net	221,802	129,398	936,180	–	9,102,756	657,777	–	1,669,062	12,716,975	–	12,716,975
Others	61,228,836	3,648,516	56,988,097	36,583,876	4,169,533	20,261,748	1,701,268	79,479,333	264,061,207	–	264,061,207
Total Assets	1,709,792,852	39,966,362	963,899,442	1,207,721,852	231,005,844	307,287,696	4,152,714	404,549,280	4,868,376,042	(1,858,654,286)	3,009,721,756
Borrowings	4,811,563	42,145	79,574,711	182,422,525	1,022,291	48,422,293	–	3,941,306	320,236,834	–	320,236,834
Deposits and other accounts	1,626,526,489	–	109,698,501	–	185,184,270	209,108,581	–	7,537	2,130,525,378	–	2,130,525,378
Net inter segment borrowing	–	33,742,698	739,981,530	1,025,012,385	31,277,259	25,946,006	2,694,408	–	1,858,654,286	(1,858,654,286)	–
Others	78,454,800	6,181,519	34,644,700	286,942	13,522,024	23,810,816	1,458,306	113,353,193	271,712,300	–	271,712,300
Total liabilities	1,709,792,852	39,966,362	963,899,442	1,207,721,852	231,005,844	307,287,696	4,152,714	117,302,036	4,581,128,798	(1,858,654,286)	2,722,474,512
Equity	–	–	–	–	–	–	–	287,247,244	287,247,244	–	287,247,244
Total Equity & liabilities	1,709,792,852	39,966,362	963,899,442	1,207,721,852	231,005,844	307,287,696	4,152,714	404,549,280	4,868,376,042	(1,858,654,286)	3,009,721,756
Contingencies & Commitments	77,434,778	–	416,240,574	471,223,497	13,340,003	60,170,677	–	31,303,828	1,069,713,357	–	1,069,713,357

44.2 Segment details with respect to geographical locations

Geographical Segment Analysis

	2025						
	Pakistan	South Asia	Middle East	Eurasia	Sub-total	Eliminations	Total
	(Rupees in '000)						
Profit & Loss							
Net mark-up / return / profit	152,169,327	1,095,385	7,384,089	554,273	161,203,074	–	161,203,074
Inter segment revenue – net	308,289	(52,673)	(255,616)	–	–	–	–
Non mark-up / return / interest income	41,794,401	333,556	1,995,007	106,634	44,229,598	–	44,229,598
Total Income	194,272,017	1,376,268	9,123,480	660,907	205,432,672	–	205,432,672
Segment direct expenses	82,129,978	1,059,974	1,900,469	290,123	85,380,544	–	85,380,544
Total expenses	82,129,978	1,059,974	1,900,469	290,123	85,380,544	–	85,380,544
Credit loss allowance and write offs – net	(5,410,750)	(174,180)	455,092	63,049	(5,066,789)	–	(5,066,789)
Profit before tax	117,552,789	490,474	6,767,919	307,735	125,118,917	–	125,118,917
Balance Sheet							
Cash and Bank balances	201,334,548	1,887,363	49,805,383	22,849	253,050,143	–	253,050,143
Investments	2,006,488,284	10,327,823	82,230,054	–	2,099,046,161	–	2,099,046,161
Net inter segment lendings	33,867,116	–	–	–	33,867,116	(33,867,116)	–
Lendings to financial institutions	16,740,097	–	82,301,696	–	99,041,793	–	99,041,793
Advances – performing / underperforming – net	752,764,340	13,708,692	36,841,107	6,542,803	809,856,942	–	809,856,942
– non performing – net	10,877,273	277,251	696,262	3,905	11,854,691	–	11,854,691
Others	302,377,379	1,447,910	1,196,399	870,288	305,891,976	–	305,891,976
Total Assets	3,324,449,037	27,649,039	253,070,901	7,439,845	3,612,608,822	(33,867,116)	3,578,741,706
Borrowings	468,551,686	2,020,195	305,153	5,292,072	476,169,106	–	476,169,106
Deposits and other accounts	2,288,009,313	16,177,354	225,316,554	–	2,529,503,221	–	2,529,503,221
Net inter segment borrowing	–	8,468,974	25,398,142	–	33,867,116	(33,867,116)	–
Others	232,392,284	982,516	2,051,052	464,866	235,890,718	–	235,890,718
Total liabilities	2,988,953,283	27,649,039	253,070,901	5,756,938	3,275,430,161	(33,867,116)	3,241,563,045
Equity	335,495,754	–	–	1,682,907	337,178,661	–	337,178,661
Total Equity & liabilities	3,324,449,037	27,649,039	253,070,901	7,439,845	3,612,608,822	(33,867,116)	3,578,741,706
Contingencies & Commitments	927,615,614	1,773,974	20,717,420	–	950,107,008	–	950,107,008

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For the year ended December 31, 2025

	2024						
	Pakistan	South Asia	Middle East	Eurasia	Sub-total	Eliminations	Total
	(Rupees in '000)						
Profit & Loss							
Net mark-up / return / profit	159,316,873	1,421,346	6,728,200	480,934	167,947,353	–	167,947,353
Inter segment revenue – net	318,073	(132,504)	(185,569)	–	–	–	–
Non mark-up / return / interest income	41,447,361	286,145	1,872,543	75,277	43,681,326	–	43,681,326
Total Income	201,082,307	1,574,987	8,415,174	556,211	211,628,679	–	211,628,679
Segment direct expenses	72,539,702	1,084,184	1,738,730	210,834	75,573,450	–	75,573,450
Total expenses	72,539,702	1,084,184	1,738,730	210,834	75,573,450	–	75,573,450
Credit loss allowance and write offs – net	5,115,713	(179,498)	(61,442)	3,437	4,878,210	–	4,878,210
Profit before tax	123,426,892	670,301	6,737,886	341,940	131,177,019	–	131,177,019
Balance Sheet							
Cash and Bank balances	170,522,149	3,304,063	41,649,801	58,250	215,534,263	–	215,534,263
Investments	1,235,076,988	11,119,781	60,359,387	–	1,306,556,156	–	1,306,556,156
Net inter segment lendings	28,850,057	–	–	–	28,850,057	(28,850,057)	–
Lendings to financial institutions	2,199,978	95,100	55,360,426	–	57,655,504	–	57,655,504
Advances – performing	1,102,603,033	8,510,587	36,619,097	5,464,934	1,153,197,651	–	1,153,197,651
– non performing – net	12,156,270	560,705	–	–	12,716,975	–	12,716,975
Others	259,864,163	1,360,854	2,778,955	57,235	264,061,207	–	264,061,207
Total Assets	2,811,272,638	24,951,090	196,767,666	5,580,419	3,038,571,813	(28,850,057)	3,009,721,756
Borrowings	315,273,236	427,950	594,342	3,941,306	320,236,834	–	320,236,834
Deposits and other accounts	1,950,043,568	14,367,385	166,114,425	–	2,130,525,378	–	2,130,525,378
Net inter segment borrowing	–	9,236,833	19,613,224	–	28,850,057	(28,850,057)	–
Others	260,128,863	918,922	10,445,675	218,840	271,712,300	–	271,712,300
Total liabilities	2,525,445,667	24,951,090	196,767,666	4,160,146	2,751,324,569	(28,850,057)	2,722,474,512
Equity	285,826,971	–	–	1,420,273	287,247,244	–	287,247,244
Total Equity & liabilities	2,811,272,638	24,951,090	196,767,666	5,580,419	3,038,571,813	(28,850,057)	3,009,721,756
Contingencies & Commitments	1,056,373,355	839,081	12,500,921	–	1,069,713,357	–	1,069,713,357

44.3 Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates. Furthermore, segment assets and liabilities include inter segment balances. Costs which are not allocated to segments are included in the Head office. Income taxes are managed at bank level and are not allocated to operating segments.

44.4 No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2025 or 2024.

45 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 in Investor Portfolio Securities Accounts (IPS) accounts are shown in the table below:

Category	Number of IPS Accounts	Securities Held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Government of Pakistan Ijarah Sukuks	
		2025 (Rupees in '000)			
Corporates	106	49,034,580	18,251,200	1,600	67,287,380
Insurance Companies	11	11,372,000	5,200,000	610,000	17,182,000
Asset Management Companies	51	37,257,000	766,000	–	38,023,000
Pension & Employee Funds	157	43,937,415	60,373,800	492,950	104,804,165
NGO / Charitable Organisation	31	8,131,345	1,475,300	–	9,606,645
Individuals	3,117	4,512,660	1,721,800	233,800	6,468,260
Others	81	49,757,590	50,714,900	2,167,500	102,639,990
Total	3,554	204,002,590	138,503,000	3,505,850	346,011,440

Category	Number of IPS Accounts	Securities Held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Government of Pakistan Ijarah Sukuks	
		2024 (Rupees in '000)			
Corporates	106	160,224,450	126,946,300	2,600	287,173,350
Insurance Companies	12	8,250,000	4,700,000	810,000	13,760,000
Asset Management Companies	40	40,920,635	625,000	–	41,545,635
Pension & Employee Funds	155	60,342,530	53,664,500	193,000	114,200,030
NGO / Charitable Organisation	30	7,000,560	774,500	–	7,775,060
Individuals	2,569	4,855,055	1,499,800	107,800	6,462,655
Others	76	144,208,225	184,175,600	382,500	328,766,325
Total	2,988	425,801,455	372,385,700	1,495,900	799,683,055

46 RELATED PARTY TRANSACTIONS

The Group has related party relationship with associates, employee benefit plans, its directors and key management personnel and their close family members. The detail of associates are stated in note 10.13 to the consolidated financial statements.

The Group 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. Remuneration to Chief Executive, Directors and Executives is disclosed in note 42 to the consolidated financial statements.

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

	2025				2024			
	Directors	Key Management Personnel and Shariah Advisors	Associates	Other Related Parties	Directors	Key Management Personnel and Shariah Advisors	Associates	Other Related Parties
	(Rupees in '000)							
Investments								
Opening balance	–	–	10,568,425	1,367,493	–	–	7,821,877	1,367,493
Equity method adjustments	–	–	2,759,349	–	–	–	3,576,674	–
Investment made during the year	–	–	11,418,895	–	–	–	3,360,332	–
Investment disposed off during the year	–	–	(11,674,383)	–	–	–	(4,190,458)	–
Closing balance	–	–	13,072,286	1,367,493	–	–	10,568,425	1,367,493
Credit loss allowance for diminution in value of investments*	–	–	–	–	–	–	–	–
Advances								
Opening balance	20,707	461,038	–	6,946,631	1,436	440,385	–	3,455,169
Addition / exchange adjustment during the year	16,935	54,666	–	5,607,945	33,104	111,052	–	7,358,769
Repaid during the year	(24,060)	(72,511)	–	(8,225,344)	(13,833)	(116,814)	–	(3,867,307)
Transfer in / (out)	–	(147,343)	–	–	–	26,415	–	–
Closing balance	13,582	295,850	–	4,329,232	20,707	461,038	–	6,946,631
Credit loss allowance against advances*	(33)	(1,571)	–	(6,489)	(747)	(12,374)	–	(1,753)
Property and equipment								
Purchase of property and equipment	–	–	49,816	66,834	–	–	32,145	541,045

	2025				2024			
	Directors	Key Management Personnel and Shariah Advisors	Associates	Other Related Parties	Directors	Key Management Personnel and Shariah Advisors	Associates	Other Related Parties
	(Rupees in '000)							
Other Assets								
Income / mark-up accrued	836	3,957	–	63,223	–	3,924	1	93,780
Advances, deposits, advance rent and other prepayments	–	–	902,030	27,589	–	–	1,238,460	26,330
Receivable from Pension Fund	–	–	–	17,312,255	–	–	–	13,336,850
	836	3,957	902,030	17,403,067	–	3,924	1,238,461	13,456,960
Credit loss allowance / provision held against other assets*	(13)	(55)	–	(234)	–	(104)	–	(98)
Deposits and other accounts								
Opening balance	147,783	284,882	9,178,670	11,681,947	3,034,686	349,144	8,321,464	14,236,158
Received during the year	7,527,883	5,716,351	80,084,735	265,236,555	6,929,977	8,636,027	75,020,811	274,181,575
Withdrawn during the year	(7,372,481)	(6,038,762)	(79,728,267)	(259,874,063)	(9,815,845)	(8,701,156)	(74,163,605)	(277,109,812)
Transfer in / (out) – net	–	298,410	–	(2,678,380)	(1,035)	867	–	374,026
Closing balance	303,185	260,881	9,535,138	14,366,059	147,783	284,882	9,178,670	11,681,947
Other Liabilities								
Mark-up / return / interest payable	3,290	317	99,635	10,457	1,342	3,111	171,862	131,391
Accrued expenses and other payable	–	194	438,584	53,703	–	194	493,426	80,738
	3,290	511	538,219	64,160	1,342	3,305	665,288	212,129
Credit loss allowance / provision against off-balance sheet obligations*	–	–	329	11,246	–	–	476	10,086
Contingencies and Commitments								
Letter of Credit	–	–	–	2,479,787	–	–	–	4,576,047
Bank guarantee	–	–	8,784,002	4,722,150	–	–	8,734,277	3,606,499
	–	–	8,784,002	7,201,937	–	–	8,734,277	8,182,546
RELATED PARTY TRANSACTIONS								
Income								
Markup / return / interest earned	136	15,494	–	309,150	–	21,109	–	466,698
Fee and commission income	–	–	1,333,590	97,098	3	–	1,106,974	68,835
Dividend Income	–	–	273,298	224,967	–	–	210,000	121,416
Gain / loss on forward foreign exchange contracts matured during the year	–	–	–	62,628	–	–	–	100,133
Net gain / loss on sale of securities	–	(9)	2,616	2,031	7	98	5,400	6,245
Gain on sale of property and equipment	7	352	–	–	–	258	–	–
Rent income and reimbursement of other expenses	–	24	36,253	28,756	–	–	121,521	52,267
Management fee and Advisory income	–	–	4,808,893	–	–	–	2,845,683	–

	2025				2024			
	Directors	Key Management Personnel and Shariah Advisors	Associates	Other Related Parties	Directors	Key Management Personnel and Shariah Advisors	Associates	Other Related Parties
	(Rupees in '000)							
Expense								
Markup / return / interest expensed	18,873	20,153	451,159	694,425	62,677	60,575	741,978	2,118,909
Other Operating expenses								
Clearing expenses paid to NIFT	–	–	–	291,235	–	–	–	232,583
Contribution to provident fund	–	–	–	970,451	–	–	–	800,285
Rent expenses	–	–	118,723	65,519	–	–	133,161	61,256
Cash sorting expenses	–	–	–	149,011	–	–	–	130,958
Stationery expenses	–	–	–	447,329	–	–	–	406,608
Security guards expenses	–	–	–	5,828	–	–	–	5,492
Remuneration to key executives, shariah advisors and non–executive directors fee	170,981	1,322,773	–	233,413	356,172	1,390,116	–	193,146
Outsourcing service expenses	–	–	148,108	–	–	–	134,242	–
E–dividend processing fee and CDC charges	–	–	–	16,789	–	–	–	9,265
Travelling Expenses	–	–	–	110,357	–	–	–	109,109
Hotel stay expenses	–	–	–	8,467	–	–	–	17,615
Repair & Maintenance Charges	–	–	–	12,306	–	–	–	7,512
Utilities cost	–	–	23,036	2,794	–	–	20,981	5,406
Miscellaneous expenses and payments	–	–	9,611	4,073	–	–	1,490	4,102
Donations	–	–	–	10,000	–	–	–	–
Selling & Marketing	–	–	16,526	–	–	–	226,356	–
Sharia Fee Paid	–	–	2,114	–	–	–	1,242	–
Insurance premium–net of refund	–	–	1,303,999	176,168	–	–	912,956	270,289
Insurance claim settled	–	–	54,942	–	–	–	85,631	–
Other Transactions								
Proceeds from sale of property and equipment	–	525	–	10	–	361	–	112
Sale of government securities	–	78,288	15,864,817	14,746,823	123,702	106,754	10,250,745	24,680,305
Purchase of government securities	–	71,231	2,629,427	318,795	–	126,317	10,236,331	16,842,651
Forward exchange contracts matured during the year	–	–	–	8,059,748	–	–	–	10,257,277

*Represents credit loss allowance recognized against performing exposures on adoption of IFRS 9.

The Chairman has been provided with free use of the Group maintained car. The Chief Executive and certain executives are provided with free use of the Group maintained cars and household equipment in accordance with the terms of their employment.

