



Bank Alfalah
The Way Forward



Depth in Service
Banking the Right Way!
Annual Report 2025





Bank Alfalah

The Way Forward

CONTENTS

Company Information.....	14
Awards and Recognition.....	16
Integrated Report 2025.....	22
Chairman's Message.....	25
President and CEO's Message.....	29
Directors' Report to the Shareholders.....	32
Gender Pay Gap Statement	48

Organisational Review

About Bank Alfalah.....	52
Vision.....	54
Mission.....	56
Values.....	58
Ethics and Code of Conduct.....	60
Culture.....	62
Major Corporate Events.....	64
Group Ownership Structure.....	66
Bank's Presence.....	67
The Business Model.....	70
Bank Alfalah and the Value Chain.....	75
Business, Products and Services.....	76
Making Customers' Lives Easy Through Innovation..	107
Significant Events / Changes in Organisation.....	119

Stakeholder Relationship and Engagement

Stakeholders' Information.....	122
Stakeholders' Engagement Policy.....	125
Stakeholders' Identification Process.....	126
Stakeholders' Engagement Process and Frequency	128
Stakeholders' Engagement.....	131

Strategy, Key Performance Indicators and Resource Allocation

Strategic Objectives.....	156
Strategies to Achieve Objectives and Key Performance Indicators.....	157
Methods and Assumptions used in Compiling Key Performance Indicators.....	162
Resource Allocation Plans and Financial Capital Structure.....	164
Effect of External Factors on Strategy and Resource Allocation.....	168
Strategic Decision-Making Process.....	170
Significant Plans and Decisions.....	172
Change in Objectives and Strategies.....	173

Risks and Opportunities

Risk Management Framework.....	176
Risk Assessment.....	182
Key Risks.....	184
Key Opportunities and Initiatives.....	189
Financial Obligations.....	194
Strong Capital Base.....	194
Liquidity Management and Contingency Plan.....	194
Foreign Currency Sensitivity Analysis.....	195

IT Governance and Cybersecurity

Information Technology Governance Policy and Framework.....	198
Information Technology and Cyber Security	199
Information Technology Advancement	204
Enterprise Resource Planning (ERP) Software.....	205
Security Assessment of Technology Environment	205

Sustainability and Corporate Social Responsibility

Sustainability Report.....	208
Bank's Corporate Social Responsibility Programme..	223
Sustainable Development Goals and the Bank's Contributions.....	241
Environment, Social and Governance Initiatives and the Bank's Contributions.....	260
Certifications Acquired and International Standards Adopted.....	265

Governance

Board of Directors.....	268
Senior Management.....	272
Organisational Structure.....	278
Role of the Board and the Management.....	279
Roles and Responsibilities of the Chairman and the CEO.....	280
Board Committees and Terms of Reference.....	281
Management Committees.....	288
Review Report by the Chairman on the Board's Overall Performance.....	292
Annual Evaluation of the Board, Committees and Individual Directors' Performance.....	293
Board's Performance Review by the External Consultant.....	294
Other Matters Relating to Governance.....	295
Report from the Board Audit Committee.....	304
Profile of Shariah Board Members.....	308

Terms of Reference of Shariah Board.....	311
Report of the Shariah Board for the year ended December 31, 2025.....	312
Remuneration Framework.....	316
Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019.....	326
Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019.....	329
Statement of Internal Controls.....	330
Management's Responsibility towards Financial Statements and Directors' Compliance Statement.....	332
Adoption and Statement of Adherence with the International Integrated Reporting Framework.....	333

Outlook

Forward Looking Statement.....	338
Bank's Performance Against Last Year's Forward Looking Statement.....	340
Status of Key Projects.....	345
Sources of Information and Assumptions used for Projections and Forecasts.....	347
Significant External Factors and the Bank's Response.....	348
Bank's Response to Critical Challenges and Uncertainties.....	353
Competitive Landscape and Market Positioning.....	353
AI Adoption and Its Impact on the Long-Term Outlook.....	358
SWOT Analysis.....	359

Performance and Position

Credit Rating.....	362
Highlights.....	363
Analysis of Financial and Non-Financial Performance.....	364
Graphical Presentation.....	368
Six Years Financial and Non-Financial Summaries.....	372
Six Years Vertical Analysis.....	373
Six Years Horizontal Analysis.....	374
Six Years Review of Business Performance.....	375
Quarterly Performance Review.....	377
Segmental Review of Business Performance.....	379
Concentration of Business Segments' Profit and Position	395
Concentration of Geographical Segments' Profit and Position	397

Financial and Non-Financial Ratios.....	398
DuPont Analysis	400
Economic Value Added Statement (EVA)	401
Direct Method Cash Flow Statement	402
Free Cash Flows	403
Statement of Value Added	404
Sources and Uses of Funds	405
Share Price Sensitivity Analysis	406
Sector and Segment Wise Advances and Deposits ..	408
Non-Performing Assets	408
Behavioural Maturities of Key Assets and Liabilities	409
Classification and valuation of investments	410
Statement of Charity and Donation	411
Key Interest Earning Assets and Liabilities	412
Capital Structure	413
The Human Capital	414
Human Resource Accounting	415
Additional Disclosures	416
Other Information	418

Corporate Reporting

Unconsolidated Independent Auditor's Report to the Members	424
Unconsolidate Financial Statements	428
Consolidated Independent Auditor's Report to the Members	533
Consolidated Financial Statements	538
Pattern of Shareholding	636
Categories of Shareholders	642
Sale/Purchase of Shares of the Bank	643
Notice of the 33rd Annual General Meeting	646
Glossary and Definition of Terms	659
Ballot Paper	
Form of Proxy	
Jama Punji	

The Bank's financial statements are available at:
<https://www.bankalfalah.com/financial-reports/>



The President/CEO's video on the Bank's business performance and strategy is available at:
<https://www.bankalfalah.com/financial-reports/>

Serving Customers The Right Way

A customer-centric commitment grounded in innovation, doing banking the right way every day. Focused on building trust, delivering value and creating meaningful customer experiences.



Empowering Colleagues to Thrive

Fostering a culture where every colleague is valued, supported and empowered. Advancing diversity, equity and inclusion to enable shared growth and collective success.



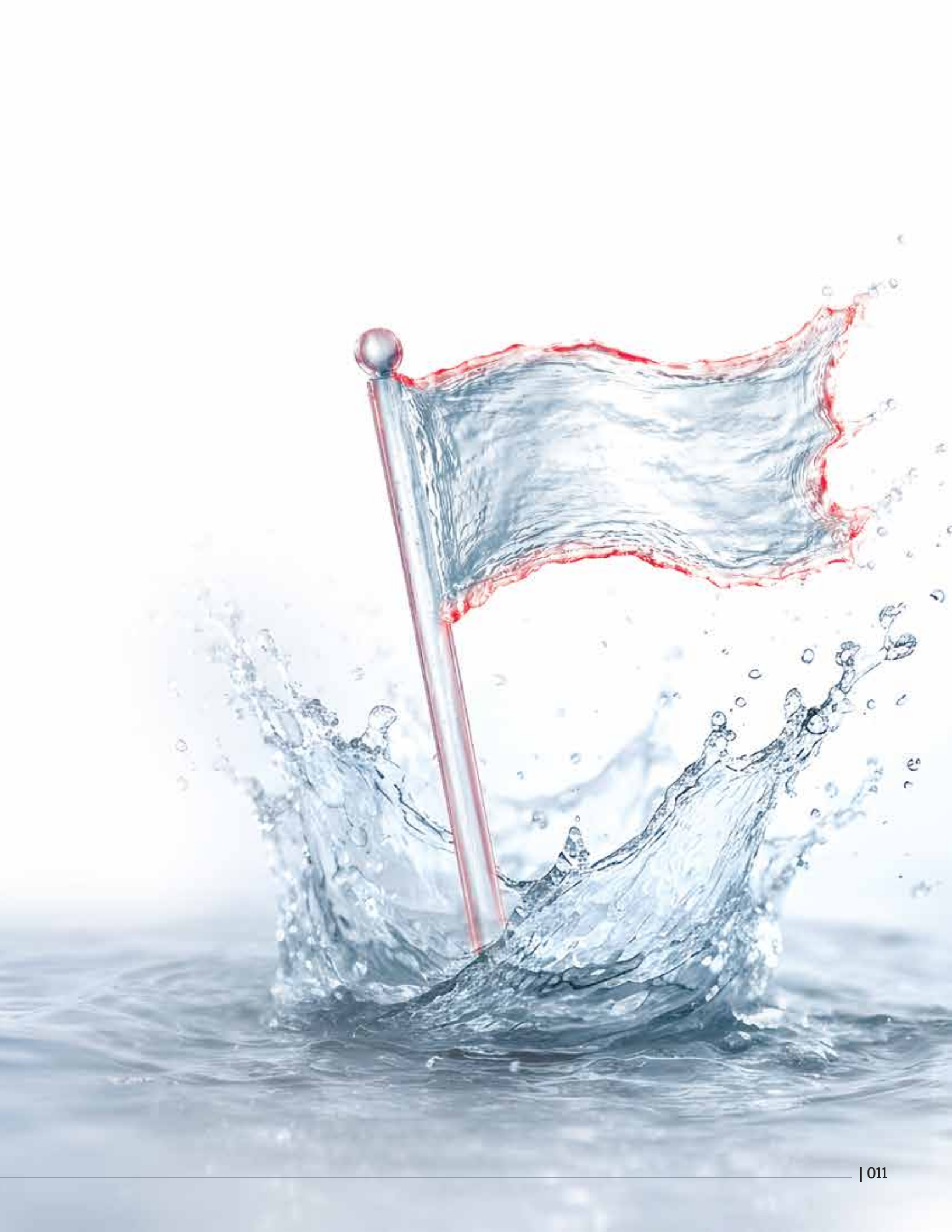
Creating Lasting Community Impact

Strengthening communities through collective action and shared responsibility. Creating lasting impact by working together for sustainable progress.

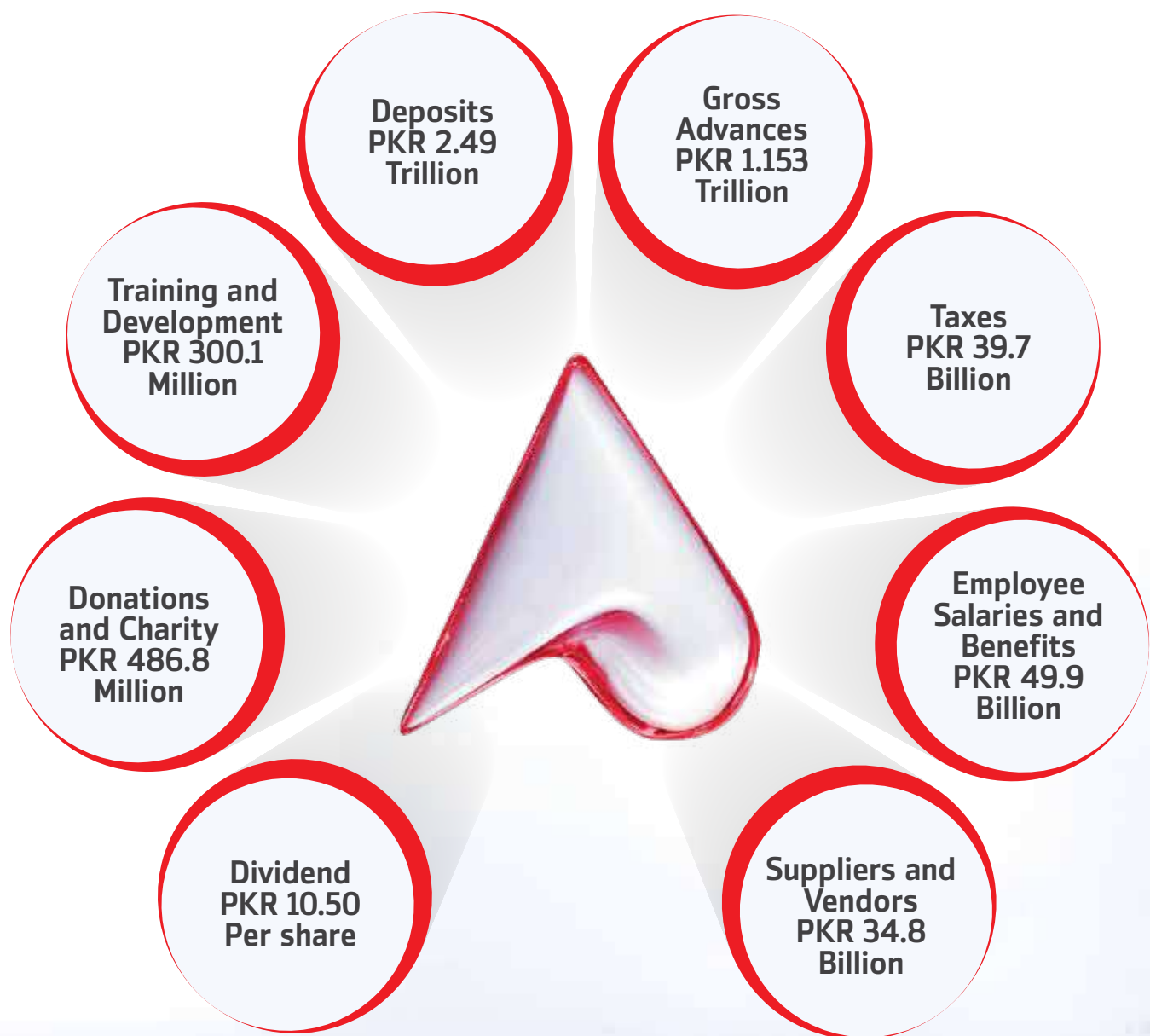


Enabling Country's Progress

Standing firm with the nation in every moment that matters.
Driving enduring progress through resilience, responsibility and long-term commitment



Creating Shared Impact



Company Information

Board of Directors

His Excellency Sheikh Nahayan Mubarak Al Nahayan
Chairman/Director

Abdulla Nasser Hawaileel Al Mansoori
Director

Abdulla Khalil Al Mutawa
Director

Khalid Mana Saeed Al Otaiba
Director

Khalid Qurashi
Director

Dr. Gyorgy Tamas Ladics
Director

Dr. Ayesha Khan
Director

Efstratios Georgios Arapoglou
Director

Atif Aslam Bajwa
President/CEO and Director

Senior Management Team

Atif Aslam Bajwa

President and Chief Executive Officer

Aasim Wajid Jawad

Group Head, Strategy, Transformation and Customer Experience

Anjum Hai

Chief Financial Officer

Faisal Farooq Khan

Chief Human Resource Officer

Faisal Rabbani

Chief Risk Officer

Farooq Ahmed Khan

Group Head, Corporate, Investment Banking and International Business

Haroon Khalid

Group Head, Compliance and Control

Hasan Ahmed Khan

Head, Treasury Pakistan Operations

Khawaja Muhammad Ahmad

Group Head, Operations and Corporate Services

Mehreen Ahmed

Group Head, Retail Banking

Mian Ejaz Ahmed

Company Secretary, and Group Head, Legal and Corporate Affairs

Mohammad Raheel Yousuf

Chief Marketing Officer

Mohib Hasan Khan

Chief Information Officer

Dr. Muhammad Imran

Group Head, Islamic Banking

Muhammad Yahya Khan

Chief Digital Officer

Pervez Shahbaz Khan

Group Head, Global Markets and Treasury

Tahir Khurshid

Group Head, Audit and Inspection

Zahid Anjum

Group Head, Special Assets Management

Chief Financial Officer

Anjum Hai

Company Secretary

Mian Ejaz Ahmed

Chief Internal Auditor

Tahir Khurshid

Auditors

A. F. Ferguson & Co.

Chartered Accountants

Registered/Head Office

B. A. Building

I. I. Chundrigar Road

Karachi, Pakistan

Share Registrar

F. D. Registrar Services (Pvt.) Limited

1705, 17th Floor, Saima Trade Tower-A

I. I. Chundrigar Road

Karachi, Pakistan.

Legal Advisor

Mandviwalla & Zafar

Advocates and Legal Consultants

Official Website

<https://www.bankalfalah.com/>

Awards and Recognition



2025

Pakistan Banking Association

Winner: Best Bank for Digital Excellence: 2024

Winner: Best Bank for Customer Engagement: 2024

PSX Top 25 Companies Award

Ranked amongst the Top 10 Companies on the Pakistan Stock Exchange (PSX)

South Asian Federation of Accountants

Winner: Gold – Best Presented Annual Report across South Asia

Winner: Gold Award SAARC Anniversary Award for Corporate Governance

Annual Report Awards (BCR & BSR)

Awarded by the Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP)

Winner: Best Corporate Report: First Position in the banking category

Winner: Best Corporate Report: First Position across industries

Merit Certificate: Sustainability Reporting

Annual CFA Pakistan Excellence Awards

Winner: Best Investors Relations 2024 for Financial institutions for 12th successive years

Winner: Best ESG Reporting Award of the Year 2024 – Financial Institutions for 3rd successive years

Winner: Transaction of the Year Award 2024

First Runner Up: Recognizing Gender Diversity of the Workplace Award 2025- Banks

First Runner Up: Best Digital Banking Services Award of the Year 2024- Commercial Banks

SBP Pakistan Financial Literacy Week 2025

Winner: Digital Innovation in Financial Inclusion Award

14th Annual Corporate Social Responsibility Awards

Winner: Crisis Disaster Assistance

Winner: Community Impact

Winner: Sustainability Initiatives

Winner: Employee Health & Safety Programme

Winner: Green Environment Stewardship

National Forum for Environment & Health

Annual Environmental Excellence Award efforts for stewardship in sustainable future.

Global Islamic Finance Awards (GIFA)

Winner: Best Bank for Islamic Window Business

Winner: Best Bank for Shariah Assurance

Global Diversity, Equity and Inclusion Awards (GDEIB) 2025

Winner: Most Inclusive Organisation

Won Best Practices in all 15 GDEIB Categories

Pakistan Business Council (PBC) & International Finance Corporation (IFC)

Top 10 Organisation - Employer of Choice

Awards for Gender Diversity

Pakistan Digital Award

Winner: Best Payment Solution Provider

Winner: Best Global Reach

OPPO Annual Sales Conference

Winner: Best Digital Banking Platform- AlfaMall

Annual Trade and Supply Chain Finance Program (TSCFP) Awards

Winner: Trade Deal of the Year- Issuing Bank

Global Digital Awards

Winner: Best E-Commerce Platform- AlfaMall

Pakistan Remittance Summit

Winner: 2nd Largest Remittance Bank

Deutsche Bank Client Excellence Award

Winner: Institutional Cash & Trade Finance 2024

Gender Diversity Awards

Awarded by the International Finance Corporation (IFC) and the Pakistan Business Council (PBC)

Ranked Top 6th among Pakistan's Top Organisations

Dragon Awards

Silver Dragon Winner: Bank Alfalah Tap & Pay

WWF Pakistan

Bank Alfalah Head Office is awarded as certified 'Green Office Building'

EFPP - Women Empowerment & Gender Equality Recognition Awards

Diamond Award

Shaukat Khanum Memorial Cancer Hospital and Research Centre

Received Shaukat Khanum Social Responsibility Award for Collaboration and CSR Initiatives

The Professional Network in collaboration with UNEP (United Nations Environment Programme) and UNGC (United Nations Global Compact)

Bank Alfalah Wins at the 11th International Environment, Health & Safety Awards

2024

Pakistan Banking Association

- Winner Best Bank for Digital Excellence: 2024
- Winner Best Bank for Customer Engagement: 2024

Top 25 Companies Award

Top 25 Listed Companies by the Pakistan Stock Exchange (PSX)

South Asian Federation of Accountants

- Gold – Best Presented Annual Report across South Asia

Annual CFA Pakistan Excellence Awards

- Best Investor Relations for financial institutions for the 11th successive year
- Best Environment, Social and Governance Reporting for financial institutions for the 2nd successive year
- Best Digital Banking Services for commercial banks for Fiscal Year 2023
- Transaction of the Year for Fiscal Year 2023.
- Best Conventional Income Fund Manager for Fiscal Year 2024.
- First Runner-Up in the Best Bank Award in the Large Bank category
- First Runner-Up in Best Conventional Equity Fund Manager for Fiscal Year 2024.
- First Runner-Up in Best Islamic Equity Fund Manager for Fiscal Year 2024
- First Runner-Up in Best Asset Management Company for Fiscal Year 2024

WWF Pakistan

- Bank Alfalah Head Office is awarded as certified 'Green Office Building

National Forum for Environment & Health

- 21st Annual Environmental Excellence Award efforts for stewardship in sustainable future.

Euromoney

- Best Investment Bank of the Year 2024 in Pakistan

Annual Report Awards

Awarded by the Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP)

- Best Corporate Report: Second Position in the banking category
- Sustainability Reporting: Merit Certificate

Shaukat Khanum Memorial Cancer Hospital and Research Centre

- Received Shaukat Khanum Social Responsibility Award for Collaboration and CSR Initiatives

Pakistan Digital Award

- Best Banking Tech of the Year
- Global Digital Award
- Best e-commerce website for AlfaMall

Dragon Awards

- Best cause, charity marketing or public sector campaign

Global Islamic Finance Awards (GIFA)

- Best Islamic Banking Window Operations Award 2024
- Islamic Banker of the Year 2024 – Dr. Muhammad Imran, Group Head of Islamic Banking

The Professional Network in collaboration with UNEP (United Nations Environment Programme) and UNGC (United Nations Global Compact).

- Bank Alfalah Wins at the 10th International Environment, Health & Safety Awards

Pakistan Business Council (PBC) & International Finance Corporation (IFC)

- Winner for Top 10 Employer of Choice Awards for Gender Diversity
- Second Runner-Up Gender2Equity Initiative

The Digital Banker

- Winner – Best Bank for Supply Chain Finance in Pakistan
- Winner – Best Bank for Trade Finances in Pakistan

2023

Pakistan Banking Awards

- Best Digital Bank

Top 25 Companies Award

Top 25 Listed Companies Award by the Pakistan Stock Exchange (PSX)

Annual Report Awards

- Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP)
- Best Corporate Report: First Position in the banking category
- Sustainability Reporting: Merit Certificate
- South Asian Federation of Accountants (SAFA) Best Presented Annual Report: Second Joint Position in the Banking category at South Asia level

CFA Society Pakistan Awards

- Winner: Gender Diversity in FI's
- Winner: Best Investor Relations in FI's
- Winner: Best Reporting in Environment, Social and Governance
- Runner up: Best Bank of the Year (Large)
- Runner up: Best Digital Banking Services

Pakistan Digital Awards

- Best Digital Advertiser of the Year
- Best SEO Campaign for Roshan Digital Account
- Best e-commerce website for AlfaMall

Global Diversity, Equity and Inclusion Awards (GDEIB)

- Best Practice Awards:
 - Vision, Strategy and Business Impact (2nd time in a row)
 - DEI Structure and Implementation (4th time in a row)
 - DEI Communications (3rd time in a row)
 - Work-Life Integration, Flexibility and

Benefits (5th time in a row)

- Community, Government Relations and Philanthropy
- Services & Product Development
- Marketing and Customer Service

Progressive Awards

- Assessment, Measurement and Research (2nd time in a row)
- Leadership and Accountability
- DEI Learning and Development

Management Association of Pakistan

- First prize in Corporate Excellence (Commercial Banking Sector)

United Nations Global Compact

- Second Prize: Sustainability Efforts

Institute of Chartered Accountants of Pakistan (ICAP)

Second prize for 'Use of Technology in Auditing'

Pakistan Remittance Initiative

- Highest Remittance Growth Bank of Pakistan
- Leading Remittance Mobilizing Bank of Pakistan

Cambridge IFA - Islamic Retail Banking Awards

- Most Innovative Islamic Retail Banking Window in Pakistan
- Excellence Award: Premier Banking in Pakistan

Pakistan Business Council (PBC) & International Finance Corporation (IFC)

- Winner for Top 10 Employer of Choice Awards for Gender Diversity

Pakistan Society of Human Resource Management

Best Place to Work for Women
National Forum for Environment & Health
Recognition for Remarkable Efforts and Initiatives under Corporate Social Responsibility

Mastercard

- Payment Gateway Innovation Award: Recognition for enabling used case for freelancers to receive payments from their customers digitally
- Mastercard MENA East Business Forum: Best Youth Credit Card Proposition Award



2022

Pakistan Banking Awards

- Best Digital Banking
- Best Bank in Housing Finance

Top 25 Companies Award

Top 25 Listed Companies by the Pakistan Stock Exchange (PSX)

Annual Report Awards

- Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP) - Best Corporate Report
 - First Joint Position in the banking category
 - Second Joint Position across sectors
- South Asian Federation of Accountants (SAFA) - Best Presented Annual Report
 - Second Joint Position in the Banking category at South Asia level

CFA Society Pakistan Awards

- Runner up - Best Bank of the Year
- Best Investor Relations
- Best Transaction of the Year

Pakistan Digital Awards (PDA)

- Best High Impact Campaign for Savings Account Campaign
- Best Digital Campaign for Home Remittance Campaign
- Best Payment Technology Solution for Alfa Business App
- Best Mobile Banking App for Alfa App

Global Diversity, Equity and Inclusion Awards (GDEIB)

- The Best Place to Work
 - Runner up for the Best Place to in the Financial Services Industry
 - Ranked amongst the top 11 Best Places to work in Pakistan
- Best Practice SC
 - DEI Structure and Implementation
 - DEI Communications
 - Work-Life Integration, Flexibility and Benefits
- Progressive Awards
 - Assessment, Measurement and Research
 - Vision, Strategy and Business Impact

Effie Award for Home Remittance Campaign

- Bronze Effie for Home Remittance Campaign

Global Transaction Innovation Awards 2022

- Best Bank for Trade Finance
- Best Bank for Cash Management

2021

Pakistan Banking Awards

- Institute of Bankers of Pakistan
 - Best Customer Franchise

Annual Report Awards

- Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP) - Best Corporate Report
 - Second Position in the Banking Category
- South Asian Federation of Accountants - Best Presented Annual Report
 - Joint Second Runner-up in the Banking Category

CFA Society Pakistan Awards

- Best Investor Relations

Global Diversity, Equity and Inclusion Benchmarks (GDEIB) Awards

- Best Practice
 - DEI Structure and Implementation
 - Work-life Integration, Flexibility and Benefits
 - DEI Communications
- Progressive Awards at GDEIB
 - Vision, Strategy and Business Impact
 - Assessment, Measurement and Research
- Best Place to Work
 - Best Place to Work in Financial Services-Runner Up
 - Ranked amongst the Top 10 Best Places to Work.

Pakistan Digital Awards

- Best Lifestyle Application for Alfa App
- Best Digital Campaign for Roshan Digital Account
- Best Digital Innovation for Alfa App

Global Transaction Banking Innovation Awards

- Best API Initiative of the Year
- Best Bank for Transaction Banking Services

2020

Annual Report Awards

- Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP) - Best Corporate Report Award
 - Second Position in the banking category



- South Asian Federation of Accountants Best
 - Presented Annual Report
 - Merit Certificate in the Banking Category

Pakistan Digital Awards

- Best High Impact Campaign (Alfalah Kifayat Account Campaign)
- Best Content Marketing (for its Alfa World Cup Campaign)

Global Islamic Finance Awards (GIFA)

- Most Innovative Islamic Banking Window
- Best Islamic Savings Product – Alfalah Islamic Recurring Value Deposit

Effie Award for Remittance Account Campaign

- Silver Effie by the Pakistan Advertisers Society for Bank's Remittance Account Campaign

2019

Pakistan Banking Awards

- Best Bank of the year
- Best Customer Franchise

Annual Report Awards

- Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP) - Best Corporate Report
 - Third Position in the banking category
- South Asian Federation of Accountants - Best Presented Annual Report
 - Merit Certificate in the banking category

Global Diversity, Equity and Inclusion Benchmarks (GDEIB) Awards

- Best Practice in the following categories:
 - Benefits, Work-life Integration and Flexibility
 - D&I Structure and Implementation

2018

Pakistan Banking Awards

- Best Customer Franchise
- Best Small and Medium enterprise Bank (SME)

Annual Report Awards

- Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP) - Best Corporate Report
 - Fourth Position in the banking category

2017

Pakistan Banking Awards

- Best Bank of the year
- Best Customer Franchise

Annual Report Awards

- Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP) - Best Corporate Report
 - Fourth Position in the banking category

CFA Society Pakistan Awards

- Best Investor Relations

Others

- Best Website of the Year
- Best Loyalty and Rewards Programme

2016

Pakistan Banking Awards

- Best Customer Franchise

Annual Report Awards

- Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP) - Best Corporate Report
 - Fourth Position in the banking category

Others

- Best Consumer Choice
- Best International Finance Magazine
- Best Credit Cards Offerings
- Best Corporate Credit Card

2015

Pakistan Banking Awards

- Best Customer Franchise

Global Islamic Finance Award (GIFA)

- Best Islamic Banking Window
- Best Shariah Authenticity Award
- Islamic Finance Best Research and Development

Others

- Corporate Finance House of the Year – Equity and Advisory
- Most Popular Auto Financing Bank
- Most Popular Bank for Conventional Auto Finance

INTEGRATED REPORT 2025

Sustainable
Development
Goals (SDG)



International
Integrated Reporting
Framework (IR)



Environment, Social
and Governance
indicators (ESG)



Global Reporting
Initiatives (GRI)



About this Annual Integrated Report

Scope, Contents, Boundaries and Cross Referencing with BCR Criteria

The Bank has published its Annual Integrated Report along with audited financial statements for the year ended December 31, 2025.

Scope

Annual Integrated Report is the Bank's primary publication for its stakeholders, potential investors, and the public at large. It encapsulates the communication of all financial and non-financial activities of the Bank in the form of a detailed qualitative, quantitative, and visual presentation.

The report has been drafted to present fairly the state of affairs of the Bank and discusses topics like the Bank's organisational overview, stakeholders, strategy, outlook, risks, governance, sustainability and performance. Further, it shows prospects in the context of external environment and creation of value to achieve short, medium and long-term objectives.

It is the aim of this report to disseminate a 360-degree view about the Bank to customers, investors, and analysts, in order to foster their trust in the form of higher investment, increased product and service subscription and more business opportunities for the Bank.

The Bank considers materiality approach for disclosing relevant information in this Annual Integrated Report.

Contents

The report incorporates items required by the ICAP and ICMAP Best Corporate Report Awards Criteria 2025. The sections covered in the report are listed below along with brief description of their contents:

- **Organisational Overview:** This section discusses the foundations of the Bank at length starting from its vision, mission, values, culture, code-of-conduct, and beliefs as a leading organisation in the country. It further explains products and services, business model and how it derives value for the society and its customers through synergies and gives back to the society as well through value chain mechanism.

Further, the Bank's business model describes the inputs, value addition and outputs generated as a result of its operations. This section also covers how

the Bank is making the customers' life easy through innovation.

- **Stakeholders Relationship and Engagement:** This section contains information about stakeholders and how the Bank identifies them. It presents a detailed commentary on the Bank's interaction and connection with customers, employees, shareholders and institutional investors, vendors and service providers, analysts and rating agencies, regulatory bodies, society, and media. The section covers various events and initiatives undertaken by the organisation to strengthen relationships with internal as well as external stakeholders.
- **Strategy, Key Performance Indicators and Resource Allocation:** This section entails the strategic direction which the Bank takes in the form of its short-, medium- and long-term objectives, process for strategy formulation, and the resources it utilises to achieve those objectives. The methods and assumptions used in compiling the Key Performance Indicators, liquidity management and contingency planning, significant plans and decisions are also part of this section. The Bank's resources are its capitals, namely Financial, Human, Intellectual, Manufactured, Social/Relationship and Natural.
- **Risks and Opportunities:** This section covers the Bank's risk management framework, risk assessment and risk monitoring / management methodologies. A detailed analysis of the key risks and opportunities, the Bank's ability to mitigate risks and create value from opportunities.
- **Information Technology Governance and Cybersecurity:** This section lays down the IT governance policy and gives details of the Bank's cybersecurity assessment along with preparedness against possible threats. Further, this section mentions IT advancements that the Bank has made. Moreover, it highlights Enterprise Resource Planning software and related aspects.
- **Sustainability and Corporate Social Responsibility:** This section emphasises the Bank's commitment towards the environment and its people. With sustainability in mind, the Bank takes measures to empower its customers, employees, other stakeholders and the economy through the best possible products, services, benefits, and compliance. The section discusses the contributions of the Bank towards education, health, safety, and environment through various philanthropic and responsible initiatives. The Bank also contributes towards UN's Sustainability Goals, ESG and Green Banking initiatives.

- **Governance:** This section discusses the governance structure of the Bank in terms of its leadership and decision-making process. The Board of Directors (BoD) sets strategic objectives and day-to-day business affairs are performed by the Management. The BoD, its Committees, and the Managements' established policies and controls to safeguard the Bank and its stakeholders are also part of this section. The governance framework also comprises regulators (SBP, SECP, PSX and FBR) and external auditors (M/s. A. F. Ferguson & Co.) of the Bank.
- **Outlook:** The Bank's forward-looking statement for 2026 and performance against last year's forward-looking statement are covered as part of this section. Further, it highlights the Bank's view via its projections and forecasts, prospects going forward with respect to external environment, and how the Bank responds to critical challenges.
- **Performance and Position:** This section contains a comprehensive analysis of the financial and non-financial performance of the Bank through past and present trend comparisons, financial ratios, financial statements summaries, segmental review of the Bank's businesses and key insights through graphical presentations.
- **Other information:** Various other items are disclosed in addition to the BCR criteria. These include regulatory information including directors' report, chairman's message, statement of compliance with code of corporate governance, Shariah report, external auditors' reports etc.
- **Financial Statements:** The Bank has prepared annual unconsolidated and consolidated financial statements. These financial statements have been audited by the external auditors, M/s. A. F. Ferguson & Co.

Boundaries

The Annual Integrated Report is made for the general public to assess and analyse the Bank's business and performance. The audience of the report, depending upon its interest, can refer to different sections of the report.

The report's limitations extend to external factors, with its boundaries influenced by external parties like analysts who play a role in disseminating their analyses and reports to clients. Further, the information given solely applies to the Bank's areas of geographical operations i.e. Pakistan, Afghanistan, Bahrain, Bangladesh and UAE.

This report exhaustively deals with the Best Corporate Report criteria laid out by ICAP / ICMAP and at the same time, the Bank has kept the presentation user friendly.

- **Corporate Reporting**
The Bank's applicable financial reporting framework comprises International Financial Reporting Standards (issued by IAASB), International Financial Accounting Standards (issued by ICAP), Companies Act, 2017, Banking Companies Ordinance, 1962 and various directives issued by State Bank of Pakistan (SBP). The Bank has prepared its financial statements based on the format prescribed by the SBP.

- **International Integrated Reporting Framework (IR), Sustainability Development Goals (SDG), Global Reporting Initiatives (GRI) and Environment, Social and Governance (ESG) disclosures**

The Bank has adopted International Integrated Reporting Framework (IR) and has disclosed statement of adoption under Governance section of this Annual Integrated Report. Further, the Bank has disclosed its contributions towards Sustainability Development Goals (SDGs), Global Reporting Initiatives (GRIs) and Environment, Social and Governance (ESG) frameworks. Please refer to 'Sustainability' section of this Annual Integrated Report for these disclosures.



Best Corporate Report criteria cross referenced with annual report's page numbers

Information disclosed in accordance with BCR criteria as well as beyond BCR criteria is available on our website <https://www.bankalfalah.com/financial-reports/>



Chairman's Message



Chairman's Message

The year under review was a defining period for Pakistan's banking sector, shaped by economic recalibration and evolving market dynamics. In this environment, Bank Alfalah remained focused on strengthening its balance sheet, expanding digital capabilities, and supporting priority sectors of the economy.

Guided by a clear strategic vision and strong governance framework, we continued to play our role in financial inclusion, SME growth, and sustainable economic development, while delivering consistent value to our stakeholders. In line with our values and strategy, we remained focused towards customer-centricity, innovation and resilient financial profile, while creating meaningful impact across our four commitments: Customers, Colleagues, Community, and Country.

We remain firmly committed to our long-term trajectory, pursuing scalable growth through a strong business model, disciplined execution, and continued investment in capabilities that strengthen resilience and deliver sustainable value.

Awards and Accolades

Our standing among the Top 25 Companies of the Pakistan Stock Exchange at PSX Top 25 awards reflects the strength of our governance and our focus on best corporate practices. In 2025, we continued to double down on our impact in digital banking and customer experience, emphasised by being recognised at the Pakistan Banking Awards as the Best Bank for Digital Excellence for the fourth consecutive time and the Best Bank for Customer Engagement for the seventh time.

In addition to the recognitions highlighted above, the Bank earned several other honours across areas such as the quality and transparency of financial reporting (locally and regionally), sustainability disclosures, investor relations, diversity and inclusion, environment, social and governance reporting, and innovation in Islamic banking.

Sustainability

2025 marked an important step forward in our journey; we have formalised oversight and embedded sustainability into our banking operations in line with global expectations. This is the beginning of the journey that promises to evolve and establish over time. Looking ahead, the Board and I are committed to accelerating our progress, particularly through scaling green financing and expanding green products that support Pakistan's climate change action.

The Caring Bank

In times of national crisis, Bank Alfalah yet again led from the front through the generous support of our Board of Directors, who have further pledged USD 5

million for flood-impacted communities. With this, the Bank's total contribution since 2022, stands at USD 15 million towards flood relief and rehabilitation reflecting the Bank's enduring responsibility to support Pakistan's progressive way forward.

Economic Opportunities

As a responsible financial institution, Bank Alfalah is committed to advancing inclusive and sustainable growth by unlocking Pakistan's inherent economic potential. In view of the gradually stabilising macroeconomic environment, the Bank will remain dedicated to supporting national economic objectives through initiatives aimed at enhancing foreign exchange inflows, expanding responsible credit to support financial inclusion and grow its digital footprint. We remain committed to delivering strong financial results, upholding sustainable Environmental, Social & Governance (ESG) practices, and leveraging technology to promote transparency and reinforce investor confidence.

Pakistan's diverse geographical landscape and resource base offers considerable opportunities. The country's strong agricultural foundation is well-suited for diverse crop cultivation, livestock farming, and food-related industries. Targeted investment in the small-and-medium enterprise (SME) and agricultural sectors offers a solution to domestic economic challenges by boosting food security, reducing poverty, and enhancing the supply chain for exports.

Bank Alfalah will continue to expand its financial outreach while deepening its capacity-building efforts. The expansion of digital financial services to underbanked and unbanked segments remains a key strategic priority, enabling greater access to formal financial services. By integrating impact-driven finance with institutional and customer capability enhancement, Bank Alfalah seeks to contribute towards a more resilient economy and support the foundations of inclusive and sustainable national development.

Forward-Looking Statement

Looking ahead, we remain optimistic about the evolving economic landscape and the opportunities it presents for the Banking sector. Bank Alfalah will prioritise strengthening its balance sheet, disciplined risk management and sustainable growth aligned with national development objectives. We remain dedicated to providing exceptional service and making financial tools more accessible to our clientele. Our path to becoming the premier transactional bank involves a deep commitment to consumer and SME lending. Through this, we aim to support our community and drive franchise value via fresh, forward-thinking initiatives.

To effectively navigate an evolving business landscape, we remain committed to accelerating digital

transformation and focusing on the re-engineering of business processes to enhance efficiency, agility and customer experience. The Bank also aims to continue to foster a collaborative organisational culture that encourages creativity and innovation, while investing in the development of our human capital as a critical enabler of long term success.

The Board's focus remains that Bank Alfalah thrives as a forward-thinking and progressive Bank that consistently created long-term, sustainable value for its shareholders, employees' and society at large. Our operations are rooted in strong corporate governance, sound risk management and ethical business practices, reinforcing our commitment to operating as a trusted and dependable financial institution.

Acknowledgement

I reiterate our unwavering dedication to the Bank and our commitment to Pakistan's government and its people, as well as to uphold the regulatory framework laid down by the State Bank of Pakistan. Despite facing challenges, we will remain focused on the way forward, aiming to reach new milestones in the years ahead. We will stay devoted to our customers and their needs, and we will continue to provide innovative products and services.

In my capacity as the Chairman of the Board and on behalf of our sponsors, I express my gratitude to our shareholders for their loyal support, extend appreciation to the regulatory authorities for their valuable guidance, recognise the hard work and commitment of the management team and employees, and convey a heartfelt thanks to our customers for placing their trust in Bank Alfalah.

NAHAYAN MABARAK AL NAHAYAN
Abu Dhabi
February 13, 2026



President and CEO's Message



President and CEO's Message

Bank Alfalah witnessed sustainable progress in the year 2025, where the Bank executed its strategy through a disciplined approach and a clear focus towards innovation, customer-centricity, digital advancement, growth in average deposits, diversification of credit book and improvement of net interest Income in a declining interest rate environment. Our efforts during the year strengthened our brand position in the industry and reinforced investors' and customers' confidence in the Bank's long-term direction.

Bank Alfalah today serves over 9 million customers, supported by a nationwide network of over 1,150 branches. In 2025, we increased our market capitalisation by 30% year on year, reaching approximately USD 614 million (PKR 172 billion), reflecting strong investor confidence in the Bank's market standing and performance. The Bank also announced a record annual cash dividend payout during the year, amounting to PKR 10.5 per share (105%). Our performance and governance were further reflected in our position among the Top 25 Companies of the Pakistan Stock Exchange, an affirmation to our sustainable value creation.

On the Back of a revamped strategy to acquire deposits through stable and sticky sources, both current account and total deposits grew by around 17% during the outgoing year. On the asset side, impressive credit offtake was witnessed towards Consumer, SME and Agri segments. On the FX business front, trade business and remittance flows rose approximately 20% and 9% respectively. These developments reflect Bank's success in executing its business strategy and continued interest in diversifying its income streams. As a result, overall revenue of the Bank rose by 7.1%. On the other hand, expenses of the Bank increased by 36%, which was largely attributable to network expansion, home remittance related promotions, investment towards technology & human capital, and general inflation. In line with this, the Bank posted Profit after Tax of PKR 28.34 billion.

We continued to build on our strengths in digital banking and customer experience. For which we were honoured to once again receive two prestigious recognitions at the Pakistan Banking Awards: Best Bank for Digital Excellence and Best Bank for Customer Engagement. The awards reinforce the consistency of our strategy and the service standards delivered across the franchise.

With our long-standing commitment to culture as a strategic pillar, Bank Alfalah is now recognised as one of the "Most Inclusive Companies in 2025" at the Global Diversity, Equity and Inclusion Benchmarks Awards. Among 44 participating national and multinational companies, the Bank ranked top overall and received recognition across 15 benchmark categories.

Our role is not limited to banking performance alone. Guided by our brand's commitment to Customers, Colleagues, Community, and Country, we continue to

contribute to a broader development agenda. In 2025, the Bank invested PKR 486.7 million across economic, social and environment capital supporting long-term community development across Pakistan.

In times of national crisis, Bank Alfalah yet again led from the front through the generous support of our Chairman, His Excellency Sheikh Nahayan Mubarak Al Nahayan, and the Board of Directors, who have pledged an additional USD 5 million for flood-impacted communities. Since 2022, we have made a cumulative commitment of USD 15 million towards flood relief and rehabilitation reflecting the Bank's enduring responsibility to support Pakistan's progressive way forward.

With an evolving macroeconomic environment landscape, the banking sector continues to face shifting opportunities and competitive pressures. In response, we remain focused on

- (i) our fundamentals goals,
- (ii) deepening customer relationships,
- (iii) maintaining a robust risk management framework, and
- (iv) delivering diversified business lines across our domestic and international domains.

Likewise, going forward, we will continue to prioritise developments towards sustainable deposit growth, increasing trade business, bringing FX inflows, supporting financial inclusion, and enhancing transaction banking business while continuing to expand our footprint and digitise operations for simpler, faster and convenient customer journeys. We will advance with a competitive lending strategy by strengthening consumer financing and expanding support for SMEs and agriculture, alongside scaling investment banking capabilities and accelerating green financing.

Moving into 2026, our ambition is to build on these foundations, strengthening competitiveness, widening our reach, and accelerating innovation while continuing to deliver sustainable value for our shareholders and meaningful impact for the communities we serve. With a clear strategic direction, we look ahead with confidence to the next chapter of Bank Alfalah's journey.

Wishing you and your loved ones success and joy in 2026.

Atif Bajwa
President and CEO



The video on the Bank's overview, business performance, strategy and outlook is uploaded on the website

<https://www.bankalfalah.com/financial-reports/>

Directors' Report to the Shareholders

Dear shareholders,

On behalf of the Board of Directors, we are pleased to present the Directors' Report of the Bank along with the audited financial statements and auditor's reports for the year ended December 31, 2025.

Economic Review

Global Economy

The global landscape during 2025 was dominated by geo-economics, with United States pivoting towards protectionist policies through imposition of trade tariffs on various countries. Global central banks closely monitored the impacts of tariffs and took some time before deciding to continue easing monetary policy due to moderating inflation and rising unemployment. US Fed cut rates 3 times in second half of the year after maintaining rates in first half. The markets were turbulent during the first half of the year as focus remained on tariffs but witnessed a risk-on rally during the latter half on a strong note, with major asset classes (Equities, Bonds, Commodities) providing positive annual returns.

The outlook for the global economy is positive due to accommodative monetary and fiscal policies. The International Monetary Fund (IMF) expects global economy to remain resilient in 2026, projecting a growth of 3.3% which is same as the estimated growth rate for 2025. Global inflation is also expected to continue to soften, estimated at 3.8% in 2026 from an estimated 4.1% in 2025. However, risks remain on the geopolitical front. Any escalation on tariffs front, or conflicts in the Middle East and Ukraine, could disrupt supply chains and weigh on global economic growth.

Domestic Economy

US Trade Tariffs and regional geopolitical tensions created uncertainty, but the economy continued its path towards macroeconomic stability. Pakistan successfully completed two reviews under the Extended Fund Facility (EFF) program and first review under Resilience and Sustainable Facility (RSF). IMF disbursed USD 2.2 billion cumulatively which helped in strengthening the reserves position, with the State Bank of Pakistan's (SBP) FX reserves reaching USD 16.0 billion by December 2025 as compared to USD 11.7 billion last year.

The current account balance had a slight deficit of USD 199 million for the year as compared to a surplus of USD 496 million last year. This was reflected in the exchange rate, which remained largely stable with USD/PKR closing at 280.12 as compared to 278.60 as at December 2024. The country's credit rating improved one notch to B- (Fitch and S&P) /Caa1 (Moody's) with a stable outlook.

Inflation averaged 3.5% during 2025 as compared to 13.1% in 2024, while core inflation remained relatively stickier averaging 7.9% for the year. Reflecting the same, SBP announced a cumulative policy rate cut of 250bps from 13.0% to 10.5% in December 2025.

The fiscal policy continued to remain tighter as Pakistan posted a fiscal deficit of 5.4% of GDP (PKR 6.2 trillion) in FY25 which is better than target of 5.6%. On the brighter side, the country recorded a primary surplus of 2.91% of GDP (PKR 2,719 billion) higher than last year's 0.9% of GDP (PKR 953 billion). FBR tax collection increased by 26%, while non-tax revenue increased by 66%.

The real GDP registered a growth of 3.1% during FY25 as compared to 2.6% in the last fiscal year. The industrial sector demonstrated improved performance with 5.3% YoY growth, rebounding from two years of contraction. Agriculture growth was modest at 1.5% owing to decline in important crops production. Services sector achieved growth of 3.1%, similar to last year's growth.

The stock market continued its positive momentum, with KSE100 yielding return of 51% YoY in 2025 with index closing at 174,054 points. This marks third consecutive year with a return above 50%. The robust performance can be attributed to improved economic stability and favorable geopolitical developments alongside liquidity shift from other asset classes owing to declining interest rates.

Outlook of the economy

The government's focus is likely to shift from stability towards growth, while remaining under the IMF's umbrella. Pakistan also plans to return to the international bond markets with the launch of Panda Bond and possibly Eurobond as well. Overall, it would be critical to maintain a sustainable growth approach to consolidate on the economic stability achieved over the past few years.

Banking Sector Review

The banking sector asset base increased by 15% YTD (as of 26-Dec-2025), led by 30% growth in investments. Advances contracted by 12%, which is mainly due to high base effect as there was a short-term spike in lending towards the end of 2024 due to ADR linked taxation policy. Hence, the ADR ratio dropped to ~40% from over 50% in December 2024.

On the funding side, deposits increased by 20% YTD (as of 26-Dec-2025) as the focus renewed on growing deposits post withdrawal of ADR linked tax which disincentivized deposit mobilisation. On the asset quality front, the gross NPL ratio slightly deteriorated due to contraction in lending portfolio. However, on net basis, the NPL ratio improved as banks continue to maintain coverage ratio over 100%.

The capital adequacy of banking sector improved further to 22.1% at Sep-25 as compared to 20.6% in Dec-24, significantly higher than regulatory requirement of 11.5%, allowing banks to increase its risk absorption capacity.

The sector's profitability remains strong despite sharp decline in interest rates from 22% to 10.5% in 18 months. During the nine months period ending September 30, 2025, banks' profit before tax and profit after tax increased by 22% and 13% respectively. The increase was mainly driven by core income as earlier repricing of liabilities as compared to assets helped the margins. Non-core income also improved, led by Fee and FX income.

Outlook of the banking sector

The banking sector is adequately capitalised to support the economy as it moves from stability towards growth phase. The stability of the exchange rate and expected equilibrium in the home remittance market is expected to normalise the overall outlook of the sector. However, there would be challenges as lagged impact of monetary easing would start to reflect in asset yields, which would compress margins. The Banks would continue to focus on volume growth and non-core income to support the profitability in lower interest rate environment.

The Bank's Performance

The highlights of the financial results for the year ended December 31, 2025, are as follows:

	2025	2024
Financial Position	Rupees in Millions	
Shareholders' Equity	197,512	178,112
Total Assets	3,829,927	3,710,206
Total Deposits	2,496,208	2,136,913
Advances – net	1,104,924	1,109,376
Investments – net	2,173,447	1,991,232
	2025	2024
Financial Performance	Rupees in Millions	
Net Interest Income and Non-Markup Income	183,362	171,232
Non-Markup Expenses	117,717	86,288
Provisions and write offs (net)	3,310	1,849
Profit before tax	62,336	83,095
Profit after tax	28,337	38,318
	Rupees	
Basic and diluted earnings per share	17.97	24.30

Bank Alfalah reported profit after tax (PAT) of PKR 28.34 billion for the year ended December 31, 2025. The earnings per share (EPS) for the year stood at PKR 17.97 compared to PKR 24.30 for 2024. The pressure on profitability was

primarily due to downward movement in benchmark rates, and higher home remittance related promotional expenses. Nonetheless, growth in average current account deposits aided in mitigating the effects of these headwinds.

Total revenue of the Bank increased by 7.1% year on year and stands at PKR 183.36 billion as compared to PKR 171.23 billion last year. This growth was primarily attributable to optimisation of cost of funds via volumetric growth in average current account balances and advances. Non-markup income rose by 7.0% to PKR 47.51 billion on the back of improved foreign exchange income, dividend income and fee earned from branch banking, digital channels, trade business, card related services, wealth management and investment banking desks. Impact of these buildups compensated decline in commission income related to G2P contracts and home remittance receipts due to change in pricing dynamics.

On the cost front the Bank continued with its growth and digitisation strategy whereby investments were made towards network expansion, technology enhancement, customer acquisition and human resources. Further, higher marketing and branding costs, specifically for promotion of home remittances related business (HRB), and inflation also led to an increase in operating expenses. Resultantly, the Bank's non-markup expenses have increased by 36.4% from 2024. It is pertinent to mention here that HRB related promotion cost has started to normalise from 4Q25 as a result of SBP circular issued in June 2025 wherein rebate has been standardised.

Customer deposits increased by 16.8% over the year to close at PKR 2.49 trillion. The Bank's strategy remains towards building stable and sticky deposit balances, with special focus on current accounts (CA). Current account deposits increased by 16.9% during the year.

While overall gross advances of the Bank Alfalah remained consistent at PKR 1.15 trillion at year end, portfolio mix was optimised during the outgoing year considering declining trend of profit rates and Bank's long term strategy towards diversification of credit book. Likewise exposures were taken across all business segments, namely, Corporate, Commercial, Consumer, SME and Agri. Further, exposures were also slightly increased towards government securities to take benefit of movement of interest rate cycle.

Bank's strong underwriting standards allowed the Bank to sustain its asset quality, with a low infection ratio of 4.1%. Further, Non-performing loans remained fully covered, supported by a coverage ratio of 102% (including general provisions and expected credit loss).

Capital Structure of the Bank

The Bank remained adequately capitalised with a capital base well above regulatory benchmarks and

Basel capital requirements. It continues with a policy of sufficient profit retention to increase its risk absorption capacity. The Bank's total Capital Adequacy Ratio is 15.87% against the requirement of 11.50% (including Capital Conservation Buffer of 1.50% of the total Risk Weighted Assets (RWA). Quality of the capital is evident from the Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio, which comes to 11.31% against the regulatory requirement of 7.50% (including CCB of 1.5%). Detailed disclosures on CAR and Risk Management are given in notes 47 and 48 respectively, in the annexed audited unconsolidated financial statements.

Business Performance Review

Business development, performance and position of the Bank, and its impact on the environment are discussed in detail in the Organisational Overview, Outlook, and the Performance and Position sections of this Annual Report.

Government of Pakistan (GoP) and State Bank of Pakistan (SBP) policies and their impact on the Bank's business performance

In line with the Government's vision to promote growth in construction and export oriented industries, and to improve the business environment for local manufacturers, SBP continued with its facilitative role in supporting government policies for economic development and effective resource utilisation.

Maintaining a strong drive towards advancing financial inclusion, financial development and documentation of financial transactions, SBP, in collaboration with local banks and development financial institutions (DFIs), continued with their initiatives. Likewise, Bank Alfalah also continued to demonstrate its commitment towards achieving these goals.

1. Digitisation for financial inclusion

Prioritising digital financial solutions is closely linked to enhancing financial inclusion. Digital channels expand the reach of the financial sector in a more efficient and cost-effective way. In line with the SBP's initiatives across various fronts, the Bank has made significant contributions in the following key area:

Digital Products and Initiatives

Being the pioneer in the digital banking industry, Bank Alfalah has continued its efforts to enhance digital banking services and develop innovative customer engagement strategies.

The bank has developed and launched an end-to-end

digital Agri financing platform under the Government of Pakistan and the State Bank of Pakistan's Zarkhez-e Scheme. The initiative is designed to empower small farmers by expanding access to formal finance, enhancing agricultural productivity, promoting sustainable rural uplift and social protection. The spending under the scheme is made through a secure QR code based payment mechanism, for which Bank Alfalah has established one of the largest dedicated QR payment network. Since its launch in October-25, the Bank has received 1,369 applications for total volume of PKR 434 million.

Bank Alfalah is also proud to serve over 4.3 million beneficiaries of Benazir Income Support Program (BISP), the largest G2P disbursement project of the Government of Pakistan, as the largest mandate holder across the country with a market share of 47%.

2. Financial Inclusion and Financial Literacy

Bank Alfalah advanced its financial inclusion and literacy agenda through Non-Financial Advisory Services (NFAS), enhancing SME resilience and sustainability while promoting operational efficiency and market readiness.

In partnership with the State Bank of Pakistan, the Bank delivered SME advisory services and adopted the WE-Finance Code under the Banking on Equality framework to reduce gender gaps in finance.

Furthermore, under SBP's Agriculture Finance Literacy Program, over 3,000 farmers were trained in 145 sessions, nationwide, with a strong focus on women in dairy and non-dairy sectors, while targeted initiatives in remote areas such as Pishin, Baluchistan, simplified loan access through small loans, fee waivers, and door-to-door services.

The Bank strengthened its digital presence by revamping the SME Toolkit platform, offering structured learning resources, toolkits, and banking guidance. This industry-first initiative extended NFAS through scalable, technology-driven engagement with SMEs.

3. SME Asaan Finance (SAAF) Scheme

Small and Medium Enterprises (SMEs) contribute about 40% of Pakistan's GDP and remain critical to economic development. In this regard, SBP, in collaboration with the Government of Pakistan, continued with its SAAF initiative which is a refinance and credit guarantee facility for creditworthy SMEs facing challenges in accessing funding. Bank Alfalah, already active in this segment and with the aim of positively contributing towards the ultimate government goal of economic development, remained at the forefront.

4. Refinance Facilities

The Prime Minister's Youth Business and Agriculture Loan Scheme (PMYB&ALS) targets promoting entrepreneurship among the youth by providing business loans on simplified terms. For the year fiscal year 2024-25, Bank Alfalah achieved disbursements totaling PKR 5.70 billion.

THE GROUP'S PERFORMANCE

Bank Alfalah posted consolidated profit after tax (PAT) of PKR 27.8 billion for the year ended December 31, 2025 (2024: PKR 39.86 billion). Earnings per share (EPS) attributable to equity holders of the Bank was measured at PKR 17.62 in comparison to PKR 25.27 for the last year.

The Bank has a wholly-owned subsidiary, Alfalah Currency Exchange (Private) Limited, which is an exchange company that will provide comprehensive foreign exchange solutions. The exchange company commenced operations during the year 2024. During the year, the Bank has made additional equity investment of PKR 300 million (December 31, 2024: PKR 1,000 million) in this subsidiary.

Further, the Bank has associated entities with equity investment of 30.00% in Alfalah Insurance Limited, 30.00% in Sapphire Wind Power Limited and 40.22% in Alfalah Asset Management Limited.

The shareholders of the Bank, in the Annual General Meeting (AGM) held on March 20, 2025, approved to sell the entire shareholding in its subsidiary, Alfalah Securities (Private) Limited. The sale transaction was completed during the year in accordance with the applicable legal and regulatory requirements against a consideration of PKR 396.9 million.

Performance of Subsidiaries:

Alfalah Currency Exchange (Private) Limited reported a loss after tax of PKR 144.7 million (2024: Profit after tax of PKR 22.03 million). This was due to increase in operating expenses of the company linked with its expanding branch / booth network.

DIVIDEND, BONUS SHARES AND OTHER APPROPRIATIONS

The directors have recommended final cash dividend of PKR 3.0 per share (30%) for the year ended December 31, 2025, subject to approval of the shareholders in the upcoming Annual General Meeting, bringing the total cash dividend for the year to PKR 10.5 per share (105%). The Board had earlier declared and paid a cumulative interim cash dividend of PKR 7.5 per share (75%).

Other appropriations:

The Board has approved an appropriation of PKR 2.83 billion from the current year's profit to the statutory reserve in compliance with the requirements of the Banking Companies Ordinance, 1962.

CREDIT RATING

The Bank has been assigned the following ratings by PACRA:

- Entity rating: Maintained at 'AAA' (Triple A) for the long-term and maintained at 'A1+' (A-One Plus) for the short-term, with a 'Stable' Outlook.
- Instruments' rating: Credit rating of Unsecured Tier 1 Capital instruments (Term Finance Certificates) of the Bank was also maintained at 'AA+' (Double A Plus), with a 'Stable' Outlook.

The assigned ratings reflect the Bank's diversified operations, sound financial risk profile, strong sponsors, and prominent market presence. These ratings indicate a very low level of credit risk and the highest capability for timely repayment of financial commitments.

CORPORATE GOVERNANCE

The Bank is in compliance with significant requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. The prescribed statement by the Management, together with the Auditor's Review Report thereon, is annexed to this Annual Report.

The Directors are pleased to present the following statements required under Chapter XII - Reporting and Disclosure of the aforementioned regulations:

1. The total number of directors are nine:
 - i. Male - eight
 - ii. Female - One
2. The composition of the Board is as follows:
 - i. Independent Directors: Three
 - ii. Non-executive Directors: Five (including one female director)
 - iii. Executive Directors One
3. The Board, from time to time, establishes committees to discharge its responsibilities. For each Board committee, the Board adopts a formal Terms of Reference (ToRs) setting out the matters relevant to composition, roles, functions, responsibilities and administration. The following committees have been constituted by the Board:
 - i. Board Audit Committee
 - ii. Board Strategy and Finance Committee
 - iii. Board Risk Management Committee

- iv. Board Human Resources, Remuneration and Nomination Committee
- v. Board Information Technology Committee
- vi. Board Crisis Management Committee
- vii. Board Real Estate Committee

For committees' members and committees' terms of reference, please refer to the Governance section of this Annual Report.

4. The Bank has a formal policy and transparent procedure for remuneration of Directors, in accordance with regulatory requirements. The Policy was initially unanimously approved by the shareholders of the Bank in the 28th Annual General Meeting ("AGM"), held on 27th March 2020 and was subsequently amended in the 30th AGM held on 29th March 2022 to align the same with SBP's Corporate Governance Regulatory Framework. The remuneration policy and framework related disclosures have been given as part of the Governance section of this Annual Report. The payment of Directors' meeting fees, as reported in note 42 of the financial statements, is approved annually by the members along with annual audited financial statements in the AGM.

On December 12, 2025, the SBP, vide its circular BPRD Circular Letter No. 24 of 2025, increased the maximum fee payable to Directors by 50%. The corresponding update / revision in the Banks' Director Remuneration Policy will be approved by the members in the upcoming AGM.

As a matter of best practice, the Directors are pleased to give the following statements:

- a) The financial statements, prepared by the management, present fairly the state of affairs of the Bank, the result of its operations, cash flows and changes in equity;
- b) Proper books of accounts of the Bank have been maintained;
- c) Appropriate accounting policies, as stated in the notes to the financial statements have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d) International Financial Reporting Standards, as applicable to banks in Pakistan, have been followed in preparation of financial statements;
- e) The system of internal control is sound in design and has been effectively implemented and monitored;

- f) There are no significant doubts about the Bank's ability to continue as a going concern;
- g) There has been no material departure from best practices of corporate governance;
- h) Summarised key operating and financial data of last six years has been presented as part of the Annual Report;
- i) The number of Board and Board Committee meetings held during the year 2025 and attendance by each Director are disclosed in Governance section of this Annual Report;
- j) As at 31st December 2025, the Bank is compliant with respect to the Directors' training requirement provided in the Code of Corporate Governance Regulations;
- k) The Pattern of Shareholding, in accordance with the Companies Regulations, 2024 , is attached as part of this Annual Report;
- l) There are no loans, TFCs, sukuk or any other debt instruments in which the Bank is in default or likely to default;
- m) Trading patterns in the shares of the Bank, by Directors, substantial shareholders, executives, their spouses and minor children have been disclosed as part of the Annual Report; and
- n) The Board's performance for the year 2024 was evaluated by the PICG during 2025 being the independent external evaluator.

RISK MANAGEMENT

The Board, through its Board Risk Management Committee, has carried out a robust assessment of principal risks. Under the governance of the Board, the Bank employs a resilient and well organised risk management approach overseen by management committees and a dedicated Credit & Risk Management Group led by Chief Risk Officer. The Banks risk management frameworks, risk assessment, risk mitigation methodologies, key risks and opportunities have been disclosed in the 'Risk and Opportunities' section of this Annual Report.

INTERNAL CONTROLS

The management believes that the Bank's existing system of Internal Controls is reasonable in design and is being

effectively implemented and monitored. The Bank's control environment, including technological solutions, goes through continuous enhancements. The Board endorses the management's evaluation of effectiveness of overall Internal Controls, including Internal Controls over Financial Reporting, as detailed in the Statement of Internal Controls in the 'Governance' section of this Annual Report.

SUSTAINABILITY

Sustainability continues to form an integral part of Bank Alfalah Limited's long-term strategy and governance framework. During 2025, the Bank took a significant step forward by establishing a dedicated Sustainability Committee, thereby formalising management-level oversight and embedding sustainability considerations into its banking operations in line with evolving global expectations and regulatory developments. This milestone marks the beginning of a structured sustainability journey that is expected to expand in the coming years.

The Bank remains committed to integrating environmentally and socially responsible practices across its operations while maintaining consistent financial performance and long-term value creation. Looking ahead, the Bank will be inclined more towards accelerating progress in sustainability through the scaling of green financing initiatives and expansion of green products & practices that will support Pakistan's climate change risk mitigation objectives.

Furthermore, Bank Alfalah continued to strengthen transparency and accountability through enhanced sustainability disclosures and environmental, social and governance (ESG) reporting practices. These efforts have been recognised through multiple local and regional awards for sustainability disclosures, ESG reporting, and the quality of financial reporting, reinforcing the Bank's commitment to responsible and sustainable banking practices.

Bank Alfalah, in an effort to establish itself as a leading contributor towards environmental safety and community well-being, has continued its voluntary alignment with the Securities and Exchange Commission of Pakistan's (SECP) Corporate Social Responsibility (CSR) guidelines and aligned itself with the United Nations' Sustainable Development Goals.

For further details on the Bank's sustainability and risk mitigation efforts, please refer to the 'Sustainability' and 'Risks & Opportunities' section of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

In line with its commitment to Customers, Colleagues, Community, and Country, Bank Alfalah Limited continues to play an active role in supporting Pakistan's broader social, economic and environment development beyond its core banking activities. During 2025, the Bank invested PKR 486.7 million across a diverse range of community-focused initiatives, including education, healthcare, women empowerment, skill development through financing, inclusive sports, conservation of endangered species, and tree plantation programmes. These initiatives are designed to create long-term, inclusive impact and contribute meaningfully to sustainable community development across Pakistan.

Revive and Rise

A key area of focus during the year was the Bank's Revive and Rise programme, which reflects the Bank's commitment to responsible and inclusive finance within underserved agricultural value chains. In 2025, the programme facilitated the disbursement of PKR 264 million in interest-free financing to 319 small-scale farmers, supporting productive livelihoods in regions where access to affordable credit remains limited. The initiative contributes to improved productivity and income stability, while supporting critical dairy and livestock value chains central to Pakistan's food security. With 40% women beneficiaries and an estimated reach of 1,800 family members, Rise and Revive also advances financial inclusion and women's economic participation. The programme is expected to expand further through enhanced financial outreach and capacity-building initiatives, including training in climate-resilient agricultural practices.

Strengthened commitment to flood-impacted communities

Bank Alfalah Limited has consistently demonstrated leadership and responsibility in times of national crisis. During 2025, the Bank, with the generous support of its Chairman, His Excellency Sheikh Nahayan Mubarak Al Nahayan, and the Board of Directors, pledged USD 5 million to support flood-impacted communities across Pakistan.