		2025	2024
		(Rupees in '000)	
47	**CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**		
47.1	**Capital Adequacy**		
	Minimum Capital Requirement (MCR):		
	Paid–up capital (net of losses)	11,850,600	11,850,600
	Capital Adequacy Ratio (CAR):		
	Eligible Common Equity Tier 1 (CET 1) Capital	236,783,465	221,355,610
	Eligible Additional Tier 1 (ADT 1) Capital	–	–
	Total Eligible Tier 1 Capital	236,783,465	221,355,610
	Eligible Tier 2 Capital	86,689,405	57,262,104
	Total Eligible Capital (Tier 1 + Tier 2)	323,472,870	278,617,714
	Risk Weighted Assets (RWAs):		
	Credit Risk	1,011,273,444	937,630,609
	Market Risk	339,272,581	217,684,208
	Operational Risk	380,423,662	331,256,057
	Total	1,730,969,687	1,486,570,874
	Common Equity Tier 1 Capital Adequacy ratio	13.68%	14.89%
	Tier 1 Capital Adequacy Ratio	13.68%	14.89%
	Total Capital Adequacy Ratio	18.69%	18.74%

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid up capital (net of losses) for all locally incorporated banks of Rs. 10 billion. The paid up capital of the Bank for the year ended December 31, 2025 stood at Rs. 11.851 billion (2024: Rs. 11.851 billion) and is in compliance with the SBP requirements. Further, under Basel III instructions, banks are required to maintain minimum Capital Adequacy Ratio (CAR) of 11.50% (including a capital conservation buffer of 1.5% which has been revised downwards from 2.5% as per BPRD Circular No. 12 dated March 26, 2020), Common Equity Tier 1 (CET 1) ratio of 6.0% and Tier 1 ratio of 7.50% as at reporting dates. The Group is fully compliant with prescribed ratios.

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 simple approach.

		2025	2024
		(Rupees in '000)	
47.2	**Leverage Ratio (LR):**		
	Eligible Tier–1 Capital	236,783,465	221,355,610
	Total Exposures	4,337,042,211	3,753,643,548
	Leverage Ratio	5.46%	5.90%

Notes To The Consolidated Financial Statements

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		2025	2024
		(Rupees in '000)	
47.3	**Liquidity Requirements**		
	Liquidity Coverage Ratio (LCR):		
	Total High Quality Liquid Assets	1,675,952,526	1,478,648,150
	Total Net Cash Outflow	674,887,672	647,316,425
	Liquidity Coverage Ratio	248.33%	228.43%
	Net Stable Funding Ratio (NSFR):		
	Total Available Stable Funding	2,180,700,976	1,887,441,253
	Total Required Stable Funding	1,350,322,708	1,462,807,887
	Net Stable Funding Ratio	161.49%	129.03%

The full disclosures on the Capital Adequacy, Leverage Ratio & Liquidity Requirements as per SBP instructions issued from time to time are available at https://www.mcb.com.pk/investor–relations/capital–adequacy–statements.

48 RISK MANAGEMENT

Risk is an inherent part of banking business activities. The risk management framework and governance structure at Group helps to mitigate and counter any foreseeable risk in its various lines of business. Risk awareness forms an integral part of strategic and operational activities of risk management. Through its Global Risk Management Policy, the Group sets the best course of action under uncertainty by identifying, prioritizing, mitigating and monitoring risk issues, with the goal of enhancing shareholders' value. The Group's risk management structure is based on the following five guiding principles:

- Optimizing risk / return in a controlled manner
- Establishing clear responsibility and accountability
- Establishing independent and properly resourced risk management function
- Promoting open risk culture
- Adopting international best practices in risk management

Keeping in view dynamics of internal and external environment, the Group regularly reviews and updates policy manuals / frameworks and procedures in accordance with domestic regulatory environment and international standards.

The Group executes its risk strategy and undertakes controlled risk–taking activities within its risk management framework. The Board of Directors and its relevant committee, i.e. the Risk Management & Portfolio Review Committee (RM&PRC), the senior management and its relevant committees, i.e. the Management Credit and Risk Committee (MC&RC), Asset Liability Committee (ALCO), etc. are responsible to ensure formulation and implementation of a comprehensive Risk Management Framework. This framework is based on prudent risk identification, measurement, management and monitoring processes which are closely aligned with the activities of the Group. The framework combines core policies, procedures and process designs with broad oversight and is supported by an efficient monitoring mechanism across the Group to ensure that risks are kept within an acceptable level.

The Group ensures that not only the relevant risks are identified but their implications are also considered and basis provided for managing and measuring the risks. Through Internal Control units, the Group ensures that effective controls are in place to mitigate each of the identified risk.

The MC&RC and RM&PRC convenes regular meetings to evaluate Bank's risk and portfolio concentrations. The Risk Management Group performs the following critical functions:

- Risk Management Policy Formulation
- Credit Risk Management
- Credit Review
- Credit Risk Control
- Market Risk Management
- Liquidity Risk Management
- Operational Risk Management
- IT Risk Management

Keeping in view the international best practices and SBP requirements, Board of Directors of the Bank has approved a Risk Appetite Statement, which takes into account quantitative and qualitative risk indicators, covering target ratios, credit, market, operational, liquidity and business risks. Risk Appetite review is carried out in regular meetings of RM&PRC.

48.1 Credit Risk

Credit risk arises from Group's dealings with individuals, corporate borrowers, financial institutions, sovereigns etc. The Group is exposed to credit risk through its lending and investment activities. Credit risk makes up the largest part of the Group's exposure and it stems from Group's both on and off–balance sheet activities. The Group's credit risk management philosophy is aligned with its overall business strategy and direction, as established by the Board of Directors. The Group is committed to conducting thorough due diligence to ensure that credit risks are properly analyzed, quantified, disclosed and managed. To manage adverse outcomes in terms of unfavorable scenarios, multiple control factors in the lending structure of the Group provide additional comfort and support. Such controls range from quality of eligible collateral, pre–disbursement safety measures to post disbursement monitoring.

The Group has a well–defined credit policy approved by the Board of Directors, which guides its lending activities. The credit evaluation system consists of robust credit appraisal, sanctioning, and review procedures to ensure prudence in lending and maintain a high–quality asset portfolio. The comprehensive credit risk management framework encompasses following policies and procedures:

- Individuals who take or manage risks clearly understand them in order to protect the Group from avoidable risks;
- The approval of credit limits to counter parties are subject to pre–fact review;
- Extension in credit facility or material change to the credit facility is subject to credit review;
- Approval and review process is reviewed by RM&PRC and internal audit;
- Management periodically reviews the powers of credit approving and credit reviewing authorities.

Ongoing administration of the credit portfolio is an essential part of the credit process that supports and controls extension and maintenance of credit. The Group's Credit Risk Control is responsible for performing following activities:

- Credit disbursement authorization
- Collateral coverage and monitoring
- Compliance of loan covenants / terms of approval
- Maintenance / custody of collateral and security documentation
- Credit Risk Limit Controls

Credit Risk Monitoring is based on a comprehensive reporting framework. Continuous monitoring of the credit portfolio and the risks attached thereto are carried out at different levels including businesses, Audit & Risk Assets Review, Credit Risk Control, Credit Risk Management Division etc.

To ensure a prudent distribution of asset portfolio, the Group manages its lending and investment activities within an appropriate limits framework to manage concentrations in terms of risk quality, industry and large exposure. Per party exposure limit is maintained in accordance with SBP Prudential Regulations.

An internal credit rating system is in place, which is capable of quantifying counter–party risk. The risk rating system incorporates comprehensive obligor risk rating models for the Corporate, Commercial, Small & Medium Enterprises and Agricultural portfolios. These models are designed using a diverse array of qualitative and quantitative variables, each assigned specific weights or scores. The aggregate score of these variables is mapped to determine the final obligor risk rating. These models are regularly validated and updated to maintain their predictive accuracy.

Management of Non Performing Loans

To handle the specialized requirements of managing delinquent and problem accounts, the Group has a separate Special Asset Management (SAM) function to negotiate repayment / settlement of the Group's non–performing exposure and protect the interests of the Group. The priority of the SAM function is recovery of amounts and / or to structure an arrangement (such as rescheduling, restructuring, settlement or a combination of these) by which the interests of the Group are protected. Where no other recourse is possible, SAM may proceed with legal recourse so as to maximize the recovery of the Group's assets. The Risk Management Group also monitors NPL portfolio of the Group and reports the same to Board's sub–committee i.e.; Risk Management & Portfolio Review Committee.

Stress Testing

Credit Risk stress testing is a regular exercise. Group's credit exposures including funded and non–funded facilities are subjected to stress tests. This exercise is conducted on a quarterly basis through assigning shocks to all assets of the Group and assessing its resulting affect on capital adequacy inline with SBP requirements. Additionally, The Group is regularly conducting assessments of the credit portfolio, with robust post disbursement credit review mechanism to identify borrowers most likely to be affected in the challenging business and economic environment. Group is confident that it has more than sufficient risk bearing capacity to withstand these difficult times.

48.1.1 Credit risk – general disclosures Basel specific

The Group uses the Standardized Approach (SA) of the SBP's Basel accord to estimate credit risk–weighted assets. This approach allows the Group to consider external ratings from specified External Credit Assessment Institutions (ECAIs) when calculating risk–weighted assets. A detailed procedural manual outlining the processes for deriving Credit Risk Weighted Assets is in place and adhered to by the Group.

48.1.2 Disclosures for portfolio subject to the standardised approach & supervisory risk weights

48.1.2.1 External ratings

The SBP Basel III guidelines require banks to use ratings assigned by specified External Credit Assessment Institutions (ECAIs) namely Pakistan Credit Rating Agency Limited (PACRA), VIS, Moody's, Fitch and Standard & Poor's.

48.1.3 Disclosures with respect to credit risk mitigation for standardised approach

48.1.3.1 Credit risk mitigation policy

The Group defines collateral as the assets or rights provided to the Group by the borrower or a third party in order to secure a credit facility. The Group would have the rights of secured creditor in respect of the assets / contracts offered as security for the obligations of the borrower / obligor.

48.1.3.2 Collateral valuation and management

As stipulated in the SBP Basel guidelines, the Group uses the comprehensive approach for collateral valuation. Under this approach, the Group reduces its credit exposure to a counterparty when calculating its capital requirements to the extent of risk mitigation provided by the eligible financial collateral as specified in the Basel guidelines. In line with Basel guidelines, the Group makes adjustments in eligible collaterals for possible future fluctuations in the value of the collateral. These adjustments, also referred to as 'haircuts', to produce volatility adjusted amounts for collateral, are reduced from the exposure to compute the capital charge based on the applicable risk weights.

48.1.3.3 Types of collaterals

The Group describes the appropriate collateral for respective facility based on the category of product and counterparty. There are two types of collateral:

- Primary collateral comprises assets that are acquired / to be acquired through Group 's financing i.e. hypothecation and pledge of stocks in case of Running Finance and Cash Finance facilities respectively.
- Secondary collateral is in addition to primary collateral and it serves the purpose of additional security. Generally, for short term financing facilities, tangible fixed assets i.e. immovable properties are required as secondary collateral.

48.1.3.4 Types of eligible financial collateral

For credit risk mitigation purposes (capital adequacy purposes), the Group considers various types of financial collaterals that are eligible under the SBP Basel III accord. This includes cash / TDRs, gold and securities issued by Government of Pakistan such as T–Bills and PIBs.

48.1.3.5 Credit concentration risk

The Group manages credit concentration risk by monitoring exposure to single borrowers, groups, industries and geographical regions. Regulatory limits are in place to prevent excessive exposure on single Obligor and Group basis, while, Industry concentration limits are in place (as part of Group's Global Risk Appetite Statement) to monitor excessive exposures to any specific industry. Moreover, geographic concentration limits are also in place for Pakistan.

Particulars of the Group's on–balance sheet and off–balance sheet credit risk in various sectors are analysed in note 48.1.4 to note 48.1.7.

48.1.3.6 Methodologies and models used for measurement of Expected Credit Loss (ECL)

The Group's has established a comprehensive policy framework to enable it in complying with the accounting and provisioning requirements as set out in IFRS 9 by the International Accounting Standards Board's (IASB's) and IFRS 9 Application Instructions issued by the State Bank of Pakistan (SBP), as amended from time to time.

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The key elements of the policy framework include:

- Group's governance structure (i.e. ownership, roles and responsibilities) to organize the operational, financial and risk management and reporting processes for IFRS 9 implementation;
- Implementing requirements related to identification, recognition, classification, measurement, impairment and de–recognition of financial instruments; and
- Interpretation and guidance on the technical areas of IFRS 9 related to computation of ECL allowance; including developing an ECL allowance methodology and corresponding measurement models for Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

Based on the above framework, key details about significant data inputs and assumptions used in the ECL allowance estimation process have been disclosed in note. 6.1.1.6.

48.1.4 Lending's to financial institutions

Credit risk by public / private sector

	Note	Gross lendings		Non-performing lendings		Credit loss allowance					
						Stage 1		Stage 2		Stage 3	
		2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
		(Rupees in '000)									
Public / Government		85,542,834	55,455,526	-	-	-	-	-	-	-	-
Private		13,500,000	2,200,000	-	-	(1,041)	(22)	-	-	-	-
	9	99,042,834	57,655,526	-	-	(1,041)	(22)	-	-	-	-

48.1.5 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Credit loss allowance					
					Stage 1		Stage 2		Stage 3	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	(Rupees in '000)									
Manufacture of chemicals and pharmaceutical products	826,599	885,000	-	-	2,287	4,609	-	-	-	-
Financials including government securities	1,965,778,667	1,240,096,151	118	118	160	-	371,541	640,873	118	118
Manufacture of cement	285,000	285,000	285,000	285,000	-	-	-	-	285,000	285,000
Manufacture of sugar	139,925	145,656	139,925	144,676	-	-	-	-	139,925	144,676
Manufacture of textiles	37,262	40,732	37,262	40,732	-	-	-	-	37,262	40,732
Construction	513,429	-	-	-	-	-	-	-	-	-
Electricity, gas, steam and air conditioning supply	115,947	-	-	-	-	-	-	-	-	-
Others	4,952	4,952	4,952	4,952	-	-	-	-	4,952	4,952
	1,967,701,781	1,241,457,491	467,257	475,478	2,447	4,609	371,541	640,873	467,257	475,478
Credit risk by public / private sector										
Public / Government	1,956,228,640	1,230,385,431	-	-	-	-	371,541	640,873	-	-
Private	11,473,141	11,072,060	467,257	475,478	2,447	4,609	-	-	467,257	475,478
	1,967,701,781	1,241,457,491	467,257	475,478	2,447	4,609	371,541	640,873	467,257	475,478

		Note	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)									
48.1.6	Advances											
	Credit risk by industry sector											
	Agriculture, forestry and fishing		13,366,298	7,624,497	649,613	581,566	54,392	48,712	5,790	44,648	579,827	523,488
	Construction		10,105,812	12,511,245	98,159	143,188	3,275	93,362	10,702	21,226	98,159	132,775
	Electricity, gas, steam and air conditioning supply		73,046,620	60,301,229	1,243,511	1,642,139	193,266	162,178	–	145,221	641,551	981,909
	Electronics and electrical appliances		16,544,548	16,658,141	42,989	85,471	24,633	25,289	–	–	42,989	85,471
	Financials		34,458,058	228,210,430	46,348	128,760	301,525	750,871	411,721	439,503	46,348	128,760
	Footwear and Leather garments		1,578,155	2,197,213	122,445	147,255	2,227	5,200	152	257	122,445	147,255
	Human health and social work activities		727,180	338,177	22,979	41,605	2,281	1,766	5,040	–	22,979	41,605
	Individuals		60,039,268	51,767,356	1,355,906	1,691,613	347,792	791,570	19,045	178,779	1,110,720	1,475,555
	Manufacture of basic metals and metal products		16,734,242	15,875,104	4,813,380	4,890,509	9,065	2,848	9,539	14,911	4,813,380	4,890,509
	Manufacture of cement		21,887,271	65,092,358	392,862	392,862	22,908	34,107	–	–	392,862	392,862
	Manufacture of chemicals and pharmaceutical products		48,695,054	46,772,809	456,039	192,637	77,362	45,810	20,182	13,360	314,809	192,637
	Manufacture of coke and refined petroleum products		17,644,401	8,656,783	227,901	378,870	4,065	1,327	–	–	115,360	189,435
	Manufacture of food & beverages products		63,791,158	81,994,657	5,558,219	6,633,712	99,675	110,208	27,629	81,033	5,042,748	4,807,543
	Manufacture of machinery, equipment and transport Equipment		16,481,874	6,977,916	351,674	362,264	18,311	7,528	1,133	9,468	351,674	362,264
	Manufacture of rubber and plastics products		14,113,180	16,753,174	402,172	455,558	7,647	18,856	1,984	3,206	402,172	455,558
	Manufacture of sugar		60,746,765	85,154,866	3,134,801	3,597,751	101,614	116,706	18,876	20,321	3,134,801	3,597,751
	Manufacture of textiles		176,919,170	277,464,133	10,058,783	11,760,765	210,893	334,735	61,781	40,947	9,774,301	11,160,248
	Mining and quarrying		1,808,041	6,523,637	–	5,414	3,158	5,085	–	–	–	5,414
	Manufacturing of Pulp, Paper, Paperboard		12,691,210	16,320,708	145,690	176,349	44,569	41,141	–	–	145,690	176,349
	Ship Breaking		3,811,091	4,007,197	3,606,822	3,862,507	38	52	–	–	3,606,822	3,862,507
	Services		32,830,854	32,751,598	229,449	332,742	52,363	45,698	2,099	100,442	226,532	307,484
	Telecommunications		63,114,825	57,760,123	28,065	57,304	282,132	240,670	–	–	28,065	57,304
	Transportation and storage		28,910,509	25,720,819	275,418	432,822	17,619	22,716	1,421	–	275,418	432,822
	Wholesale and retail traders		66,324,769	81,940,336	17,239,416	17,774,845	64,470	91,644	70,371	157,679	8,119,811	8,703,879
	Others		14,809,256	12,989,311	1,707,199	371,266	7,137	5,456	330	12,678	945,686	311,415
		11	871,179,609	1,222,363,817	52,209,840	56,139,774	1,952,417	3,003,535	667,795	1,283,679	40,355,149	43,422,799
	Credit risk by public / private sector											
	Public / Government		71,271,708	114,495,856	575,948	575,948	185,224	154,088	124	135,367	575,948	575,948
	Private		799,907,901	1,107,867,961	51,633,892	55,563,826	1,767,193	2,849,447	667,671	1,148,312	39,779,201	42,846,851
		11	871,179,609	1,222,363,817	52,209,840	56,139,774	1,952,417	3,003,535	667,795	1,283,679	40,355,149	43,422,799

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	Note	2025	2024
		(Rupees in '000)	
48.1.7 Contingencies and Commitments			
Credit risk by industry sector			
Agriculture, forestry and fishing		376,937	180,887
Construction		33,282,187	29,018,650
Electricity, gas, steam and air conditioning supply		26,934,441	43,292,623
Electronics and electrical appliances		13,140,038	12,484,778
Financials		357,204,080	538,295,452
Footwear and Leather garments		1,200,093	1,042,373
Human health and social work activities		5,097,202	376,100
Individuals		9,029,023	4,001,299
Manufacture of basic metals and metal products		13,850,456	11,129,132
Manufacture of cement		4,959,308	3,163,218
Manufacture of chemicals and pharmaceutical products		39,466,659	38,519,412
Manufacture of coke and refined petroleum products		37,768,457	37,659,046
Manufacture of food & beverages products		65,826,823	58,204,789
Manufacture of machinery, equipment and transport Equipment		37,838,735	32,280,761
Manufacture of rubber and plastics products		13,377,787	8,119,176
Manufacture of sugar		7,760,576	8,908,627
Manufacture of textiles		77,996,088	88,222,078
Mining and quarrying		260,918	1,020,858
Manufacturing of Pulp, Paper, Paperboard		5,000,804	4,914,539
Ship Breaking		2,450,215	1,832,085
Services		99,650,541	34,737,929
Telecommunications		20,191,233	22,621,289
Transportation and storage		3,422,570	336,102
Wholesale and retail traders		62,233,526	59,120,791
Others		11,788,311	30,231,363
	26	950,107,008	1,069,713,357
Credit risk by public / private sector			
Public / Government		160,389,778	143,763,604
Private		789,717,230	925,949,753
	26	950,107,008	1,069,713,357

48.1.8 Concentration of Advances

The bank top 10 exposures on the basis of total (funded and non–funded exposures) aggregated to Rs. 302,053.549 million (2024: Rs. 418,580.786 million) are as following:

	2025	2024
	(Rupees in '000)	
Funded	129,598,161	313,154,688
Non Funded	172,455,388	105,426,098
Total Exposure	302,053,549	418,580,786

The sanctioned limits against these top 10 exposures aggregated to Rs. 422,960.000 million (2024: Rs. 467,887.030 million). None of the Bank's top 10 exposures were classified as non–performing at December 31, 2025 (2024: Nil). For the purpose of this note, exposure means outstanding funded facilities and utilised non–funded facilities as at the reporting date.

48.1.9 Advances – Province / Region–wise Disbursement & Utilization

	2025						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Province / Region							
Punjab	1,149,578,974	1,126,265,596	14,970,698	2,375,754	–	936,632	5,030,294
Sindh	1,163,091,152	8,724,637	1,152,197,725	2,031,000	126,392	6,703	4,695
KPK including FATA	5,693,270	1,113,848	–	4,552,998	2,037	23,191	1,196
Balochistan	226,450	–	2,944	–	223,506	–	–
Islamabad	169,514,603	5,462,157	6,048	2,306,337	–	161,740,061	–
AJK including Gilgit–Baltistan	497,362	6,100	–	5,946	–	1,102	484,214
	2,488,601,811	1,141,572,338	1,167,177,415	11,272,035	351,935	162,707,689	5,520,399

	2024						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Province / Region							
Punjab	1,120,688,127	1,077,997,467	33,825,895	7,801,745	–	1,056,917	6,103
Sindh	1,031,148,611	12,048,534	1,000,142,793	874,026	18,071,314	8,788	3,156
KPK including FATA	4,115,656	23,874	162	4,070,489	1,523	16,600	3,008
Balochistan	130,762	2,932	3,874	–	123,956	–	–
Islamabad	258,152,707	1,596,731	533	2,582,170	1,685	253,971,588	–
AJK including Gilgit–Baltistan	3,750,833	5,534	–	–	–	2,694	3,742,605
	2,417,986,696	1,091,675,072	1,033,973,257	15,328,430	18,198,478	255,056,587	3,754,872

48.2 Market Risk

Market Risk arises from changes in market rates such as interest rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices as well as their correlations and volatilities resulting in a loss to earnings and capital. The Group is exposed to market risk primarily through its trading activities, which are centered in the Treasury and Foreign Exchange Group and the Capital Market Division. Market risk also arises from market–making, facilitation of client business and proprietary positions in equities, fixed income and interest rate products and foreign exchange, which exposes the Group to interest rate risk, foreign exchange risk and equity price risk.

The Group's Market Risk Management structure consists of Risk Management & Portfolio Review Committee (RM&PRC) of the Board, Management Credit and Risk Committee, ALCO and independent Market Risk Management Division reporting directly to Group Head Risk Management. Market Risk function works in close partnership with the business segments to identify and monitor market risks throughout the Group and to define market risk policies and procedures. Market Risk seeks to facilitate efficient risk / return management decisions, reduce volatility in operating performance and provide transparency into the Group's market risk profile for senior management, the Board of Directors and regulators. Market risk authority, including both approval of market risk limits and approval of market risks is vested in the ALCO.

The Group has clearly defined, in its Global Risk Management policy, the positions which shall be subject to trading book treatment. The definition covers the accounting classifications as well as positions booked by different business groups/functions under FVOCI or FVTPL category. The assets subject to trading book treatment are frequently, mostly on daily basis, valued and actively managed. The positions which does not fulfill the criteria of trading book falls under the banking book and are treated as per regulatory requirements.

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The Group measures and manages Market Risk by using different risk parameters with combinations of various limits. The Board approved Risk Appetite and Global Risk Management Policy provide guidelines for assuming controlled market risk, its monitoring, reporting and management. The approved limits are compared with the numbers generated by the market risk management systems based on the trading activity and the outstanding positions.

Besides conventional methods, the Group also uses VaR (Value at Risk) technique for market risk assessment of positions assumed by the Group. In–house developed solutions are used for calculating mark to market value of positions and generating VaR (Value at Risk) and sensitivity numbers. Thresholds for different positions are established to compare the expected losses at a given confidence level and over a specified time horizon. Interest rate risk is measured through the risk parameters viz.duration, Price Value of a Basis Point (PVBP), and VaR on individual security basis as well as on portfolio basis. The result of these parameters are presented to the senior management for review on a daily basis.

A framework of stress testing, scenario analysis and reverse stress tests covering both banking and trading books as per SBP guidelines is also in place. The results of the stress tests are reviewed by senior management and also reported to the SBP.

48.2.1 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	211,224,339	–	211,224,339	186,680,045	–	186,680,045
Balances with other banks	41,825,804	–	41,825,804	28,854,218	–	28,854,218
Lendings to financial institutions	99,041,793	–	99,041,793	57,655,504	–	57,655,504
Investments	56,092,249	2,042,953,912	2,099,046,161	103,737,365	1,202,818,791	1,306,556,156
Advances	821,711,633	–	821,711,633	1,165,914,626	–	1,165,914,626
Property and equipment	103,683,770	–	103,683,770	88,019,025	–	88,019,025
Right–of–use assets	10,442,271	–	10,442,271	8,452,814	–	8,452,814
Intangible assets	3,453,209	–	3,453,209	2,650,482	–	2,650,482
Other assets	187,260,259	1,052,467	188,312,726	164,938,886	–	164,938,886
	1,534,735,327	2,044,006,379	3,578,741,706	1,806,902,965	1,202,818,791	3,009,721,756

48.2.2 Foreign Exchange Risk

Foreign exchange risk exposes the Group to changes in the values of current holdings and future cash flows denominated in currencies other than home currency due to the exchange rate fluctuation and volatility. The types of instruments exposed to this risk include investments in foreign branches, foreign currency–denominated loans, foreign currency–denominated deposits, future cash flows in foreign currencies arising from foreign exchange transactions, etc.

The core objective of foreign exchange risk management is to ensure the foreign exchange exposure of the Group remains within defined risk appetite and insulate the Group against undue losses that may arise due to volatile movements in foreign exchange rates or interest rates.

Limit structure to manage foreign exchange risk including gap limits on different tenors in major currencies is in place to control risk. Group's net open position and Foreign Exchange Exposure Limit (FEEL) are monitored and reported on intra–day and day end basis. Foreign exchange risk parameters including VaR is generated and monitored on a daily basis. Stress testing of foreign exchange portfolio and its reporting to senior management and RM&PRC of the Board is a regular feature.

	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	81,217,252	69,887,561	(18,976,745)	(7,647,054)	106,692,259	65,628,035	(43,413,185)	(2,348,961)
Sri Lankan Rupees	–	181,379	–	(181,379)	–	71,537	–	(71,537)
Arab Emirates Dirham	193,931	639,745	30,510	(415,304)	138,281	399,938	6,868	(254,789)
Euro	6,055,346	14,289,536	8,222,709	(11,481)	14,557,422	11,725,752	(2,757,176)	74,494
Great Britain Pound Sterling	8,805,778	10,874,536	2,107,226	38,468	9,123,368	9,541,919	(69,941)	(488,492)
Japanese Yen	8,796	85,491	98,406	21,711	50,339	30	(9,809)	40,500
Chinese Yuan	234,518	12,073	(200,364)	22,081	3,343,783	22,853	(3,286,685)	34,245
Other currencies	280,409	697,755	525,245	107,899	608,405	299,769	(39,715)	268,921
	96,796,030	96,668,076	(8,193,013)	(8,065,059)	134,513,857	87,689,833	(49,569,643)	(2,745,619)

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
– Statement of profit and loss account	(80,651)	–	(27,456)	–
– Other comprehensive income	261,164	–	210,834	–

48.2.3 Equity position Risk

Group's proprietary positions in the equity instruments exposes it to the equity price risk in its trading and banking books. Equity price risk is managed by applying trading limits, scrip–wise and portfolio wise nominal limits. VaR analysis and stress testing of the equity portfolio are also performed and reported to senior management on a daily basis. The stress test for equity price risk assesses the impact of the fall in the stock market prices using certain assumptions. In addition to this stress testing, historical scenario analysis on equities is also performed periodically as advised by the State Bank of Pakistan through Guideline on Stress Testing.

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices on				
– Other comprehensive income	–	3,675,045	–	2,490,517

48.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)–Basel II Specific

Interest rate risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in interest rates, including changes in the shape of yield curves. Interest rate risk is inherent in many of the Group's businesses and arises from mismatches between the contractual maturities or the re–pricing of on and off–balance sheet assets and liabilities. The interest rate sensitivity profile is prepared on a quarterly basis based on the re–pricing or contractual maturities of assets and liabilities.

Interest rate risk is monitored and managed by performing periodic gap analysis, sensitivity analysis and stress testing and taking appropriate actions where required.

The increase / (decrease) in earnings due to change in the interest rate is as follows:

	2025		2024	
	Banking Book	Trading Book	Banking Book	Trading Book
	(Rupees in '000)			
Impact of 1% increase in interest rates on				
– Statement of profit and loss account	3,702,585	–	5,289,293	–
– Other comprehensive income	–	(12,894,903)	–	(7,096,955)

The Group has classified FVOCI investments as Trading in Basel–II.

48.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

2025

	Effective yield / interest rate	Total	Exposed to Yield/ Interest risk									Non-interest bearing financial instruments
			Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		211,224,339	8,716,198	–	–	–	–	–	–	–	–	202,508,141
Balances with other banks	0.77%	41,825,804	11,193,479	6,054,815	1,400,616	–	–	–	–	–	–	23,176,894
Lending to financial institutions	5.27%	99,041,793	95,800,655	–	–	–	–	3,241,138	–	–	–	–
Investments	12.32%	2,099,046,161	110,023,257	616,540,742	768,115,474	119,518,310	131,243,349	67,332,901	191,635,723	300,642	395,986	93,939,777
Advances	10.69%	788,787,109	625,107,544	61,492,002	23,987,137	7,706,889	4,423,546	6,646,873	6,947,484	7,418,012	14,807,126	30,250,496
Other assets		153,398,002	–	–	–	–	–	–	–	–	–	153,398,002
		3,393,323,208	850,841,133	684,087,559	793,503,227	127,225,199	135,666,895	77,220,912	198,583,207	7,718,654	15,203,112	503,273,310
Liabilities												
Bills payable		31,132,570	–	–	–	–	–	–	–	–	–	31,132,570
Borrowings	9.99%	476,169,106	421,411,677	9,584,951	11,867,897	1,813,953	11,989,833	14,242,711	2,615,032	2,591,901	51,151	–
Deposits and other accounts	4.52%	2,529,503,221	1,187,073,140	25,084,293	12,463,105	4,834,968	94,454	19,042	13,112	–	–	1,299,921,107
Other liabilities		114,500,716	–	–	–	–	–	–	–	–	–	114,500,716
		3,151,305,613	1,608,484,817	34,669,244	24,331,002	6,648,921	12,084,287	14,261,753	2,628,144	2,591,901	51,151	1,445,554,393
On-balance sheet gap		242,017,595	(757,643,684)	649,418,315	769,172,225	120,576,278	123,582,608	62,959,159	195,955,063	5,126,753	15,151,961	(942,281,083)
Off-balance sheet financial instruments												
FX options purchase		3,492,215	751,658	787,039	1,616,472	337,046	–	–	–	–	–	–
Forward purchase of Government securities		4,000,000	4,000,000	–	–	–	–	–	–	–	–	–
Foreign exchange contracts purchase		157,913,124	60,538,369	48,547,430	44,343,537	4,483,788	–	–	–	–	–	–
		165,405,339	65,290,027	49,334,469	45,960,009	4,820,834	–	–	–	–	–	–
FX options sale		3,492,215	751,658	787,039	1,616,472	337,046	–	–	–	–	–	–
Forward sale of Government securities		–	–	–	–	–	–	–	–	–	–	–
Cross Currency Swaps sale		–	–	–	–	–	–	–	–	–	–	–
Foreign exchange contracts sale		157,235,279	73,732,583	48,473,509	31,525,819	3,503,368	–	–	–	–	–	–
		160,727,494	74,484,241	49,260,548	33,142,291	3,840,414	–	–	–	–	–	–
Off-balance sheet gap		4,677,845	(9,194,214)	73,921	12,817,718	980,420	–	–	–	–	–	–
Total Yield / Interest Risk Sensitivity Gap			(766,837,898)	649,492,236	781,989,943	121,556,698	123,582,608	62,959,159	195,955,063	5,126,753	15,151,961	
Cumulative Yield / Interest Risk Sensitivity Gap			(766,837,898)	(117,345,662)	664,644,281	786,200,979	909,783,587	972,742,746	1,168,697,809	1,173,824,562	1,188,976,523	

	2024											
	Effective yield / interest rate	Total	Exposed to Yield/ Interest risk									Non-interest bearing financial instruments
			Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		186,680,045	8,178,869	–	–	–	–	–	–	–	–	178,501,176
Balances with other banks	1.18%	28,854,218	22,744,535	475,500	–	–	–	–	–	–	–	5,634,183
Lending to financial institutions	9.81%	57,655,504	57,555,515	–	99,989	–	–	–	–	–	–	–
Investments	18.60%	1,306,556,156	215,396,410	243,209,688	479,553,172	91,342,498	37,988,187	86,324,155	74,058,198	16,931,610	265	61,751,973
Advances	16.94%	1,141,900,718	842,529,394	189,105,615	32,606,450	8,825,466	3,504,124	4,384,007	4,135,171	6,254,029	4,964,622	45,591,840
Other assets		138,859,680	–	–	–	–	–	–	–	–	–	138,859,680
		2,860,506,321	1,146,404,723	432,790,803	512,259,611	100,167,964	41,492,311	90,708,162	78,193,369	23,185,639	4,964,887	430,338,852
Liabilities												
Bills payable		53,421,951	–	–	–	–	–	–	–	–	–	53,421,951
Borrowings	14.85%	320,236,834	239,663,301	22,369,865	20,308,701	3,235,604	4,740,373	3,791,118	6,276,193	19,800,528	51,151	–
Deposits and other accounts	9.23%	2,130,525,378	1,085,364,446	24,357,569	11,992,982	4,421,409	178,408	118,154	20,439	–	–	1,004,071,971
Other liabilities		152,515,794	–	–	–	–	–	–	–	–	–	152,515,794
		2,656,699,957	1,325,027,747	46,727,434	32,301,683	7,657,013	4,918,781	3,909,272	6,296,632	19,800,528	51,151	1,210,009,716
On-balance sheet gap		203,806,364	(178,623,024)	386,063,369	479,957,928	92,510,951	36,573,530	86,798,890	71,896,737	3,385,111	4,913,736	(779,670,864)
Off-balance sheet financial instruments												
FX options purchase		6,463,637	329,293	631,413	1,710,110	3,792,821	–	–	–	–	–	–
Forward purchase of Government securities		301,115,690	87,918,950	213,196,740	–	–	–	–	–	–	–	–
Foreign exchange contracts purchase		80,842,372	44,036,490	24,740,432	9,999,331	2,066,119	–	–	–	–	–	–
		388,421,699	132,284,733	238,568,585	11,709,441	5,858,940	–	–	–	–	–	–
FX options sale		6,463,637	329,293	631,413	1,710,110	3,792,821	–	–	–	–	–	–
Forward sale of Government securities		–	–	–	–	–	–	–	–	–	–	–
Cross Currency Swaps – sale		–	–	–	–	–	–	–	–	–	–	–
Foreign exchange contracts sale		91,566,145	44,395,963	28,236,349	12,143,591	6,790,242	–	–	–	–	–	–
		98,029,782	44,725,256	28,867,762	13,853,701	10,583,063	–	–	–	–	–	–
Off-balance sheet gap		290,391,917	87,559,477	209,700,823	(2,144,260)	(4,724,123)	–	–	–	–	–	–
Total Yield / Interest Risk Sensitivity Gap			(91,063,547)	595,764,192	477,813,668	87,786,828	36,573,530	86,798,890	71,896,737	3,385,111	4,913,736	
Cumulative Yield / Interest Risk Sensitivity Gap			(91,063,547)	504,700,645	982,514,313	1,070,301,141	1,106,874,671	1,193,673,561	1,265,570,298	1,268,955,409	1,273,869,145	