Since 2022, the Bank has made a cumulative commitment of USD 15 million towards flood relief, rehabilitation, and recovery efforts. This sustained support reflects the Bank's enduring responsibility to assist affected communities and contribute to Pakistan's long-term resilience and recovery in the face of climate-related challenges.

For further details on the Bank's efforts, including collaborations with renowned partners, please refer to the 'Sustainability' section of this Annual Report.

EXTERNAL AUDIT

The Bank has received an unqualified audit report for the year ended December 31, 2025, from its external auditors, M/s A. F. Ferguson & Co., Chartered Accountants.

M/s A. F. Ferguson & Co., Chartered Accountants, existing auditors of the Bank, have given consent to continue to act as statutory auditors of the Bank for the year 2026. The Board Audit Committee has recommended their name for re-appointment for the next year.

The firm of auditors 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 that the firm and all their partners are compliant with the International Federation of Accountants' (IFAC) Guidelines on Code of Ethics, as adopted by the Institute of Chartered Accountants of Pakistan, and meet the requirements for appointment under all applicable laws.

FUTURE OUTLOOK

Leveraging its past successes and core strategic priorities, Bank Alfalah is well poised for continuous and sustainable growth. The focus remains on expanding granular and low-cost deposits, while strengthening domestic presence to deliver consistent and differentiated value to customers. Key priorities continue to include greater emphasis in the consumer segment, enabling SME growth, enhancing operational efficiencies, and leveraging technology to respond to the evolving needs of the banking sector. The Bank remains committed to increasing its trade business, expanding its cash management capabilities and strengthening its position in supply chain financing in line with its aspiration to remain a leading transactions bank. Further, revenue growth is likely to face pressure due to intense competition in the market amidst a low interest rate environment. This will be compensated by continued focus on balance sheet led growth along with low cost deposit expansion and optimum asset liability management to support the Bank's bottom-line.

The culture and belief of being 'One Bank, One Team' will continue to promote collaboration, creativity, and innovation. Human capital development remains integral to the Bank, ensuring a skilled and motivated workforce remaining a key long term goal. The Bank's caring culture extends to the community through intensified Corporate

Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) initiatives.

In line with the Bank's focus on innovation and efficiency, new technology-led initiatives, including the application of advanced analytics and AI, are being embedded across multiple areas of the business to enhance customer experience, operational efficiency and decision-making. This strategy allows the Bank to establish a competitive edge and remain at the forefront of banking excellence.

As industry dynamics and global trends continue to evolve, Bank Alfalah remains focused on adaptability, resilience, and sustained value creation ensuring shareholder value and continued excellence amidst changing economic landscape.

Uncertainties that could affect the Bank's resources, revenues and operations

All projections are, by nature, subject to risks and uncertainties, some beyond the Bank's control. Factors that may potentially affect the Bank's resources, revenues and operations are:

- Global macroeconomic conditions impacting overall economic activity;
- Impact of climate conditions on economic activity and business operations;
- Geopolitical risks and uncertainties across the geographies where we operate;
- Global AML/CFT compliance in accordance with FATF;
- Trade policies of trade partner countries;
- Economic decisions on discount rate/monetary policy;
- Changes in fiscal policy and corporate taxation measures;
- Law and order situation/political environment within the country;
- Local government rules and regulations;
- Emergence of disruptive technologies; and
- Risk of cyberattacks.

The Credit & Risk Management Group of the Bank

routinely performs stress tests based on various pre-determined scenarios to assess the potential impact of losses and to determine whether the Bank has adequate capital to withstand repercussions of any adverse events. The results of these tests indicate that the Bank is maintaining sufficient capital, liquidity, and profitability to absorb potential losses.

The Bank vigilantly monitors these uncertainties and risks, and simultaneously implements corrective and protective measures to sustain operating performance and safeguard shareholder interests.

A detailed overview is given in the 'Outlook' and 'Strategy' sections of this Annual Report.

SUBSEQUENT EVENTS

There are no significant post balance sheet events that could materially affect the company's performance as presented in these financials or could have required a disclosure of facts.

ACKNOWLEDGEMENT

On behalf of the Board, we would like to thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, the Ministry of Finance and other regulatory authorities for their valuable counsel and guidance. We would also like to acknowledge the ongoing support of our shareholders, our customers and business partners.

Over the years, we have laid the foundations to deliver great value and service to our customers and all stakeholders. As we move forward, we shall remain focused on service and playing a key role in supporting the national economy. While pursuing this, we will remain conscientious of our obligations to our employees and the local community, and our dedication to delivering returns to our shareholders.

Atif Aslam Bajwa
President and Chief Executive Officer
Abu Dhabi
February 13, 2026

Khalid Qurashi
Director

بعد میں ہونے والے واقعات

مالیاتی گوشواروں میں پیش کردہ بینک کی کارکردگی پر اثر انداز ہونے والے کوئی اہم بعد از پبلش شیٹ واقعات نہیں ہوئے ہیں اور نہ ہی کسی ایسے حقائق کے انکشاف کی ضرورت پیش آئی ہے۔

اظہار تشکر

بورڈ کی جانب سے، ہم اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، وزارت خزانہ، اور دیگر ریگولیٹری حکام کا ان کی مسلسل رہنمائی اور مشاورت کے لئے شکریہ ادا کرتے ہیں۔ ہم اپنے شیئر ہولڈرز، اپنے صارفین، اور کاروباری شراکت داروں کا بھی ان کی جاری حمایت کے لئے ان کے شکر گزار ہیں۔

سالوں کے دوران، ہم نے اپنے صارفین اور تمام اسٹیک ہولڈرز کو اچھی اقدار اور عمدہ خدمات فراہم کرنے کے ساتھ ساتھ اپنی مالیاتی پوزیشن کو مضبوط کرنے کی بنیادیں رکھی ہیں۔ ہم اس جذبے کے ساتھ آگے بڑھ رہے ہیں کہ اپنی تمام تر توجہ خدمات پر مرکوز رکھیں گے اور اقتصادی نمو کو بہتر بنانے میں ایک کلیدی کردار ادا کرتے رہیں گے۔ اس کی پیروی کرتے ہوئے، ہم اپنے ملازمین اور مقامی کمیونٹی کے تئیں اپنی ذمہ داریوں سے غافل نہیں ہوں گے اور اپنے شیئر ہولڈرز کو منافع فراہم کرنے کے لئے اپنی لگن پر قائم رہیں گے۔

خالد قریشی
ڈائریکٹر

عاطف اسلم باجوہ
صدر اور چیف ایگزیکٹو آفیسر
۱۳ فروری ۲۰۲۲
ابوظہبی

مدتی ویلیو اور بدلتے چیلنجز کے باوجود خدمات کی برتری کو یقینی بنایا جا سکے۔

غیر یقینی عوامل جو بینک کے وسائل، آمدنی اور آپریشنز کو متاثر کر سکتے ہیں

تمام پیشگوئیاں قدرتی طور پر خطرات اور غیر یقینی حالات کے تابع ہوتی ہیں جن میں سے کچھ بینک کے قابو سے باہر ہوتی ہیں۔ وہ عوامل جو بینک کے وسائل، آمدنی اور آپریشنز پر ممکنہ طور پر اثر ڈال سکتے ہیں، درج ذیل ہیں:

- عالمی معاشی حالات جو مجموعی اقتصادی سرگرمیوں پر اثر انداز ہو سکتے ہیں؛
- موسمیاتی حالات کا اقتصادی سرگرمیوں اور کاروباری آپریشنز پر اثر؛
- ایسے تمام جغرافیائی خطرات اور جغرافیائی سطح پر غیر یقینی عوامل جہاں بینک کو کام کرنا پڑتا ہے؛
- FATF کے مطابق عالمی AML/CFT (انسداد منی لانڈرنگ اور دہشت گردوں کی مالی معاونت) کی تعمیل؛
- تجارتی شراکت دار ممالک کی تجارتی پالیسیاں؛
- رعایتی شرح سود اور مانیٹری پالیسی سے متعلق اقتصادی فیصلے؛
- مالیاتی پالیسی میں تبدیلی اور کارپوریٹ ٹیکسیشن کے اقدامات؛
- ملک میں امن و امان کی صورتحال اور سیاسی ماحول؛
- مقامی حکومتی قوانین و ضوابط؛
- نئی خلل ڈالنے والی (Disruptive) ٹیکنالوجیز کا ظاہر ہونا اور
- سائبر حملوں کا خطرہ۔

بینک کا کریڈٹ اینڈرسک مینجمنٹ گروپ مختلف متعین شدہ منظر ناموں کی بنیاد پر اسٹریٹج ٹیسٹ کرتا ہے تاکہ ممکنہ نقصانات کے اثرات کا اندازہ لگایا جاسکے اور یہ جانچا جاسکے کہ آیا بینک کے پاس ممکنہ منتقلی حالات کو برداشت کرنے کے لئے مناسب سرمایہ موجود ہے۔ ان ٹیسٹس کے نتائج سے ظاہر ہوتا ہے کہ بینک کے پاس ممکنہ نقصانات کو جذب کرنے کے لئے مناسب سرمایہ، لیکویڈیٹی اور منافعیت موجود ہے۔

بینک ان خطرات اور غیر یقینی حالات کی مسلسل نگرانی کرتا رہتا ہے اور ساتھ ہی اصلاحی اور حفاظتی اقدامات بھی نافذ کرتا ہے تاکہ آپریشنل کارکردگی کو برقرار رکھا جاسکے اور شیئر ہولڈرز کے مفادات کا تحفظ یقینی بنایا جاسکے۔

مستقبل کی حکمت عملی اور لانچ عمل سے متعلق مزید تفصیلات کے لئے، براہ کرم اس سالانہ رپورٹ کے 'Outlook' اور 'Strategy' سیکشنز کا حوالہ دیں۔

مقصد طویل مدتی اور جامع اثرات پیدا کرنا اور پاکستان بھر میں پائیدار کمیونٹی ترقی میں بامعنی کردار ادا کرنا ہے۔

ریوائیو اینڈ رائٹ

سال کے دوران توجہ کا ایک اہم مرکز بینک کارپوریشنز اور پیروگرام رہا، جو کم سہولت یافتہ زرعی ویلیو چینز میں ذمہ دارانہ اور جامع مالی خدمات فراہم کرنے کے بینک کے عزم کی عکاسی کرتا ہے۔ سال ۲۰۲۵ میں، اس پروگرام کے تحت ۳۶۹ چھوٹے کسانوں کو ۲۴۲ ملین روپے کی بلا سود مالی معاونت فراہم کی گئی، جس سے ان علاقوں میں پیداواری روزگار کو فروغ ملا جہاں کم لاگت قرض تک رسائی محدود ہے۔ یہ اقدام پیداوار اور آمدنی کے استحکام میں بہتری لانے کے ساتھ ساتھ ڈیری اور لائیو سٹاک ویلیو چینز کو بھی مضبوط بناتا ہے جو پاکستان کی غذائی سلامتی کے لیے نہایت اہم ہیں۔ ۳۰ فیصد خواتین مستفید ہونے والی اور تقریباً ۸۰۰ خاندان کے افراد تک رسائی کے ساتھ، ریوائیو اینڈ رائٹ مالی شمولیت اور خواتین کی معاشی شمولیت کو بھی فروغ دیتا ہے۔ توقع ہے کہ مالی رسائی اور استعداد سازی کے اقدامات، بشمول موسمیاتی تبدیلی سے ہم آہنگ زرعی طریقہ کار کی تربیت، کے ذریعے اس پروگرام کو مزید وسعت دی جائے گی۔

سیلاب سے متاثرہ کمیونٹیز کے لیے مضبوط عزم

بینک الفلاح لمیٹڈ نے قومی بحران کے مواقع پر مسلسل قیادت اور ذمہ داری کا مظاہرہ کیا ہے۔ سال ۲۰۲۵ کے دوران، بینک نے اپنے چیئرمین، عزت مآب شیخ نبیان مبارک النبیان، اور بورڈ آف ڈائریکٹرز کی قیادانہ حمایت سے پاکستان بھر میں سیلاب سے متاثرہ کمیونٹیز کی مدد کے لیے ۵ ملین امریکی ڈالر دینے کا عہد کیا۔

سال ۲۰۲۲ سے اب تک، بینک سیلابی امداد، بحالی اور تعمیر نو کی کوششوں کے لیے مجموعی طور پر ۱۵ ملین امریکی ڈالر کا عزم ظاہر کر چکا ہے۔ یہ مسلسل تعاون متاثرہ کمیونٹیز کی مدد کرنے اور موسمیاتی تبدیلی سے متعلق چیلنجز کے مقابلے میں پاکستان کی طویل مدتی بحالی اور مضبوطی میں اپنا کردار ادا کرنے کے بینک کے پائیدار عزم کی عکاسی کرتا ہے۔

مزید تفصیلات کے لیے جن میں بینک کے معروف شراکت داروں کے ساتھ تعاون شامل ہے، براہ کرم اس سالانہ رپورٹ کے 'پائیداری' سیکشن کا حوالہ دیں۔

بیرونی آڈٹ

بینک کو اپنے بیرونی آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی جانب سے ۳۱ دسمبر ۲۰۲۵ کو ختم ہونے والے سال کے لیے غیر مشروط (Unqualified) آڈٹ رپورٹ موصول ہوئی ہے۔

میسرز اے ایف فرگوسن اینڈ کمپنی نے اگلے سال ۲۰۲۶ کے لیے بینک کے اسٹیٹوٹری آڈیٹرز کے طور پر خدمات جاری رکھنے کی رضامندی دی ہے۔ بورڈ آڈٹ کمیٹی نے ان کی دوبارہ تقرری کی سفارش کی ہے۔

آڈیٹرز کی فرم نے تصدیق کی ہے کہ انہیں انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے کوالٹی کنٹرول ریویو پروگرام کے تحت اطمینان بخش درجہ بندی ملی ہے۔ مزید برآں، فرم اور ان کے تمام شراکت دار بین الاقوامی فیڈریشن آف اکاؤنٹنٹس کے اخلاقیات کے ضابطے کے وہ رہنما اصول جو انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان نے اپنانے ہیں، اس کے مطابق ہیں اور تمام متعلقہ قوانین کے تحت تقرری کی ضروریات پر پورا اترتے ہیں۔

مستقبل کا منظر نامہ

اپنی گزشتہ کامیابیوں اور بنیادی حکمت عملی کی ترجیحات سے فائدہ اٹھاتے ہوئے، بینک الفلاح مسلسل اور پائیدار ترقی کے لیے مضبوط پوزیشن میں ہے۔ توجہ اب بھی چھوٹے اور کم لاگت کے جمع شدہ ذخائر کو بڑھانے پر مرکوز ہے، جبکہ ملکی سطح پر موجودگی کو مضبوط بنا کر صارفین کو مستقل اور منفرد قدر فراہم کرنا اولین مقصد ہے۔ اہم ترجیحات میں صارفین کے شعبے میں زیادہ توجہ دینا، ایس ایم ای کی ترقی کو ممکن بنانا، آپریشنل کارکردگی کو بہتر بنانا، اور بینکنگ شعبے کی بدلتی ضروریات کے جواب میں ٹیکنالوجی کا مؤثر استعمال شامل ہیں۔ بینک اپنے تجارتی کاروبار کو بڑھانے، کیش مینجمنٹ کی صلاحیتوں کو وسعت دینے اور سیلابی چین فنانسنگ میں اپنی پوزیشن کو مضبوط کرنے کے لیے پرعزم ہے، تاکہ یہ ایک نمایاں ٹرانزیکشن بینک کے طور پر اپنی حیثیت برقرار رکھ سکے۔ مزید برآں، کم شرح سود کے ماحول میں مارکیٹ میں سخت مقابلے کے باعث ریونیو کی ترقی پر دباؤ پڑنے کا امکان ہے، جس کا ازالہ بینک بیلنس شیٹ پر مبنی ترقی، کم لاگت جمع شدہ ذخائر کے فروغ اور بہترین اثاثہ و ذمہ داری کے انتظام کے ذریعے اپنے منافع کو مستحکم رکھ کر کرے گا۔

'ایک بینک، ایک ٹیم' کے کلچر اور فلسفے کو تعاون، تخلیقیت اور جدت کی حوصلہ افزائی کے لیے برقرار رکھا جائے گا۔ انسانی وسائل کی ترقی بینک کی اولین ترجیحات میں شامل رہے گی تاکہ ہنرمند اور باصلاحیت افرادی قوت کو بھرتی اور برقرار رکھا جاسکے۔ بینک کا دیکھ بھال کرنے والا کلچر اقوام متحدہ کے پائیدار ترقیاتی اہداف کے ساتھ ہم آہنگ کیا جا رہا ہے، جس کا مقصد نئے سرے سے کارپوریٹ سوشل ریسپانسیبلٹی (CSR) اور ماحولیاتی، سماجی، اور حکومتی (ESG) اقدامات کے ذریعے وسیع پیمانے پر کمیونٹی ٹک پہنچنا ہے۔

بینک کی جدت اور کارکردگی پر توجہ کے مطابق، کاروبار کے مختلف شعبوں میں نئی ٹیکنالوجی پر مبنی اقدامات نافذ کیے جا رہے ہیں، جن میں جدید تجزیاتی تکنیک اور مصنوعی ذہانت (AI) کا استعمال شامل ہے، تاکہ صارفین کے تجربے، آپریشنل کارکردگی اور فیصلہ سازی کو بہتر بنایا جاسکے۔ یہ حکمت عملی بینک کو مسابقتی برتری حاصل کرنے اور بینکاری میں بہترین کارکردگی کے میدان میں سرفہرست رہنے کے قابل بناتی ہے۔

جیسا کہ صنعتی اتار چڑھاؤ اور عالمی رجحانات میں مسلسل ارتقاء ہو رہی ہے۔ بینک الفلاح موافقت، استقامت اور پائیدار ویلیو تخلیق پر اپنی توجہ مرکوز رکھے ہوئے ہے کرنے کے لیے تیار ہے تاکہ شیئر ہولڈرز کے لیے طویل

(ز) کارپوریت گورننس کی بہترین روایات سے کوئی مادی انحراف نہیں کیا گیا۔

(ح) گزشتہ چھ سالوں کے کلیدی آپریٹنگ اور مالیاتی اعداد و شمار کو سالانہ رپورٹ کا حصہ بنایا گیا ہے۔

(ط) سال ۲۰۲۳ کے دوران بورڈ اور اس کی کمیٹیوں کی منعقدہ میٹنگز اور ہر ڈائریکٹر کی شرکت کی تفصیلات اس سالانہ رپورٹ کے گورننس سیکشن میں فراہم کی گئی ہیں۔

(ی) ۲۱ دسمبر ۲۰۲۵ تک بینک کارپوریت گورننس ریگولیشنز کے تحت ڈائریکٹرز کی تربیت کی ضروریات پر مکمل طور پر عمل پیرا رہا ہے۔

(ک) کمپنیز ریگولیشنز ۲۰۲۳ کے مطابق شیئر ہولڈنگ کا پیٹرن اس سالانہ رپورٹ میں شامل ہے۔

(ل) بینک کسی بھی طرح کے قرض، ٹی ایف سی، سکوک یا دیگر قرضہ جاتی آلات میں ڈیفالٹ کی حالت میں نہیں ہے اور نہ ہی مستقبل قریب میں ڈیفالٹ کا کوئی امکان ہے۔

(م) بینک کے حصص کی خرید و فروخت کے رجحانات جو ڈائریکٹرز بڑے شیئر ہولڈرز، ایگریکٹوز، ان کے شریک حیات اور نابالغ بچوں سے متعلق ہیں، اس کی تفصیل اس سالانہ رپورٹ میں موجود ہے۔

(ن) سال ۲۰۲۳ کے لیے بورڈ کی کارکردگی کا جائزہ پی آئی سی جی نے بطور آزاد بیرونی تشخیص کار سال ۲۰۲۵ میں از خود لیا ہے۔

رسک مینجمنٹ

بورڈ رسک مینجمنٹ کمیٹی کے ذریعے بینک کو درپیش اہم خطرات کا جامع جائزہ لے چکا ہے۔ بورڈ کی نگرانی میں بینک ایک مضبوط اور منظم رسک انتظامیہ اپروچ اختیار کرتا ہے، جو مینجمنٹ کمیٹیوں اور وقف شدہ کریڈٹ اینڈ رسک مینجمنٹ گروپ جس کی قیادت چیف رسک آفیسر کر رہے ہیں، کی زیر نگرانی ہے۔ بینک کے رسک مینجمنٹ فریم ورک، رسک کا جائزہ، خطرات کی روک تھام کے طریقہ کار، اہم خطرات اور مواقع کی تفصیلات اس سالانہ رپورٹ کے خطرہ اور مواقع سیکشن میں دی گئی ہیں۔

انٹرنل کنٹرولز

مینجمنٹ اس بات پر یقین رکھتی ہے کہ بینک کے موجودہ اندرونی کنٹرولز کا نظام ڈیزائن میں معقول ہے جسے مؤثر طریقے سے لاگو اور مانیٹر کیا جا رہا ہے۔ بینک کے کنٹرول ماحول میں، بشمول تکنیکی حل، مسلسل بہتری کا عمل جاری ہے۔ بورڈ، مینجمنٹ کے اندرونی کنٹرولز کے مؤثر ہونے کا جائزہ، بشمول مالیاتی رپورٹنگ کے اندرونی کنٹرولز کی توثیق کرتا ہے، جیسا کہ گورننس سیکشن کے اسٹیٹمنٹ آف انٹرنل کنٹرول میں تفصیل سے بیان کیا گیا ہے۔

پائیداری

پائیداری بدستور بینک الفلاح لمیٹڈ کی طویل مدتی حکمت عملی اور گورننس فریم ورک کا ایک لازمی جزو ہے۔ سال ۲۰۲۵ کے دوران بینک نے ایک اہم پیش رفت کرتے ہوئے ایک مخصوص سسٹیمیٹائی کمیٹی قائم کی، جس کے ذریعے انتظامی سطح پر نگرانی کو باقاعدہ شکل دی گئی اور عالمی توقعات اور ضابطہ جاتی تقاضوں کے مطابق بینکاری آپریشنز میں پائیداری کے اصولوں کو شامل کیا گیا۔ یہ سنگ میل ایک منظم پائیداری سفر کا آغاز ہے جس کے آنے والے برسوں میں مزید وسعت اختیار کرنے کی توقع ہے۔

بینک اپنی کارکردگی میں ماحولیاتی اور سماجی طور پر ذمہ دارانہ طریقہ کار کو شامل کرنے کے لیے ہر عزم ہے، جبکہ مستقل مالی کارکردگی اور طویل مدتی قدر کی تخلیق کو بھی برقرار رکھ رہا ہے۔ مستقبل میں بینک سبز مالیاتی اقدامات کے فروغ اور گرین مصنوعات، طریقہ کار کے دائرہ کار کو بڑھا کر پائیداری کے میدان میں مزید پیش رفت کرنے کا ارادہ رکھتا ہے، جو پاکستان کے موسمیاتی تبدیلی کے خطرات کو کم کرنے کے مقاصد کی حمایت کرے گا۔

مزید برآں، بینک الفلاح نے بہتر پائیداری انکشافات اور ماحولیاتی، سماجی اور گورننس (ESG) رپورٹنگ کے طریقہ کار کے ذریعے شفافیت اور جوابدہی کو مزید مضبوط بنایا۔ ان کاوشوں کو پائیداری انکشافات، ESG رپورٹنگ اور مالیاتی رپورٹنگ کے معیار کے حوالے سے متعدد مقامی اور علاقائی اعزازات سے بھی سزا ہوا گیا، جو ذمہ دارانہ اور پائیدار بینکاری طریقہ کار کے لیے بینک کے عزم کو مزید مستحکم کرتے ہیں۔

ماحولیاتی تحفظ اور کمیونٹی کی فلاح و بہبود کے لیے اپنے کردار کو مضبوط کرنے کی کوششوں میں بینک الفلاح نے سیکوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی کارپوریٹ سوشل ریسپانسیبلٹی (CSR) رہنما خطوط کے ساتھ رضا کارانہ طور پر اشتراک جاری رکھا ہے اور اقوام متحدہ کے مستحکم ترقیاتی اہداف کے ساتھ اپنی حکمت عملی کو ہم آہنگ کیا ہے۔

پائیداری اور خطرات سے بچاؤ کی کوششوں سے متعلق مزید تفصیلات کے لیے، براہ کرم اس سالانہ رپورٹ کے خطرہ اور مواقع اور پائیداری کے سیکشنز کا حوالہ دیں۔

کارپوریٹ سماجی ذمہ داری

صارفین، ساتھیوں، برادری اور ملک کے ساتھ اپنے عزم کے مطابق، بینک الفلاح لمیٹڈ اپنی بنیادی بینکاری سرگرمیوں سے آگے بڑھتے ہوئے پاکستان کی مجموعی سماجی، معاشی اور ماحولیاتی ترقی میں فعال کردار ادا کرتا رہا ہے۔ سال ۲۰۲۵ کے دوران، بینک نے ۳۸۶.۴ ملین روپے کی سرمایہ کاری مختلف کمیونٹی پر مبنی اقدامات میں کی، جن میں تعلیم، صحت، خواتین کو بااختیار بنانا، فنانشنگ کے ذریعے مہارتوں کی ترقی، شمولیتی کھیل، نایاب انواع کے تحفظ اور شجر کاری پروگرام شامل ہیں۔ ان اقدامات کا

- ادارہ جاتی ریٹنگ: طویل مدتی کے لیے 'AAA' (ٹرپل اے) پر برقرار رکھی گئی اور قلیل مدتی کے لیے 'A1+' (اے ون پلس) پر برقرار رکھی گئی ہے، جس کے ساتھ ایک 'مستحکم' نقطہ نظر ہے۔

- آلات کی ریٹنگ: بینک کے غیر محفوظ ڈیٹا 1 کیپٹل آلات (ٹرن فنڈس سرٹیفکیٹس) کی کریڈٹ ریٹنگ بھی 'AA+' (ڈبل اے پلس) پر برقرار رکھی گئی ہے، جس کے ساتھ ایک 'مستحکم' نقطہ نظر ہے۔

یہ ریٹنگز بینک کے وسیع آپریشنز، مستحکم مالیاتی کارکردگی، مضبوط پشت پناہی، اور مؤثر مارکیٹ موجودگی کی عکاسی کرتی ہیں۔ ان ریٹنگز سے ظاہر ہوتا ہے کہ بینک کو کریڈٹ رسک کی کم سے کم سطح کا سامنا ہے اور وہ اپنے مالیاتی وعدوں کی بروقت تکمیل کے لیے بھرپور صلاحیت رکھتا ہے۔

کارپوریٹ گورننس

بینک لسٹڈ کمپنیز (کارپوریٹ گورننس کوڈ) ریگولیشنز ۲۰۱۹ کی اہم ضروریات کی تعمیل میں ہے۔ اس حوالے سے مینجمنٹ کی طرف سے تجویز کردہ بیان اور اس پر آڈیٹر کی رپورٹ سالانہ رپورٹ کے ساتھ منسلک ہے۔

ڈائریکٹرز انتہائی مسرت کے ساتھ ریگولیشنز کے چیپٹر XII- رپورٹنگ اور انکشافات کے تحت درج ذیل بیانات پیش کر رہے ہیں:

۱. ڈائریکٹرز کی کل تعداد نو (۹) ہے:

- i مرد: آٹھ
 - ii خواتین: ایک
۲. بورڈ کی تشکیل کچھ اس طرح سے ہے:

- i آزاد ڈائریکٹرز: تین
- ii نان-ایگزیکٹو ڈائریکٹرز: پانچ (جن میں ایک خاتون ڈائریکٹر شامل ہیں)
- iii ایگزیکٹو ڈائریکٹرز: ایک

۳. بورڈ وقتاً فوقتاً اپنی ذمہ داریوں کو نبھانے کے لیے مختلف کمیٹیاں قائم کرتا ہے۔ ہر کمیٹی کے لیے، بورڈ ایک باضابطہ ٹرمز آف ریفرنس (ToRs) اختیار کرتا ہے، جو کہ کمیٹی کی تشکیل، کردار، فرائض، ذمہ داریوں اور انتظامیہ سے متعلق امور کا احاطہ کرتا ہے۔ بورڈ کی جانب سے درج ذیل کمیٹیاں تشکیل دی گئی ہیں:

- i بورڈ آڈٹ کمیٹی
- ii بورڈ اسٹریٹجی اور فنڈس کمیٹی
- iii بورڈ رسک مینجمنٹ کمیٹی
- iv بورڈ ہیومن ریسورسز، ریمینیوریشن اور نو مینیشن کمیٹی

v بورڈ اتھارٹیز مینجمنٹ ٹیکنالوجی کمیٹی

vi بورڈ گرانٹس مینجمنٹ کمیٹی

vii بورڈ انیمل اسٹیٹ کمیٹی

برائے مہربانی کمیٹیوں کے اراکین اور ان کے ٹرمز آف ریفرنس کے لیے اس سالانہ رپورٹ کے گورننس سیکشن ملاحظہ کریں۔

۴. بینک کے پاس ڈائریکٹرز کے معاوضے سے متعلق ایک باضابطہ پالیسی اور شفاف طریقہ کار موجود ہے جو کہ ریگولیشنز کی متعلقہ منظوری سے ۲۸ ویں پالیسی ابتدائی طور پر بینک کے شیئر ہولڈرز کی متعلقہ منظوری سے ۲۸ ویں سالانہ اجلاس عام (اے جی ایم) میں ۲۶ مارچ ۲۰۲۰ کو منظور کی گئی تھی اور بعد ازاں اسے ۳۰ ویں سالانہ اجلاس عام میں ۲۹ مارچ ۲۰۲۲ کو اسٹیٹ بینک آف پاکستان (SBP) کے کارپوریٹ گورننس ریگولیشنز فریم ورک سے ہم آہنگ کرنے کے لیے ترمیم کیا گیا۔ اس سالانہ رپورٹ کے گورننس سیکشن میں معاوضے کی پالیسی اور اس سے متعلقہ انکشافات شامل کیے گئے ہیں۔ مزید برآں، ڈائریکٹرز کی میٹنگ فیس کی ادائیگی، جیسا کہ مالیاتی گوشواروں کے نوٹ ۴۲ میں بیان کی گئی ہے۔ ہر سال سالانہ آڈٹ شدہ مالیاتی گوشواروں کے ساتھ سالانہ اجلاس عام (اے جی ایم) میں اراکین سے منظور کروائی جاتی ہے۔

۱۲ دسمبر ۲۰۲۵ کو اسٹیٹ بینک آف پاکستان نے اپنے سرکلر BPRD سرکلر لیٹر نمبر ۲۴ برائے ۲۰۲۵ کے ذریعے ڈائریکٹرز کو قابل ادائیگی زیادہ سے زیادہ فیس میں ۵۰ فیصد اضافہ کر دیا۔ بینک کی ڈائریکٹر معاوضہ پالیسی میں اس کے مطابق ترمیم / نظر ثانی آئندہ سالانہ جنرل میٹنگ (AGM) میں اراکین کی منظوری سے کی جائے گی۔

بہترین روایات کو اپناتے ہوئے ڈائریکٹرز نے حد مسرت کے ساتھ درج ذیل بیانات پیش کر رہے ہیں۔

(الف) انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے بینک کی مالی حیثیت، اس کے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں کو شفاف طریقے سے پیش کرتے ہیں۔

(ب) بینک کے باقاعدہ حسابات کی مکمل دستاویزات رکھی گئی ہیں۔

(ج) مالیاتی گوشواروں کی تیاری میں نوٹس میں درج اکاؤنٹنگ پالیسیوں کو مستقل طور پر لاگو کیا گیا اور اکاؤنٹنگ تخمینوں کا فیصلہ مناسب اور محتاط بنیاد پر کیا گیا ہے۔

(د) پاکستان میں بینکوں پر لاگو بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS) کی مالیاتی گوشواروں کی تیاری میں پیروی کی گئی۔

(ه) اندرونی کنٹرول کا نظام مضبوط ڈیزائن پر مبنی ہے جسے مؤثر طریقے سے نافذ اور مانیتئر کیا گیا ہے۔

(و) بطور بینک ایک جاری ادارہ کے کام کرنے کی صلاحیت پر کسی شک و شبہ کی گنجائش نہیں ہے۔

گروپ کی کارکردگی

بینک الفلاح نے ۳۱ دسمبر ۲۰۲۵ کو ختم ہونے والے سال کے لیے بعد از ٹیکس مجموعی منافع (PAT) ۲۴.۸ ارب روپے حاصل کیا (۲۰۲۴: ۳۹.۸۲ ارب روپے)۔ بینک کے ایکویٹی ہولڈرز سے منسوب فی حصص آمدنی (EPS) ۱۶.۱۶ روپے ریکارڈ کی گئی جبکہ گزشتہ سال یہ ۲۵.۲۴ روپے تھی۔