	2025	2024		2025	2024
	(Rupees in '000)			(Rupees in '000)	
Reconciliation to total assets			**Reconciliation to total liabilities**		
Balance as per balance sheet	3,578,741,706	3,009,721,756	**Balance as per balance sheet**	3,241,563,045	2,722,474,512
Less: Non financial assets			**Less: Non financial liabilities**		
Islamic financing and related assets	32,924,524	24,013,908			
Property and equipment	103,683,770	88,019,025			
Right–of–use assets	10,442,271	8,452,814	Lease Liability	15,505,119	12,663,814
Intangible assets	3,453,209	2,650,482	Deferred tax liability	49,340,982	20,824,376
Other assets	34,914,724	26,079,206	Other liabilities	25,411,331	32,286,365
	185,418,498	149,215,435		90,257,432	65,774,555
Total financial assets	3,393,323,208	2,860,506,321	**Total financial liabilities**	3,151,305,613	2,656,699,957

48.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. This definition includes legal risks but excludes strategic and reputational risks.

The Group's operational risk management framework, as laid down in the Global Risk Management Policy, duly approved by the Board, is flexible enough to implement in stages and permits the overall risk management approach to evolve in the light of organizational learning and the future needs of the Group. Operational loss events are reviewed and appropriate corrective actions taken on an ongoing basis, including measures to improve control procedures with respect to design and operative effectiveness.

Operational Risk Management helps the Group understand risks and improve mitigating controls so as to minimize operational risks that are inherent in almost all areas of the Group. Group on continuous basis strengthens its risk function, policies and procedures to facilitate its operations and improve quality of assets to safeguard interest of depositors.

48.3.1 Operational Risk–Disclosures Basel II Specific

Currently, the Group is reporting operational risk capital charge under Basic Indicator Approach (BIA). The Group have adopted a number of measures e.g. using Key Risk Indicators (KRIs), loss events database and Risk & Control Self Assessments (RCSA) to manage its operational risk effectively.

In accordance with the Operational Risk Management (OR) regulations, policy and framework, a database covering operational risk events is being maintained using a state of the art software solution, which has enhanced features and a better workflow management. This new software has further augmented Group's capacity to capture and report operational risk events and KRIs. The software is also capable of generating periodical regulatory and management reports. Periodical updates on Operational Risk events are presented to senior management and the Risk Management and Portfolio Review Committee of the Board.

48.4 Liquidity Risk

Liquidity represents the ability to fund assets and meet obligations as they become due. The Group understands that liquidity does not come for free, and surplus liquidity has an opportunity cost which needs to be recognized. Liquidity risk is a risk of not being able to obtain funds at a reasonable price within a reasonable time period to meet obligations as they become due. Liquidity is essential to the ability to operate financial services businesses and, therefore, the ability to maintain adequate levels of liquidity through economic cycles is crucial. Particularly during periods of adverse conditions, liquidity management is among the most important activities that the Group conducts during both normal and stress periods. The Group recognizes that liquidity risk can arise from the Group's activities and can be grouped into three categories:

- Inflows / Outflows from on–balance sheet items (other than marketable securities and wholesale borrowings) and off–balance sheet items;
- Marketability of trading securities; and
- Capacity to borrow from the wholesale markets for funding as well as trading activities.

Liquidity Management

The Asset Liability Committee of the Bank has the responsibility for formulation of overall strategy and oversight of the Asset Liability Management function. The Board has approved a comprehensive Liquidity Risk Policy (part of Risk Management Policy), which stipulates policies regarding maintenance of various ratios, funding preferences, and evaluation of Groups' liquidity under normal and stress scenarios. A framework to assess the maturity profile of non–contractual assets and liabilities is in place to supplement the liquidity management. Group's comprehensive liquidity management framework assists it to closely watch the liquidity position through monitoring of early warning indicators and stress testing, to ensure effective and timely decision making.

The Group's liquidity risk management framework is designed to identify measure and manage in a timely manner the liquidity risk position of the Group. The underlying policies and procedures include: Global Risk Management policy, Global Treasury Policy, Investment policy, Contingency Funding Plan, Liquidity Strategy and Limit Structure which are reviewed and approved regularly by the senior management / Board. Moreover; the Bank also prepares a 'Contingency Funding Plan' (CFP) to address liquidity issues in time of stress/crises situation containing early warning indicators to preempt unforeseen liquidity crises. The Group conducts Liquidity Risk Analysis on regular basis as well as Maturity of gaps are also reviewed in order to ensure diversification in terms of tenors. MCB liquidity risk framework envisages to project the Bank's funding position during temporary and long–term liquidity changes, including those caused by liability erosion and explicitly identifying, quantifying and ranking all sources of funding preferences, such as reducing assets, modifying or increasing liability structure; and using other alternatives for controlling statement of financial position changes. The Group performs regular liquidity stress tests as part of its liquidity monitoring activities. The purpose of the liquidity stress tests is intended to ensure sufficient liquidity for the Group under both idiosyncratic and systemic market stress conditions. The Group's liquidity risk management approach involves intraday liquidity management, managing funding sources and evaluation of structural imbalances in balance sheet structure.

Intraday Liquidity Management

Intraday liquidity management is about managing the daily payments and cash flows. The Group has policies to ensure that sufficient cash is maintained during the day to make payments through local payment system. The policy of the Group is to maintain adequate liquidity at all times, in all geographical locations and for all currencies and hence to be in a position, in the normal course of business, to meet obligations, repay depositors and fulfill commitments.

Managing Funding Sources

As per policy, the Group maintains a portfolio of marketable securities that can either be sold outright or sold through a repurchase agreement to generate cash flows for meeting unexpected liquidity requirement. As a part of liquidity management, the Bank maintains borrowing relationships to ensure continued access to diverse market of funding sources. The Group's sound credit rating together with excellent market reputation has enabled the Group to secure ample call lines with local and foreign banks. The level of liquidity reserves as per regulatory requirements also mitigates risks. The Group's investment in marketable securities is much higher than the Statutory Liquidity Requirements.

48.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Group

	2025													
	Total	Upto 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	211,224,339	211,224,339	–	–	–	–	–	–	–	–	–	–	–	–
Balances with other banks	41,825,804	23,025,386	9,944,371	–	1,400,616	6,054,815	–	1,400,616	–	–	–	–	–	–
Lendings to financial institutions	99,041,793	–	85,301,000	10,499,655	–	–	–	–	–	–	–	3,241,138	–	–
Investments – net	2,099,046,161	857,237	3,177,249	1,640,484	7,024,332	19,539,907	18,593,395	168,619,406	107,892,549	52,110,367	220,167,115	247,502,159	659,384,439	592,537,522
Advances – net	821,711,633	99,442,625	27,775,447	11,122,936	92,423,016	44,218,187	69,741,745	102,501,698	29,936,022	34,429,930	58,716,876	60,794,523	96,820,152	93,788,476
Property and equipment	103,683,770	28,875	173,247	202,122	579,612	882,152	968,866	2,846,251	2,872,973	3,217,088	5,258,713	6,330,936	6,293,280	74,029,655
Right-of-use assets	10,442,271	2,432	14,592	17,024	156,237	191,841	191,125	559,766	541,403	522,171	1,858,092	1,528,452	2,132,900	2,726,236
Intangible assets	3,453,209	3,311	19,868	23,179	70,865	107,293	117,227	345,338	352,369	378,504	442,747	283,960	513,640	794,908
Other assets – net	188,312,726	1,365,282	31,829,394	14,902,282	24,871,855	27,176,959	34,546,838	18,862,530	4,967,681	1,769,797	1,579,469	1,288,600	19,226,293	5,925,746
	3,578,741,706	335,949,487	158,235,168	38,407,682	126,526,533	98,171,154	124,159,196	295,135,605	146,562,997	92,427,857	288,023,012	320,969,768	784,370,704	769,802,543
Liabilities														
Bills payable	31,132,570	1,004,276	6,025,659	7,029,935	17,072,700	–	–	–	–	–	–	–	–	–
Borrowings	476,169,106	22,196,187	391,539,153	974,149	6,702,188	1,690,147	7,894,804	11,867,897	843,643	970,310	11,989,833	14,242,711	2,615,032	2,643,052
Deposits and other accounts	2,529,503,221	2,210,531,793	16,051,519	6,204,241	19,141,742	15,037,660	21,863,521	30,437,683	5,917,105	5,533,286	49,770,496	49,726,836	49,651,576	49,635,763
Lease liabilities	15,505,119	2,368	14,202	16,569	146,241	183,015	182,653	502,125	528,220	564,791	2,031,217	1,963,690	3,110,047	6,259,981
Deferred tax liabilities – net	49,340,982	73,015	95,278	57,090	49,373	(57,782)	(129,552)	42,483	53,838	(657,954)	4,222,512	3,613,268	21,629,540	20,349,873
Other liabilities	139,912,047	12,445,917	30,300,398	9,311,041	12,904,612	15,189,165	10,066,632	9,929,186	10,524,541	4,379,259	1,797,349	1,486,043	19,023,817	2,554,087
	3,241,563,045	2,246,253,556	444,026,209	23,593,025	56,016,856	32,042,205	39,878,058	52,779,374	17,867,347	10,789,692	69,811,407	71,032,548	96,030,012	81,442,756
Net assets	337,178,661	(1,910,304,069)	(285,791,041)	14,814,657	70,509,677	66,128,949	84,281,138	242,356,231	128,695,650	81,638,165	218,211,605	249,937,220	688,340,692	688,359,787
Share capital	11,850,600													
Reserves	113,681,018													
Surplus on revaluation of assets	74,810,215													
Unappropriated profit	136,068,597													
Non-controlling interest	768,231													
	337,178,661													

	2024														
	Total	Upto 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	186,680,045	186,680,045	–	–	–	–	–	–	–	–	–	–	–	–
Balances with other banks	28,854,218	5,727,479	20,844,348	1,806,891	–	475,500	–	–	–	–	–	–	–	–
Lendings to financial institutions	57,655,504	95,100	57,460,415	–	–	–	–	99,989	–	–	–	–	–	–
Investments – net	1,306,556,156	628,862	1,118,898	13,102,315	4,443,768	11,117,151	18,100,045	275,344,992	23,309,548	78,429,617	176,933,704	173,696,006	466,010,002	64,321,248
Advances – net	1,165,914,626	40,841,292	76,495,906	12,068,906	136,509,443	316,938,582	136,531,095	116,292,966	34,562,105	31,237,824	56,400,701	47,827,679	71,580,148	88,627,979
Property and equipment	88,019,025	22,404	134,427	156,831	461,363	694,689	762,983	2,242,602	2,263,466	2,394,404	4,581,061	5,427,186	5,673,228	63,204,381
Right-of-use assets	8,452,814	1,919	11,513	13,432	129,715	156,342	154,164	451,730	432,599	468,980	1,736,668	1,232,540	1,703,615	1,959,597
Intangible assets	2,650,482	2,691	16,158	18,851	54,168	84,412	92,793	275,951	285,987	289,484	537,531	173,599	314,639	504,218
Other assets – net	164,938,886	1,307,785	38,079,318	10,032,989	17,290,600	29,600,159	23,458,602	14,339,923	1,593,595	2,740,022	5,186,513	41,855	15,484,434	5,783,091
	3,009,721,756	235,307,577	194,160,983	37,200,215	158,889,057	359,066,835	179,099,682	409,048,153	62,447,300	115,560,331	245,376,178	228,398,865	560,766,066	224,400,514
Liabilities														
Bills payable	53,421,951	4,247,896	10,994,260	12,343,533	25,836,262	–	–	–	–	–	–	–	–	–
Borrowings	320,236,834	20,656,152	190,665,076	4,572,294	23,769,779	6,893,418	15,476,447	20,308,701	1,574,699	1,660,905	4,740,373	3,791,118	6,276,193	19,851,679
Deposits and other accounts	2,130,525,378	1,872,607,766	10,839,147	5,925,700	20,537,434	13,641,551	18,568,441	17,426,714	8,773,481	9,398,511	38,372,785	38,253,739	38,101,824	38,078,285
Lease liabilities	12,663,814	2,029	12,174	14,203	124,772	148,683	135,792	400,805	402,800	575,712	1,720,001	1,571,899	2,829,394	4,725,550
Deferred tax liabilities	20,824,376	38,475	7,777	(40,032)	(147,061)	(409,290)	(347,027)	(1,381,146)	(1,212,530)	(1,386,227)	2,401,902	5,405,482	12,271,799	5,622,254
Other liabilities	184,802,159	48,737,044	15,365,687	13,869,350	32,064,456	12,038,306	12,290,237	5,443,948	15,917,717	4,513,881	5,551,957	388,556	16,889,121	1,731,899
	2,722,474,512	1,946,289,362	227,884,121	36,685,048	102,185,642	32,312,668	46,123,890	42,199,022	25,456,167	14,762,782	52,787,018	49,410,794	76,368,331	70,009,667
Net assets	287,247,244	(1,710,981,785)	(33,723,138)	515,167	56,703,415	326,754,167	132,975,792	366,849,131	36,991,133	100,797,549	192,589,160	178,988,071	484,397,735	154,390,847

Share capital	11,850,600
Reserves	108,157,770
Surplus on revaluation of assets	45,811,069
Unappropriated profit	120,926,276
Non-controlling interest	501,529
	287,247,244

48.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group

	2025									
	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	Above 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	211,224,339	211,224,339	–	–	–	–	–	–	–	–
Balances with other banks	41,825,804	34,370,373	6,054,815	1,400,616	–	–	–	–	–	–
Lendings to financial institutions	99,041,793	95,800,655	–	–	–	–	3,241,138	–	–	–
Investments – net	2,099,046,161	12,667,489	33,254,790	173,529,732	160,002,917	220,167,115	247,502,159	659,384,439	578,819,248	13,718,272
Advances – net	821,711,633	208,953,571	87,479,729	78,532,122	67,176,678	79,301,200	79,547,081	120,317,589	80,704,254	19,699,409
Property and equipment	103,683,770	961,877	1,893,684	2,838,064	6,015,940	5,258,713	6,338,549	6,337,237	10,100,904	63,938,802
Right–of–use assets	10,442,271	190,285	382,966	559,766	1,063,574	1,858,092	1,528,452	2,075,714	2,399,928	383,494
Intangible assets	3,453,209	102,651	209,941	330,482	653,293	280,273	290,844	290,729	759,628	535,368
Other assets – net	188,312,726	72,599,719	62,092,890	18,862,530	6,737,479	1,579,469	1,288,600	19,226,293	1,134,910	4,790,836
	3,578,741,706	636,870,959	191,368,815	276,053,312	241,649,881	308,444,862	339,736,823	807,632,001	673,918,872	103,066,181
Liabilities										
Bills payable	31,132,570	31,132,570	–	–	–	–	–	–	–	–
Borrowings	476,169,106	421,411,677	9,584,951	11,867,897	1,813,953	11,989,833	14,242,711	2,615,032	2,591,901	51,151
Deposits and other accounts	2,529,503,221	149,693,165	127,936,567	138,644,108	118,076,159	588,681,062	588,637,401	588,562,141	229,272,618	–
Lease liabilities	15,505,119	179,377	365,668	502,125	1,093,011	2,031,217	1,963,690	3,016,326	4,834,483	1,519,222
Deferred tax liabilities	49,340,982	274,755	(188,577)	43,727	(604,115)	4,222,512	3,613,268	21,643,364	14,835,738	5,500,310
Other liabilities	139,912,047	65,204,723	25,013,043	9,929,186	14,903,799	1,797,349	1,486,043	19,023,817	2,554,087	–
	3,241,563,045	667,896,267	162,711,652	160,987,043	135,282,807	608,721,973	609,943,113	634,860,680	254,088,827	7,070,683
Net assets	337,178,661	(31,025,308)	28,657,163	115,066,269	106,367,074	(300,277,111)	(270,206,290)	172,771,321	419,830,045	95,995,498
Share capital	11,850,600									
Reserves	113,681,018									
Surplus on revaluation of assets	74,810,215									
Unappropriated profit	136,068,597									
Non–controlling interest	768,231									
	337,178,661									