بینک کی ایک مکمل ملکیتی ذیلی کمپنی، الفلاح کرنسی ایکسچینج (پرائیویٹ) لمیٹڈ، ایک ایکسچینج کمپنی ہے جو جامع زرمبادلہ خدمات فراہم کرے گی۔ اس کمپنی نے سال ۲۰۲۳ کے دوران اپنی کارروائیاں شروع کیں۔ سال کے دوران بینک نے اس ذیلی ادارے میں مزید ۳۰۰ ملین روپے کی ایکویٹی سرمایہ کاری کی (۳۱ دسمبر ۲۰۲۳: ۱,۰۰۰,۰۰۰ ملین روپے)۔

مزید برآں، بینک کے منسلک اداروں میں ۳۰ فیصد ایکویٹی سرمایہ کاری الفلاح انشورنس لمیٹڈ میں، ۳۰ فیصد سیفائز ونڈ پاور لمیٹڈ میں، اور ۲۰۲۳ فیصد الفلاح ایسیٹ مینجمنٹ لمیٹڈ میں شامل ہے۔

بینک کے حصص یافتگان نے ۲۰ مارچ ۲۰۲۵ کو منعقد ہونے والے سالانہ جنرل اجلاس (AGM) میں اپنی ذیلی کمپنی، الفلاح سیکیورٹیز (پرائیویٹ) لمیٹڈ، میں مکمل حصص فروخت کرنے کی منظوری دی۔ فروخت کا یہ لین دین قابل اطلاق قانونی اور ریگولیٹری تقاضوں کے مطابق سال کے دوران ۲۹۱.۹ ملین روپے کے عوض مکمل کیا گیا۔

ذیلی کمپنیوں کی کارکردگی

الفلاح کرنسی ایکسچینج (پرائیویٹ) لمیٹڈ نے بعد از ٹیکس ۱۳۴.۶ ملین روپے کا نقصان رپورٹ کیا، جبکہ گزشتہ سال (۲۰۲۴) کمپنی نے ۲۲.۰۳ ملین روپے کا منافع کمایا تھا۔ اس نقصان کی بنیادی وجہ کمپنی کے بڑھتے ہوئے برانچ اور بوتھ نیٹ ورک سے منسلک آپریٹنگ اخراجات میں اضافہ ہے۔

ڈیویڈنڈ، بونس شیئرز اور دیگر مختصات

ڈائریکٹرز نے ۳۱ دسمبر ۲۰۲۵ کو ختم ہونے والے سال کے لیے فی شیئر ۳ روپے (۳۰ فیصد) کے حتمی کیش ڈیویڈنڈ کی سفارش کی ہے جو آئندہ سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری سے مشروط ہے۔ اس طرح سال کے لیے مجموعی کیش ڈیویڈنڈ ۱۰,۵۰ روپے فی شیئر (۱۰۵ فیصد) ہو جائے گا۔ اس سے قبل بورڈ نے ۴.۵ روپے فی شیئر (۴۵ فیصد) کا عبوری کیش ڈیویڈنڈ کا اعلان کیا اور ادائیگی کی۔

دیگر مختصات

بورڈ آف ڈائریکٹرز نے بینکاری کمپنیز آرڈیننس، ۱۹۶۲ کے تقاضوں کی تعمیل میں موجودہ سال کے منافع میں سے ۴.۸۳ ارب روپے اسٹیٹوٹری ریزرو میں منتقل کرنے کی منظوری دے دی ہے۔

ریڈنڈ، ریٹنگ

بینک کو بی اے سی آر اے کی جانب سے درج ذیل ریٹنگز دی گئی ہیں:

بینک الفلاح کو فخر ہے کہ وہ پاکستان کے سب سے بڑے G+P ڈسٹر سسٹنٹ منصوبے بینظیر انکم سپورٹ پروگرام (BISP) کے ذریعے کے ۲.۳ ملین سے زیادہ افراد کی خدمت کر رہا ہے۔ بینک ملک بھر میں اس منصوبے کا اختیار سنانندہ ہے اور مارکیٹ کا ۴۷ فیصد حصہ رکھتا ہے۔

2۔ مالی شمولیت اور مالی خواندگی

بینک الفلاح نے نان فنانشل ایڈوائزری سروسز (NFAS) کے ذریعے مالی شمولیت اور مالی خواندگی کے اپنے ایجنڈے کو فروغ دیا، جس سے ایس ایم ایز کی مضبوطی اور پائیداری میں اضافہ ہوا اور آپریشنل کارکردگی اور مارکیٹ کی تیاری کو بہتر بنایا گیا۔

اسٹیٹ بینک آف پاکستان کے اشتراک سے، بینک نے ایس ایم ای ایڈوائزری سروسز فراہم کیں اور بینکنگ آن ایکویٹی فریم ورک کے تحت WE-Finance Code کو اپنایا تاکہ مالی شعبے میں صنعتی فرق کو کم کیا جاسکے۔

مزید برآں، اسٹیٹ بینک کے ایگریکلچر فنانس لٹریسی پروگرام کے تحت ملک بھر میں ۱۴۵ سیشنز کے ذریعے ۳,۰۰۰ سے زائد کسانوں کو تربیت فراہم کی گئی، جس میں ڈیری اور نان ڈیری شعبوں میں خواتین پر خصوصی توجہ دی گئی، جبکہ پیشین، بلوچستان جیسے دور دراز علاقوں میں چھوٹے قرضوں، فیس میں رعایت اور گھر گھر خدمات کے ذریعے قرضوں تک رسائی کو آسان بنایا گیا۔

بینک نے ایس ایم ای ٹول کٹ پلیٹ فارم کو جدید بنا کر اپنی ڈیجیٹل موجودگی کو بھی مضبوط کیا، جہاں منظم تعلیمی وسائل، ٹول کٹس اور بینکنگ رہنمائی فراہم کی گئی۔ یہ صنعت میں اپنی نوعیت کا پہلا اقدام تھا جس نے ٹیکنالوجی کے ذریعے قابل توسیع انداز میں ایس ایم ایز تک NFAS کی رسائی کو ممکن بنایا۔

3۔ ایس ایم ای آسان فنانس (SAAF) اسکیم

پاکستان کی معیشت میں چھوٹے اور درمیانے درجے کے کاروبار (SMEs) کا حصہ تقریباً ۴۰ فیصد ہے، جو اقتصادی ترقی کے لیے نہایت اہم ہے۔ اس حوالے سے اسٹیٹ بینک نے حکومت پاکستان کے تعاون سے SAAF اسکیم متعارف کرائی، جو کہ قرض کی ضمانت اور ری فنانس سہولت فراہم کرتی ہے۔ بینک الفلاح نے، جو پہلے ہی اس شعبے میں سرگرم ہے، حکومت کے اقتصادی ترقی کے ہدف میں مثبت کردار ادا کرنے کے مقصد سے اس اسکیم میں قیادت کا کردار ادا کیا۔

4۔ ری فنانس سہولیات

وزیر اعظم یوتھ بزنس اینڈ ایگریکلچر لون اسکیم (PMYB&ALS) کا مقصد نوجوانوں میں کاروباری صلاحیتوں کو فروغ دینا اور آسان شرائط پر کاروباری قرضے فراہم کرنا ہے۔ بینک الفلاح نے اسٹیٹ بینک کے اہداف سے تجاوز کرتے ہوئے اس اسکیم کے تحت ۵.۶ ارب روپے کے قرضے مالی سال ۲۰۲۵ میں جاری کیے۔

کاروباری کارکردگی کا جائزہ

بینک کی کاروباری ترقی، کارکردگی اور پوزیشن اور اس کے ماحول پر اثرات کو اس سالانہ رپورٹ کے "آرگنائزیشنل اوورویو"، "آؤٹ لک"، اور "پرفارمنس اینڈ پوزیشن" کے سیکشنز میں تفصیل سے بیان کیا گیا ہے۔

حکومت پاکستان اور اسٹیٹ بینک آف پاکستان کی پالیسیاں اور بینک کی کاروباری کارکردگی پر ان کے اثرات

حکومت کے تعمیراتی اور برآمدی صنعتوں میں ترقی کے فروغ اور مقامی مینوفیکچررز کے لیے کاروباری ماحول کو بہتر بنانے کے وژن کے مطابق اسٹیٹ بینک آف پاکستان نے اقتصادی ترقی اور وسائل کے مؤثر استعمال کے لیے حکومتی پالیسیوں کی حمایت میں اپنا تعاون جاری رکھا۔ مالیاتی شمولیت، مالیاتی ترقی اور مالی لین دین کی دستاویزی حیثیت کو فروغ دینے کے لیے اسٹیٹ بینک آف پاکستان نے مقامی بینکوں اور ترقیاتی مالیاتی اداروں (DFIs) کے ساتھ مل کر کئی اقدامات متعارف کرائے۔ اسی طرح بینک الفلاح نے بھی ان اہداف کے حصول کی جانب اپنی وابستگی برقرار رکھی۔

1۔ مالی شمولیت کے لیے ڈیجیٹائزیشن

ڈیجیٹل مالیاتی حل کو ترجیح دینا مالی شمولیت کو فروغ دینے سے گہرا تعلق رکھتا ہے۔ ڈیجیٹل ذرائع مالیاتی شعبے کی رسائی کو زیادہ مؤثر اور کم لاگت انداز میں وسعت دیتے ہیں۔ اسٹیٹ بینک آف پاکستان کی مختلف اقدامات کے مطابق، بینک نے درج ذیل اہم شعبوں میں نمایاں کردار ادا کیا ہے:

ڈیجیٹل مصنوعات اور اقدامات

ڈیجیٹل بینکاری صنعت میں پیش رو ہونے کے ناطے، بینک الفلاح نے ڈیجیٹل بینکاری خدمات کو بہتر بنانے اور صارفین کی شمولیت کے لیے جدید حکمت عملیاں متعارف کرانے کی کوششیں جاری رکھی ہیں۔

بینک نے حکومت پاکستان اور اسٹیٹ بینک آف پاکستان کی زرخیز اسکیم کے تحت مکمل ڈیجیٹل زرعی مالیاتی پلیٹ فارم تیار کر کے متعارف کرایا ہے۔ اس اقدام کا مقصد چھوٹے کسانوں کو باقاعدہ مالی سہولیات تک رسائی فراہم کرنا، زرعی پیداوار میں اضافہ کرنا، دیہی علاقوں کی پائیدار ترقی کو فروغ دینا اور سماجی تحفظ کو مضبوط بنانا ہے۔

اس اسکیم کے تحت ادائیگیاں محفوظ کیو آر کوڈ پر مبنی نظام کے ذریعے کی جاتی ہیں، جس کے لیے بینک الفلاح نے خصوصی طور پر سب سے بڑے کیو آر ادائیگی نیٹ ورکس میں سے ایک قائم کیا ہے۔ اکتوبر ۲۰۲۵ میں اپنے آغاز کے بعد سے، بینک کو مجموعی طور پر ۳۳ ملین پاکستانی روپے کی مالیت کی ۳۹۹ درخواستیں موصول ہو چکی ہیں۔

اخراجات کے حوالے سے بینک نے اپنی پیش رفت اور ڈیجیٹائزیشن حکمت عملی جاری رکھی، جس کے تحت سرمایہ کاری نیٹ ورک کی توسیع، ٹیکنالوجی میں بہتری، صارفین کے حصول اور انسانی وسائل پر کی گئی۔

اس کے علاوہ مارکیٹنگ میں اضافے اور برانڈنگ اخراجات، خصوصاً ہوم ریٹیننس بزنس (HRB) کے فروغ کے لیے، اور مہنگائی کے باعث آپریٹنگ اخراجات میں بھی اضافہ ہوا۔ نتیجتاً، بینک کے نان مارک اپ اخراجات میں ۲۰۲۴ کے مقابلے میں ۳۶ فیصد اضافہ ہوا۔ یہ بات قابل ذکر ہے کہ HRB سے متعلق پروموشنل اخراجات ۲۰۲۵ کی چوتھی سہ ماہی سے معمول پر آنا شروع ہو گئے ہیں، جس کی وجہ سے جون ۲۰۲۵ میں اسٹیٹ بینک کے جاری کردہ سرکلر کے تحت ریٹیننس کو معیاری بنانا ہے۔

صارفین کے ڈپازٹس میں سال کے دوران ۱۶،۸ فیصد اضافہ ہوا اور یہ بڑھ کر ۴،۳۹ ٹریلین روپے ہو گئے۔ بینک کی حکمت عملی مستحکم اور دیرپا ڈپازٹس بنانے پر مرکوز ہے، جس میں خاص توجہ کرنٹ اکاؤنٹس (CA) پر دی جا رہی ہے۔ سال کے دوران کرنٹ اکاؤنٹ ڈپازٹس میں ۱۱،۹ فیصد اضافہ ہوا۔

اگرچہ بینک الفلاح کے مجموعی گراس ایڈوائسز سال کے اختتام پر تقریباً ۱،۱۵ ٹریلین روپے پر مستحکم رہے، تاہم منافع کی شرح میں کمی کے رجحان اور بینک کی طویل مدتی حکمت عملی کے مطابق کریڈٹ بک میں تنوع لانے کے لیے پورٹ فولیو کے امتزاج کو بہتر بنایا گیا۔ اسی طرح مختلف کاروباری شعبوں، یعنی کارپوریٹ، کمرشل، کنزیومر ایس ایم ای اور زرعی شعبوں میں سرمایہ کاری کی گئی۔ مزید برآں، شرح سود کے اتار چڑھاؤ سے فائدہ اٹھانے کے لیے حکومتی سیکورٹیز میں بھی کچھ اضافہ کیا گیا۔

بینک کے مضبوط انڈر رائٹنگ معیار نے اثاثہ جاتی معیار کو برقرار رکھنے میں مدد دی، جس کے نتیجے میں انٹیکشن ریشو کم ہو کر ۱،۴ فیصد رہا۔ مزید یہ کہ نان پرفارمنگ قرضے مکمل طور پر کوری رہے، جنہیں ۱۰۲ فیصد کوریج ریشو (جنرل پروویژنز اور متوقع کریڈٹ نقصان سمیت) کی مدد حاصل رہی۔

بینک کے سرمائے کا اسٹرکچر

بینک مناسب حد تک سرمایہ یافتہ رہا اور اس کا سرمایہ جاتی بنیاد ریگولیٹری معیارات اور بیسل سرمایہ تقاضوں سے کافی زیادہ رہی۔ بینک اپنی پالیسی کے مطابق منافع کا خاطر خواہ حصہ محفوظ رکھتا ہے تاکہ خطرات کو برداشت کرنے کی صلاحیت میں اضافہ کیا جاسکے۔ بینک کا مجموعی کیپیٹل ایڈی کویسی ریشو (Capital Adequacy Ratio) ۲۵،۸۷ فیصد رہا جبکہ لازمی تقاضا ۱۱،۵۰ فیصد ہے) جس میں کیپیٹل کنزرویشن بفر ۱،۵۰ فیصد برائے مجموعی رسک ویٹڈ اثاثہ جات (RWA) شامل ہے۔ (سرمائے کے معیار کا اندازہ اس بات سے بھی ہوتا ہے کہ بینک کا کامن ایکویٹی ٹیئر - CET1) ۱۱،۵۰ فیصد ہے جبکہ ریگولیٹری تقاضا ۷،۵۰ فیصد ہے (جس میں ۱،۵۰ فیصد کیپیٹل کنزرویشن بفر شامل ہے)۔ کیپیٹل ایڈی کویسی ریشو (CAR) اور رسک مینیجمنٹ سے متعلق تفصیلی انکشافات منسلک آڈٹ شدہ غیر یکجا مالی بیانات کے نوٹ نمبر ۴۷ اور ۴۸ میں بالترتیب فراہم کیے گئے ہیں۔

معاشی استحکام کو برقرار رکھنے کے لیے پائیدار ترقی کی حکمت عملی اختیار کرنا انتہائی اہم ہوگا۔

بینک کی کارکردگی کا جائزہ

۳۱ دسمبر ۲۰۲۵ کو ختم ہونے والے مالی سال کے لیے بینک کے مالیاتی نتائج کی اہم جھلکیاں درج ذیل ہیں:

اشارے	۲۰۲۵	۲۰۲۴
مالیاتی حیثیت	(روپے، ملین میں)	
شیر ہولڈرز ایکویٹی	۱۹۷,۵۱۲	۱۷۸,۱۱۲
کل اثاثے	۳,۸۲۹,۹۲۷	۳,۷۱۰,۲۰۶
کل ڈیٹاؤں	۲,۳۹۹,۲۰۸	۲,۱۳۶,۹۱۳
ایڈوائسز (نیٹ)	۱,۱۰۳,۹۲۳	۱,۱۰۹,۳۷۶
سرمایہ کاری (نیٹ)	۲,۱۷۳,۲۷۷	۱,۰۹۱,۲۳۲

مالیاتی کارکردگی	۲۰۲۵	۲۰۲۴
خالص مارک اپ آمدنی اور نان مارک اپ آمدنی	۱۸۳,۳۶۲	۱۷۱,۲۳۲
نان مارک اپ اخراجات	۱۱۷,۷۱۷	۸۶,۲۸۸
پروویژن اور رینٹ آف (نیٹ)	۳,۳۱۰	۱,۸۳۹
منافع قبل از ٹیکس (PBT)	۶۲,۳۳۶	۸۳,۰۹۵
منافع بعد از ٹیکس (PAT)	۴۸,۳۳۷	۳۸,۳۱۳
فی حصص بنیادی و مخفف آمدنی (روپے)	۱۷,۷۷	۲۲,۰۳

بینک الفلاح نے ۳۱ دسمبر ۲۰۲۵ کو ختم ہونے والے سال کے لیے ۲۸,۳۳۳ روپے بعد از ٹیکس منافع (PAT) رپورٹ کیا۔

اس سال کے لیے فی حصص آمدن (EPS) ۱۷,۷۷ روپے رہی، جبکہ ۲۰۲۴ میں ۲۲,۰۳ روپے تھی۔ منافع میں دباؤ کی بنیادی وجوہات بینک مارک شہر سود میں کمی اور ہوم ریمیشنس سے متعلق پروموشنل اخراجات میں اضافہ تھے۔ اس کے باوجود، اوسط کرنٹ اکاؤنٹ ڈپازٹس میں اضافہ ان چیلنجز کے اثرات کو کم کرنے میں مددگار ثابت ہوا۔

بینک کی کل آمدن میں سالانہ بنیاد پر ۷.۱ فیصد اضافہ ہوا اور یہ ۱۸۳,۳۶۲ روپے تک پہنچ گئی، جبکہ گزشتہ سال یہ ۱۷۱,۲۳۲ روپے تھی۔ اس اضافہ کی بنیادی وجہ اوسط کرنٹ اکاؤنٹ بیلنسز اور ایڈوائسز میں حجم کے اضافے کے ذریعے فنڈز کی لاگت کو بہتر بنانا تھا۔ نان مارک اپ آمدن میں بھی ۷.۰ فیصد اضافہ ہوا اور یہ ۳۸,۳۱۳ روپے تک پہنچ گئی۔ اس اضافہ کی وجہ بہتر فارن ایکسچینج آمدن، ڈیویڈنڈ آمدن، برانچ بینکنگ، ڈیجیٹل چیتل ٹریڈرز، کارڈ سروسز، ویلٹھ مینجمنٹ اور انویسٹمنٹ بینکنگ سے حاصل ہونے والی فیس شامل ہیں۔ ان شعبوں میں بہتری نے جی ٹی پی (G2P) معاہدوں سے متعلق کمیشن آمدن اور ہوم ریمیشنس وصولیوں میں قیمتوں کے اسٹرکچر میں تبدیلی کی وجہ سے آنے والی کمی کے اثرات کو متوازن کیا۔

بینکاری شعبے کا جائزہ

بینکاری شعبے کے اثاثہ جات میں سال کے آغاز سے ۲۶ دسمبر ۲۰۲۵ تک ۱۵ فیصد اضافہ ہوا، جس کی بڑی وجہ سرمایہ کاری میں ۳۰ فیصد اضافہ تھا۔ قرضوں میں ۱۲ فیصد کمی واقع ہوئی، جس کی بنیادی وجہ ۲۰۲۴ کے آخر میں آئی آر سے منسلک ٹیکس پالیسی کے باعث قرضوں میں عارضی اضافے کا بلند بنیادی اثر تھا۔ اس کے نتیجے میں آئی آر تناسب دسمبر ۲۰۲۵ میں ۵۰ فیصد سے زائد سے کم ہو کر تقریباً ۴۰ فیصد رہ گیا۔

فنڈنگ کے حوالے سے، آئی آر سے منسلک ٹیکس کے خاتمے کے بعد بینکوں نے ڈپازٹس بڑھانے پر توجہ مرکوز کی، جس کے نتیجے میں ۲۶ دسمبر ۲۰۲۵ تک ڈپازٹس میں ۴۰ فیصد اضافہ ریکارڈ کیا گیا۔ اثاثوں کے معیار کے محاز پر قرضوں کے پورٹ فولیو میں کمی کے باعث مجموعی نان پرفارمنگ لون (NPL) تناسب میں معمولی کمی ہوئی۔ تاہم خالص بنیادوں پر این پی ایل تناسب بہتر ہوا کیونکہ بینکوں نے کوریج تناسب ۱۰۰ فیصد سے زیادہ برقرار رکھا۔

بینکاری شعبے کی کیپیٹل ایڈی کویسی ۲۰۲۵ کے ستمبر میں مزید بہتر ہو کر ۲۲ فیصد ہو گئی، جبکہ دسمبر ۲۰۲۳ میں یہ ۲۰ فیصد تھی۔ یہ شرح ریگولیٹری تقاضے ۱۱.۵ فیصد سے کافی زیادہ ہے، جس سے بینکوں کی خطرات برداشت کرنے کی صلاحیت میں اضافہ ہوا ہے۔

گزشتہ ۱۸ ماہ کے دوران شرح سود ۲۲ فیصد سے کم ہو کر ۱۰.۵ فیصد ہونے کے باوجود شعبے کی منافع بخشی مضبوط رہی۔ ۳۰ ستمبر ۲۰۲۵ کو ختم ہونے والے نو ماہ کے عرصے میں بینکوں کے قبل از ٹیکس منافع میں ۲۲ فیصد جبکہ بعد از ٹیکس منافع میں ۱۳ فیصد اضافہ ہوا۔ اس اضافے کی بنیادی وجہ بنیادی آمدن میں اضافہ تھا کیونکہ واجبات کی شرح میں اثاثوں کے مقابلے میں پہلے تبدیلی (ری پرائسنگ) سے منافع کے مارجن بہتر ہوئے۔ غیر بنیادی آمدن میں بھی اضافہ ہوا، جس میں فیس اور زرمبادلہ سے حاصل ہونے والی آمدن نمایاں رہی۔

بینکاری شعبے کا منظر نامہ

بینکاری شعبہ معیشت کو استحکام سے ترقی کے مرحلے میں لے جانے کے لیے مناسب حد تک سرمایہ رکھتا ہے۔ شرح مبادلہ کے استحکام اور ترسیلات زر کی مارکیٹ میں متوقع توازن سے شعبے کا مجموعی منظر نامہ معمول پر آنے کی توقع ہے۔ تاہم کچھ چیلنجز بھی درپیش ہوں گے کیونکہ مالیاتی ٹرمی کے تاخیری اثرات اثاثوں کی آمدن پر ظاہر ہونا شروع ہوں گے جس سے منافع کے مارجن کم ہو سکتے ہیں۔ ایسے ماحول میں بینک اپنی منافع بخشی برقرار رکھنے کے لیے کاروباری حجم میں اضافے اور غیر بنیادی آمدن کے ذرائع پر مزید توجہ دیتے رہیں گے، خاص طور پر کم شرح سود کے ماحول میں۔

ڈائریکٹرز کی رپورٹ برائے شینر ہولڈرز

محترم شینر ہولڈرز

بورڈ آف ڈائریکٹرز کی جانب سے ہم انتہائی مسرت کے ساتھ ۲۱ دسمبر ۲۰۲۵ کو ختم ہونے والے سال کے لیے بینک کی ڈائریکٹرز رپورٹ سمیت آڈٹ شدہ مالیاتی گوشواروں اور آڈیٹرز کی رپورٹس آپ کی خدمت میں پیش کر رہے ہیں۔

معاشی جائزہ

عالمی معیشت

سال ۲۰۲۵ کے دوران عالمی منظر نامہ جیو اکنامکس کے زیر اثر رہا، جہاں امریکہ نے مختلف مالک پر تجارتی محصولات (ٹیرف) عائد کر کے تحفظ پسند معاشی پالیسیوں کی طرف رخ کیا۔ عالمی مرکزی بینکوں نے ان محصولات کے اثرات پر گہری نظر رکھی اور معتدل مہنگائی اور بڑھتی ہوئی بے روزگاری کے باعث مالیاتی پالیسی میں نرمی جاری رکھنے کا فیصلہ کرنے سے پہلے کچھ وقت لیا۔ امریکی فیڈرل ریزرو نے سال کے پہلے نصف میں شرح سود کو برقرار رکھنے کے بعد دوسرے نصف میں تین مرتبہ شرح سود میں کمی کی۔ سال کے پہلے نصف میں مارکیٹیں غیر یقینی کا شکار رہیں کیونکہ توجہ زیادہ تر محصولات پر مرکوز تھی، تاہم سال کے دوسرے نصف میں مضبوط انداز میں بہتری دیکھی گئی، جہاں بڑے اثاثہ جاتی طبقات (حصص، بانڈز، اور اجناس) نے سالانہ بنیادوں پر مثبت منافع دیا۔

عالمی معیشت کا آئندہ منظر نامہ سازگار سمجھا جا رہا ہے کیونکہ مالیاتی اور حکومتی پالیسیوں میں نرمی موجود ہے۔ بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے مطابق ۲۰۲۶ میں عالمی معیشت مستحکم رہنے کی توقع ہے اور شرح نمو ۳.۳ فیصد رہنے کا امکان ہے جو کہ ۲۰۲۵ کے اندازہ شدہ شرح نمو کے برابر ہے۔ عالمی مہنگائی میں بھی مزید کمی کی توقع ہے، جو ۲۰۲۵ کے اندازہ شدہ ۴.۱ فیصد سے کم ہو کر ۲۰۲۶ میں ۳.۸ فیصد رہنے کا امکان ہے۔ تاہم، جغرافیائی و سیاسی محاذ پر خطرات بدستور موجود ہیں۔ محصولات میں کمی بھی قسم کا اضافہ یا مشرق وسطیٰ اور یوکرین میں تنازعات میں شدت سپلائی چین کو متاثر کر سکتی ہے اور عالمی معاشی ترقی پر اثر انداز ہو سکتی ہے۔

مقامی معیشت

امریکی تجارتی محصولات اور علاقائی جغرافیائی و سیاسی کشیدگی نے غیر یقینی صورتحال پیدا کی، تاہم معیشت نے میکرو اکنامک استحکام کی جانب اپنا سفر جاری رکھا۔ پاکستان نے ایکسٹینڈڈ فنڈ فسیلٹی (EFF) پروگرام کے تحت دو جائزے اور ریزیلینس اینڈ سسٹینیبیل فسیلٹی (RSF) تحت پہلا جائزہ کامیابی سے مکمل کیا۔ آئی ایم ایف نے مجموعی طور پر ۲.۲ ارب امریکی ڈالر جاری کیے، جس سے زرمبادلہ کے ذخائر مضبوط ہوئے اور دسمبر تک اسٹیٹ بینک آف پاکستان کے زرمبادلہ کے

ذخائر ۱۲ ارب امریکی ڈالر تک پہنچ گئے، جبکہ گزشتہ سال یہ ۱۱ ارب امریکی ڈالر تھے۔

سال کے دوران کرنٹ اکاؤنٹ میں ۱۹۹ ملین امریکی ڈالر کا معمولی خسارہ رہا، جبکہ گزشتہ سال ۲۹۹ ملین امریکی ڈالر کا سرپلس تھا۔ اس کا اثر شرح مبادلہ پر بھی نظر آیا، جو زیادہ تر مستحکم رہی اور امریکی ڈالر کے مقابلے میں پاکستانی روپیہ کی قدر دسمبر ۲۰۲۵ میں ۲۸۰.۱۲ پر بند ہوئی، جبکہ دسمبر ۲۰۲۴ میں یہ ۲۷۸.۶۶ تھی۔ ملک کی کریڈٹ ریٹنگ میں ایک درجہ بہتری آئی اور یہ Fitch اور S&P کے مطابق "B" جبکہ Moody's کے مطابق "Caa1" ہو گئی، جس کا آؤٹ لک مستحکم قرار دیا گیا۔

سال کے دوران مہنگائی کی اوسط شرح ۳.۵ فیصد رہی، جبکہ ۲۰۲۴ میں یہ ۱۳.۱ فیصد تھی۔ اسی دوران بنیادی مہنگائی نسبتاً زیادہ رہی اور سال بھر اس کی اوسط ۷.۹ فیصد رہی۔ ان معاشی حالات کو مدنظر رکھتے ہوئے اسٹیٹ بینک آف پاکستان نے دسمبر ۲۰۲۵ تک پالیسی ریٹ میں مجموعی طور پر ۲۵۰ بیسس پوائنٹس کی کمی کرتے ہوئے اسے ۱۳.۰ فیصد سے کم کر کے ۱۰.۵ فیصد کر دیا۔

مالیاتی پالیسی نسبتاً سخت رہی کیونکہ مالی سال ۲۰۲۵ میں پاکستان کا مالی خسارہ جی ڈی پی کے ۵.۴ فیصد (۲.۱ کرب روپیہ) رہا جو ۵.۶ فیصد کے ہدف سے بہتر تھا۔ مثبت پہلو یہ رہا کہ ملک نے بنیادی سرپلس جی ڈی پی کے ۴.۹۱ فیصد (۱.۷۹ ارب روپیہ) ریکارڈ کیا جو گزشتہ سال کے ۴.۰۹ فیصد (۱.۹۵ ارب روپیہ) سے نمایاں طور پر زیادہ تھا۔ فیڈرل بورڈ آف ریونیو (ایف بی آر) کی ٹیکس وصولیوں میں ۲۱ فیصد اضافہ ہوا جبکہ نان ٹیکس آمدن میں ۶۶ فیصد اضافہ ریکارڈ کیا گیا۔

حقیقی جی ڈی پی کی شرح نمو مالی سال ۲۰۲۵ میں ۱.۳ فیصد رہی جبکہ گزشتہ مالی سال میں یہ ۱.۲ فیصد تھی۔ صنعتی شعبے نے بہتر کارکردگی کا مظاہرہ کیا اور سالانہ بنیادوں پر ۵.۳ فیصد ترقی کی، جو مسلسل دو سال کی کمی کے بعد نمایاں بحالی تھی۔ زرعی شعبے کی ترقی ۱.۵ فیصد رہی جو اہم فصلوں کی پیداوار میں کمی کے باعث محدود رہی۔ خدمات کے شعبے نے ۱.۳ فیصد ترقی حاصل کی جو گزشتہ سال کی شرح نمو کے برابر ہے۔

اسٹاک مارکیٹ نے اپنی مثبت رفتار برقرار رکھی، جہاں ۲۰۲۵ میں کے ایس ای ۱۰۰ انڈیکس نے سالانہ بنیادوں پر ۵.۸ فیصد منافع دیا اور انڈیکس ۱۶۳،۰۵۴ پوائنٹس پر بند ہوا۔ یہ مسلسل تیسرا سال ہے جس میں منافع ۵۰ فیصد سے زیادہ رہا۔ اس مضبوط کارکردگی کی بڑی وجوہات میں بہتر معاشی استحکام، موافق جغرافیائی و سیاسی صورتحال، اور شرح سود میں کمی کے باعث دیگر اثاثہ جاتی طبقات سے سرمایہ کاری کا اسٹاک مارکیٹ کی طرف منتقل ہونا شامل ہے۔

معیشت کا منظر نامہ

حکومت کی توجہ ممکنہ طور پر استحکام سے ترقی کی طرف منتقل ہو سکتی ہے، تاہم یہ عمل آئی ایم ایف پروگرام کے دائرے میں رہتے ہوئے جاری رکھا جائے گا۔ پاکستان بین الاقوامی بانڈ مارکیٹ میں واپسی کا بھی ارادہ رکھتا ہے جس کے تحت پانڈا بانڈ اور ممکنہ طور پر یورو بانڈ جاری کیے جا سکتے ہیں۔ مجموعی طور پر، گزشتہ چند برسوں میں حاصل ہونے والے



Gender Pay Gap Statement

Bank Alfalah is committed to sustainable professional growth of its employees based on performance, inclusion, and equal opportunity. As part of our commitment to responsible governance and transparent reporting, we disclose our gender pay gap as per regulatory requirements, however the percentages do not fully capture the variation in experiences and nature of roles and responsibilities at each level.

Level	Grades	Mean Gender Pay Gap	Median Gender Pay Gap
Senior Management		-3%	6%
Middle Management	SVP-I	1%	6%
	VP-II	6%	5%
	VP-I	-1%	4%
	AVP-II	2%	0%
	AVP-I	1%	2%
Officer Level	OG-I	2%	3%
	OG-II	3%	3%
	OG-III	3%	0%
	OG-IV	2%	0%
Overall		35%	24%

As at 31 December 2025

This reflects an overall workforce composition of **21% women and 79% men** across the Bank.