	2024									
	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	Above 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	186,680,045	186,680,045	–	–	–	–	–	–	–	–
Balances with other banks	28,854,218	28,378,718	475,500	–	–	–	–	–	–	–
Lendings to financial institutions	57,655,504	57,555,515	–	99,989	–	–	–	–	–	–
Investments – net	1,306,556,156	19,276,211	29,234,828	275,344,992	101,739,165	176,933,704	173,696,006	466,010,002	53,502,558	10,818,690
Advances – net	1,165,914,626	255,526,241	337,635,731	107,331,052	45,944,849	102,267,550	94,037,425	119,101,187	78,448,398	25,622,193
Property and equipment	88,019,025	757,530	1,489,896	2,234,927	4,597,709	4,581,061	5,432,877	5,710,470	9,341,359	53,873,196
Right–of–use assets	8,452,814	156,579	310,507	451,730	901,579	1,736,668	1,232,540	1,659,076	1,716,249	287,886
Intangible assets	2,650,482	91,870	177,204	275,951	575,470	537,531	173,599	314,639	504,218	–
Other assets – net	164,938,886	66,306,257	53,463,196	14,339,923	4,333,617	5,186,513	41,855	15,484,434	879,021	4,904,070
	3,009,721,756	614,728,966	422,786,862	400,078,564	158,092,389	291,243,027	274,614,302	608,279,808	144,391,803	95,506,035
Liabilities										
Bills payable	53,421,951	53,421,951	–	–	–	–	–	–	–	–
Borrowings	320,236,834	239,663,301	22,369,865	20,308,701	3,235,604	4,740,373	3,791,118	6,276,193	19,800,528	51,151
Deposits and other accounts	2,130,525,378	139,954,272	162,705,816	180,132,054	207,154,523	424,704,410	424,585,363	424,433,448	147,816,350	19,039,142
Lease liabilities	12,663,814	153,179	284,475	400,805	978,512	1,720,001	1,571,899	2,829,394	3,732,115	993,434
Deferred tax liabilities	20,824,376	(140,843)	(756,317)	(1,381,146)	(2,598,757)	2,401,902	5,405,482	12,271,799	804,200	4,818,056
Other liabilities	184,802,159	110,036,537	24,328,544	5,443,948	20,431,597	5,551,957	388,556	16,889,121	1,731,899	–
	2,722,474,512	543,088,397	208,932,383	204,904,362	229,201,479	439,118,643	435,742,418	462,699,955	173,885,092	24,901,783
Net assets	287,247,244	71,640,569	213,854,479	195,174,202	(71,109,090)	(147,875,616)	(161,128,116)	145,579,853	(29,493,289)	70,604,252
Share capital	11,850,600									
Reserves	108,157,770									
Surplus on revaluation of assets	45,811,069									
Unappropriated profit	120,926,276									
Non–controlling interest	501,529									
	287,247,244									

Liquidity Gap Reporting

When an asset or liability does not have any contractual maturity date, the period in which these are assumed to mature has been taken as the expected date of maturity. The Group regularly conducts an objective and systematic behavioral study using regression analysis technique to ascertain the maturity of its non-contractual assets and liabilities. Core and non-core parts of the non-contractual assets and liabilities are segregated through the behavioral study. Non Core part is placed among the short term maturity buckets i.e. up to 1 Year based on the model results, whereas core part is distributed among the longer terms buckets based on the discussion and decision by the ALCO. Following percentages are used to distribute the core assets and liabilities among longer term buckets:

Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years
30%	30%	30%	10%

Notes To The Consolidated Financial Statements

For the year ended December 31, 2025

48.5 Derivative Risk

Most business clients have either interest rate exposures arising from debt financing or currency exposures arising out of commercial transactions from import and export of goods. Businesses face the risk of sudden movements in interest rates or foreign exchange rates that may adversely affect their profitability. The Group provides solutions to this problem through its derivatives desk in major types of derivative instruments i.e. forwards, futures, swaps and options. As an Authorized Derivative Dealer (ADD), the Group is an active participant in Derivative market and has flexibility in providing a broad range of derivatives products covering both hedging and market making to satisfy customers' needs. As an ADD, the Group offers derivative products which are permitted under the Financial Derivative Business Regulations (FDBR) or as permitted by the State Bank of Pakistan. Before executing Derivative transactions, the Bank ensures that the clients understand the risk and reward associated with the derivative being offered. Derivative transactions are executed with appropriate clients only.

Risk management activities take place at the following different levels.

Strategic Level:

By senior management, Assets and Liabilities Committee (ALCO), Management Credit and Risk Committee (MC&RC) and the Board of Directors to institute a risk management framework and to ensure provision of all resources and support required for effective risk management on Bank–wide basis. The Group provides the overall limits / thresholds for derivatives business.

Macro Level:

By Treasury and FX Group and Risk Management Group, responsible for policy formulation, procedure development and implementation, monitoring and reporting.

Micro Level:

Treasury Derivatives and Structured Product Desk, where risks are actually created and Treasury Operations for settlements of the transactions.

Derivative Risk Management caters the following risks:

Market Risk arises from changes in market rates such as Interest Rates, Foreign Exchange Rates, Equity Prices, credit spreads and/or commodity prices as well as their correlations and volatilities resulting in a loss to earnings and capital. In line with SBP's regulatory guidelines, the Bank back–to–back hedges all option transactions with other financial institutions. The Group minimizes the exchange rate risk on its Cross Currency Swap Portfolio by hedging the exposure in interbank market. The Group also manages interest rate risk on its Interest Rate Derivatives and Cross Currency Swaps through various sensitivity limits approved by ALCO. Marked to market positions and sensitivity of the derivatives transactions are monitored on regular basis. All individual deals are approved at the appropriate level of authority after analyzing the risk and benefits associated with the deals.

Credit risk is a probable risk of loss resulting from customer's inability to meet contractual obligation that may have adverse impact on Bank's profitability. The Group manages the risk by setting policies and limits for counterparty based on a pre–defined criteria linked with financial health of the customer. The exposure of each counterparty is monitored by Risk Management Function of the Bank on daily basis.

Considering small Derivative portfolio, the Group is not exposed to any liquidity risk. However, the Group manages liquidity risk through its liquidity risk framework which is defined in the relevant Liquidity Risk Section.

The Group has adequate system and controls for smooth execution of derivative transactions. Transactions are executed in line with well defined accounting and operational aspects to mitigate the operational risk. Policies and control functions are regularly reviewed on periodic basis.

The Group uses a third party's Super Derivative System which provides front end sales and structuring capabilities, end to end valuation solutions, risk management systems, back end processing and provides analytical tools to measure various risk exposures and carry out sensitivity analysis.

The goal of Asset / Liability Management (ALM) is to properly manage the risk related to changes in interest rates, the mix of balance sheet assets and liabilities, the holding of foreign currencies, and the use of derivatives. Due to thin liquidity in the derivative market, interest rate derivatives are not actively used to manage/alter the interest rate risk profile of the Group.

49 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on February 04, 2026 has announced a final cash dividend in respect of the year ended December 31, 2025 of Rs. 9.00 per share (2024: Rs. 9.00 per share). These consolidated financial statements for the year ended December 31, 2025 do not include the effect of these appropriations which will be accounted for subsequent to the year end.

50 GENERAL

Comparative information has been reclassified, rearranged or additionally incorporated wherever necessary for better presentation of the financial statements. There have been no significant reclassifications during the year.

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

51 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on February 04, 2026.

Hammad Khalid	Muhammad Nauman Chughtai	Mian Umer Mansha	Shahzad Hussain	Muhammad Ali Zeb
Chief Financial Officer	President/Chief Executive	Director	Director	Director

Disposal of property and equipment (refer note 12.2.6)

Description	Cost/ revalued amount	Accumu-lated depreciation	Book value	Sales proceeds	Mode of disposal	Particulars of buyers	Location
	(Rupees in '000)						
Computers							
Laptop	150	149	1	15	As per Bank's policy	Umar Naeem Khan	Lahore
Laptop	350	349	1	70	As per Bank's policy	Usman Hassan	Lahore
Laptop	75	74	1	8	As per Bank's policy	Syed Faheem Ahmed	Lahore
Laptop	336	203	133	140	As per Bank's policy	Salman Y. Zaidi	Lahore
Tablet	130	129	1	13	As per Bank's policy	Malik Abdul Waheed	Lahore
	1,041	**904**	**137**	**246**			

Branch Network 2025

As of December 31, 2025

Retail Banking Central			
Circle/ No. of Branches	**Region**	**No. of Branches**	**No. of Sub-Branches**
Bahawalpur - 73	Bahawalnagar	17	–
	Bahawalpur	23	–
	Khanpur	16	–
	Rahim Yar Khan	17	–
Faisalabad - 84	Faisalabad	20	–
	Faisalabad City	21	1
	Faisalabad Peoples Colony	20	–
	Toba Tek Singh	23	–
Gujranwala - 75	Gujranwala East	17	–
	Gujranwala West	17	–
	Narowal	19	1
	Sheikhupura	22	–
Lahore East - 69	Lahore Defence	24	–
	Lahore Gulberg	22	–
	Lahore Johar Town	23	–
Lahore West - 64	Lahore City	24	–
	Lahore Multan Road	19	–
	Lahore The Mall	21	1
Multan - 71	Dera Ghazi Khan	19	–
	Multan Cantt	17	–
	Multan City	16	–
	Muzaffargarh	19	–
Sahiwal - 77	Khanewal	16	–
	Okara	24	–
	Sahiwal	19	–
	Vehari	18	–
Sialkot - 84	Gujrat	29	–
	Jhang	28	1
	Sialkot	27	–
Total - Retail Banking Central		**597**	**4**

Retail Banking North			
Circle / No. of Branches	**Region**	**No. of Branches**	**No. of Sub-Branches**
Abbottabad - 95	Abbottabad	27	–
	Attock	19	–
	Muzaffarabad A.K.	23	1
	Swat	26	1
Islamabad - 82	Fateh Jang	23	–
	Islamabad	24	–
	Rawalpindi Cantt	18	–
	Rawalpindi City	17	–
Jhelum - 95	Chakwal	23	–
	Gujar Khan	22	–
	Jhelum	24	–
	Mirpur A.K.	26	–

Branch Network 2025

As of December 31, 2025

Peshawar - 91	Dear Ismail Khan	15	–
	Kohat	13	–
	Mardan	22	–
	Peshawar East	22	1
	Peshawar West	19	–
Sargodha - 93	Mandi Bahauddin	25	–
	Mianwali	24	–
	Sargodha East	21	–
	Sargodha West	23	–
Total - Retail Banking North		**456**	**3**

Retail Banking South			
Circle / No. of Branches	**Region**	**No. of Branches**	**No. of Sub-Branches**
Hyderabad - 68	Badin	13	–
	Hyderabad	21	–
	Mirpurkhas	16	1
	Nawabshah	18	–
Karachi City - 50	Karachi Gulshan	17	1
	Karachi Nazimabad	17	–
	Karachi North	16	–
Karachi East - 52	Karachi DHA	19	–
	Karachi Malir & Societies	17	–
	Karachi Shahrah-e-Faisal & Korangi	16	–
Karachi West - 43	Karachi Central	22	–
	Karachi I.I. Chundrigar	21	–
Quetta - 51	Khuzdar	12	–
	Makran	12	–
	Quetta Market	14	1
	Quetta North	13	–
Sukkur - 63	Larkana	22	–
	Naushero Feroze	19	–
	Sukkur	22	–
Total - Retail Banking South		**327**	**3**

Privilege Banking		
Privilege Banking	11	–

Wholesale Banking Group (WBG)		
Corporate Banking North	7	–
Corporate Banking South	1	–
Global Transaction Banking	2	–
Total - WBG	**10**	**–**

Branch Network 2025

As of December 31, 2025

Overseas Branches / International Banking	No. of Branches
Sri Lanka	
Colombo	1
Kandy	1
Maradana	1
Pettah	1
Wellawatte	1
Bahrain	
MCB Offshore Banking Unit (OBU) Bahrain	1
UAE	
MCB Dubai Wholesale Branch (UAE)	1
Wholesale Branch - Sharjah	1
Pakistan	
E.P.Z Branch	1
Total	**9**

Group/Area-Wise				
Group	**Circles**	**Regions**	**No. of Branches**	**No. of Sub-Branches**
Retail Banking Central	8	29	597	4
Retail Banking North	5	21	456	3
Retail Banking South	6	19	327	3
Privilege Banking	1	1	11	–
Wholesale Banking Group (WBG)	4	6	10	–
Total	**24**	**76**	**1,401**	**10**
Overseas Branches / International Banking	–	–	8	–
E.P.Z Branch	–	–	1	–
Grand Total	**24**	**76**	**1,410**	**10**

Province-Wise			
Provinces / Territories / AJK	**Branches**	**Sub-Branches**	**Total**
Azad Jammu & Kashmir	45	1	46
Balochistan	53	1	54
Federal Capital Territory	31	–	31
Gilgit-Baltistan	4	–	4
Khyber Pakhtunkhwa	149	2	151
Punjab	840	4	844
Sindh	279	2	281
Domestic Total	**1,401**	**10**	**1,411**
Overseas Branches / International Banking	8	–	8
E.P.Z Branch	1	–	1
Grand Total	**1,410**	**10**	**1,420**

Complete list of Branches along with its contact details is available on below link:
https://www.mcb.com.pk/branch-locator/branch-locator

Pattern of Shareholding

As of December 31, 2025

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
28,036	1	100	889,027
13,469	101	500	3,305,362
5,622	501	1,000	4,191,595
7,208	1,001	5,000	12,747,908
466	5,001	10,000	3,443,002
593	10,001	50,000	13,761,866
145	50,001	100,000	10,688,103
138	100,001	500,000	29,393,792
36	500,001	1,000,000	26,499,573
51	1,000,001	5,000,000	118,411,285
7	5,000,001	10,000,000	49,954,246
6	10,000,001	15,000,000	67,156,652
2	15,000,001	25,000,000	38,844,485
13	25,000,001	Above	805,773,110
55,792			**1,185,060,006**

Categories of Shareholders

As of December 31, 2025

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their Spouses and Minor Children	161,185,685	13.6015%
Associated Companies, Undertakings and Related Parties	305,047,908	25.7411%
NIT and ICP	912	0.0001%
Banks, Development Financial Institutions, Non Banking Financial Institutions	34,458,397	2.9077%
Insurance Companies	62,335,133	5.2601%
Modarabas and Mutual Funds	19,915,179	1.6805%
Shareholders Holding 10%	222,606,147	18.7844%
General Public Local	147,898,598	12.4803%
General Public Foreign	34,083,874	2.8761%
Others	197,528,173	16.6682%
Total	**1,185,060,006**	**100.0000%**

Categories of Shareholders

As of December 31, 2025

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their Spouses and Minor Children		
Mian Mohammad Mansha	10,007,834	0.8445%
Naz Mansha	28,680,944	2.4202%
Muhammad Tariq Rafi	35,691,395	3.0118%
Nighat Tariq	5,715,093	0.4823%
Mian Umer Mansha	34,216,616	2.8873%
Iqraa Hassan Mansha	9,037,167	0.7626%
Mian Hassan Mansha	34,539,042	2.9145%
Muhammad Ali Zeb	550	0.0000%
Mohd Suhail Amar Suresh Bin Abdullah	884	0.0001%
Salman Khalid Butt	49,000	0.0041%
Yahya Saleem	500	0.0000%
Shahzad Hussain	500	0.0000%
Masood Ahmed Puri	1,000	0.0001%
Shaikh Muhammad Jawed	2,909	0.0002%
Uneza Jawed	3,242,251	0.2736%
	161,185,685	**13.6015%**
Associated Companies, Undertakings and Related Parties		
Siddiqsons Limited	11,201,920	0.9453%
Nishat Mills Limited	95,125,651	8.0271%
Adamjee Insurance Company Limited	59,225,639	4.9977%
Trustees of Adamjee Insurance Company Ltd. Emp. Prov. Fund	66,138	0.0056%
Adamjee Life Assurance Company Limited	3,237,009	0.2732%
Adamjee Life Assurance Company Ltd-IMF	6,763,035	0.5707%
Nishat Mills Ltd. Employees Provident Fund Trust	8,284,390	0.6991%
Trustee-MCB Employees Pension Fund	25,467,997	2.1491%
Trustee - MCB Provident Fund Pak Staff	34,166,060	2.8831%
Nishat Real Estates Development Company (Private) Limited	598,485	0.0505%
Nishat (Aziz Avenue) Hotels and Properties Limited	1,501,278	0.1267%
Habib University Foundation	108,300	0.0091%
CDC - Trustee MCB Pakistan Dividend Yield Plan	165,930	0.0140%
Security General Insurance Co. Ltd.	59,136,076	4.9901%
	305,047,908	**25.7411%**
NIT and ICP		
Investment Corporation of Pakistan	912	0.0001%
	912	**0.0001%**
Banks, Development Financial Institutions, Non Banking Financial Institutions		
The Bank of Punjab	741	0.0001%
Prudential Investment Bank Ltd.	1,386	0.0001%
Crescent Investment Bank Ltd.	590	0.0000%
Saudi Pak Industrial & Agricultural Investment Co. (Pvt) Ltd.	7,992	0.0007%
Trust Leasing Corporation Ltd.	101	0.0000%
National Bank of Pakistan-Investar A/C (Former NDFC)	900	0.0001%
National Bank of Pakistan	588	0.0000%
National Bank of Pakistan Investor	43	0.0000%
Universal Leasing Corporation Ltd.	1	0.0000%
Habib Bank Limited	1,306	0.0001%
Islamic Investment Bank Ltd.	4	0.0000%
M/s. Prudential Investment Bank Ltd.	7	0.0000%
National Development Finance Corporation	433	0.0000%
M/s. Al Faysal Investment Bank Ltd.	49	0.0000%
Interasia Leasing Company Limited	950	0.0001%
Pakistan Kuwait Investment Co. (Pvt) Ltd.	700,000	0.0591%
Allied Bank Limited	19,815,210	1.6721%
Habib Bank Limited-Treasury Division	3,200,586	0.2701%
Faysal Bank Limited	965,570	0.0815%
Habib Metropolitan Bank Limited	2,325,233	0.1962%
Bank Alfalah Limited	5,000,000	0.4219%
The Punjab Provincial Cooperative Bank	1,558	0.0001%

Escorts Investment Bank Limited	225	0.0000%
Askari Bank Limited	1,766,234	0.1490%
Pair Investment Company Limited	19,318	0.0016%
Sindh Bank Limited	135,000	0.0114%
Float Securities (Pvt.) Limited	16,500	0.0014%
A B M Securities (Pvt.) Limited	2,100	0.0002%
Muhammad Amer Riaz Securities (Pvt.) Limited	300	0.0000%
Askari Bank Limited - MT	31,008	0.0026%
Pak Libya Holding Company (Pvt) Limited - MT	18,000	0.0015%
J S Bank Limited - MT	446,464	0.0377%
	34,458,397	**2.9077%**

Insurance Companies

Business & Industrial Insurance Co. Ltd.	9	0.0000%
M/s. New Jubilee Insurance Co. Ltd.	2	0.0000%
The South British Insurance Company Ltd.	1,864	0.0002%
M/s. Beema Pakistan Company Ltd.	69	0.0000%
Orient Insurance Co. Ltd.	3	0.0000%
National General Insurance Co. Ltd.	1,359	0.0001%
Premier Insurance Limited	84,904	0.0072%
Jubilee General Insurance Company Limited	2,472,437	0.2086%
State Life Insurance Corp. of Pakistan	48,702,242	4.1097%
Pakistan Reinsurance Company Limited	700,000	0.0591%
Ghaf Limited	52,500	0.0044%
The Crescent Star Insurance Co. Ltd.	3	0.0000%
East West Insurance Co. Ltd.	100,000	0.0084%
The Pakistan General Ins. Co. Ltd.	106	0.0000%
Alfalah Insurance Company Limited	104,002	0.0088%
EFU Life Assurance Limited	7,299,292	0.6159%
Jubilee Life Insurance Company Limited	125,000	0.0105%
E. F. U. General Insurance Limited	2,024,133	0.1708%
Atlas Insurance Limited	667,208	0.0563%
	62,335,133	**5.2601%**

Modarabas and Mutual Funds

Trust Modaraba	313	0.0000%
First Hajveri Modaraba	60	0.0000%
Crescent Modaraba Managment Co. Ltd.	17	0.0000%
First Elite Capital Modaraba	39	0.0000%
First Crescent Modaraba	4,030	0.0003%
UNICAP Modaraba	15	0.0000%
First Interfund Modaraba	2	0.0000%
Industrial Capital Modaraba	4	0.0000%
Pak Asian Fund Limited	162	0.0000%
Golden Arrow Selected Stocks Fund Ltd.	15	0.0000%
Safeway Fund (Pvt) Ltd.	1,669	0.0001%
M/s. Safeway Mutual Fund Limited	12	0.0000%
M/s. Asian Stock Fund Ltd.	4	0.0000%
PICIC Benovelent Fund-2	29	0.0000%
H4 Management (Private) Limited	150,000	0.0127%
CDC - Trustee HBL Investment Fund	30,000	0.0025%
CDC - Trustee JS Large Cap. Fund	316,150	0.0267%
CDC - Trustee HBL Growth Fund	120,000	0.0101%
CDC - Trustee Atlas Stock Market Fund	3,082,717	0.2601%
CDC - Trustee Faysal Stock Fund	20,900	0.0018%
CDC - Trustee Alfalah GHP Value Fund	53,647	0.0045%
CDC - Trustee Unit Trust of Pakistan	194,235	0.0164%
CDC - Trustee AKD Index Tracker Fund	153,795	0.0130%
Tri-Star Mutual Fund Limited	754	0.0001%
CDC - Trustee Faysal Asset Allocation Fund	11,000	0.0009%
CDC - Trustee UBL Stock Advantage Fund	2,076,675	0.1752%
Crescent Standard Business Management (Pvt) Limited	1	0.0000%
CDC - Trustee NBP Stock Fund	3,491,722	0.2946%
CDC - Trustee NBP Balanced Fund	49,787	0.0042%
CDC - Trustee APF-Equity Sub Fund	181,466	0.0153%
CDC - Trustee JS Pension Savings Fund - Equity Account	13,210	0.0011%

MC FSL - Trustee JS Growth Fund	399,970	0.0338%
CDC - Trustee Alfalah GHP Stock Fund	1,698,365	0.1433%
CDC - Trustee Alfalah GHP Alpha Fund	498,520	0.0421%
CDC - Trustee NIT-Equity Market Opportunity Fund	1,130,676	0.0954%
CDC - Trustee ABL Stock Fund	833,836	0.0704%
CDC - Trustee Al Habib Stock Fund	1,423,499	0.1201%
CDC - Trustee Lakson Equity Fund	3,103	0.0003%
CDC - Trustee NBP Sarmaya Izafa Fund	70,470	0.0059%
CDC - Trustee UBL Asset Allocation Fund	199,500	0.0168%
CDC - Trustee First Capital Mutual Fund	30,000	0.0025%
CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund	375,973	0.0317%
CDC - Trustee National Investment (Unit) Trust	731,493	0.0617%
CDC - Trustee ABL Pension Fund - Equity Sub Fund	32,000	0.0027%
CDC-Trustee NITPF Equity Sub-Fund	36,000	0.0030%
CDC - Trustee Alfalah MTS Fund - MT	98,373	0.0083%
CDC - Trustee Al Habib Asset Allocation Fund	155,500	0.0131%
CDC - Trustee NBP Financial Sector Fund	610,114	0.0515%
CDC - Trustee UBL Financial Sector Fund	1,105,048	0.0932%
CDC - Trustee Allied Finergy Fund	31,837	0.0027%
CDC - Trustee NIT Asset Allocation Fund	60,637	0.0051%
CDC - Trustee NIT Pakistan Gateway Exchange Traded Fund	24,600	0.0021%
CDC - Trustee Alfalah Financial Value Fund-II	28,600	0.0024%
CDC - Trustee NBP Pakistan Growth Exchange Traded Fund	18,819	0.0016%
CDC - Trustee NBP Financial Sector Income Fund - MT	104,946	0.0089%
CDC - Trustee Alfalah GHP Dedicated Equity Fund	61,457	0.0052%
CDC - Trustee HBL Financial Sector Income Fund Plan I - MT	110,063	0.0093%
CDC - Trustee JS Global Banking Sector Exchange Traded Fund	64,350	0.0054%
CDC - Trustee ABL Optimal Asset Allocation Fund	25,000	0.0021%
	19,915,179	**1.6805%**
Share Holders Holding 10%		
Maybank International Trust (Labuan) Berhad	222,606,147	18.7844%
	222,606,147	**18.7844%**
General Public	**181,982,472**	**15.3564%**
- Local	147,898,598	12.4803%
- Foreign	34,083,874	2.8761%
Others	**197,528,173**	**16.6682%**
- Foreign Companies	18,740,603	1.5814%
- Local Companies	76,509,935	6.4562%
- Share Holders Holding 5%		
- D.G. Khan Cement Company Limited	102,277,232	8.6306%
- Nishat Mills Limited (as disclosed in Associated Companies, Undertakings and Related Parties)		
- Executives (as per the threshold determined by Board of Directors)	403	0.0000%
Total	**1,185,060,006**	**100.0000%**

All the trades in shares carried out by Directors, CEO, CFO, Secretary, Executives, their Spouses and Minor Childern during the year 2025 are given below:

Name	Status	No. of Shares	Nature
Farid Ahmad	Company Secretary	100	Purchase

Notice of 78th Annual General Meeting

Notice is hereby given that 78th Annual General Meeting of **MCB Bank Limited** (the "**Bank**") will be held on **Friday, March 27, 2026 at 11:00 AM (PST)** at the Grand Ball Room-A, 4th Floor, The Nishat Hotel adjacent to Emporium Mall, Abdul Haq Road, Johar Town, Lahore with Zoom Link facility to transact the following business:

Ordinary Business:

1. To confirm the minutes of Annual General Meeting held on March 27, 2025.

2. To receive, consider and adopt the Annual Audited Un-consolidated and Consolidated Financial Statements of the Bank together with the Directors' Report and Auditors' Report thereon and the Chairman's Review Report for the year ended December 31, 2025.

   The Annual Report including the Financial Statements and related reports / documents has been uploaded on website of the Bank, which can be downloaded from the following web-link and QR enabled code:

   https://www.mcb.com.pk/AR2025

3. To appoint Auditors of the Bank and fix their remuneration. The members are hereby notified that, on recommendation of the Board's Audit Committee, the Board of Directors have recommended to the members the appointment of M/s KPMG Taseer Hadi & Co., Chartered Accountants, as auditors of the Bank in place of retiring auditors M/s A. F. Ferguson & Co., Chartered Accountants, upon completion of their five-year term as auditors of the Bank.

4. To approve, as recommended by the Board of Directors, the payment of Final Cash Dividend @ 90% i.e., PKR 9.00 per share, having face value of PKR 10/- in addition to 270% i.e., PKR 27.00 per share Interim Cash Dividends already declared and paid, thus, totaling 360% i.e., PKR 36.00 per share for the year ended December 31, 2025.

Special Business:

5. To consider and if deemed fit, to pass an Ordinary Resolution, as proposed in the Statement of Material Facts annexed to this Notice, to approve the amended Directors' Remuneration Policy of the Bank.

Attached to this Notice, circulated to the members, is the Statement of Material Facts, as required under Section 134(3) of the Companies Act, 2017 and a draft resolution pertaining to the above-mentioned Special Business.

By Order of the Board,

-Sd-

FARID AHMAD
Company Secretary

March 06, 2026
Lahore.

Notes:

1. Minutes of the Annual General Meeting ("AGM"/ "Meeting") held on March 27, 2025 have been kept at the registered office of the Bank for inspection of members, during office hours, on any working day, up to the last working day before the date of the AGM. The same shall also be available for inspection by the members at the AGM.

2. The Share Transfer Books of the Bank will remain closed from **March 18, 2026 to March 27, 2026** (both days inclusive). Transfers received at office of the Share Registrar and Transfer Agent of the Bank at its below mentioned address, at close of business hours on **March 17, 2026** will be treated as being in time for the purpose of entitlement of Final Cash Dividend and also to attend, speak and vote at AGM of the Bank.

3. A member entitled to attend and vote at AGM may appoint another member as a proxy to attend and vote on his/her behalf. No person shall act as a proxy, who is not a member of the Bank. A corporate entity, being a member, may authorize through resolution of its board or other governing body, an individual to act as its representative and the individual so authorized shall be entitled to exercise the same powers on behalf of the corporate entity which he/she represents.

4. A Proxy Form, both in English and Urdu languages, is being sent to the Members, along with Notice of AGM. The form of proxy is also available on website of the Bank i.e., **www.mcb.com.pk**

5. Proxy Form shall be duly signed and stamped and witnessed by two persons whose names, addresses, and Computerized National Identity Card ("CNIC") numbers shall be mentioned on the form. In case of a corporate entity, the power of attorney or resolution of the board of directors or other governing body (if any) under which it is signed, a notarized/certified copy of the same in order to be effective together with the original proxy form duly filled-in must be received at the Company Secretary Office of the Bank located at MCB Building, 15-Main Gulberg, Jail Road, Lahore, not later than 48 hours (no account shall be taken of any part of the day that is not a working day) before the time for holding the Meeting.

6. If more than one instrument of proxy is deposited by a Member, all such instruments of proxy shall be rendered invalid.

7. Members or their proxies/ representatives, whether Physical account holders or CDC/sub-account holders, attending the AGM shall produce their original CNICs or original passports along with folio/participant's I.D. numbers and their account numbers in CDS for identification purposes.

8. Members having physical scrip of shares are requested to immediately notify the change, if any, in their registered addresses and e-mails, in writing, to the Share Registrar and Transfer Agent of the Bank, whereas, CDC Account holders are requested to contact their CDC Participant/CDC Investor Account Services.

9. As per Members' Register, some of the shareholders are maintaining more than one folio, carrying two or more different folios which may be inconvenient for the shareholders to reconcile and receive different benefits in the shape of dividends/ bonus etc. Such shareholders may send requests to the Bank's Share Registrar to merge their folios into one folio.

10. Central Depository Company of Pakistan ("CDC") Accountholders will further have to follow the under mentioned guidelines, as laid down by Circular No. 01, dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan ("SECP"):

    For Attending the Meeting:

    i. In case of individuals, the account-holder or sub-account-holder and/or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall authenticate his identity by showing his original CNIC or original passport at the time of attending the Meeting.

    ii. In case of corporate entity, the Board of Directors' 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 of Proxies:

    i. In case of individuals, the account-holder or sub-account-holder and their registration details are uploaded as per the CDC Regulations, shall submit the Proxy Form as per the above requirement.

    ii. The Proxy Form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the Proxy Form.

    iii. Attested copy of CNIC or the passport of the beneficial owners shall be furnished with the Proxy Form.

    iv. The proxy shall produce his/her original CNIC or passport at the time of the Meeting.

    v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with Proxy Form of the Bank.

11. The procedure for E-Voting and voting through Ballot Paper, in accordance with the requirements of the Companies (Postal Ballot) Regulations, 2018 ("Postal Ballot Regulations") as amended from time to time, is given below:

Procedure for E-Voting:

a. E-voting facility will be provided by M/s THK Associates (Private) Limited ("THK Associates"), the Share Registrar & Corporate Consultants, acting as E-Voting Service Provider, appointed by the Board of Directors;

b. Details of E-Voting facility will be shared through an e-mail to those members of the Bank who have their valid CNIC numbers, cell numbers, and e-mail addresses (Registered email ID) available in the register of members of the Bank as of March 17, 2026. Members who intend to exercise their right of vote through E-Voting shall provide their valid cell numbers and email addresses to THK Associates before the close of business hours March 17, 2026;

c. Identity of the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login;

d. Members shall cast their votes for Agenda Item No. 5 (Special Business as mentioned in the Notice of AGM) through the web portal provided by THK Associates from 09:00 AM {Pakistan Standard Time ("PST")} March 24, 2026 till 5:30 PM (PST) March 26, 2026. Votes shall only be cast during this schedule; and

e. A vote once cast by a member, shall not be allowed to be changed, subsequently.

Procedure for Voting Through Ballot Paper:

a. Members may alternatively opt for voting through Ballot Paper. As per the requirements of Postal Ballot Regulations, the Ballot Paper will be published in the newspapers and will also be uploaded on Bank's website www.mcb.com.pk not later than seven days before the AGM. The members must ensure that Ballot Paper, duly filled-in, signed and accompanied with a copy of valid Computerized National Identity Card ("CNIC") / copy of passport in case of foreigners must reach the Chairman of the AGM through post at 6th Floor, MCB Building, 15-Main Gulberg, Jail Road, Lahore and/or through email at corporate.affairs@mcb.com.pk. The Postal Ballot should reach the aforementioned office on or before 05:30 PM, March 26, 2026.

   Any Ballot Paper received after this time/date will not be considered for voting;

b. In case of an individual, signature on Ballot Paper should match with signature on CNIC, NICOP/Passport (in case of foreigner); however, in case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolution / Power of Attorney / Authorization Letter etc., in accordance with Section(s) 138/139 of the Act. In the case of foreign body corporate etc., all documents must be attested by the Consul General of Pakistan having jurisdiction over the member; and

c. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written Ballot Paper will be rejected.

12. As per the requirements of the SECP, the Bank is providing Video-Link facility for participation in AGM. The Members or their proxy holders / representatives who wish to attend the AGM through Video-Link are required to register themselves by providing the following information along with a valid copy of their CNIC (both sides)/NTN/ Passport/attested copy of board resolution/power of attorney as applicable through email at: corporate.affairs@mcb.com.pk of the Bank on or before March 21, 2026.