- Gender pay equity remains strong across all levels of the Bank, reflecting a consistent and equitable compensation framework.
- Women in senior management roles are compensated competitively and slightly in favour of women, demonstrating the Banks's focus on recognising leadership contribution irrespective of gender.
- Across middle and officer levels, the mean gender pay gap is very minimal reflecting that the Bank has balanced compensation policies across.

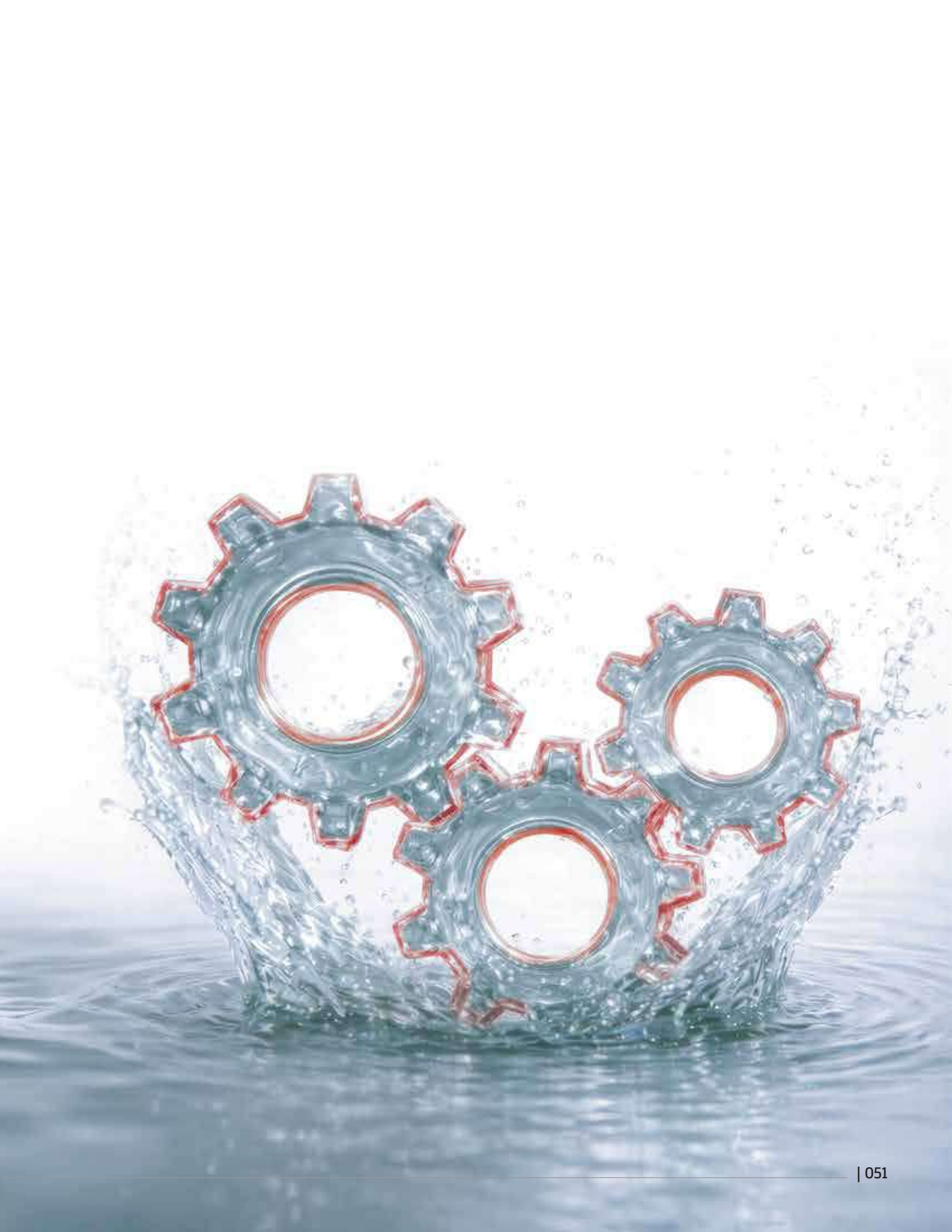
Driving Sustainable Progress

At Bank Alfalah, we remain deeply committed to advancing women's role in the workforce. At middle and lower management, we are fostering women's growth through capacity building, succession planning, a strong rewards and governance framework and target initiatives such as childcare allowance and 6 months' maternity leaves.

As a way forward, we are ensuring equitable opportunities and fostering a diverse and inclusive future, where women are equally represented across all levels.

Atif Bajwa
President and CEO

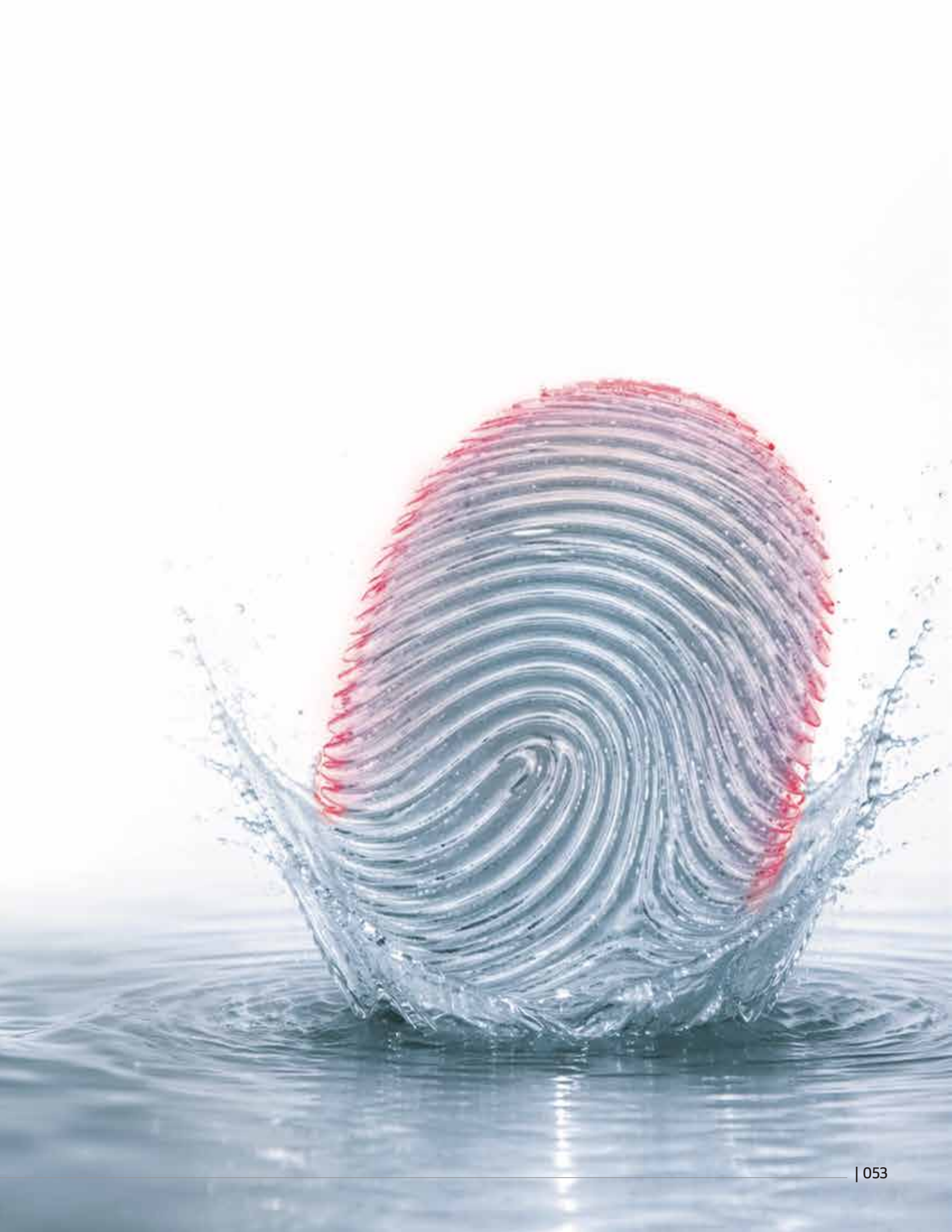
Organisational Overview



About Bank Alfalah

Bank Alfalah is one of the largest commercial banks in Pakistan, with a network of over 1,150 branches across more than 245 cities in the country, and international presence in Afghanistan, Bangladesh, Bahrain and the UAE. The Bank also has a representative office in Abu Dhabi. Bank Alfalah is majority-owned by the Abu Dhabi Group. Incorporated as a public limited company on 21st June 1992 under the Companies Ordinance, 1984 (now Companies Act, 2017), Bank Alfalah commenced its banking operations in the same year.

The Bank provides financial solutions to consumers, corporations, institutions and governments through a broad spectrum of products and services, including corporate and investment banking, digital banking, consumer banking, Islamic banking, commercial, SME and agri finance, currency exchange, insurance, asset management, and credit/asset financing solutions.



Vision

To inspire and empower people to do things differently
and shape their own path in life and business.



Mission

We look at the market with fresh eyes to find new opportunities, and seek new ways of enabling our customers to succeed and advance the world of finance.



Values

You – Customer Care

We always put the customer and their needs front and centre.

Your Needs – Collaboration

We do all we can to understand and anticipate what will help our customers find their own way and achieve their ambitions.

Your Way – Creativity and Innovation

We do things differently, challenging the status quo to find new and better ways to move ourselves and our customers forward.

The Right Way – Conduct and Integrity

We always act with integrity and transparency in everything we do. It is the cornerstone of our business and brand.



Ethics and Code of Conduct

Integrity and honesty are at the heart of our business and brand. Our internal ethical standards and code of business conduct are the results of shared moral convictions. The objectives of our underlying policies are to ensure that the Bank is recognised as a professionally run and successfully managed institution with high ethical standards.

A detailed statement of the Code of Ethics and Business Practices is in place and is signed by every employee and submitted to the Bank's Human Capital Group (HCG) on an annual basis. The Code of Ethics is also readily available on the Bank's website. The Code contains detailed guidelines, which aim to facilitate the Bank's employees to:

- Conduct business with honesty, transparency and integrity in a professional manner
- Understand and comply with legal/regulatory requirements and internal policies and procedures of the Bank
- Exhibit exemplary personal conduct towards the Bank, its employees and customers, and maintain the desired decorum both during office hours and at other times

Besides emphasising adherence to legal/regulatory requirements and internal policies and procedures of the Bank, the Code contains specific guidelines with reference to managing conflicts of interest, political affiliations, conduct, KYC, gifts and entertainment, corporate ethical policies, fraud, theft, and illegal activities, etc.



Culture

Bank Alfalah believes that a supportive culture is crucial for fostering innovation, collaboration, and employee engagement. By synchronising its core values with its strategy,

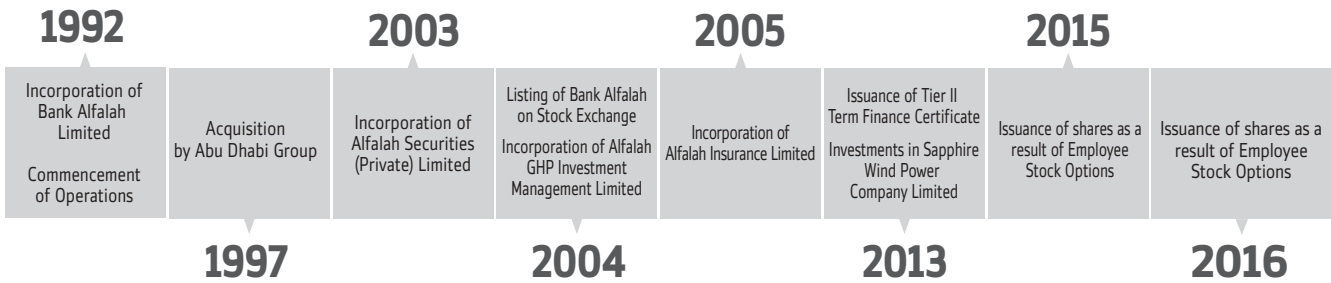
the Bank enhances performance and drives overall success, enabling employees to make meaningful contributions every step of the way.

The foundation of the Bank's Culture Strategy lies on the following principles:

- One Bank, One Team
- Focus on Customers
- Inspire and Empower our People



Major Corporate Events



Financial Calendar

2025

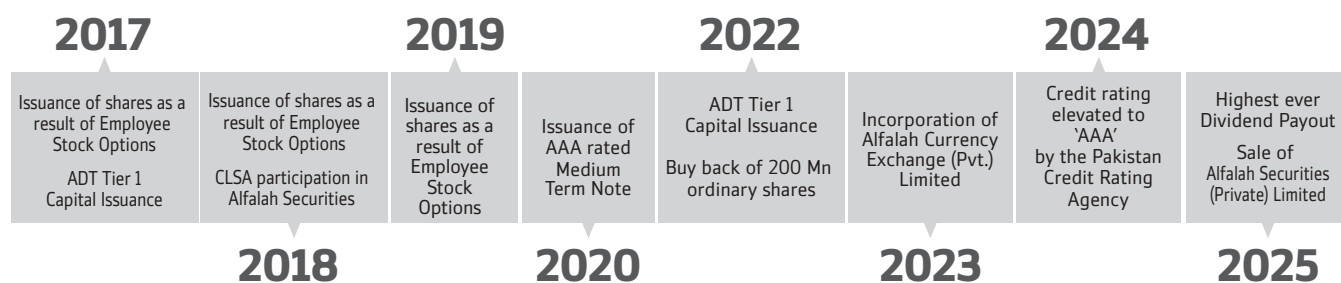
1st Quarter results approved on	17th April 2025
2nd Quarter results approved on	31st July 2025
3rd Quarter results approved on	22nd October 2025
Annual budget approved on	22nd October 2025
4th Quarter results approved on	13th February 2026
Annual Accounts to be approved in	
34th Annual General Meeting scheduled on	26th March 2026

2024

1st Quarter results approved on	24th April 2024
2nd Quarter results approved on	1st August 2024
3rd Quarter results approved on	17th October 2024
Annual budget approved on	23rd November 2024
4th Quarter results approved on	30th January 2025
Annual Accounts to be approved in	
33rd Annual General Meeting scheduled on	20th March 2025

2023

1st Quarter results approved on	27th April 2023
2nd Quarter results approved on	10th August 2023
3rd Quarter results approved on	26th October 2023
Annual budget approved on	26th October 2023
4th Quarter results approved on	01st February 2024
Annual Accounts to be approved in	
32nd Annual General Meeting scheduled on	20th March 2024



2022

1st Quarter Results approved on	26th April 2022
2nd Quarter Results approved on	28th July 2022
3rd Quarter Results approved on	17th October 2022
Annual budget approved on	17th October 2022
4th Quarter Results approved on	2nd February 2023
Annual Accounts to be approved in	
31st Annual General Meeting scheduled on	20th March 2023

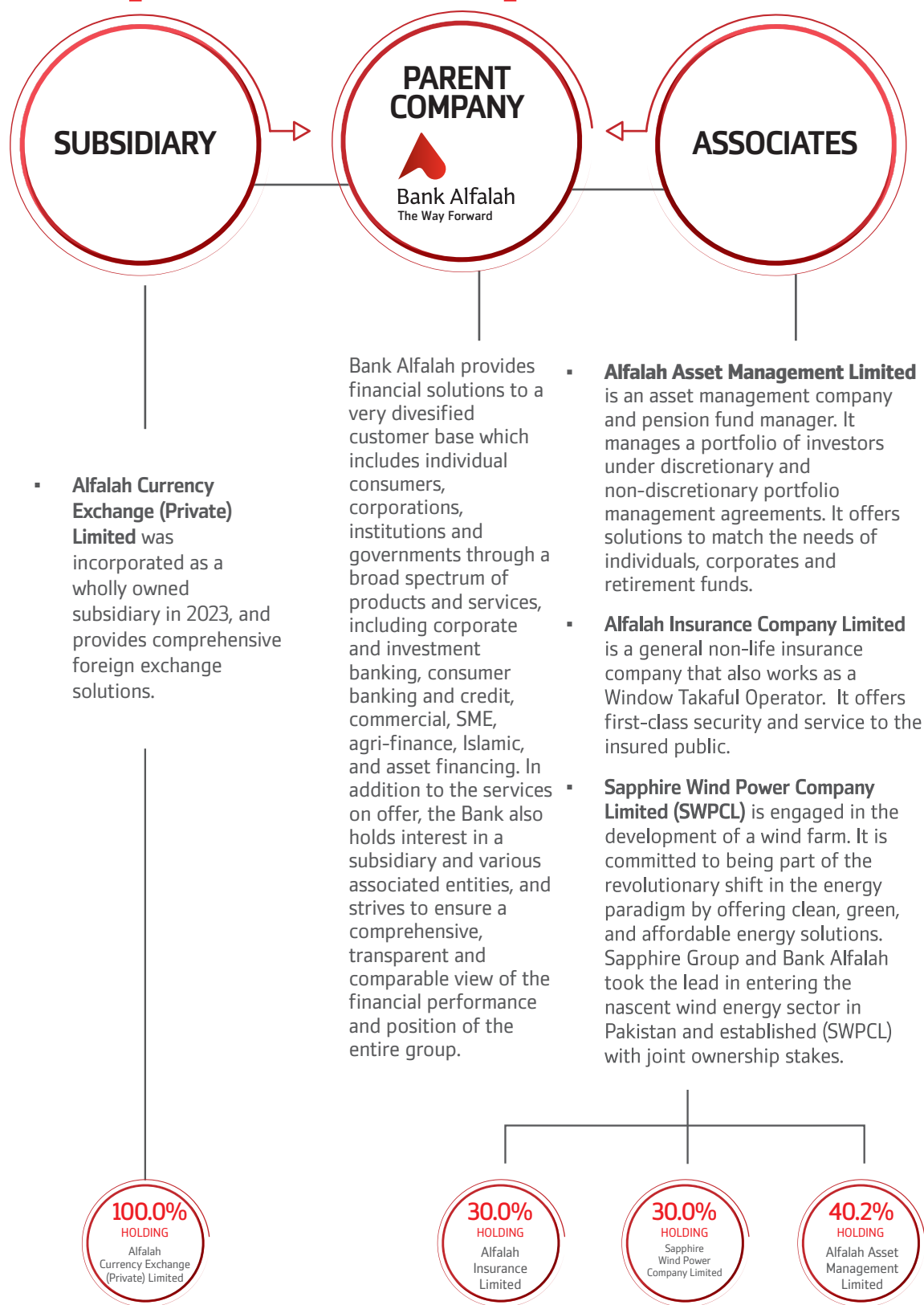
2021

1st Quarter Results approved on	22nd April 2021
2nd Quarter Results approved on	25th August 2021
3rd Quarter Results approved on	24th October 2021
Annual Budget approved on	24th October 2021
4th Quarter Results approved on	2nd February 2022
Annual Accounts approved in	
30th Annual General Meeting held on	15th March 2022

2020

1st Quarter Results approved on	26th April 2020
2nd Quarter Results approved on	25th August 2020
3rd Quarter Results approved on	21st October 2020
Annual Budget approved on	21st October 2020
4th Quarter Results approved on	3rd February 2021
Annual Accounts approved in	
29th Annual General Meeting held on	9th March 2021

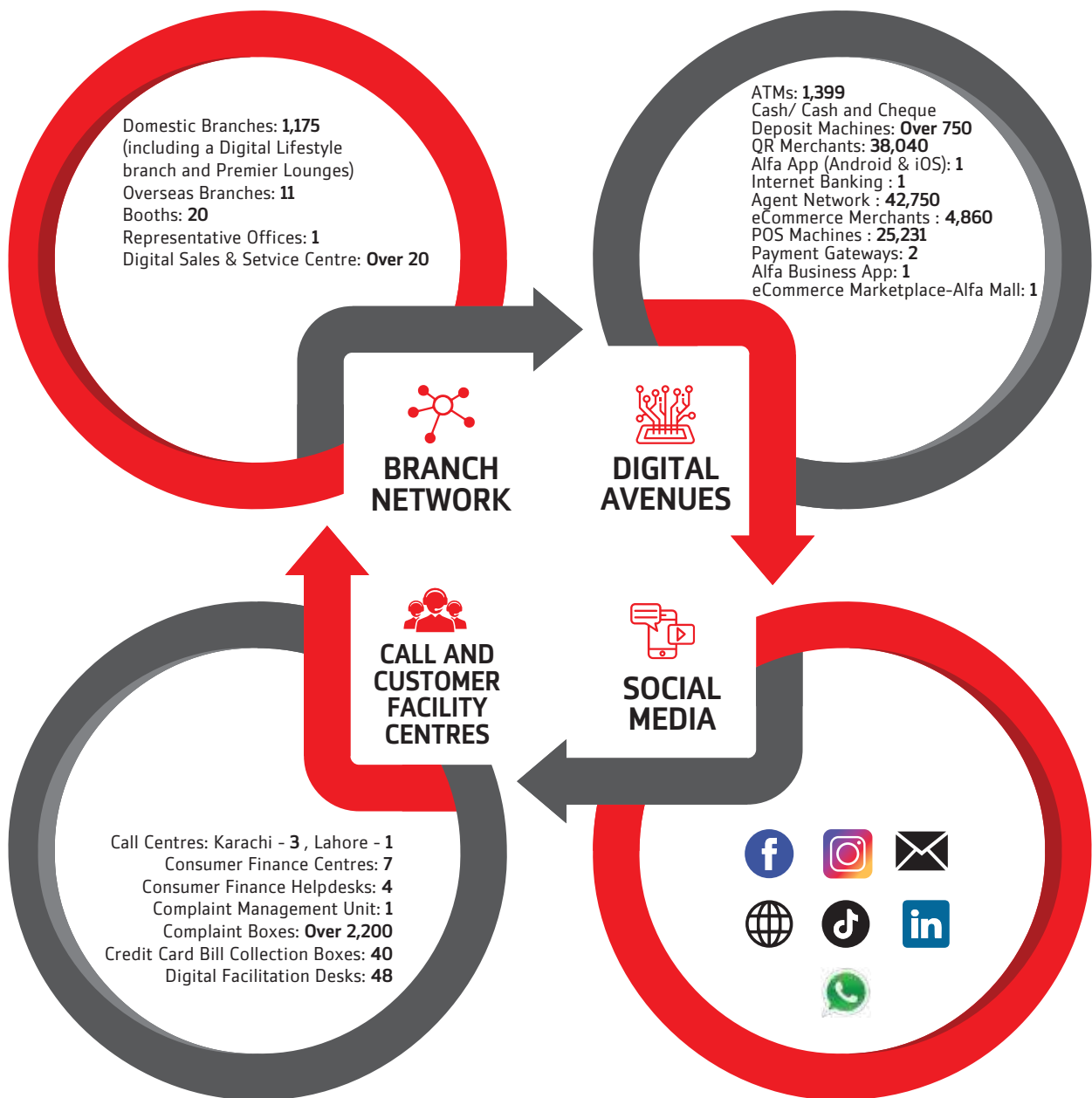
Group Ownership Structure



Nature of relationship: Shareholding and nomination of directors on the boards of subsidiaries and associates.
Country of origin: Holding, subsidiaries and associates are companies incorporated in Pakistan.

Bank's Presence

Bank Alfalah is connected with its customers through over 113,000+ touchpoints.



Branch Network

PAKISTAN

Bank Alfalah is one of the largest private banks in Pakistan with a network of over 1,150 branches in more than 245 cities across Pakistan.

AFGHANISTAN

Branch Banking Operations

Services offered to clients include retail and wholesale banking.

BAHRAIN

Offshore Banking Unit

Services offered to corporate clients include deposits, trade finance, advances, treasury and foreign exchange services.

BANGLADESH

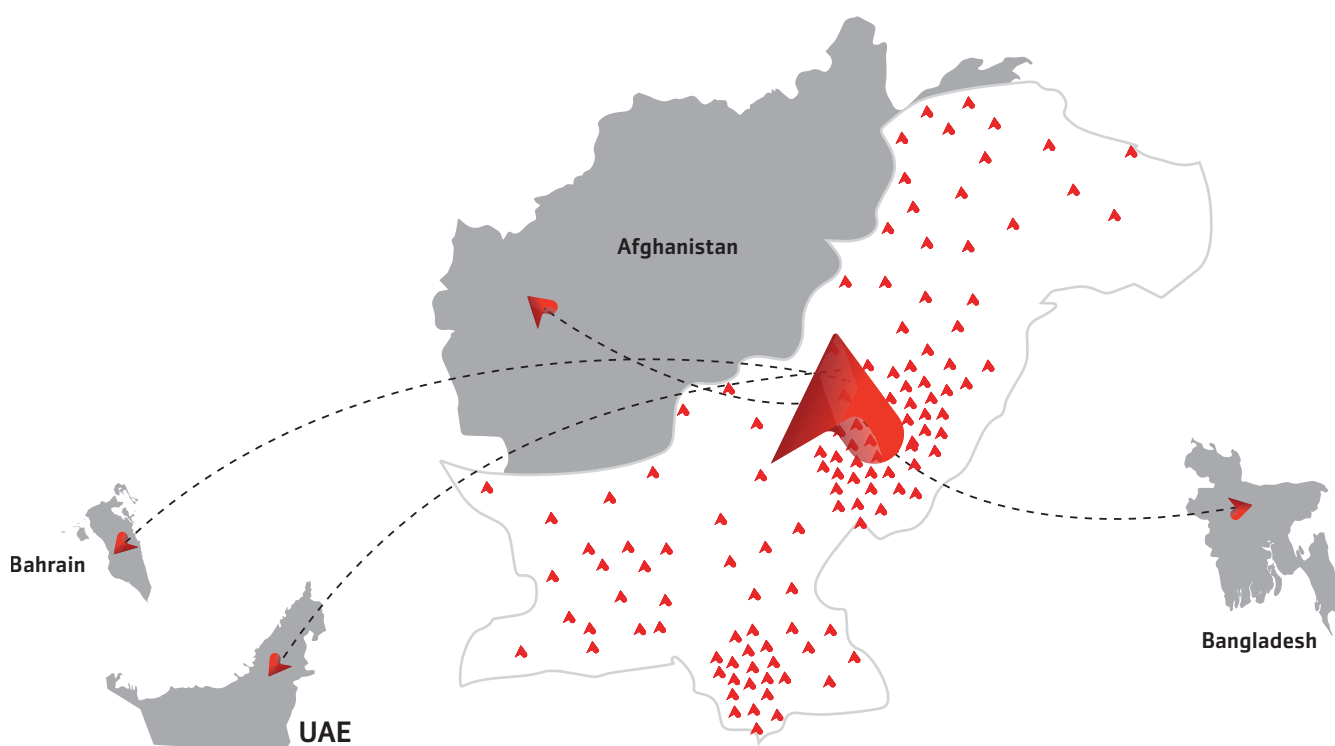
Branch Banking Operations

The branches provide financial solutions to consumers, corporates, and the government through a broad spectrum of products and services, including deposit accounts, self-service banking and wholesale banking.

UAE

Wholesale Banking Branch in Dubai and One Representative Office in Abu Dhabi.

Services offered to corporate clients include deposits, trade finance, advances, treasury and foreign exchange services.



CATEGORIES AND TYPES OF BRANCHES

Category	Branch & Sub-Branch
Conventional	712
Digital	1
Corporate	8
Islamic	454
Domestic	1,175
Overseas	11
Grand Total	1,186

OVERSEAS OPERATIONS-COUNTRIES

Country	Branch & Sub-Branch
Bangladesh	7
Afghanistan	2
Bahrain	1
UAE	1
Total	11
Country	Representative office
UAE (Abu Dhabi)	1

PAKISTAN OPERATIONS-PROVINCES

Province	Branch & Sub-Branch
Punjab	724
Sindh	218
KPK	100
ICT	76
Balochistan	42
Gilgit Baltistan	6
AJK	9
Grand Total	1,175

PAKISTAN OPERATIONS-REGIONS*

Regions	Branch & Sub-Branch
Conventional	
North	186
South	179
East	174
West	174
Corporate	8
Islamic	
North	132
South	78
East	116
West	128
Grand Total	1,175

*Bank's internal categorisation

Pakistan Operations – Cities:
Please visit the Bank's website
for branch network -
<https://www.bankalfalah.com/branch-atm-locator/>

The Business Model

Bank Alfalah Limited is a financial services company incorporated in Pakistan with the purpose of fulfilling the financial needs of its customers. The Bank is owned and operated by the Abu Dhabi Group. The Bank offers solutions, with integrity and transparency, to consumers, corporations, institutions, and governments through a wide array of financial products, and empowers them by building lasting relationships with care. The Bank engages in trading financial instruments, accepting deposits, and extending lines of credit to its customer segments through a large network of branches and digital channels. The Bank operates with an experienced and diversified Board. The management team drives the operations of the Bank under the guidance of the Board.

Bank Alfalah holds investments in a subsidiary and associated companies operating in varied business platforms i.e. asset management, insurance services, currency exchange services and delivering energy solutions. Alfalah Currency Exchange (Private) Limited is the Bank's subsidiary company, with a business mandate of foreign exchange solutions. Bank Alfalah's associated companies include Alfalah Asset Management Limited, Alfalah Insurance Company Limited and Sapphire Wind Power Company Limited. The international operations include banking activities in Afghanistan, Bangladesh, Bahrain and the UAE.

Bank Alfalah always puts its customers' needs first through its progressive, customer-centric business model, serving clients across Pakistan, and internationally, through more than 113,000+ digital, electronic and corporeal touchpoints. The Bank generates revenue and delivers value through integrated business functions, including retail banking, digital banking, corporate banking and financial institutions, treasury and Islamic banking. Each wing has its own cohesive management team, that demonstrates extraordinary passion for innovation and customer experience.

Retail Banking portfolio includes deposit products, asset products, consumer finance, premier banking and wealth management, and it is one of the largest in terms of consumer finance in Pakistan. The business follows a two-fold model comprising direct sales in branches and

a telesales network. Multiple products and services are offered to SME clients. This group conducts deposit-taking and lending activities for individual consumers, SMEs, agri as well as commercial segment.

Shariah compliant Islamic Banking solutions cover deposit products, investment services, payment solutions and financing facilities. This group extends financing and takes deposits across all sectors for both retail and corporate clients through its own distinct Shariah compliant Islamic Banking products. The group activities are monitored by a dedicated Shariah Board.

Corporate, Investment Banking and International Business Group consists of four functions; credits, investment banking, transaction banking and international business. The solutions offered are for funding, advising, and creating structures for corporate clients' operations and trade. The business also facilitates home remittances into Pakistan. The transaction banking services include trade finance, cash management and supply chain following a global model for a centralised approach towards trade. Investment banking offers solutions for project finance and syndication while credits provide loans and fee-based products and advisory services.

Global Markets and Treasury is a primary dealer for trading activities in the interbank money and FX markets, and offers equity solutions in-house as well as for external clients. With a strong market presence, the Bank has treasury sales desks across Pakistan. These work for us to deploy money into profitable avenues to earn lucrative returns for shareholders.

Our award winning Digital Banking services make banking effortless for the Bank's customers, ensuring that their evolving financial needs are constantly met through innovative digital solutions. Its portfolio covers digital deposits, lending channels, lifestyle features and corporate solutions for its customers, offered through the unique banking app 'Alfa'.

All these business groups are supported by various support functions that help them execute day-to-day operational activities. Support functions include Risk Management, Finance, Compliance, Marketing, Legal and

Corporate Affairs, Internal Audit, Human Capital Group and Corporate Services and Operations Group.

The Bank invests capital to generate value through core business activities for its key stakeholders including shareholders, investors, customers, employees, regulators, vendors, media, analysts, rating agencies and the society as a whole. The Bank's capital comprises -financial, human, manufactured, intellectual, social and relationship, as well as natural capital. The engine driving the core business activities consists of the Board, Senior Management, and employees who drive growth through strategy and outlook, governance, performance, risk management and stakeholder management.

Material changes in Business Model

During the year, no significant changes have occurred in the Bank's Business Model.

Business Model in accordance with International Integrated Reporting (IR) Framework

The business model diagram highlights key elements and illustrates the relationship of the Bank's capital resources. It shows the relationship of Capital which are inputs for the Bank's business, with its various business activities that are upheld through the Bank's engine, value and growth drivers, key activities and principles of operation. In order to produce outputs and outcomes for shareholders, customers, employees, regulators, rating agencies, investors, media and the society.

Stakeholders

The Bank's key stakeholders are shareholders, investors, customers, regulators, rating agencies, media, vendors and suppliers, the Board of Directors, Senior Management, employees, potential customers and the society in which it operates.

Factors affecting External Environment

For details on the external environment affecting the Bank, please refer to the Outlook section of this Annual Report.

Inputs

Key inputs for the Bank are its financial, intellectual, human, manufactured, natural, social and relationship capital. They are a source of differentiation for the organisation due to their strengths and capabilities. The organisation largely depends on these capitals to add value and provide outputs for its stakeholders. They play a key role in the robustness and resilience of the business model.

Business Activities

- The Bank's business model adapts to continuous changes in the external environment. Business activities evolve, and in turn, outputs and outcomes are improved.
- The differentiating factors are business strategy, product suite, focused market segmentation, delivery channels, marketing, and cutting-edge technology to provide better services to customers and other stakeholders.
- The Bank targets long-term success through process improvements, employee training, relationship management, product innovation and fostering culture of collaboration.

Outputs

The Bank's products and services to its customers serve as the outputs of the business model.

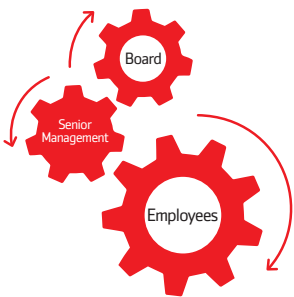
Please refer to the products and services on the coming pages within this section of the Annual Report.

Outcomes

The internal outcomes (e.g. employee morale, organisational reputation, revenue, cash flows, etc.) and external outcomes (customer satisfaction, tax payments, brand loyalty, social and environmental effects, etc.) are part of the Bank's business model and are an outcome of top-notch services and products offered by the Bank. The Bank's focus is on improving its services and operation standards to produce positive outcomes for customers and other stakeholders.

The Business Model and its Linkage with the SDGs



CAPITALS		CREATING VALUE		VALUE ADDITION																																	
INPUTS		CORE BUSINESS ACTIVITIES		OUTPUTS AND OUTCOMES																																	
Financial Capital		Our Engine		Shareholders																																	
Share Capital	PKR 15.8 Bn			Profit after Tax	PKR 28.3 Bn																																
Total Equity	PKR 197.5 Bn			Earnings per Share	PKR 17.97																																
Deposits	PKR 2.49 Trn			Dividend per Share	PKR 10.5																																
Subordinated Debt	PKR 14.0 Bn			Return on Assets	0.8%																																
Human Capital		Value and Growth Drivers		Return on Equity																																	
Head Count	17,388			Cost to Income Ratio	63.4%																																
Employer of Choice for Diversity and Inclusion				Capital Adequacy Ratio	15.87%																																
Manufactured Capital				Customers																																	
Branches and Sub-branches	1,186			Deposits Growth	16.8%																																
ATMs and CDMs/CCDMs	2,000+	Core activities through products and services		Advances Growth	22.0%																																
Intangible Assets	PKR 1.7 Bn			Trade Growth	19%																																
Property and Equipment	PKR 71.1 Bn			NPL Ratio	4.1%																																
Additional Touchpoints: POS Machines, Social Media Platforms, QR Scanners, Booths, Representative Offices, Call Centres, Drop Boxes and Complaint Centres				ATM Uptime	97%																																
Intellectual Capital				CASA Mix	69.5%																																
Experienced Board				CA Mix	38.3%																																
Competent Management				Employees																																	
Strong Risk Management				Salaries and Benefits	PKR 49.9 Bn																																
Secured and Updated IT Infrastructure				Trainings	PKR 300.1 Mn																																
Compliance Framework				Employee Attrition Rate	17.5%																																
Policies and Procedures				Vendors and Suppliers																																	
Brand Image				Timely Payments against Supplies and Services																																	
Secured Systems				Regulators																																	
Social and Relationship Capital				- Compliant Financial Statements and Periodical Returns to the Regulators - Trusted Partner of the Regulators - Compliant Regulatory Limits and Ratios - Timely Tax Payments																																	
Number of customers	9.4 Mn+																																				
Trade partners (merchants and agents)																																					
Natural Capital																																					
Solar Branches/ATMs/Inverters				Investors and other Lenders																																	
Health and safety considerations at all premises				- High and Sustainable Returns - Credit Worthiness and Timely Repayments - Informed Shareholder																																	
Green banking initiatives				Media																																	
Responsible renewable energy financing				- Responsible and Honest Communication - Full Disclosure and Transparency																																	
		Principles to Operate		Rating Agencies																																	
		<table><tr><td>Customer Experience</td><td>Managed Risk</td><td>IT & Digital Advancement</td><td>Health and Safety</td></tr><tr><td>Depositors' Protection</td><td>Compliance with Laws</td><td>Reputation Management</td><td>Digital Innovation</td></tr><tr><td>Governance</td><td>Strategy</td><td>Maximising Shareholder Returns</td><td>Service Agility</td></tr><tr><td>Digital Solutions</td><td>Regulator Facilitation</td><td>Data Analytics</td><td>Green Banking</td></tr><tr><td>CSR</td><td>Transparency</td><td>Record Safety</td><td>Ethics & Culture</td></tr><tr><td>Employee Happiness and talent retention</td><td>Market Share</td><td>Gender Diversity</td><td>Data Security</td></tr><tr><td>Secured Lending</td><td>Staff Training</td><td>Sustainability</td><td>Preferred Employer</td></tr><tr><td>Asset Security</td><td>Environment Protection</td><td></td><td>Process Improvement</td></tr></table>		Customer Experience	Managed Risk	IT & Digital Advancement	Health and Safety	Depositors' Protection	Compliance with Laws	Reputation Management	Digital Innovation	Governance	Strategy	Maximising Shareholder Returns	Service Agility	Digital Solutions	Regulator Facilitation	Data Analytics	Green Banking	CSR	Transparency	Record Safety	Ethics & Culture	Employee Happiness and talent retention	Market Share	Gender Diversity	Data Security	Secured Lending	Staff Training	Sustainability	Preferred Employer	Asset Security	Environment Protection		Process Improvement	- Regular Correspondence - Fair and Open Investor Calls	
Customer Experience	Managed Risk	IT & Digital Advancement	Health and Safety																																		
Depositors' Protection	Compliance with Laws	Reputation Management	Digital Innovation																																		
Governance	Strategy	Maximising Shareholder Returns	Service Agility																																		
Digital Solutions	Regulator Facilitation	Data Analytics	Green Banking																																		
CSR	Transparency	Record Safety	Ethics & Culture																																		
Employee Happiness and talent retention	Market Share	Gender Diversity	Data Security																																		
Secured Lending	Staff Training	Sustainability	Preferred Employer																																		
Asset Security	Environment Protection		Process Improvement																																		
				Society/Local Community																																	
				Contribution to Local Society / CSR (incl. Flood Relief)																																	
				Customer Relations	PKR 486.7 Mn																																
				Job Creation																																	
				Improved Workplace																																	
				Protected Natural Environment																																	
				Improved Environmental Effects through Renewable Energy Financing																																	

Bank Alfalah and the Value Chain



Upstream

- **Capitals:** Financial, Human, Intellectual, Social, Manufactured and Natural
- **Environment:** Economic, Political, Legal, Social, Technological, Natural Environment and Commercial
- **Vendors and Suppliers:** Entities offering various supplies and services in order to enable the Bank to optimally offer all of its products and services
- **Others:** Set of regulations within which the Bank operates, brand loyalty, and customers' trust

Bank Alfalah in the Value Chain

Primary Activities: The Bank aims to channel its customer deposits into lucrative lending and investments in order to gain from the mobilisation of deposits. In return, the Bank offers returns in the form of interest/profit to its customers through various products and service offerings.

Supporting Activities: The Bank ensures that the right processes and policies are in place with regards to the banking operations. The Bank supports activities that enable it to provide primary services to its customers.

Downstream

Customers: They are the core of the Bank's business and drive profitability. The Bank is customer-centric in product development and looks to retain and gain customers through research, feedback and digitalisation at all times.

Competitors: Healthy competition allows the Bank to remain updated. The Bank constantly innovates and emphasises on quality service standards.

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

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

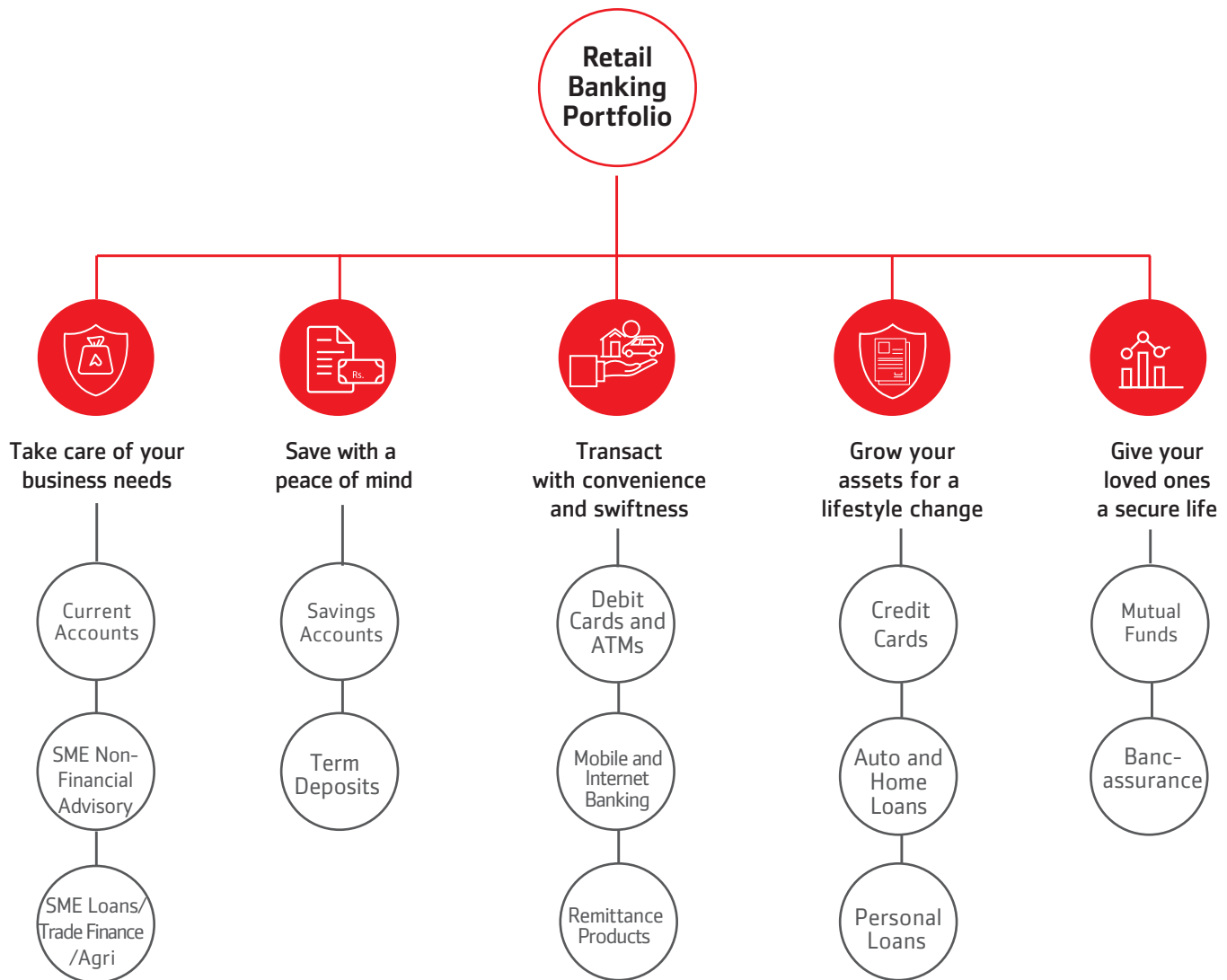
Society: The Bank prioritises giving back to the society, through its CSR initiatives.

Business, Products and Services



Retail Banking (Conventional)

Bank Alfalah offers one of the most extensive personal banking and SME product propositions in the market through its retail network consisting of branches, ATMs, Cash and Cheque Deposit Machines, state-of-the-art call centres and digital banking solutions. Diverse range of services and products includes deposit accounts, consumer loans, SME loans, wealth management products, and other payment solutions.



RETAIL DEPOSITS
PKR **1.5** TRILLION

RETAIL ADVANCES (NET)
PKR **298.7** BILLION

Deposit Products

Bank Alfalah offers a comprehensive deposit product suite, which is complemented through its vast branch network and digital banking solutions. From transactional current accounts, structured savings products to basic banking accounts, term deposits and foreign currency products, customers can choose the option that best suits their banking requirements.

Deposit Product Offerings		
Current Deposit Products	Savings Deposit Products	Term Deposit Products
• PKR Current Account • Alfalah Kamyab Karobar Account • Basic Banking Account • Alfalah Asaan Current Account • Alfalah Asaan Remittance Current Account • Alfalah Pehchaan Current Account • Alfalah FCY Current Account • Alfalah-at-Work Current Account • Roshan Digital Account (NRVA and FCVA) • Asaan Digital Current Account • Asaan Digital Remittance Current Account • Freelancer Digital Current Account • Alfalah Pehchaan FCY Current Account • Alfalah Kashtkaar Current Account	• Alfalah PLS Savings Account • Alfalah Care Account • Alfalah Royal Profit Account • Alfalah Institutional Royal Profit Account • Alfalah Institutional Royal Savings Account • Alfalah Kifayat Account • Alfalah Asaan Savings Account • Alfalah Asaan Remittance Savings Account • Alfalah Pehchaan Savings Account • Alfalah SnaPack (Kid's Account) • Alfalah Remitter Savings Account • FCY Savings Account • FCY Monthly Savings Account • Alfalah at Work Savings Account • FCY Pehchaan Savings Account • Roshan Digital Account (NRVA and FCVA) • Asaan Digital Savings Account • Asaan Digital Remittance Savings Account • Freelancer Digital Savings Account • Asaan Pehchaan Digital Savings Account	• PKR Term Deposit • Alfalah Mahana Amdan Account • Alfalah Mahana Amdan Account- Care Senior Citizen • Floating Term Deposit • FCY Term Deposit • Alfa Term Deposit

Asset Products

The Bank continues to evolve in light of evolving customers' needs, emerging technologies, rising middle-class and demographic changes, social behaviour and the economic scenario.

Consumer Financing

The Bank's Consumer Finance business strives to be a world-class consumer lending business by upholding financial responsibility through prudent lending practices and a robust risk management framework.

Over the years, it has achieved consistent growth, focusing on sustainable strategic planning, implementing strong operational and credit risk programs, enhancing product offerings, and driving digital transformation across its processes. With one of the most diverse portfolios in the market, the business offers a range of secured and unsecured products, including industry-leading Credit cards, Auto loans, Personal loans, and Home loans, all highly regarded in the market. Its payment solutions include Debit cards, Credit Cards, and Point-of-Sale (POS) terminals, catering to a wide spectrum of customer needs.

Consumer Financing Product Offerings			
Alfalah Cards	Alfalah Personal Loans	Alfalah Auto Loans	Alfalah Home Finance
• Classic • Gold • Platinum • Ultra Cashback • Optimus • American Express • Platinum Premier • Infinite Card • Corporate Card • Instant Credit Card	• Cash Loan • Purchase Loan • Balance Transfer Facility • Top Up Loans • Instant Personal Loan • Pehchaan Finance • E-Bike Loan (Green Financing) • InstaCash (Revolving Loan)	• Residual Value Product • Vehicle Replacement Option • Fixed and Variable Pricing Option • Co-Borrower Facility • Roshan Apni Car • Instant Auto Loan • Rapid Auto Loan	• Home Purchase • Home Construction • Plot Purchase + Construction • Home Balance Transfer Facility • Home Renovation • Mera Ghar Mera Ashiana (MGMA) • Roshan Apna Ghar Home Secure • Home Solar Finance

SME, Agri and Trade Finance

Bank Alfalah offers a comprehensive range of solutions across SME Lending, Agricultural Financing, and Trade Finance to support the business growth and economic development. Under SME Lending, the Bank provides tailored loans, fleet financing, and advisory services to help enterprises manage working capital and expand operations. Its Agricultural Financing portfolio includes crop production loans, running finance, and equipment financing, complemented by Pakistan's first fully digital agri-finance product through the Alfa app. In Trade Finance, Bank Alfalah facilitates import and export transactions, foreign exchange approvals, and risk mitigation instruments such as letters of credit and guarantees. Collectively, these offerings strengthen liquidity, empower entrepreneurs and farmers, and enable seamless participation in domestic and international markets.

The Bank is currently offering the following products under SME and Agri loans:

SME and Agri Loan Product Offerings	
SME	Agri Loans
• Alfalah Fleet Finance • Alfalah Merchant Line • Alfalah Quick Finance • Alfalah Karobar Finance • Alfalah Value Chain Financing • Alfalah Milkiat Finance • Alfalah Green Energy • Prime Minister Youth Business and Agriculture Loan Scheme • SME Asaan Finance Scheme (SAAF)	• Alfalah Paidawari Zarie Sahulat • Alfalah Musalsal Zarie Sahulat • Alfalah Tractor and Transport Zarie Sahulat • Alfalah Machinery and Equipment Zarie Sahulat • Alfalah Abash Zarie Sahulat • Alfalah Islah-e-Araazi Zarie Sahulat • Alfalah Poultry Zarie Sahulat • Alfalah Dairy and Livestock Zarie Sahulat • Alfalah Fisheries Zarie Sahulat Inland • Alfalah Silos/Storage Zarie Sahulat • Alfalah Marketing Zarie Sahulat • Alfalah Agri Industrial Zarie Sahulat • Alfalah Bills/Guarantees Zarie Sahulat • Alfalah Lease Zarie Sahulat

Bank Alfalah's objective for SME lending, agricultural financing, and trade advances is to expand access to credit, modernise key sectors, and strengthen Pakistan's economic resilience. SME lending empowers enterprises with tailored financing to enhance liquidity and competitiveness, agricultural financing supports farmers through crop loans, equipment funding, and digital solutions to boost productivity and food security, while trade advances facilitate seamless domestic and international transactions with structured financing and risk mitigation. Together, these initiatives drive financial inclusion, sectoral growth, and sustainable national development.



Bank Alfalah

Premier

Premier Banking

Bank Alfalah Premier is recognized as a leading brand in the affluent banking sector, consistently distinguished by its comprehensive offerings. Bank Alfalah Premier, with an unwavering commitment to excellence, seamlessly caters to the diverse needs of clients, providing tailored options to meet individual preferences. Each service is designed to meet the unique needs of the Bank's high-net-worth clientele, ensuring an unparalleled banking experience.

The esteemed customers receive exclusive attention and access to a suite of exclusive facilities including, but not limited to:

- A comprehensive suite of 360-degree financial services.
- Provision of wide range of investment solutions, as a trusted wealth management partner.
- A specialized international healthcare plan providing annual health coverage of up to USD 1 million at over 1.9 million international hospital facilities across 160 countries.
- Exclusive convenience of transferring up to PKR 5 million per day via Premier Alfa app.

- Elevated daily transaction capacity for ATM withdrawals, POS usage, and fund transfers via ALFA and ATMs.
- Unmatched value with higher rewards on sign-ups, deposits, and debit card usage.
- Unmatched savings of up to 50% at 200+ premium partners across dining, shopping, lifestyle, travel, and fitness, both locally and internationally.
- With 76 Premier Conventional lounges across Pakistan, including major cities like Karachi, Islamabad and Lahore. Premier clients enjoy exclusive access to designer lounges, tailored to meet their individual needs. These lounges offer conference room facilities for business meetings, a refreshed banking experience through amenities like espresso coffee and snacks, dedicated teller counters, and much more, all contributing to a lifestyle-based banking experience.
- A dedicated Relationship Manager, ensuring personalised service and tailored financial strategies.
- A bespoke Premier Alfa App, with a dedicated engaging interface offering personalised features, effortless control, and truly seamless banking, placing the full power of Premier in the hands of the Bank's clients. Signature functionalities include Lounge Locator, Alliances Locator, and a direct 'Call My Premier Relationship Manager' option.
- Fast Track processing and expedited turnaround for key banking transactions.
- Waivers on general banking fees and complimentary annual fee waivers on lockers.
- For Conventional clients, No-annual-fee Platinum Credit Card with enhanced privileges, designed exclusively for Premier Clients.
- Jetsetter Travel Rewards – Triple the Value - Earn Orbits on every Premier Platinum Credit Card spend, redeemable at 3X value for flights, upgrades, and hotel bookings, making travel more rewarding than ever.
- Premier Dedicated Helpline - (111-225-226) with faster query resolution and personalised assistance.
- Exclusive Airport Lounge Access - Complimentary access to 1,300+ international lounges worldwide through Visa Airport Companion (VAC), enhancing global travel comfort.

Investment Services

Bank Alfalah, through its Wealth Management - Investment Services division, offers a comprehensive range of Mutual Fund solutions managed by Alfalah Asset Management Limited, a professional and reputable AMC. The role is to help clients make informed investment decisions by providing guidance on suitable Mutual Fund options based on their financial goals, risk appetite and investment horizon.

All Mutual Funds are managed by Alfalah Asset Management Limited, while Bank Alfalah serves as the distributor, ensuring that clients have access to professionally managed investment avenues that support the protection, growth and long-term management of their wealth.

Investment Product Offerings	
Conventional	Islamic
Money Market Funds • Alfalah GHP Money Market Fund • Alfalah GHP Money Cash Fund Income Funds • Alfalah GHP Income Fund • Alfalah GHP Sovereign Fund • Alfalah GHP Income Multiplier Fund • Alfalah Financial Sector Income Fund • Alfalah Government Securities Fund • Alfalah Stable Return Fund • Alfalah MTS Fund	Islamic Money Market Funds • Alfalah GHP Islamic Rozana Amdani Fund • Alfalah Islamic Money Market Fund Income Funds • Alfalah GHP Islamic Income Fund • Alfalah GHP Islamic Sovereign Fund Asset Allocation Funds • Alfalah GHP Islamic Value Fund

Investment Product Offerings	
Conventional	Islamic
• Alfalah Savings Growth Fund • Alfalah Financial Sector Opportunity Fund • Alfalah Special Savings Plan Asset Allocation Funds • Alfalah GHP Value Fund • Alfalah Financial Value Fund • Alfalah Asset Allocation Fund Equity • Alfalah GHP Stock Fund • Alfalah GHP Alpha Fund Funds of Funds Schemes/CPPI • Alfalah GHP Prosperity Planning Fund Pension Fund • Alfalah GHP Pension Fund	Equity • Alfalah GHP Islamic Stock Fund • Alfalah GHP Islamic Dedicated Equity Fund Funds of Funds Schemes/CPPI • Alfalah GHP Islamic Prosperity Planning Fund Stable Return Funds • Alfalah Islamic Stable Return Fund Pension Fund • Alfalah GHP Islamic Pension Fund

In addition, the Bank offers IPs Accounts for Govt Securities - PIBs, T-bills and sukuk.

Bancassurance

Bank Alfalah's Bancassurance solutions are structured to support customers in safeguarding their financial well-being and ensuring a secure future for themselves and their families. Through strategic partnerships with the country's leading Insurance and Takaful providers, the Bank delivers a wide array of offerings tailored to address the evolving protection and savings needs of customers at every stage of life.

The Bancassurance product suite encompasses comprehensive, need-based solutions for both conventional and Islamic segments. These include unit-linked and bonus-linked savings and protection plans, health coverage plans, term life insurance, and general insurance products.

All these plans are underwritten and owned by Insurance/Takaful companies, and the Bank acts as the distributor of these products.

Bancassurance Product Offerings	
Insurance Plans	Takaful Plans
Unit Linked Life Insurance Plans • Jubilee Rida Marriage Plan • Jubilee Roshni Education Plan • Jubilee Sahara Retirement Plan • Jubilee Rahat Savings and Protection Plan • Jubilee Kohsar Plan • Jubilee Mukammal Savings and Insurance Plan • Jubilee Ujala Insurance Plan • Jubilee Imperial Plan • EFU Accelerated Savings Plan • EFU High Value Savings Plan • EFU Win Savings Plan	Unit Linked Takaful Plans • IGI Life-WTO Uroos Marriage Takaful Plan • IGI Life-WTO Danish Education Takaful Plan • IGI Life-WTO Tadbeer Multi-Purpose Savings Takaful Plan • IGI Life-WTO Zeenat Takaful Plan • IGI Life-WTO "Zindagi" – Premier Takaful Savings Plan • IGI Life-WTO Zindagi Plus Takaful Savings Plan • IGI Life-WTO Tahaffuz Takaful Plan • Jubilee Kamil Takaful Saving Plan • Jubilee Shama Takaful Plan • Jubilee Imperial Takaful Plan • State Life Tayyab Takaful Plan • EFU Takaful Accelerated Savings Plan • EFU Takaful High Value Savings Plan • EFU Takaful Savings Plan • EFU Takaful Win • 5th Pillar Family Takaful Bulawa Hajj Savings Plan • 5th Pillar Family Takaful Saadat Umrah Savings Plan • 5th Pillar Family Takaful Saadat Hajj Savings Plan

Bancassurance Product Offerings	
Insurance Plans	Takaful Plans
Bonus Linked / Traditional Life Insurance Plans • State Life Endowment Plan • State Life Sadabahar Plan • State Life Three Payment Plan • EFU Aasaan Savings Plan • Jubilee Uraan Plan • Jubilee Misaal Plan Health Insurance Plans • Jubilee Kafeel Plan • Jubilee Azmat Health Insurance Plan • Adamjee Life Hikmat Insurance Plan • Alfalah Insurance Global Care General Insurance Plans • Alfalah Insurance Car a Vaan Motor Plan • Alfalah Insurance Nighaban Plan (Wallet Insurance)	Term Life Takaful Plan • IGI Life-WTO Executive Vitality Takaful Plan • Jubilee Taskeen Takaful Plan Health Takaful Plan • IGI Life-WTO Shifa Takaful Plan General Takaful Plan • Alfalah Insurance WTO Car-A-Vaan Motor Takaful Plan • Alfalah Insurance Zaamin Takaful Plan (Wallet Takaful)

Retail Payment Solutions

Bank Alfalah provides fast, reliable and simple comprehensive retail payments solutions to all customer segments. The key services include:

- Point of Sales Acceptance – Network of over 25,000 machines including big fleet of android machines (first bank to launch android machines in the market);
- Online Payment Acceptance – Over 150 billion in annual throughput and servicing over 5,000 merchants directly and through payment aggregators. First payment gateway to accept PayPak cards;
- Bank at Work – Employee Banking – catering over 4,400 companies and 594,000 employee accounts;
- Standard Cash Management Services – Payments and Collections of over 2500 mandates; including customized payment solutions.
- Ecosystem and partnerships - Providing a suite of banking and payment services to over 150 clients; including over 80 Fintechs/Start Ups, 8 EMLs and 7 PSO/PSPs

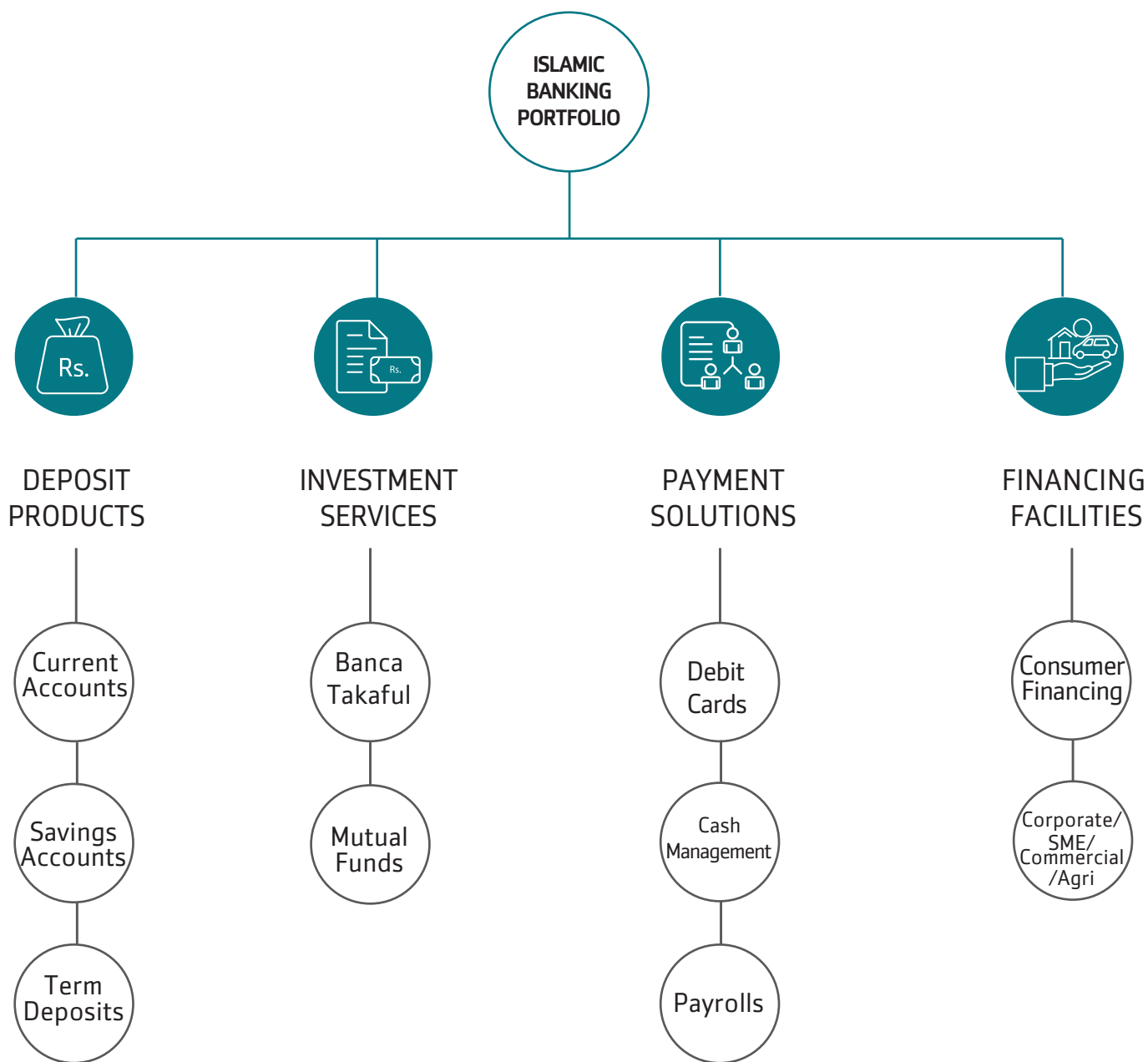
Orbit Rewards Programme

To enhance customer engagement and loyalty, the Orbit Rewards programme, an award-winning first enterprise-wide loyalty programme launched in January 2017, was recently revamped for deposit products. The model shifted away from transaction-based rewards which primarily incentivised frequency of activity towards a structure that rewards customers for maintaining higher average balances and demonstrating balance growth over time.

This transition aligned the program more closely with long-term relationship value, encouraging sustained deposit retention, improved portfolio stability, and deeper engagement, while reinforcing behaviors that contribute to stronger balance sheet growth.

Islamic Banking

With a full range of Shariah compliant Islamic banking solutions for corporate, commercial, SME, retail, treasury, trade and consumer banking customers, Bank Alfalah is geared towards exploring new markets with a view to diversify its client base and provide one-stop innovative and convenient financial solutions.



ISLAMIC DEPOSITS
PKR **453.8** BILLION

ISLAMIC ADVANCES (NET)
PKR **315.8** BILLION

Deposit Products

Bank Alfalah Islamic offers a wide choice of deposit accounts that are Shariah compliant, i.e. designed with strict adherence to Shariah principles. Through current deposits, savings deposits, instalment-based term deposits and regular term deposits, daily banking services can easily be disseminated through the Bank's vast branch network and self-service banking solutions. Moreover, to keep up with the era of digitisation, the product suite has numerous digital accounts for different customer segments.

Current Accounts

Based on the concept of Qardh, current accounts have been developed to cater to liquidity and daily transaction requirements of the customers in a Shariah compliant manner.

Savings Accounts

Bank Alfalah Islamic savings accounts are based on the concept of Mudarabah, and aim at providing necessary saving solutions for various segments of the consumer market, including individuals, sole proprietors, traders, businessmen, government entities, corporate clients and commercial customers to facilitate their banking activities nationwide.

Term Deposits

Based on the concept of Mudarabah, TDRs offer attractive short-term, mid-term and long-term investment options with flexibility and convenience. With various tenor options available for different target markets, combined with different profit pay-out options, customers can choose the term deposit that best suits their needs. Shariah compliant instalment-based TDRs offered by Bank Alfalah Islamic enable customers to opt for their choice of customised savings plan.

Current Deposit Products	Savings Deposit Products	Term Deposit Products
- Falah Islamic Current Account - Alfalah Islamic FCY Current Account - Alfalah Islamic Asaan Current Account - Alfalah Islamic Asaan Remittance Current Account - Alfalah Islamic Special Foreign Currency Current Account - Islamic Roshan Digital Current Account - Alfalah Islamic Business Way and Payroll - Alfalah Islamic Asaan Digital Current Account - Alfalah Islamic Freelancer Digital Current Account - Alfalah Islamic Asaan Digital Remittance Savings Account - Asaan Islamic Roshan Digital Current Account- PKR - Asaan Islamic Roshan Digital Current Account- FCY - Islamic Roshan Digital Business Current Account – FCY - Islamic Roshan Digital Business Current Account – PKR	- Khayaal Rakhna Account (Six Monthly & Monthly Profit) - Alfalah Islamic Women Account - Alfalah Islamic Musharakah Savings Account - Falah Business Account - Falah Mahana Amdani Account - Alfalah Islamic Asaan Savings Account - Alfalah Islamic Asaan Remittance Savings Account - Alfalah Islamic Collection Savings Account - Alfalah Islamic Special Foreign Currency Savings Account - FCY Savings Account - Alfalah Islamic Profex Account - Falah Senior Citizens Savings Account - Islamic Roshan Digital Savings Account - Islamic Home Remittance Account - Alfalah Islamic Asaan Digital Savings Account - Alfalah Islamic Asaan Digital Remittance Savings Account - Alfalah Islamic Freelancer Digital Savings Account - Falah Asaan Women Digital Savings Account - Asaan Islamic Roshan Digital Savings Account- PKR - Asaan Islamic Roshan Digital Savings Account- FCY - Islamic Roshan Digital Business Saving Account – FCY - Islamic Roshan Digital Business Saving Account – PKR	- Alfalah Islamic Premium-Deposits - Falah Mahana Munafa Term Deposit - Falah Term Deposits - Foreign Currency Term Deposits - Alfalah Islamic Recurring Value Deposit - Falah Senior Citizens Term Deposit - Target Savings Deposit - Alfa Term Deposit-Islamic

Asset Products

On the asset side, a number of financing/investment solutions are available for corporate/commercial/ SME as well as retail customers.