Name of Shareholder	Folio/CDC Account Number	Number of Shares Held	Mobile Number and Email Address

The Members or their proxies who are registered after necessary verification shall be provided a Video-Link facility by the Bank on their email addresses.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

IN RESPECT OF SPECIAL BUSINESS

This statement under Section 134(3) of the Companies Act, 2017 sets out the material facts pertaining to the Special Business to be transacted at AGM of the Bank:

Approval for amendments in Directors' Remuneration Policy of the Bank:

Agenda Item No. 5

The Directors' Remuneration Policy (the "Policy") of MCB Bank Limited (the "Bank") has been prepared in accordance with the requirements of the Corporate Governance Regulatory Framework ("CGRF") issued by the State Bank of Pakistan ("SBP"), as amended from time to time. The Policy was last approved by the shareholders in their Annual General Meeting ("AGM") held on March 27, 2024.

As per the defined biennial review frequency, the Policy has now become due for review. The Board has thoroughly reviewed and approved minor changes for better clarity of the text. The amended Policy has been recommended to the shareholders for approval.

The shareholders are requested to consider and if thought fit, to approve, with or without modifications, the amended Policy of the Bank by passing the following resolution as an Ordinary Resolution:

"RESOLVED THAT the amended Directors' Remuneration Policy, as recommended by the Board of Directors of the Bank, in accordance with the requirements of the Corporate Governance Regulatory Framework, issued by the State Bank of Pakistan vide its BPRD Circular No. 05 of 2021, dated November 22, 2021, as amended from time to time, be and is hereby approved."

Directors of the Bank have no personal interest, directly or indirectly, in the above-mentioned Special Business, save to the extent of their respective shareholding in the Bank and the remuneration from the Bank. Further, the amended Directors' Remuneration Policy of the Bank has been kept at the Registered Office of the Bank which can be inspected during the business hours on any working day from the date of publication of this Notice of AGM till the day before AGM.

Attention of Shareholders is drawn towards Circulars/Notifications:

The following Circulars/Notifications require special attention of Shareholders of the Bank:

1. **Zakat Declaration (CZ-50):**

   Pursuant to the Zakat and Ushr Ordinance, 1980 read with the Zakat (Collection and Refund) Rules, 1981, MCB Bank Limited (the "Bank") is under a legal obligation to deduct zakat from payment of dividend(s) to shareholders and to deposit zakat amount with the relevant Authority. Zakat is applicable @2.5% of face value, i.e., PKR 10/- per share. Shareholders who intend to claim exemption from zakat deduction, if not provided earlier, are once again requested to submit the Zakat Declaration, i.e., 'Form CZ-50' to the Stock Brokers or the Central Depository Company of Pakistan Limited (in case the shares are held in book-entry form) or to the Bank's Share Registrar and Transfer Agent (in case the shares are held in physical form).

2. **Mandatory Requirement of Valid CNIC and IBAN – Cash Dividends:**

   As per the regulatory requirements issued by the Securities & Exchange Commission of Pakistan ("SECP"), the payment of cash dividends shall only be made to those shareholders who have provided copies of their valid CNIC/ NICOP/ Passport (in case of individuals) and NTN certificate (in case of corporate entities) as well as valid details of designated International Bank Account Number ("IBAN") (**"Requisite Information"**). In case of non-availability of the Requisite Information, the Bank will hold the payment of cash dividends. Therefore, shareholders who have not yet provided the Requisite Information, are requested to provide the same. In case of physical shares, the Requisite Information is required to be sent to the Share Registrar and Transfer Agent of the Bank at the below mentioned address. However, in case the shares are held in electronic form, the Requisite Information must be submitted directly to the Stock Brokers or the Central Depository Company of Pakistan Limited ("CDC"). In this regard, shareholders are requested to submit signed "IBAN Form" along with copy of CNIC. The Standard Request Form is available on the Bank's website.

3. **Unclaimed Dividends and Share Certificates:**

   Shareholders, who have not yet claimed their cash dividend warrants including right/bonus share certificates either kept with themselves or have been returned as undelivered to the Share Registrar and Transfer Agent of the Bank, are requested to make a claim for such unpaid/unclaimed dividends and right/bonus share certificates. In this regard, the Bank had already sent notices to the Shareholders at their registered addresses and also published notices in the newspapers having nationwide circulation, requesting them to submit their claims. In the absence of such claims, the Bank will proceed to comply with regulatory requirements.

4. **Requirement of FBR's Approval or Valid Tax Exemption Certificate for Claim of Exemption under Section 159/150 of the Income Tax Ordinance, 2001:**

The Honorable Lahore High Court, Lahore, in its decision has directed that the Mutual Funds as approved by the Federal Board of Revenue ("FBR"), would not be required to provide exemption certificate under Section 159 of the Income Tax Ordinance, 2001 ("Ordinance") to claim tax immunity as per clause (47B) of Part-IV of the Second Schedule to the Ordinance. It is, therefore, requested to provide either approval certificate from FBR or a valid exemption certificate under Section 159 (1) of the Ordinance issued by the concerned Commissioner, Inland Revenue, FBR. In case of non-availability of approval/ exemption certificate(s), the deduction of advance tax on dividend shall be made as per the relevant provisions of the Ordinance.

5. **Deduction of Withholding Tax as Filer/Non-Filer and Joint Shareholders:**

Withholding tax on payment of dividend will be deducted on the basis of Active Tax-Payer List ("ATL") provided by FBR, for identification of filer/non-filer status of the shareholders. In case of non-availability of correct NTN/CNIC number, it will not be possible to identify the status of Shareholder as filer or non-filer and such Shareholders will be treated as 'Non-filer' and the higher tax rate will be applied, accordingly. Further, Joint Shareholders are also requested to communicate their percentage of shareholding to the Share Registrar and Transfer Agent of the Bank, as per the below table, in order to calculate withholding tax applicable to each Joint Shareholder based on filer/ non-filer status. Kindly note that in case of non-receipt of such information, each Joint Shareholder will be assumed to hold equal proportion of shares and the deduction will be made, accordingly.

CDC Account No./ Folio No.	Name of Principal Shareholder/Joint Holders	Shareholding Proportion	CNIC No. (copy attached)	Signature

6. **Circulation of Annual Audited Financial Statements to Shareholders:**

The Bank has transmitted the Financial Statements to members through QR enabled code and web-link. However, in case a shareholder requires hard copy of the Financial Statements, the same can be obtained, free of cost, within one week of the request. In this regard, a Standard Request Form has been placed on website of the Bank, i.e., www.mcb.com.pk

7. **Provision of Email Address and Mobile Number:**

In addition to above, the Financial Statements shall also be circulated to the shareholders through their emails, as maintained with the Bank. Similarly, the Companies (Postal Ballot) Regulations, 2018 also requires that the Bank shall maintain the record of email address and mobile number of shareholders for casting vote, in a secured manner, through e-voting. Therefore, in order to meet above-mentioned regulatory requirements, the shareholders are requested, if not provided earlier, to submit their email addresses and mobile numbers to the Share Registrar and Transfer Agent of the Bank at the below mentioned address, in case of physical shares. However, in case the shares are held in electronic form, the said information must be provided directly to the Stock Brokers or the CDC.

8. **Conversion of Physical Shares into Book-Entry Form:**

As per the Section 72 of the Companies Act, 2017, the companies are required to replace their physical shares with the book-entry form (electronic form). Therefore, shareholders still carrying physical shares are requested to have these converted into book-entry form by opening an account with the Central Depository Company of Pakistan. Such conversion will ensure the safe custody thereof, easy tradability, elimination of risks like loss or theft, avoidance of formalities required for issuance of duplicate share certificates and transfer of shares, and the smooth crediting of bonus or right shares.

M/s THK Associates (Pvt.) Limited
Share Registrar and Transfer Agent-MCB Bank Limited
Plot No. 32-C, Jami Commercial Street 2,
D.H.A., Phase VII, Karachi-75500, Pakistan.
UAN: +92 (21) 111-000-322
Fax: +92 (21) 35310190

Email: sfc@thk.com.pk
Website: www.thk.com.pk

BCR Criteria Mapping

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1	**Organizational Overview and External Environment**	
1.01	Mission, vision, code of conduct, ethical, principal and core values.	11-19, 241-244
1.02	Profile of the company including principal business activities, markets (local and international), key brands, products and services.	21-43, 192-206
1.03	Geographical location and address of all business units including sales units and plants.	45, 565-567
1.04	The legislative and regulatory environment in which the company operates.	162-167
1.05	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates.	68-69, 568-571
1.06	Name and country of origin of the holding company / subsidiary company, if such companies are a foreign company.	
1.07	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	68
1.08	Organization chart indicating functional and administrative reporting, presented with legends.	59
1.09	A general review of the performance of the company, including its subsidiaries, associates, divisions etc., for the year and major improvements from last year.	193-206
1.10	Description of the performance of the various activities / product(s) / service(s) / segment(s) of the entity and its group entities during the period under review.	21-43, 80, 74-75, 193-206
1.11	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain.	158
1.12	a) Explanation of significant factors affecting the external environment including political, economic, social, technological, environmental and legal environment that is likely to be faced in the short, medium and long term and the organization's response. b) The effect of seasonality on business in terms of production and sales.	162-167, 173-180
1.13	The legitimate needs, interests of key stakeholders and industry trends.	310-314
1.14	SWOT Analysis of the company.	161
1.15	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry).	159-160
1.16	History of major events.	76-77
1.17	Details of significant events occurred during the year and after the reporting period.	76-77, 234
2	**Strategy and Resource Allocation**	
2.01	Short, medium and long-term strategic objectives and strategies in place to achieve objectives.	135-157
2.02	Resource allocation plans to implement the strategy. Resource mean 'Capitals' including: a) Financial Capital; b) Human Capital; c) Manufactured Capital; d) Intellectual Capital; e) Social and Relationship Capital; and f) Natural Capital.	153-157
2.03	The capabilities and resources of the company that provide sustainable competitive advantage, resulting in value creation by the company.	135-157
2.04	Company's strategy on market development, product and service development.	150
2.05	The effects of the given factors on the company strategy and resource allocation: a) Technological Changes; b) Sustainability reporting and challenges; c) Initiatives taken by the company in promoting and enabling innovation; and d) Resource shortages (if any).	153-157, 269, 291
2.06	Key Performance Indicators (KPIs) to measure the achievement against strategic objectives including statement as to whether the indicators used will continue to be relevant in the future.	146-150
2.07	The linkage of strategic objectives with company's overall mission, vision and objectives.	
2.08	Board's statement on the internal controls including IT controls of the company.	226, 240

S. No	BCR criteria	Page No.
2.09	Board's statement on the significant plans and decisions such as corporate restructuring, business expansion, major capital expenditure or discontinuance of operations.	81-91, 126, 150-151
2.10	a) Information about defaults in payment of any debt with reasons and its repayment plan; b) Board strategy to overcome liquidity problems and plans to meet operational losses.	180, 150-151
3	**Risks and Opportunities**	
3.01	Key risks and opportunities (internal and external), including sustainability-related risks and opportunities, affecting availability, quality and affordability of Capitals.	173-180, 272
3.02	Company's robust assessment of the principal risks and uncertainties being faced, including those that would threaten the business model, future performance and solvency or liquidity. This may include operational risk, IT risk, regulatory risk, legal risk, political risk, strategic risk, and credit risk etc.	170-180
3.03	Risk Management Framework covering principal risks and uncertainties facing by the company, risk methodology, risk appetite and risk reporting.	
3.04	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs.	173-180
3.05	Disclosure of a risk of supply chain disruption due to an environmental, social or governance incident and company's strategy for monitoring and mitigating these risks (if any).	291
4	**Sustainability Reporting and Corporate Social Responsibility (CSR)**	
4.01	Disclosure of the role of the Board to address the company's sustainability risks and opportunities, as required under the recent amendments of the SECP 'Listed Companies (Code of Corporate Governance) Regulations, 2019, SECP SRO 920/2024 dated June 12, 2024 for the following: a) Disclosures of company specific sustainability-related risks and opportunities (climate-related risks and opportunities) and their impact on the financial performance in the short, medium and long term and how these are managed or mitigated; b) Disclosures about four-pillars core content (Governance, Strategy, Risk Management and Metrics and Targets), together with the specific metrices designed by the company to demonstrate the performance and progress of the company. c) Disclosure of company's sustainability and DE&I related strategies, priorities and targets, the measures taken to promote in the company as well as performance against these targets are periodically reviewed and monitored. d) Boards are encouraged to adopt of the SECP's ESG Disclosure Guidelines (https://www.secp.gov.pk/document/secp-esg-disclosure-guidelines-for-listed-companies/)	267-309
4.02	Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability: · Social initiatives - financial inclusion, research and development, employment generation, community health and education, and health and safety of staff etc.; · Environmental initiatives - climate change mitigation etc. by focusing on 3R's (Reduce, Reuse & Recycle), how does the company reduce pollution, depletion and degradation of natural resources; and indirect like investment/financing in green /sustainable project. · Technological innovation - use of advanced technology, innovative ideas leading to sustainability practices like energy-efficient processes or eco-friendly product designs; · Information on consumption and management of materials, energy, water, emissions and waste.	
4.03	a) Has the board established a dedicated sustainability committee, having at least one female director, or assign additional responsibilities to an existing board committee. b) Has the committee submitted to the board a report, at least once a year, on embedding sustainability principles into the organization's strategy and operations to increase corporate value.	
4.04	Board's statement for the adoption of CSR best practices including Board's commitment to promote CSR and how the company's sustainable practices can affect the financial performance of the company.	287-309
4.05	Highlights of the company's performance, policies, initiatives for CSR.	
5	**Governance**	
5.01	Board composition: a) Leadership structure of those charged with governance; b) Name of independent directors indicating justification for their independence; c) Diversity in the board i.e. competencies, requisite knowledge & skills, and experience; d) Profile of each director including education, experience and engagement in other entities as CEO, Director CFO or Trustee etc.; e) No. of companies in which the executive director of the reporting organization is serving as non-executive director.	48-57, 207-217

S. No	BCR criteria	Page No.
5.02	A brief description about role of the Chairman and the CEO.	224-226
5.03	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.	222-224
5.04	Chairman's Review Report on the overall performance of the board including: a) Effectiveness of the role played by the board in achieving the company's objectives; b) Chairman's significant commitments, such as strategic, financial, CSR and ESG etc., and any changes thereto from last year'; c) Board statement on the company's structure, processes and outcomes of internal control system and whether board has reviewed the adequacy of the system of internal control.	70-71
5.05	Board statement of its commitment to establish high level of ethics and compliance in the company.	226-227
5.06	Annual evaluation of performance, along with a description of criteria used for the members of the board, including CEO, Chairman, and board's committees.	219-221
5.07	Disclosure if the board's performance evaluation is carried out by an external consultant once in every three years.	220
5.08	Details of formal orientation courses for directors.	222
5.09	Directors' Training Program (DTP) attended by directors, female executives, and head of departments from the institutes approved by the SECP, along with names of those who availed exemptions during the year.	222
5.1	Description of external oversight of various functions like systems audit or internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	226
5.11	Disclosure about related party transactions: a) Approved policy for related party transactions; b) Details of all related party transactions, along with the basis of relationship describing common directorship and percentage of shareholding; c) Contract or arrangement with the related party other than in the ordinary course of business on an arm's length basis, if any along with the justification for entering into such contract or arrangement; d) Disclosure of director's interest in related party transactions; e) In case of conflict, disclosure of how conflicts are managed and monitored by the board.	227-228, 232-233, 403-405
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5.15	Disclosure about: a) Shares held by Sponsors / Directors / Executives; b) Distribution of shareholders (Number of shares as well as category, e.g. Promoter, Directors / Executives or close family member of Directors / Executives etc.) or foreign shareholding (if any).	569-571
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5.18	Timely Communication: Date of authorization of financial statements by the board of directors: Within 40 days - 6 marks Within 50 days - 6 marks (in case of holding company who has listed subsidiary / subsidiaries) Within 60 days - 3 marks (Entities requiring approval from a Regulator before finalization of their financial statements would be provided a 20 days relaxation, on providing evidence to the Committee).	February 04, 2026
5.19	Audit Committee report should describe the work of the committee in discharging its responsibilities. The report should include: a) Composition of the committee with at least one member qualified as “financially literate” and all members are non-executive / Independent directors including the Chairman of the Audit Committee. b) Committee’s overall role in discharging its responsibilities for the significant issues related to the financial statements, and how these issues were addressed. c) Committee’s overall approach to risk management and internal control, and its processes, outcomes and disclosure. d) Role of Internal Audit in risk management and internal control, and the approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor’s performance. e) Review of arrangements for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters, and recommended instituting remedial and mitigating measures. f) An explanation as to how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor; and if the external auditor provides non-audit services, an explanation as to how auditor’s objectivity and independence is safeguarded. g) If Audit Committee recommends external auditors other than the retiring external auditors, before the lapse of three consecutive years, reasons shall be reported. h) The Audit Committee’s views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information to shareholders to assess the company’s position and performance, business model and strategy. i) Results of the self-evaluation of the Audit Committee carried out of its own performance. j) Disclosure of the number of whistle-blowing incidences reported to the Audit Committee during the year.	250-251
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6	**Analysis of the Financial Information**	
6.01	Analysis of the financial and non-financial performance using both qualitative and quantitative indicators, showing linkage between: a) Past and current performance; b) Performance against targets /budget; and The analysis should cover significant deviations from previous year in operating results and the reasons for loss, if incurred, as well as future prospects of profits.	95-99
6.02	a) Analysis of financial ratios (Annexure I) with graphical presentation and disclosure of methods and assumptions used in compiling the indicators. b) Explanation of negative change in the performance as compared to last year.	Annexure I 95
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6.04	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g. Zakat).	125
6.05	a) Information about business segment and non-business segment; and b) Segmental analysis of business performance including segment revenue, segment results, profit before tax, segment assets and liabilities.	127-128
6.06	Disclosure of market share of the company and share price sensitivity analysis.	130-132
6.07	Statement of value added and its distribution with graphical presentation: a) Employees as remuneration; b) Government as taxes (separately direct and indirect); c) Shareholders as dividends; d) Providers of financial capital as financial charges; e) Society as donation; and f) Retained within the business.	318
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8.03	Disclosure that at least one board-level committee is charged with oversight of IT governance and cybersecurity matters and how the board administers its IT risk oversight function related to these risks.	
8.04	Disclosure about company's controls and procedures about an "early warning system" that enables the company to identify, assess, address, make timely disclosures and timely communications to the board about cybersecurity risks and incidents.	
8.05	Disclosure of policy related to independent comprehensive security assessment of technology environment, including third party risks and when last such review was carried out.	
8.06	Disclosure about resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about company's cyber insurance.	
8.07	Disclosure of advancement in digital transformation on how the organization has leveraged 4.0 Industrial revolution (Artificial Intelligence (AI), RPA, Data Analytics, Block Chain, Cloud Computing etc.) to improve transparency and governance, value creation and reporting.	
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S. No	BCR criteria	Page No.
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Glossary of Terms

Financial Statements are briefly described here;

Accrual Basis
Recognizing the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalent.