Consumer Financing

Bank Alfalah Islamic provide its retail / consumer segment with the option to avail secured financing solutions, such as

Alfalah Islamic Auto Finance and Alfalah Islamic Home Musharakah enabling them to meet their dreams of owning a car or a home. To make these products more accessible, Bank Alfalah Islamic provides a range of options, including Roshan Apna Ghar, Roshan Apni Car, Residual Value Financing, Solar Financing, Hybrid Financing, and Auto Finance through RAPID. These diverse offerings ensure convenience and cater to the unique needs of the customers.

SME, Commercial and Corporate Financing

Small and Medium Enterprises (SMEs) are considered the engine of growth for developing countries like Pakistan. In order to efficiently cater to their needs and thus enhance economic growth and increase economic activity in the country, Bank Alfalah Islamic offers various financing products for the SME segment. The Bank also offers financing facilities for different customer requirements like purchase of goods/raw materials, manufacturing, construction, working capital needs, finished goods financing, trade financing and financing of corporate and commercial assets.

Corporate/Commercial/SME	SME	Trade	Consumer
- Alfalah Running Musharakah (Corp/Comm only) - Murabaha/Import Murabaha - Alfalah Musawamah/Import - Musawamah - Falah Tijarah - Alfalah Istisna - Commodity Salam - Diminishing Musharakah - Ijarah - Islamic Financing Facility for Storage of Agriculture Produce - Islamic Financing Facility for Renewable Energy	- Alfalah Islamic Karobar Finance - Alfalah Islamic Fleet Finance - Alfalah Islamic Milkiat Finance - Alfalah Islamic Distributor Financing – Supply Chain Financing - Islamic Refinance Facility for Modernisation of SME - Islamic SME Asaan Finance (ISAAF) - Prime Minister Youth Business and Agriculture Financing - Agri Financing - Islamic Refinance & Credit Guarantee Scheme for Women Entrepreneurship (IRCGS-WE) - Electronic Warehouse Receipt Financing (EWRF) - Profit Subsidy and Risk Sharing Scheme for Farm Mechanization (MSRSSFM) - Islamic Payable Finance - Islamic NEV Financing (3 Wheeler)	- Islamic Export Refinance Scheme (IERS) - Currency Salam - Forward Contracts - Guarantee - Letters of Credit - Islamic Long-Term Financing Facility (ILTFF) - FCY Import / Export Financing - Shariah compliant alternatives to Bill Discounting - EXIM Bank Administered Export Refinance Subsidy Scheme	- Alfalah Islamic Auto Finance (Standard, RV and Hybrid) - Alfalah Islamic Roshan Apni Car (RAC) - Alfalah Islamic Home Musharakah (Standard) - Alfalah Islamic Hybrid Home Financing including Solar - Alfalah Islamic Roshan Apna Ghar - Alfalah Islamic Auto Finance through Rapid - Digital Auto Finance – Instant via Alfa App - Digital Solar Finance – Instant via Alfa App - Mera Ghar Mera Ashiana - Islamic NEV Financing (2 Wheeler)

Islamic Treasury

Bank Alfalah Islamic offers variety of facilities under the ambit of treasury, including but not limited to, Shariah compliant Placements/Acceptance through Mudarabah/Musharakah/Wakalah with other Financial Institutions, Forward (Wa'ad) transactions, Currency Salam, Sale and Purchase of Sukuk as Primary Dealer, Placements through Bai-Muajjal of Sukuk, Mudarabah based financing facility (MFF) and Open Market Operations (OMO) – Injections with SBP.

Takaful Coverage

The Bank offers Free Takaful Coverage for accidental death and permanent disability on all Bank Alfalah Islamic Current and Savings Accounts upon maintaining monthly average balance of PKR 10,000 or more. With all these accounts, customers can qualify for coverage of up to PKR 2 million as per the coverage plan. In addition to this coverage, Islamic account holders and debit card holders also get Household Takaful Coverage, and Wallet. Through the support of Takaful service provider, Bank Alfalah Islamic extends a virtual outpatient department (OPD) service to its accountholders.



Bank Alfalah

Islamic Premier

Islamic Premier Banking

Bank Alfalah Islamic Premier stands as a beacon of innovation within Shariah-compliant banking, seamlessly catering to the diverse needs of clients. Each service is thoughtfully designed to uphold Islamic values while delivering an unparalleled banking experience for the high-net-worth clientele.

Within a span of 07 years, Islamic Premier have inaugurated 48 state of the art Islamic Premier lounges in renowned cities such as Karachi, Islamabad, Lahore, Gujranwala, Peshawar, Sialkot, Faisalabad, Swat, Attock, Rawalpindi, Quetta, and Bahawalpur.

The Bank's extensive network of Islamic Premier Lounges, designed to meet the exclusive standards of high-net-worth individuals (HNWIs), reflects unwavering dedication to excellence. Under this dynamic proposition, the Bank's esteemed customers receive exclusive attention and access to a suite of exclusive facilities. These include, but are not limited to:

- A comprehensive suite of 360-degree financial services.
- A specialised international healthcare plan has been introduced for Premier clients, which provides annual health coverage of up to USD 1 million at over 1.9 million international hospital facilities across 160 countries.
- Exclusive convenience of transferring up to PKR 5 million per day via Islamic Premier Alfa app, offering both flexibility and ease in managing high-value transactions.
- Elevated daily transaction capacity for ATM withdrawals, POS usage, and fund transfers via ALFA and ATMs, empowering clients with greater financial freedom.
- Unmatched savings of up to 50% at over 200 premium partners across dining, shopping, lifestyle, travel, and fitness, both locally and internationally.
- A dedicated Relationship Manager, ensuring personalised service, tailored financial strategies, and an exclusive banking journey built entirely around individual goals.
- A bespoke Islamic Premier Alfa App, having an intuitive and engaging interface and including signature functionalities like, Lounge Locator, Alliances Locator, and a direct 'Call My Islamic Premier Relationship Manager' option, ensuring instant connectivity and convenience.

- Fast Track processing and expedited turnaround for key banking transactions.
- Waivers on general banking fees including complimentary annual fees waivers on lockers.
- Islamic Premier Dedicated Helpline - (111-225-226) with faster query resolution and personalised assistance.
- Exclusive Airport Lounge Access - Complimentary access to over 1,300 international lounges worldwide through Visa Airport Companion (VAC), enhancing global travel comfort.

Orbit Rewards

Bank Alfalah Islamic not only values but also rewards every relationship that the Bank builds as an affirmation of its commitment to finding new and innovative ways to create value for customers.

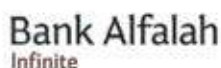
Every product, whether it is a Debit Card, Deposit Account, Home Musharakah, Car Ijarah, Internet Banking, Mobile Application, Banca Takaful, or an Investment Policy, it allows customers to earn Orbits, a revolutionary reward currency. Customers can use Orbits to redeem items from the Bank's extensive online rewards catalogue and make bill payments through internet banking and Alfa mobile application. The more Bank Alfalah Islamic products a customer holds, the greater is the potential to earn Orbits across all products in the form of a tier bonus every month.

Joint Financial Advisor to Ministry of Finance

Bank Alfalah is the only Islamic Window appointed consecutively 2nd time for a tenor of 5 years as a Joint Financial Advisor to the Ministry of Finance, Government of Pakistan (GoP), since 2018.



In this capacity, the Bank has played a pivotal role in supporting the country's financial strategy, providing advisory services on key economic initiatives, and assisting in the structuring of transactions critical to Pakistan's fiscal management, through devising innovative multiple structures for domestic Sukuk issuance. Going forward, Bank Alfalah Islamic is committed to actively support the government in their initiatives for the development of the Islamic Financial sector in Pakistan.



Bank Alfalah Infinite

Bank Alfalah Infinite represents the gateway to limitless possibilities, delivering exceptional privileges where every engagement embodies exclusivity and is designed to enrich both wealth and value. Introduced in 2024 as the country's first Ultra High Net Worth segment, Infinite has swiftly become a hallmark of prestige and distinction. Since its launch, it has proudly welcomed 500 distinguished clients, marking a significant milestone in our journey.

Infinite sets a new benchmark in banking by seamlessly offering Shariah compliant alternatives to conventional offering. With a clear focus on elevating client experience, Infinite delivers highly customised wealth services that reflect the individual priorities of each client. Tailored exclusively for the Ultra High Net Worth segment, Infinite ensures a banking journey defined by exclusivity, precision, and sophistication.

The offering is designed to deliver a highly individualised experience, granting Infinite clients access to an exclusive set of high value services and facilities, such as:

- A dedicated wealth management services.
- Infinite clients enjoy the exclusive convenience of transferring up to PKR 10 million per day through the Alfa app and the option to enable extended daily transaction limit of PKR 10 million until the end of the day.
- Infinite clients benefit from the highest daily transaction limits offered by the Bank across ATM withdrawals, POS usage, and fund transfers via Alfa and ATMs.
- Introduction of innovative tools and offerings including a Tax Calculator and a comprehensive Market Outlook Report.
- Visa Infinite card enables Infinite clients gain access to exceptional savings of up to 50%, with a maximum cap of PKR 50,000, partnering with over 100 brands across dining, retail, lifestyle, travel, apparels and fitness.
- Infinite clients enjoy privileged access to the Bank Alfalah Premier Airport Lounge at Jinnah International Airport, Karachi.
- Bank Alfalah's exclusive Jetsetter Travel Programme offers 3x Orbit Rewards, rewarding customers with enhanced benefits on flights, upgrades, and hotel reservations.
- Dedicated Infinite WhatsApp channel and Helpline - (111-225-227) with faster query resolution and personalised assistance available round the clock.
- Swift and efficient services and with expedited TAT.
- Customers can access a holistic view of their portfolio through the Omni-Channel on the Alfa App.
- Distinct and versatile product suite, encompassing Specially Managed Accounts, Mutual Funds, Islamic Fixed Income products and differentiated TDRs.
- Infinite Clients enjoy privileged medical benefits, including global hospitalisation coverage and comprehensive wellness programs designed to revitalise wellbeing.
- A comprehensive suite of shariah compliant financing options, such as Home Financing, Auto Financing, Portfolio Financing and Solar Financing.
- Enhanced orbit rewards on debit and credit cards spending as a distinguished member of bank Alfalah Infinite.





Corporate, Investment Banking And International Business

Bank Alfalah's Corporate, Investment Banking and International Business offers a comprehensive array of financing solutions to its corporate clients. The product offering includes long-term and short-term funded solutions with flexibility for structured products, including, but not limited to, working capital, import-export refinance, commodity finance, long-term finance, bill discounting, documentary credits, guarantees and foreign exchange. Strong corporate relationships form the basis for bringing mandates related to project financing, syndicates, large-scale public-sector lending, digital solutions and trade-based solutions. Deposit mobilisation from various corporate clients is also part of its product offering. Corporate banking synergises with other groups within the Bank to capitalise on cross-sell opportunities like cash management solutions, payroll, vendor/dealer financings, digital offerings, etc.

Financial Institutions and Home Remittance Business

The Financial Institutions (FI) manages relationships with local and foreign banks, prioritising customer facilitation to meet their trade and other banking needs. FI offers traditional trade (LC Advising, Confirmation, Negotiation, Discounting, and Letter of Guarantees) as well as structured trade solutions, i.e. Swift Trade Loans, UPAS LCs, and secondary market trade transactions, with the idea of strengthening the relationship with counterparty banks. FI maintains over 65 NOSTRO accounts in various currencies as well as over 600 Relationship Management Applications (RMA) with banks globally.

This unit aims to enhance the infrastructure established with their correspondent banks, facilitating the financing and refinancing of trade and commercial transactions between Asia, the Middle East, the European Union and Africa through their network. The NBFi desk offers bespoke solutions catering to sectoral needs by providing structured finance and cash management solutions to meet the capital and liquidity requirements of clients. The desk is further venturing into various agreements with the development sector and is partnering with key players, aligning the Bank with the national initiative of financial inclusion and poverty alleviation.

The Bank, under the State Bank of Pakistan's Pakistan Remittance Initiative, prioritises home remittance inflows. The inflow of home remittances not only serves as a significant source of family sustenance for numerous households across Pakistan, but also serves as a significant contributor to the national economy. Bank Alfalah is proud to be a key participant in this national cause, overseeing payouts through its extensive domestic branch network, and being awarded the second largest remittance bank in Pakistan at the Pakistan Remittance Summit 2025 serves as a recognition of the Bank's contributions towards promoting home remittances via formal channels.

Recognising the substantial impact of home remittances on the nation's economy, the Bank remains committed to ensuring that its remittance solutions are safe, efficient, reliable and

best-in-class. In pursuit of this goal, Bank Alfalah has invested to ensure it remains competitive in terms of technology, system capacity, personnel and marketing, with the aim of enhancing the flow of home remittances through formal channels.

Transaction Banking

At Bank Alfalah, Transaction Banking continues its commitment to delivering best-in-class solutions through significant investments in the technological infrastructure to become a leading Transaction Bank. As Transaction Banking Offers Cash Management, Trade & Supply Chain Finance solutions with numerous benefits, the focus remains on delivering innovative solutions that cater to the clients' evolving needs, while enhancing operational excellence.

• Cash Management

Leveraging its core strengths, Bank Alfalah's Cash Management business has experienced substantial growth in recent years, establishing itself as a premier solution provider for customers across different segments of the industry. A structured and optimum corporate internet banking solution, 'Bank Alfalah Transact', is offered, backed by the Bank's vast branch network and digital touchpoints, allowing corporate, SME and institutional clients to conveniently carry out transactions anywhere and anytime. Real-time connectivity is on offer, utilising the power and convenience of the internet. Its objective is to maintain uninterrupted banking services to clients in a personalised, cost-effective, efficient and, most significantly, secure manner.

The solution stands as a fully integrated, end-to-end platform featuring a single access point for all payment and collection transactions and information needs. This setup empowers clients to streamline their workflow processes and can be scaled according to their preferences for product simplicity and sophistication. It transforms the way the clients do business and extends their reach to new markets, and at the same time, lowers transaction costs and reduces processing time.

CORPORATE & OVERSEAS DEPOSITS

PKR **493.7** BILLION

CORPORATE & OVERSEAS ADVANCES (NET)

PKR **472.2** BILLION

The business is positioned to build scalability, aligning with the Bank's commitment to offer smarter and better solutions. The objective is to continue positively impacting clients and their overall financial well-being.

• **Trade Financing**

International and domestic trade is inherently complex, involving a wide array of interconnected and sophisticated transactions across multiple jurisdictions and regulatory environments. The Bank's Trade Finance function delivers swift, efficient, reliable, and comprehensive solutions across every stage of a client's trade value chain, enabling the seamless execution of trade activities while ensuring compliance with applicable regulatory and risk frameworks. Trade Finance specialists possess deep expertise in both local and international business environments, supported by strong correspondent banking relationships and robust operational capabilities. This enables the Bank to effectively capture end-to-end trade flows, mitigate transactional and counterparty risks, and deliver tailored solutions through a comprehensive suite of trade products and services that support clients' growth across domestic and cross-border markets.

• **Supply Chain Financing**

Bank Alfalah's Supply Chain Finance (SCF) function has been developed in line with international best practices, with guidance and support from the International Finance Corporation (IFC). Built around an anchor-led and largely non-collateralised structure, the SCF model enables the small and medium value chain partners across the supply chain to access financing by leveraging the credit strength of established businesses. Since inception, the Bank has steadily expanded its SCF product offerings to serve both upstream and downstream participants, supporting portfolio growth and strengthening its presence in Pakistan's SCF market. To address evolving market dynamics, technological advancements, and growing fintech competition, the Bank has also deployed an in-house digital SCF platform in partnership with international technology vendors, delivering a fully digital, end-to-end transaction experience and enhanced customer convenience.

Investment Banking

The Investment Banking Division of Bank Alfalah is at the forefront of delivering innovative and tailored financial solutions to a diverse client base. Backed by a team of experienced professionals, the division specialises in Project Finance, Debt Syndications, Equity & Capital Markets advisory, Mergers and Acquisitions (M&A), and shareholder engagement. Its services are designed to empower clients with the strategic tools needed to achieve their financial and operational objectives.

During 2025, Bank Alfalah's Investment Banking Division delivered a landmark performance, with the platform delivering PKR 1.21 billion in income, representing over 72% year-on-year growth. Performance was driven by a strong rebound in transaction activity, disciplined execution, and the successful delivery of complex, high-impact mandates across advisory, capital markets, structured finance, and sustainable finance. This reinforced its position as a leading provider of structured, advisory-led financial solutions in Pakistan while expanding its footprint in cross-border and sustainable finance. The Division continued its strategic transition from transaction-led execution to a scalable, innovation-driven platform focused on high-quality, recurring income and long-term franchise value.

With expertise spanning critical sectors such as infrastructure, renewable energy, real estate, water, and steel, the Bank actively participates in transformative projects that enhance the nation's economic landscape. Bank Alfalah prioritises building enduring partnerships through a client-centric approach and operational excellence. Its focus on sustainable growth is underscored by its active support for government and private sector credit initiatives, driving progress and innovation. By aligning national and global sustainable development goals, the Investment Banking Division remains dedicated to delivering long-term value and impact for all stakeholders.



For Investment Banking income breakdown, please see Segment Note.
Please note: Total financing amount and income growth is approximate and subject to rounding.

Recognition & Industry Leadership

In recognition of execution excellence and innovative structuring, the Investment Banking Division was awarded "Transaction of the Year 2024" by CFA Society Pakistan. This accolade reflects the Division's adherence to global best practices in the global, disciplined execution standards and consistent delivery of value to clients and stakeholders.

Investment Banking Delivering Strategic Growth & Structured Solutions

Strategic Advisory & Transaction Execution

- Scaled Advisory and Capital Markets Platform Continued to strengthen our position as a leading advisor and arranger of structured and capital markets transactions, supporting corporates across industrial manufacturing, pharmaceuticals, agri-processing, telecommunications, and infrastructure sectors.
- Mergers & Acquisitions Advisory Advised on strategic acquisitions and corporate carve-outs, enabling clients to pursue expansion, portfolio rationalisation, and long-term value creation initiatives.
- Project & Development Finance Facilitated funding solutions for industrial capacity expansion, downstream value-added processing, and telecom infrastructure enhancement, contributing to sectoral diversification and economic development.
- Cross-Border Mandates & International Execution Delivered end-to-end execution on offshore-linked transactions, reinforcing the Bank's growing international advisory footprint and ability to manage multi-jurisdictional complexities

Structured Solutions, Sustainability & Strategic Investments

- Innovative Capital Structuring Designed and executed structured and hybrid financing solutions aligned with evolving market conditions and shareholder return objectives, further deepening the Bank's structuring capabilities.
- Balance Sheet Optimisation & Capital Efficiency Supported clients in enhancing financial flexibility through recapitalisation and strategic funding frameworks tailored to long-term growth plans.
- Sustainable & Climate-Aligned Financing Advanced participation in green and ESG-linked financing initiatives, including climate-focused capital deployment and sustainable investment platforms, strengthening the Bank's commitment to responsible finance.
- Private Equity & Strategic Stakes Undertook selective equity and private equity investments in high-growth platforms and funds, diversifying income streams and positioning the Bank to participate in long-term value creation alongside strategic partners.
- Offshore Funding & Acquisition Finance Structured foreign funding and acquisition finance solutions to support

cross-border expansion by domestic and international clients, broadening the Bank's global connectivity and recurring income base.

Advancing Green & Sustainable Finance

FY25 represented a milestone year for green and sustainable finance at Bank Alfalah. The Investment Banking Division established a dedicated green finance team, reinforcing the Bank's long-term sustainability strategy.

Key achievements included:

- Execution of a significant sustainable finance transaction with a leading foreign development finance institution, recognising its critical role as a Financial Institution in Pakistan's decarbonisation and sustainable development journey.
- Integration of ESG considerations across ECM, DCM, and project finance mandates
- Active role in developing the Bank's sustainable finance framework, embedding ESG principles into transaction structuring and execution
- Positioning BAFL as a Green Finance leader with IBG's role remaining central in channeling capital towards low-carbon and climate-positive sectors, refining and growing its Green Finance portfolio.

These efforts directly support the Bank's alignment with the UN Sustainable Development Goals (SDGs), while strengthening Bank's credentials as a leading forward looking sustainable finance institution in Pakistan's green and sustainable finance landscape.

Positioned for Scalable Growth

Entering FY26, the Investment Banking Division stands on a strong, repeatable income base, supported by broadened sector reach, enhanced cross-border execution capability, and a differentiated ESG-driven offering, setting the foundation for sustained outperformance and scalable growth.

International/ Overseas Business

Bank Alfalah has international presence in UAE, Bahrain, Bangladesh & Afghanistan which reflects its commitment to providing exceptional banking services in the dynamic financial landscapes. Overseas operations include 11 branches including 01 representative office in UAE. In Bangladesh and Afghanistan, the bank operates its branch banking operations which provides financial solutions to consumers, corporates, and the government through a broad spectrum of products and services, including deposit accounts, self-service banking and wholesale banking. While in Bahrain, an offshore banking unit offers services to corporate clients through deposits, trade finance, advances, treasury and foreign exchange services. Bank Alfalah UAE operates as a wholesale banking branch in Dubai with one representative office in Abu Dhabi. Where, corporate clients are offered services related to deposits, trade finance, advances, treasury and foreign exchange.



Global Markets And Treasury

Global Markets and Treasury (the Group) is dedicated to managing the Bank's market and liquidity risks while offering a comprehensive range of financial market products to both local and global clients. By leveraging the Bank's strong market position and extensive global network, the Group caters to the unique business needs of its clients. With a team that is experienced, diverse, and dynamic, Treasury ensures competitiveness and efficiency in its trading activities.

Treasury Front Office

Treasury Front Office is responsible for managing the Bank's interest rate, foreign exchange, liquidity, and equity price risks within a comprehensive framework approved by the Board. It oversees key functions such as Assets and Liabilities Management (ALM), Trading, and Sales for both Conventional and Islamic Banking. Treasury maintains a flexible and responsive approach to ensure strong performance in varying market conditions.

As a leading player in the financial market and a top Primary Dealer in government securities, Bank Alfalah's Treasury aims to provide superior services in foreign exchange and government securities investments.

The experienced trading desk plays a pivotal role in the foreign exchange and fixed income markets, while the treasury sales desks offer tailored solutions for interest rate and foreign exchange exposures to a diverse client base. Treasury also conducts roadshows to promote government debt and securities to foreign investors. It delivers a broad range of conventional and Islamic financial solutions to meet specific client needs, including structured products for investment and hedging.

Capital Markets

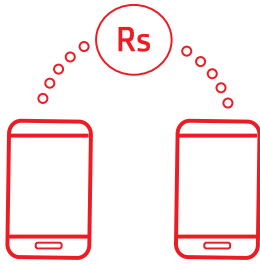
Leveraging its active involvement in Capital Markets and their development, the Bank has established a robust presence, offering comprehensive investor relations services and playing a pivotal role in fostering market growth. This commitment to excellence has earned the Bank multiple awards and recognition in the industry.

International Treasuries and Investments

International Treasuries and Investments manage proprietary investment portfolios and treasury activities associated with international operations, with a focus on strategic asset allocation, risk-adjusted performance, and capital preservation. The function supports geographic diversification through effective cross-border funding, liquidity, and foreign currency risk management, while enhancing balance sheet efficiency and earnings stability within approved risk and regulatory frameworks.

FX EARNINGS
PKR **11.9** BILLION

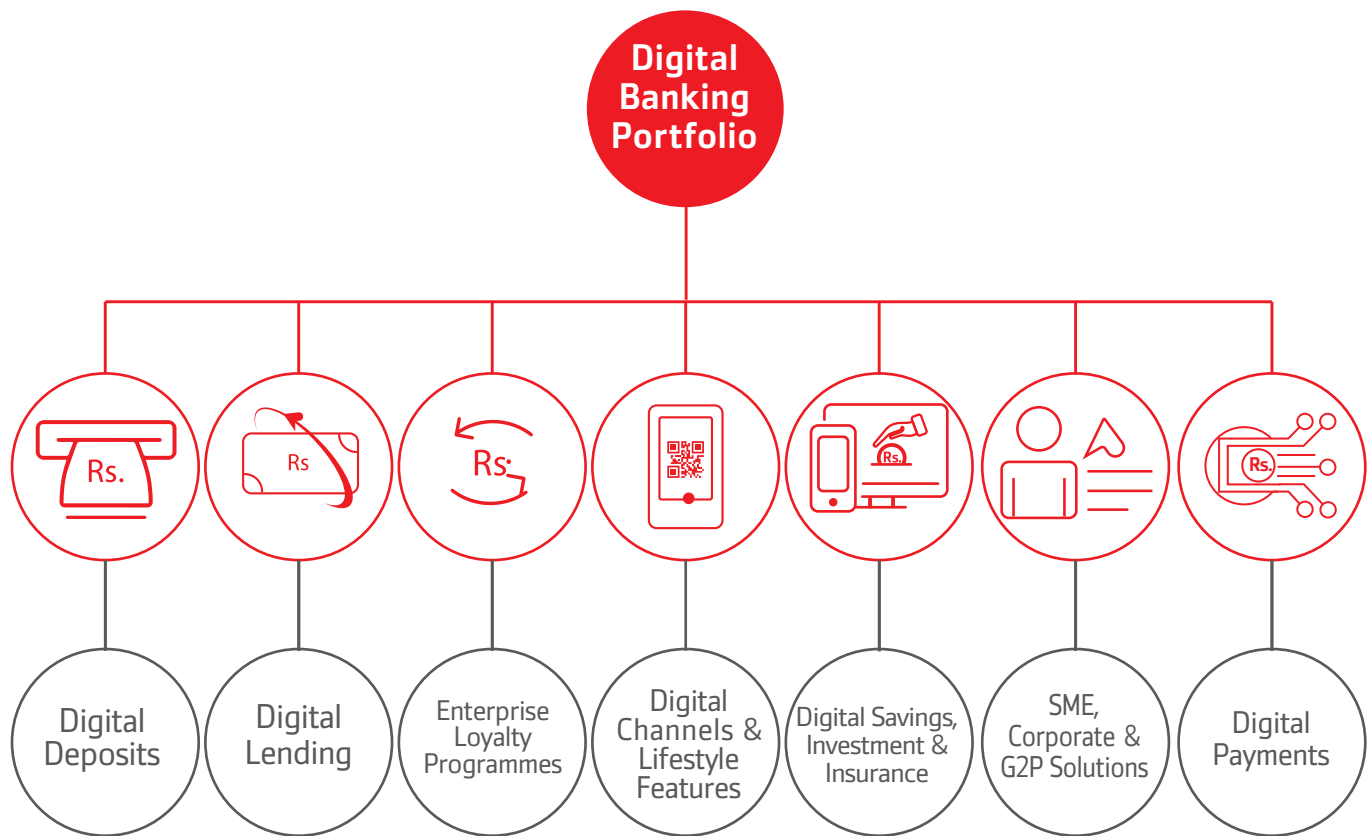
GAIN ON SECURITIES
PKR **13.3** BILLION



Digital Banking

As a leading financial institution, Bank Alfalah's unwavering commitment to innovation, customer-centricity, and cutting-edge technology has propelled itself to the forefront of the digital banking landscape. With a wide array of financial products and channels catering to both conventional and Islamic customers, including the Alfa app, digital payments and lending solutions, ATMs, cheque and cash deposit machines, payroll wallet accounts, digital savings products, agent network and as one of the largest banks providing Government to Person (G2P) disbursements in both rural and urban areas, the Bank has successfully positioned itself at the forefront of digital expansion by providing best-in-class digital banking solutions in Pakistan.

As a result, the Bank has been awarded the coveted 'Best Bank for Digital Excellence' award four times in a row (2022, 2023, 2024, 2025) at the Pakistan Banking Awards.



THROUGHPUT

PKR **9.0** TRILLION

This excludes cash management throughput.

MIGRATION RATIO

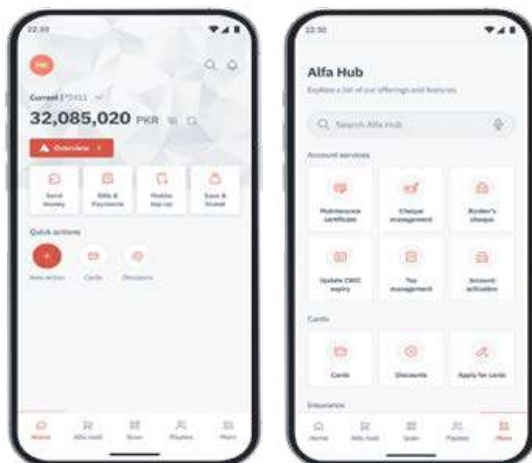
90%

This excludes branchless banking transactions, other banks' cards on Bank Alfalah channels and Bank Alfalah credit cards on POS.

Digital Channels

Alfa

Bank Alfalah's flagship mobile application, branded Alfa is purposely curated to promote financial inclusion by departing from a mere transactional banking app and moving to a digital financial lifestyle app. People can experience Alfa's advanced new features of savings, investment, and borrowings across a wide range of choices, alongside its new user interface design, which integrates banking into people's lifestyles. This is such that customers keep all their financial lifestyle assets in one place.



The app enables users to open new accounts, monitor their accounts and credit cards, transfer funds, pay utility bills, buy airtime and mobile top-ups, invest in Digital TDRs and Mutual Funds, apply for digital loans, and handle various payments including taxes and school fees. It also supports non-financial services like updating CNIC expiry dates, generating Withholding Tax Certificates, requesting Cheque Books and Banker's Cheques, and managing Debit Cards, all with just a few taps.



Internet Banking (Alfa Web)

Bank Alfalah is dedicated to simplifying the customers' lives with its Internet Banking (IB) facility, offering seamless and efficient digital banking services 24/7 from anywhere globally.

Alfa Web caters to over 300,000 unique customers, facilitating millions of financial transactions, including Utility Bill Payments, Mobile Top-ups, Credit Card Bill Payments, and Funds Transfers. Beyond these core services, customers also have access to various value-added options, such as Cheque Book requests, Banker's Check issuance, SMS Alerts activation, and Personal detail updates.



WhatsApp Banking

Bank Alfalah WhatsApp Banking Channel is another step towards customer convenience through digitalisation, whereby, using WhatsApp platform customer can get information related to Banking Services, Roshan Digital Account, Premier Banking, Loans, Offers & Discounts, Transact, Credit & Debit Card Activation instantly, followed by live chat agent. Customer can enquire further on the services searched on WhatsApp. Chat with Agent is open for all the customer which makes us one and only in the industry.

Currently on WhatsApp Banking Channel, on average 150,000 interaction per month are responded through Rule based BOT and live Chat assistance, agents provide support that establishes a convenient customer experience. WhatsApp Banking Channel is exponential in the market providing industry best User Experience which has been created in house.

SMS Banking

SMS Banking is a pull-based service that allows customers to perform financial transactions and access information by sending predefined codes to the bank's registered short code. This is a subscription-based service.

By subscribing, customers can check their Account Balance, view Last 5 Transactions, obtain Credit Card Information, process Permanent Blocking of Debit Cards, Temporary Blocking of Internet Banking and ALFA, manage E-Commerce Transactions, request a Cheque Book, inquire about Orbits Points, and pay bills for their registered Mobile Number and Credit Card via short code 8287.

Additionally, non-subscribers can update their CNIC Expiry Date or tag their account with a RAAST ID. This service is particularly beneficial for customers in tier 2 and tier 3 cities, providing essential financial access without the need for smartphones or internet data. It simplifies transactions and reduces the need for branch visits. Moreover, it acts as a backup during connectivity issues due to security concerns, internet faults, disruptions, making it a versatile solution.

Bank Alfalah
The New Forward

Bank Alfalah launches WhatsApp Banking Channel

Just Message Us!

- Super Easy
- Free
- 24/7
- Global
- Live Agent

Doesn't it sound great? Message us now! on (021) 111-225-111

11111-111-225-111 | BankAlfalah.com

Bank Alfalah
The New Forward

GET ACCOUNT DETAILS INSTANTLY BY TEXTING 'AD' TO 8287

Want to know your complete account details for a quick transaction?

By texting 'AD' to 8287, customers can now have the information about their A/C No., IBAN, Branch Name & Branch Code with A/C status (i.e. Active or Inactive).