Basel III
Basel III (or the Third Basel Accord) is a global, voluntary regulatory standard on bank capital adequacy, stress testing and market liquidity risk.

Basis point
One hundredth of a per cent i.e. 0.01 per cent. 100 basis points is 1 per cent. Used when quoting movements in interest rates or yields on securities.

Breakup Value per share
Represents the total worth (equity) of the business per share, calculated as shareholders' equity or Net Assets excluding the impact of revaluation on fixed assets, divided by the total number of share outstanding at year end.

BSD
Banking Surveillance Department of State Bank of Pakistan

BPRD
Banking Policy and Regulation Department of State Bank of Pakistan

CAGR
An abbreviation for Compound Annual Growth Rate.

Capital Adequacy Ratio (CAR)
The relationship between capital and risk weighted assets as defined in the ramework developed by the State Bank of Pakistan.

Cash Reserve Ratio (CRR)
Cash Reserve Ratio is the amount of funds that the banks have to keep with SBP. Cash Reserves was required to be maintained at an average of 6% of total of demand liabilities and time deposits with tenor of less than 1 year, during the reserve maintenance period.

Cash Equivalents
Short-term highly liquid investments that is readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Commitment to Extend Credit
Credit facilities approved but not yet utilized by the client as at the Balance Sheet date.

Cost to Income Ratio
The proportion of admin expenses to total income, represented as combination of net interest income and non-interest income.

Credit Risk Spread
The credit spread is the yield spread between securities with the same coupon rate and maturity structure but with different associated credit risks, with the yield spread rising as the credit rating worsens. It is the premium over the benchmark or risk-free rate required by the market to take on a lower credit quality.

Common Equity Tier (CET)
Capital CET capital is sum of fully paid share capital, reserves and un-appropriated profit adjusted by regulatory adjustments as specified in Basel III.

Discount rate
Discount is the rate at which SBP provides three-day Repo facility to banks, acting as the lender of last resort.

Dividend Payout Ratio
Dividends (cash dividend plus bonus shares) paid per share as a fraction of earnings per share (EPS).

Dividend Yield Ratio
Dividend per share divided by the market value of share.

Earnings Per Share
Profit after taxation divided by the weighted average number of ordinary shares in issue.

Efficiency Ratio
Calculated as Net Interest Income as a percentage of working funds / operating cost.

Financial Instruments
Financial instrument is any contract that gives rise to financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets Measured at Amortised Cost
A financial asset is measured at amortised cost if the asset is held within a business model whose objective is to hold assets to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)
FVOCI include debt and equity instruments measured at fair value through other comprehensive income. A debt instrument is measured at FVOCI, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets Measured at Fair Value through Profit or Loss (FVTPL)
All financial assets other than those classified at Amortised Cost or FVOCI are classified as measured at FVTPL. These are held for trading or managed and their performance is evaluated on a fair value basis as they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Fixed Deposits
Deposits having fixed maturity dates and a rate of return.

Forced Sale Value (FSV)
Forced Sale Value means the value which fully reflects the possibility of price fluctuations and can currently is obtained by selling the mortgaged / pledged assets in a forced / distressed sale conditions.

Foreign Exchange Options (FX Options)
Contracts that give the buyer the right, but not the obligation, to buy or sell one currency against the other, at a predetermined price and on or before a predetermined date. The buyer of a call/ put FX option has the right to buy/sell a currency against another at a specified rate.

Forward Purchase Contract
Forward purchase contract is one in which the exporter enters into the forward booking contract to protect himself from the exchange rate fluctuation at the time of receiving payment.

Forward Sale Contract
In a forward sale contract the importer enters into a transaction to buy foreign currency from the Bank at the predetermined rate to protect himself from the exchange fluctuation at the date the payment.

Government Securities
Government Securities shall include such types of Pak. Rupee obligations of the Federal Government or a Provincial Government or of a Corporation wholly owned or controlled, directly or indirectly, by the Federal Government or a Provincial Government and guaranteed by the Federal Government as the Federal Government may, by notification in the Official Gazette, declare, to the extent determined from time to time, to be Government Securities.

Historical Cost Convention
Recording transactions at the actual value received or paid.

Impairment allowances
A provision held on the balance sheet as a result of the raising of a charge against profit for the incurred loss inherent in the lending book. An impairment allowance may either be identified or unidentified and individual or collective.

IAS
International Accounting Standards

IFRS
International Financial Reporting Standards

IFRIC
International Financial Reporting Interpretation Committee

Interest Spread
Represents the difference between the average interest rate earned and the average interest rate paid on funds.

Loan losses and provisions
Amount set aside against identified and possible losses on loans, advances and other credit facilities as a result of their becoming party or wholly uncollectible.

Loss Given Default (LGD)
LGD is the percentage of an exposure that a lender expects to lose in the event of default.

LIBOR (London Interbank Offered Rate)
An interest rate at which banks can borrow funds, in marketable size, from other banks in the London interbank market. The LIBOR is fixed on a daily basis by the British Bankers' Association.

Liquid Assets
The assets which are readily convertible into cash without recourse to a court of law and mean encashment / realizable value of government securities, bank deposits, certificates of deposit, shares of listed companies which are actively traded on the stock exchange, NIT Units, certificates of mutual funds, Certificates of Investment (COIs) issued by DFIs / NBFCs rated at least 'A' by a credit rating agency on the approved panel of State Bank of Pakistan, listed TFCs rated at least 'A' by a credit rating agency on the approved panel of State Bank of Pakistan and certificates of asset management companies for which there is a book maker quoting daily offer and bid rates and there is active secondary market trading. These assets with appropriate margins should be in possession of the banks / DFIs with perfected lien.

KIBOR – (Karachi Interbank Offered Rate)
KIBOR is the interbank lending rate between banks in Pakistan and is used as a benchmark for lending.

Manufactured Capital
It includes business structure and operational processes, including physical, digital and IT Infrastructure, product and services that provides the framework and mechanics of how the bank does business and create values.

Market Capitalization
Number of ordinary shares in issue multiplied by the market value of share as at any cut-off date.

Net Interest Income (NII)
Net interest income is the difference between the interest earned on assets and interest expensed on liabilities.

Non-Performing Loan
A non-performing loan is a loan that is in default or close to being in default. Loans become non-performing in accordance with provision of prudential regulations issued by SBP.

Non-Performing Assets
A financial asset held on the books of a financial institution with respect to which the obligor has been in arrears for more than one year on any payment obligation and includes all security interests with respect thereto.

NPLs to Gross Advances/Loans
Represents the infected portfolio of the bank and is calculated by dividing the total non-performing loans by gross advances.

Non-Performing Loan-Substandard Category
Where mark-up/interest or principal is overdue by 90 days or more from the due date.

Non-Performing Loan-Doubtful Category
Where mark-up/interest or principal is overdue by 180 days or more from the due date.

Non-Performing Loan-Loss Category
Where mark-up/interest or principal is overdue by one year or more from the due date and Trade Bill (Import/ Export or Inland Bills) are not paid/adjusted within 180 days of the due date.

Off Balance Sheet Transactions
Transactions that are not recognized as assets or liabilities in the statement of financial position but which give rise to contingencies and commitments.

Price Earnings Ratio (P/E Ratio)
Market price of a share divided by earnings per share.

Probability of Default (PD)
PD is a financial term describing the likelihood of a default over a particular time horizon. It provides an estimate of the likelihood that a borrower will be unable to meet its debt obligations.

Repo / Reverse Repo
A repurchase agreement, or repo, is a short term funding agreements which allow a borrower to sell a financial asset, such as ABS or government bonds as collateral for cash. As part of the agreement the borrower agrees to repurchase the security at some later date, usually less than 30 days, repaying the proceeds of the loan. For the party on the other end of the transaction (buying the security and agreeing to sell in the future) it is a reverse repurchase agreement or reverse repo.

Return on Equity (ROE)
Represents the ratio of the current year's profit available for distribution to the weighted average shareholders' equity over the period under review, calculated by dividing the net profit (profit after tax) to the average equity (before surplus) for the period.

Return on Assets (ROA)
Indicator of profitability of the business relative to the value of its assets, calculated by dividing the net profit (profit after tax) to the average total assets for the period.

Social & Relationship Capital
Strong stakeholder relationships, including the communities in which we operate. Building a strong and thriving society as well as financial and digital ecosystem.

Statutory Reserve Funds
A capital reserve created as per the provisions of the section 21 of Banking Companies Ordinance, 1962.

Strategic Investment
Strategic Investment is an investment which a bank / DFI make with the intention to hold it for a period of minimum 5 years.

The following must be noted further in respect of strategic investment:

- The bank should mark strategic investment as such at the time of investment
- If there are a series of purchases of stocks of a company, the minimum retention period of 5 years shall be counted from the date of the last purchase.

Subsidiary Company
A company is a subsidiary of another company if the parent company holds more than 50% of the nominal value of its equity capital.

SRO
Statutory Regulatory Order

VaR
Value at Risk is an estimate of the potential loss which might arise from market movements under normal market conditions, if the current positions were to be held unchanged for one business day, measured to a confidence level of 97.5 per cent.

Weighted Average Cost of Deposits
Percentage of the total interest expense on average deposit of the bank for the period.

Form of Proxy

78th Annual General Meeting

I/We _____ S/o/D/o/W/o _____

resident of _____ being a member of **MCB Bank Limited**, holder of _____Ordinary Share(s) as per Folio/CDC Account No. _____

do hereby appoint Mr./Mrs./Miss _____ Folio/CDC Account No. _____ having CNIC No. _____ resident of _____ as my/our proxy to attend, speak and vote for me/us on my/our behalf at the **78th Annual General Meeting ("AGM")** of the Bank to be held on **Friday, the 27th day of March, 2026 at 11:00 AM (PST)** at Grand Ball Room-A, 4th Floor, The Nishat Hotel adjacent to Emporium Mall, Abdul Haq Road, Johar Town, Lahore, and at any adjournment thereof.

Signed this _____ day of _____ 2026.

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

Signature of Member(s)
On PKR 50/-
Revenue Stamp

The signature should agree with the specimen registered with the Bank.

Witnesses:

1. Signature :_____
Date :_____
Name :_____
CNIC No. :_____
Full Address :_____

2. Signature :_____
Date :_____
Name :_____
CNIC No. :_____
Full Address :_____

Notes:

1. A member eligible to attend, speak and vote at the AGM may appoint another member as his/her proxy who shall have such rights as narrated in Section 137 of the Companies Act, 2017.
2. This Proxy Form, duly completed and signed, must be deposited in the office of M/s THK Associates (Pvt) Limited, the Share Registrar and Transfer Agent of the Bank, situated at Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500, not later than 48 hours (no account shall be taken of any part of the day that is not a working day) before the time of holding the meeting.
3. If a member appoints more than one proxy and more than one instrument of proxies are deposited by a member with the Share Registrar and Transfer Agent of the Bank, all such instruments of proxy shall be rendered invalid.
4. **For CDC Account Holders / Corporate Entities:**
   - Attested copies of CNIC/ NICOP or the passport of the beneficial owners shall be provided with the Proxy Form.
   - The proxy shall produce his/her original CNIC/ NICOP or passport at the time of the meeting.
   - In case of a corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with Proxy Form to the Share Registrar and Transfer Agent of the Bank.

پراکسی فارم

78واں سالانہ اجلاس عام

میں/ہم _____ ولدیت/زوجیت _____

ساکن _____ بحیثیت ممبر **ایم سی بی بینک لمیٹڈ** اور عام حصص _____ کا مالک جو کہ فولیو/سی ڈی سی اکاؤنٹ نمبر _____ کے تحت

مسمّی/مسماۃ _____ کو جو کہ فولیو/سی ڈی سی اکاؤنٹ نمبر _____ شناختی کارڈ نمبر _____

ساکن _____ کو بطور پراکسی مقرر کرتا ہوں/کرتی ہوں/کرتے ہیں تاکہ وہ میری/ہماری غیر موجودگی میں میری/ہماری طرف سے بینک کے **78ویں سالانہ اجلاس عام** جو بروز جمعہ، مورخہ **27 مارچ 2026**، بوقت **11:00 بجے صبح**، بمقام گرینڈ بال روم۔اے، چوتھی منزل، دی نشاط ہوٹل ملحقہ ایمپوریم مال، عبدالحق روڈ، جوہر ٹاؤن، لاہور میں منعقد ہو رہا ہے اس میں اور اس کے کسی ملتوی شدہ اجلاس میں، شرکت کرے، بات کرے اور ووٹ ڈالے۔

دستخط بتاریخ _____ 2026ء

فولیو نمبر	سی ڈی سی اکاؤنٹ نمبر	
	پارٹیسپینٹ ID	اکاؤنٹ نمبر

پچاس روپے کے ریونیو سٹامپ پر دستخط

دستخط بینک میں رجسٹرڈ نمونے سے مطابقت رکھتے ہوں

گواہان:

1) دستخط: _____
تاریخ: _____
نام: _____
شناختی کارڈ نمبر: _____
مکمل پتہ: _____

2) دستخط: _____
تاریخ: _____
نام: _____
شناختی کارڈ نمبر: _____
مکمل پتہ: _____

نوٹس:

1۔ اے جی ایم میں شرکت کرنے، بولنے اور ووٹ دینے کا اہل رکن کسی دوسرے رکن کو اپنا/اپنی پراکسی مقرر کر سکتا ہے جس کو وہ تمام حقوق حاصل ہونگے جیسا کہ کمپنیز ایکٹ 2017ء کے سیکشن 137 میں بیان کئے گئے ہیں۔

2۔ یہ مکمل پُر کردہ اور دستخط شدہ پراکسی فارم بینک کے شیئر رجسٹرار اور ٹرانسفر ایجنٹ میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، بمقام پلاٹ نمبر C-32، جامی کمرشل اسٹریٹ 2، ڈی ایچ اے، فیز VII، کراچی-75500 کے دفتر میں اجلاس کے انعقاد سے 48 گھنٹے پہلے (جس میں صرف کاروباری دنوں کے اوقات شامل ہونگے) جمع کروانا ہوگا۔

3۔ اگر ایک رکن ایک سے زیادہ پراکسی مقرر کرتا ہے اور بینک کے شیئر رجسٹرار اور ٹرانسفر ایجنٹ کے پاس رکن کی طرف سے پراکسی فارم کی ایک سے زائد دستاویزات جمع کرائی جائیں تو پراکسی کی ایسی تمام دستاویزات کالعدم تصور ہوں گی۔

4۔ **سی ڈی سی اکاؤنٹ رکھنے والوں/کارپوریٹ اداروں کے لیے:**

- مستفید مالکان کے سی این آئی سی/این آئی سی او پی یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ مہیا کی جائیں گی۔
- اجلاس کے موقع پر پراکسی اپنا اصل سی این آئی سی/این آئی سی او پی یا پاسپورٹ مہیا کرے گا۔
- کارپوریٹ ادارہ ہونے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ نمونے کے مطابق دستخط کے ساتھ بینک کے رجسٹرار اور ٹرانسفر ایجنٹ کے پاس پراکسی فارم کے ساتھ جمع کروانا ہوگا۔

Investors' Awareness





Registered Office: MCB House, 15 Main Gulberg, Jail Road, Lahore, Pakistan
U: +92 42 111 000 622 T: +92 42 36041998-9 E: info@mcb.com.pk W: www.mcb.com.pk

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