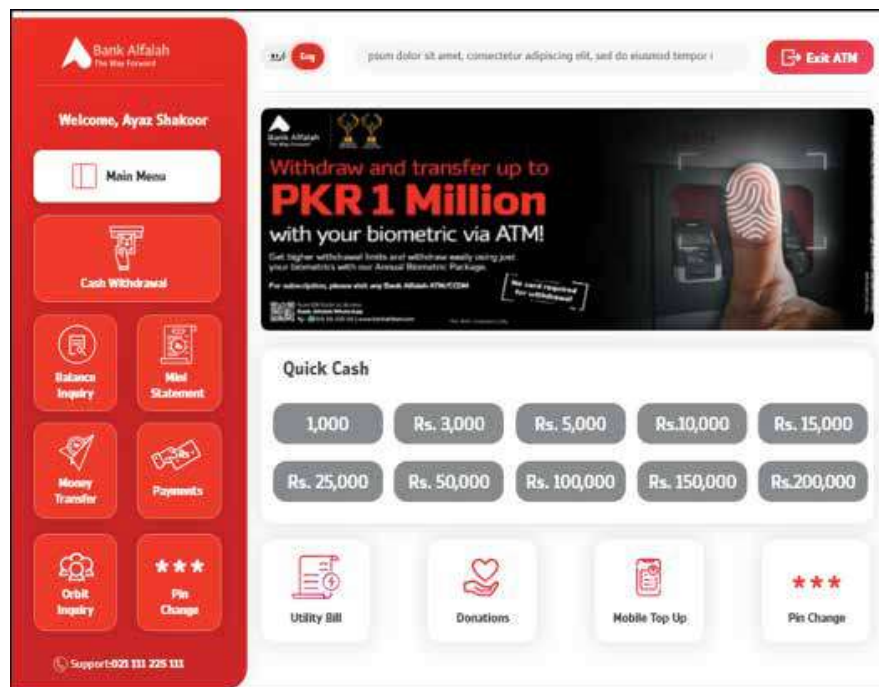
See Customer's complete details:

- A/C No.
- IBAN
- Branch Name
- Branch Code
- Account Status

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ATM Network

Understanding the critical importance of customer experience in the rapidly evolving digital era, Bank Alfalah has undertaken a comprehensive redesign of its digital platforms, with a particular focus on creating a stateless, state-of-the-art user interface and user experience (UI/UX). This strategic upgrade has been seamlessly integrated across the Bank's entire ATM network, ensuring consistency, innovation, and efficiency at over 1,350 touchpoints. The transformation not only delivers faster system performance and improved responsiveness, but also offers streamlined navigation paths, intuitive screen flows, and modern design aesthetics that simplify the customer journey. By embedding advanced technology with contemporary design principles, Bank Alfalah has elevated the ATM experience into one that is secure, user-friendly, visually engaging, and highly interactive, setting a new industry benchmark. This initiative reflects the Bank's unwavering commitment to customer-centric innovation, enabling millions of users to enjoy frictionless transactions, enhanced accessibility, and greater confidence in their everyday banking interactions through proximity channels.



CDMs and CCDMs

At the heart of this revolution stands the Cash and Cheque Deposit Machines (CDM)/ (CCDMs) network. Today, Bank Alfalah proudly serves its customers through more than 700 CDMs/ CCDMs across over 100 cities nationwide. From small businesses to large enterprises, customers can now deposit substantial volumes of cash and instantly transform it into digital currency. This is more than convenience, it is a new way of doing business, setting the benchmark for cash management across Pakistan.

This facility is available 24/7 for any walk-in-customer and offers a variety of transactions on the go, including:

- Instant cash or cheque deposit into Bank Alfalah or any other bank account
- Card-less experience
- Cash Management
- Wallet Account Opening
- Bill Payments and Airtime Purchase



Digital Sales and Service Centers

The Digital Payments SNSCs are payments hubs to cater to the digital payments' acceptance needs of the merchants in the vicinity along with the digitisation of cash in traditionally cash reliant areas through a comprehensive suite of channels and products. The Digital Payments Sales and Service Center provides a seamless Omni-channel user experience which encourages acquisition of accounts, upselling and cross-selling of products and transaction migration to digital channels. These Centers are equipped with self-service kiosks, ATMs, Cash Deposit Machines (CDMs)/ (CCDMs), and RAPID (digital customer onboarding) Tablets, for which special approval was sought from the SBP to open accounts at the SNSC.

Unlike branches, the SNSCs are open to match the business hours of the merchants in the vicinity, i.e. till 10pm making it convenient for surrounding customers to avail services after normal banking hours. The ATM and CDM/ CCDMs machines, however, remain available 24/7. These centers also cater to the existing digital customers and provide a "phygital" stop to cater to digitising cash needs on the go, saving individuals the trouble of waiting in queues at the branch. Bank Alfalah also offers QR Merchant onboarding, Merchant account opening, Buy Now Pay Later, Digital Term Deposits and a host of other digital, paperless solutions via newly developed merchant app.



Digital Lifestyle Branch

Bank Alfalah's Digital Branch represents embedded banking into everyday life; it embodies a dynamic and adaptable environment tailored to meet the diverse needs of today's customers. Imagine stepping into a branch that combines the functional aspects of a bank with the comfort and vitality found in a restaurant, co-working space, and a 'Buy Now, Pay Later' (BNPL) store. This concept epitomises Bank Alfalah's vision: to cultivate an ecosystem where banking seamlessly integrates with the modern lifestyle of its clients.

The concept of merging food, workspaces, and retail arises from the Bank's research indicating that customers experience greater satisfaction in such environments compared to conventional bank branches. Accordingly, the Bank has embraced modern-day technology and innovative banking solutions to bring banking services to where its customers prefer to engage, ensuring a harmonious blend of convenience and contemporary living.

Here are some of the standout features of this digital wonderland:

Restaurant-Style Comfort (Premo):

The Digital Branch has collaborated with Premo by Xanders to offer a welcoming and tranquil environment, enabling customers to enjoy coffee or a meal while carrying out their banking activities. This departure from traditional bank queues encourages a more pleasant dining experience intertwined with financial management. This initiative has garnered substantial success thus far, with an overwhelmingly positive response from customers.



Co-Working Space by Work Hall:

Looking to maximise productivity while awaiting the customer's turn? The co-working space provides a conducive environment equipped with high-speed Wi-Fi, charging stations, and ergonomic seating, catering perfectly to professionals on the move. Whether the customer requires short-term or extended accommodations, the Bank offers flexible booking options ranging from hourly to monthly, with various room configurations available.

This initiative has proven particularly popular among startups, fintechs, entrepreneurs, and students, fostering an environment where these entities can seamlessly integrate with traditional banking activities.

BNPL Store:

Discover the exclusive Buy Now, Pay Later store located within the branch. The customer can browse and purchase their favorite items, with the convenience of flexible payment plans that allow them to spread the cost over time using any bank's card.



Digital Locker:

Secure valuables confidently with Bank Alfalah's advanced digital locker service, providing peace of mind and convenient access at any hour. This facility operates round-the-clock, utilising biometric authentication along with Debit Card authorisation for secure locker access.

Digital Lobby with Consumer Finance Desk:

Discover the future of banking in Bank Alfalah's digital lobby, where the customer can get instant booking of Consumer financing products (credit card, personal and auto loans). The Bank's knowledgeable staff is always available to assist the customer in navigating this process effortlessly.

Cash and Cheque Deposits:

Depositing cash or checks has never been easier. Advanced machines facilitate quick and straightforward transactions, allowing customers to efficiently deposit funds into any bank account in Pakistan. This service is not exclusive to Bank Alfalah customers.



Higher ATM Withdrawal Limits:

Enjoy the convenience of increased ATM withdrawal limits, ensuring access to the funds when needed most. The customer can withdraw up to PKR 1 million rupees through ATM using biometric authentication, eliminating the need for visits to tellers or writing cheques.

Agent Network

Bank Alfalah has significantly ramped up its efforts to enhance financial accessibility and inclusion through its growing Digital Branchless Banking Network. Through Alfa Pay Agents, the Bank is delivering a wide array of financial services to communities that have traditionally been under-served. This initiative represents a bold shift from traditional banking models, focusing on digital solutions that offer customers greater convenience and flexibility.



Bank Alfalah's branchless banking network is designed to facilitate a broad range of financial services for its customers, including:

- **Wallet Registration and Upgrades:** Enabling seamless digital wallet services that make financial transactions simpler and more secure.
- **Cash In/Out Transactions:** Offering fast and easy access to cash services, a critical feature for individuals without access to traditional bank branches.
- **Money Transfer Services:** Providing a secure platform for transferring funds both within Pakistan and internationally.
- **Mobile Top-ups and Utility Bill Payments:** Customers can conveniently recharge mobile balances and pay utility bills through the Alfa Pay network.
- **Fee Collection:** Catering to educational institutions and micro-finance organizations, ensuring efficient fee payment processes.
- **Government-to-Person (G2P) Disbursements:** Supporting disbursement of government welfare payments, such as those from EOBI and BISP programs.
- **Home Remittances:** As a key player in the remittance market, Bank Alfalah offers home remittance services that are reliable and free of charge, with funds instantly available at over 850 branches and agent locations.
- **QR-based Purchases and Buy Now, Pay Later (BNPL) Options:** Facilitating convenient consumer spending through QR code technology, coupled with flexible BNPL payment solutions.

Contact Center

Customers can connect with helpline staff 24/7 to log the complaint related to alternate channels such as mobile banking, internet banking or ATM etc.) through voice by contacting Bank's helpline. It is the most common means of addressing to customer complaints and queries. BAFL has more than 500 call center agents responding to complaints related to core branch banking, ADCs, branchless banking, G2P, Premier banking and corporate services customers.

The complaints locked on the contact center, goes through a robust mechanism of complaint management system towards the related persons/businesses in the Bank, and monitored by the Customer Management Unit accordingly.

Digital Facilitation Desks

In alignment with Bank Alfalah's strategic vision to revolutionise customer service, it proudly introduced the concept of Digital Facilitation Desks (DFD) across major cities, including Karachi, Lahore, Rawalpindi, Multan and Islamabad. This innovative AI-powered solution is designed to enhance customer experience by providing on-site, real-time query resolution, significantly reducing customer reliance on traditional channels like call centers.



The DFD enhances security with robust verification protocols, including:

- **Biometric Verification (BMV):** Ensures secure identity confirmation.
- **Active and Passive Voice Recording:** Captures conversations to uphold quality and security.
- **E-Form Based Auto SMS Authentication:** Immediate SMS confirmations for specific requests.
- **Contact Center Quality Assurance:** Rigorous validation of recorded service requests.

Key Features of the Digital Facilitation Desk

- Over 200 Services Offered: A comprehensive suite to address diverse customer needs.
- Instant Technical Support: Quick guidance and resolution for technical queries.
- Conversation Recording: Ensures service standards and accountability.
- Visibility of Digital Offerings: Promotes awareness of the digital products and services.
- Secure, Paperless Transactions: Facilitates safe transactions in a streamlined environment.
- Complete Consumer Finance Services: Access to all financial solutions directly at branches.
- Customer Education: Actively informing customers about nearby digital channels.
- Enhanced Digital Awareness: Fostering knowledge of the digital banking solutions.

Increased Efficiency in Customer Service

Specialised Support: The DFD efficiently manages a variety of customer issues, allowing branch staff to focus on delivering personalised service and addressing customer needs more effectively.

Streamlined Processes:

Centralising issue resolution through the DFD accelerates problem solving and enhances overall branch efficiency, leading to a seamless customer experience.

By leveraging the capabilities of the Digital Facilitation Desk, Bank Alfalah is not just improving operational efficiency, it's also redefining customer experience and achieving its strategic goals with excellence.



Digital Deposits and Investments

Digital Account Opening (Alfa RAPID)

Rapid Self-Remote is Bank Alfalah's flagship digital onboarding platform, transforming how individual customers and sole proprietors access Pakistan's banking system. Designed for frictionless onboarding and financial inclusion, it enables customers to open their bank accounts through fully self-service digital channels – anywhere, anytime.

Omnichannel

Rapid accounts can be opened via multiple convenient channels:

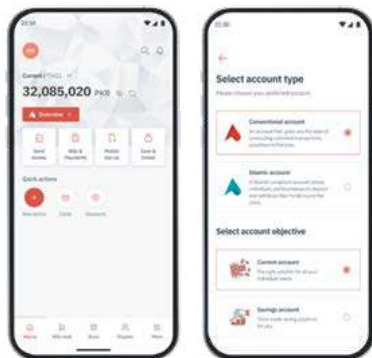
- Rapid Web Portal
- Rapid via Tablet (assisted, on-site capability)
- Alfa Mobile Application

Choice and Inclusion

- Products are offered under Conventional and Islamic banking variants, allowing customers to choose services aligned with their preferences.
- Asaan Accounts extend banking access to customers without formal income proof, supporting financial inclusion across underserved segments.

Fast, Seamless Digital Journeys

- 4–5 minutes to complete the Asaan Account journey.
- 8–10 minutes to open Regular Accounts by digitally uploading income proof.
- Embedded biometric verification within the app ensures security and eliminates the need for separate verification steps.



Efficient Processing and Activation

Upon successful biometric verification, accounts are typically activated within two business days.

Tailored Products for Every Segment

Bank Alfalah offers Current and Savings accounts designed for individuals, sole proprietors and freelancers. These include accounts that support local and cross-border payments for freelancers, Foreign Currency (FCY) debit cards for direct

international access, and remittance accounts that simplify the secure receipt and use of inward remittances, ensuring each segment has products built around its real transactional needs.



Alfa Wallet Accounts

Bank Alfalah has been a significant player in the Branchless Banking industry since before 2014. Bank Alfalah offers a variety of wallet accounts which can be directly opened through the Alfa Application. All FT, UBP, Airtime transactions are accessible for the mobile wallet users.

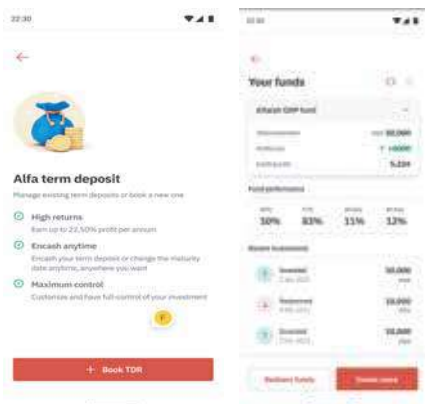
Roshan Digital Account

Bank Alfalah's Roshan Digital Account (RDA) is tailored to meet the needs of Non-Resident Pakistanis (NRPs) living worldwide and Resident Pakistanis with declared overseas assets. With just a few taps, NRPs can open either a Foreign Currency or PKR-based account, benefiting from an easy, secure, and entirely digital process. This account provides a host of advantages, including options for investments, car and home financing, and digital transactions.



Alfa Term Deposit (Conventional and Islamic)

Alfa Term Deposits make saving simple and accessible, starting from just PKR 500. Customers can conveniently book deposits digitally in seconds, with added features such as early encashment, flexible maturity instructions, and instant WHT certificate downloads. Available in both Conventional and Islamic variants, Alfa TDRs enable customers to earn attractive profits quickly and easily.



Recognised as one of the most preferred investment choices for digitally savvy customers, Alfa TDRs have

driven strong deposit mobilisation in today's environment. Bank Alfalah takes pride in successfully transitioning its individual TDR portfolio from branches to digital channels on transparent, predefined rates.

Digital Investments

In a ground breaking development, Bank Alfalah's Alfa app has emerged as a trailblazer in the banking industry by offering a one-stop solution for investors, a comprehensive user-centric platform for mutual fund management. With a robust suite of features and an intuitive interface, Alfa app redefines the mutual fund experience, setting a new benchmark for banking apps.

Digital Insurance

Bank Alfalah introduced an end-to-end paperless insurance purchasing process, making available an entire set of insurance options within Alfa including Term Life, Health Insurance, Accidental Insurance and more under both conventional and Takaful variants.

Goal-based Savings

Bank Alfalah's Goal-Based Savings product is designed to help customers save towards specific aspirations, whether it's a trip to Umrah, a new car, or any other dream. This unique savings plan allows users to set and work towards their financial goals through a convenient, auto-debit feature.

Asaan Mobile Account

Asaan Mobile Account (AMA) platform is a revolutionary initiative undertaken by branchless banking (BB) providers and State Bank of Pakistan.

The AMA platform has been launched under the National Financial Inclusion Strategy (NFIS).

Asaan Mobile Account is designed to allow individuals an easy gateway to mobile payments in Pakistan without having a smartphone or internet connectivity. The aim is to facilitate general masses, especially the low income segments, to digitally open their BB accounts and use the available financial services in a swift, easy and affordable manner.

RAAST QR Prepaid Cards

Bank Alfalah has launched a P2M (Pull) Payments via RAAST Merchants to tap into the increasing need to make merchant payments digital and seamless. The purpose of BAFL QR card is ease, convenience and security whilst making merchant payments.

The primary goal is to design a QR card that will:

- Increase digitisation of payments at merchant locations
- Decrease transaction time of QR payments at merchant locations
- Limited customer intervention in the transaction execution
- Eliminate QR frauds whereby fraudsters paste their QRs sticker at merchant locations.

Card type

- Virtual card: QR will be accessible on Alfa App and can be downloaded into customer mobile
- Physical card: The card contains the customer's name, QR code, BAFL logo and Merchant logo. Instantly issued through low-cost printers at merchant locations



Digital Lending

Instant Loan

The Alfa app enables instant personal loan application and approval, eradicating the necessity for branch visits and ensuring rapid disbursement. The Existing-to-bank customer base goes through an algorithm for eligibility, which can then apply for personal loans through Alfa. The Alfa app facilitates instant personal loan approvals, removing the need for branch visits and ensuring rapid disbursement. Existing-to-bank customers undergo an eligibility algorithm and can apply for personal loans through Alfa.

Alfa Overdraft

Alfa Overdraft is the first-ever digital overdraft facility in Pakistan that provides a credit line of up to PKR 100,000 to payroll customers to manage and overcome their monthly financial need.

Agent Financing

Bank Alfalah provides agents enrolled in the Bank Alfalah Agent Network with a credit facility of up to PKR 100,000 based on their average throughput volumes. This support addresses short-term working capital needs for branchless banking transactions, including G2P and OTC services.

Instant Credit Card

Bank Alfalah introduced a real-time credit card approval feature whereby the consumer may select their preferred limit and card variant through the journey and get it approved. The entire procedure takes less than five minutes, and there is no physical documentation. Delivery of the physical card takes 3 to 5 business days. With this feature, existing to bank consumers may now apply for a credit card on the Alfa app without having to visit a bank.



Buy Now Pay Later

Bank Alfalah's BNPL (SBS) Installment Plans feature the industry's largest vendor portfolio (including AlfaMall). Customers can fulfill their needs and luxuries with flexible tenures and low markup rates.

From mobile phones to motorbikes, items are delivered to customers' doorsteps with insurance coverage on select products. The BNPL facility is available digitally on Alfa Mall, QR (Alfa), and the Alfa Payment Gateway.

Alfa Islamic BNPL

Bank Alfalah is proud to be the pioneer bank in launching the industry's first Islamic Buy Now Pay Later product that enables nationwide credit card customers to shop online and pay for it in up to 10 equal monthly instalments at 0% mark-up and no processing fee. The proposition can be accessed through Alfa Mall and select Alfa Payment gateway merchants.



The product is a star proposition for the customers as it creates the convenience of breaking large shopping amounts in manageable Shariah compliant instalments with no associated charges.

Instant Auto Loan

Bank Alfalah has introduced industry's first ever Instant Auto Finance solution, revolutionising the customer experience by enabling a fully digital, end-to-end process through the Alfa Mobile App.

With just a few taps, customers can initiate financing requests, receive instant approvals with quick disbursements, manage loan details and repayment schedules, request early pay-offs to reduce costs, and securely handle all documents without the need to visit a branch.

Building on this innovation, the Bank has also launched a Shariah-compliant version of the product under the Ijarah module for Islamic customers, alongside an industry-first Used Car Financing facility that offers a complete digital journey from quotation to vehicle valuation and equity payment. These developments have significantly enriched Alfa's lending suite, broadening its appeal to both conventional and Islamic customers while addressing financing needs for new and used cars.



Digital Agri Financing

The agriculture sector of Pakistan holds pivotal importance as it majorly contributes to the country's economy, employment, food security, and social stability. Despite critical importance and contribution, most small-scale and medium-scale farmers struggle to access formal credit hence relying on informal and expensive financing sources. This pressing issue needs to be addressed by creating products and harnessing technology to enhance the ease of lending processes, establish digital lending channels and foster the creation of platforms that promote Agri lending activities within Pakistan.

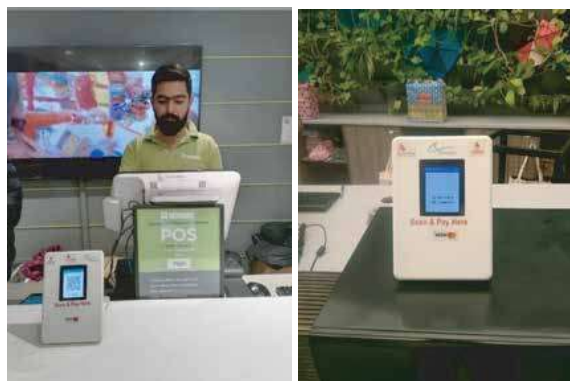


Bank Alfalah remains committed to empowering small-scale farmers in the country's Agriculture sector by developing an ecosystem that creates sustainable growth and prosperity in rural communities. In 2025, Bank Alfalah launched the Digital Agri Financing Initiative via the Alfa app, enabling farmers to apply for loans under Zarkhez-e-Financing.

Digital Payments

QR Proximity Payments

Bank Alfalah is at the forefront of transforming QR payments, strategically positioning the platform for long-term adoption. The Bank is proud to host mobile app accepting QR payments for both major financial schemes: MasterCard and Visa.



Significant transaction volumes were recorded in mobile, electronics, food, and grocery sectors. Additionally, customers are using Alfa QR to settle utility bills, with QR codes conveniently printed on bills, allowing customers to scan and pay without needing to visit a branch.

Alfa Business App

The Alfa Business App is an advanced B2B digital payment platform that has revolutionised supply chain transactions in Pakistan. As a testament to its innovation and market impact, the app was awarded the Best Digital Technology Award at the ICAP Awards 2024. With its cutting-edge technology, the Alfa Business App has set new standards in digital financial solutions, empowering businesses with seamless payment capabilities, efficient financial management, and enhanced customer engagement.



The app is designed to provide an all-encompassing digital ecosystem, tailored specifically for distributors, merchants, and businesses in need of fast, secure, and high-value digital payment solutions. Its Digital Merchant Onboarding is entirely paperless, simplifying the process of integrating businesses into the platform. Merchants can sign up and begin accepting payments almost instantly, eliminating the traditional barriers of physical form submissions.

Alfa Business 2.0 is a newly launched, end-to-end digital platform designed to transform the merchant experience in Pakistan's payment ecosystem. This all-new application offers a comprehensive suite of tools that empower merchants to manage transactions, finances, and customer engagement with unprecedented ease and efficiency.

Built with a merchant-centric approach, Alfa Business 2.0 integrates a wide range of features including Raast and OMNI QR payments, prepaid card issuance, RTP (Request to Pay) for both immediate and scheduled transactions, Hisab Kitaab for overview and insights for multiple account and transactions, IBFT (Interbank Funds Transfer), and a dynamic merchant dashboard. The platform also streamlines merchant onboarding, making it faster and more accessible for businesses of all sizes.

By combining innovation, security, and simplicity, Alfa Business 2.0 sets a new benchmark for digital financial service delivering seamless transactions, real-time insights, and a frictionless user experience.

Virtual debit card

In order to enable the growing e-commerce industry, Bank Alfalah under the umbrella of Digital Banking of Bank Alfalah, envisioned to provide its customer a Virtual Debit Card (VDC) used instantly for Online Shopping / transactions, while offering convenience, security and more control over limits.



AlfaMall

AlfaMall is Pakistan's 1st banking led e-commerce marketplace (available on both app and web). It comprises business that offer e-commerce products to online shoppers with key feature of Buy Now Pay Later.

It is also the 2nd largest pre-payment online shopping website integrated with Bank's financial App, utilising the Alfa Payment Gateway, an in-house developed functionality. Customers, whether banked or unbanked, can transact through AlfaMall using BNPL or full payment options. To strive towards customer's excellence and continual progress, the Bank has introduced several new Business verticals for various customer segmentation i.e e-commerce accessibility to Branchless Banking agents,



Same day delivery, B2B marketplace, and Alfa BNPL which is accessible to all bank's credit card customers. Since the inception, AlfaMall has been consistently strived to enhance its e-commerce platform by introducing innovative features. In addition to these ground breaking innovations and record-breaking achievements, AlfaMall has also made its mark at globally recognised award-winning e-commerce events.

Bank Alfalah, has also introduced AlfaMall on WhatsApp, bringing a new way for customers to browse, select, and purchase products within the messaging platform. By introducing WhatsApp-based e-commerce, Bank Alfalah is catering to the growing demand for mobile-first, hassle-free transactions. This marks a step forward in digital banking and e-commerce, making shopping more accessible and convenient for users across Pakistan.



Bank Alfalah has introduced its innovative e-commerce platform, AlfaMall, to its widespread agent network of over 26,000 agents, making online shopping more accessible to customers across Pakistan. AlfaMall, known for offering a wide range of products, including electronics, fashion, and household items, stands out with its flexible payment options, such as installment plans for Bank Alfalah credit and debit cardholders. By integrating this platform into its agent network, Bank Alfalah extends the benefits of online shopping to communities with limited internet access, enabling them to purchase products through the assistance of local agents

Fee Collection

Digital fee collection streamlines the process of collecting payments for various organisations, including schools, societies, clubs, corporate clients, and real estate. BAFL offers a secure and convenient platform for managing fees, reducing the need for manual processing and minimising errors. By integrating with multiple payment channels (Alfa App, CDM, IB & Retail Channels), BAFL facilitate timely and efficient transactions, enhances transparency, and provide detailed financial reporting. Bank Alfalah ensures that institutes and organisations can focus on their core activities while maintaining a robust and user-friendly fee management solution.

Alfa Payment Gateway

Alfa Payment Gateway is a pioneer of the digital and instant merchant onboarding. With its innovative solutions and seamless processing, Alfa Payment Gateway hosts a large online merchant base of over 3,000 merchants.

Alfa Payment Gateway is unique in its approach, catering not only to corporate merchants but also offering tailored solutions for small businesses without websites, including those operating via social media or WhatsApp. This allows even the smallest merchants to accept digital payments seamlessly and expand their customer base and receive payments online through website, mobile application, or by using pay-by-link feature.

Orbits Loyalty Program

Bank Alfalah's Orbit Rewards stands out as a unique loyalty program in the industry, engaging a wide range of customers, strengthening and diversifying existing relationships, and attracting new users to the Bank's digital platform.

Additionally, the Orbits program serves as a key tool for enhancing customer engagement on Alfa through various campaigns, including K-Electric Bill Payment Rewards, Alfa Term Deposit Campaign, and RAAST Account Linking, among others.

Orbits earning directly correlates to the spending patterns on BAFL debit and credit cards. You can earn them on current and savings accounts, debit and credit cards, auto, personal and home loans, Investment products, Bancassurance, SMS alerts and transactions through branches, Alfa (mobile app) and internet banking, all at the same time.

Multiple ways to earn means more Orbits to spend. Choose from a wide range of gadgets and appliances from alfamall.com, instantly redeem orbits on BAFL POS terminals or just pay the bills through Alfa app.



Government-to-persons (G2P) Corporate and Micro / SME solutions

Employee Old Age Benefits (EOBI) Pension Wallets

In collaboration with the Employees' Old-Age Benefits Institution (EOBI), Bank Alfalah utilizes advanced technology and secure channels to ensure the efficient and transparent transfer of retirement benefits. This effort significantly enhances the financial security and well-being of the esteemed elderly citizens who have contributed to the nation's growth.

Bank Alfalah manages the monthly disbursement of over PKR 5.5 billion to more than 500,000 pensioners across Pakistan, demonstrating its commitment to supporting the retirement needs of this vital demographic.



Digital Payroll Account

This innovative solution enables direct salary disbursement into employees' mobile accounts, with a special focus on empowering blue-collar workers who have traditionally been paid in cash.

- **Wide Adoption:** Over 350 corporate and MSME firms have adopted the Alfa Payroll Solution, issuing more than 300,000 payroll cards to previously unbanked blue-collar workers, promoting financial inclusion.
- **Service Options:** Both Islamic and Conventional Payroll services are offered, tailored to meet individual client needs and preferences.
- **Corporate Portal:** The Corporate Portal allows companies to manage salary disbursements with flexibility and efficiency. It features:

- **Maker/Checker Model:** A two-step verification process to ensure accurate processing and reduce errors.
- **Disbursement Reports:** Easy download of comprehensive reports for transparent record-keeping.



The digital transfer into wallets and cash-out to BISP beneficiaries remain in a secure biometrically enabled environment with a trusted network of over 20,000 agents across Pakistan. At the time of tranche disbursements, the bank officials and agents secure the beneficiaries' trust by providing them their due amount in full without any charges. The technology is secured through live fingerprint detection, real time transaction monitoring, geo-mapping (to prevent device frauds) and billions of Rupees of mark-up free digital financing to agents to manage their liquidity at the time of tranche disbursements.

Benzair Income Support Programme (BISP)

In 2024, BAFL has been merited with the contract by BISP to serve 7 clusters out of 15, attaining the largest portfolio for BISP; 4 clusters of over 2.4 million beneficiaries are directly mandated with BAFL while 3 clusters of over 1.8 million are served as a Joint Venture with the Bank of Punjab.

In totality as of 2025, as per the new contract, BAFL will serve over 4.3 million beneficiaries i.e. 47% of BISP mandate.



Making Customers' Lives Easy Through Innovation

Innovating the customer experience means improving the Customer's relationship with the Bank's business by adding more value to the whole customer experience. Bank Alfalah has been at the forefront of digital innovation and technological advancement. It is the bank's priority to provide best-in-class services to their customers. The initiatives taken by the Bank to enable and promote innovation to make customers' lives easy are as follows.

DIGITAL BANKING

The New Alfa Business App

BAFL's position in the retail payments landscape combines the acquiring side of Alfa Business App (now modified and with enhanced features) and the QR Acceptance Devices with the Issuing side of customers' apps (Alfa/Eatsy App/other banks' apps), debit/credit cards and RAST Prepaid cards, to create an ecosystem fighting with the cash-based economy.



The Alfa Business App – the MSME app for BAFL merchants has also relaunched freshly into the market in this year 2025. The app provides all the banking and payments features, necessary for a businessman:

- QR Generation – RAST or Schemes
- Wallet Creation/ Self merchant onboarding for liquidity control
- Prepaid Card Issuance and top-ups
- B2B Payments (higher limits)
- Merchant Financing Solutions/ Buy Now Pay Later
- Inventory Ordering and Payments
- Detailed settlement reports – real time
- Hisaab Kitaab
- Merchant Dashboards
- Generation of merchant's logo-based invoices and its auto reconciliation with incoming payment
- Payment Receipts generated with business logo
- Sub-accounts for merchants to drag and drop transactions with auto rule functionality
- Bulk Payment

Eatsy App – Food and Restaurant App

The Eatsy Food App is an innovative digital platform developed to enhance the dining experience for both consumers and restaurants by embedding banking services directly into the food ordering journey. This first-of-its-kind solution in Pakistan digitises the entire customer lifecycle from table reservation to bill payment making it a seamless, cashless, and paperless experience for all users.

The application offers dedicated views for both customers and restaurant partners. Customers can explore a curated list of onboarded restaurants, reserve tables, place orders, and make secure payments through debit, credit, or RAST prepaid cards all within the app. Restaurants, in turn, can view and manage reservation requests, monitor real-time order status, and receive payments digitally via integrated banking rails.



The Internet Banking (Alfa Web)

Following the success of the launch of Alfa 2.0 in 2024, the UI/UX and the features on the Internet Banking have been aligned to present the customers with an omni channel experience. Ever since facial bio and pin have become preferred modes of login on applications, customers do not remember their login IDs and passwords, therefore the IB can now be accessed by QR scanning on the Alfa app.



Digital Remote Account Opening for Sole Proprietors

Bank Alfalah has become the first bank to launch a fully digital onboarding solution for Sole Proprietor customers via Rapid Tablet Devices outside branches. The Bank has transformed the customer onboarding experience by creating a comprehensive, secure end-to-end journey that enables efficient remote onboarding at the customer's business premises while adhering to regulatory directives. The Visit Report is digitised and seamlessly embedded within the account opening journey, further strengthening security controls and compliance while eliminating the requirement of physical documentation through digital upload functionality.

Upon successful onboarding, customers are immediately equipped with digital payment solutions including RAAST P2M QR codes and POS machines. This breakthrough solution delivers convenience to the customer, streamlines processes and greatly expands the bank's digital footprint into high merchant concentration areas, positioning Bank Alfalah at the forefront of Pakistan's digital banking transformation.

Cash on Delivery Financing

Bank Alfalah has launched the industry-first Shariah-compliant 'COD Financing' to address these cash flow issues by providing instant funds to merchants against COD orders. Merchants can apply for COD-Embedded Financing directly through the Courier Companies' online portals, where the financing option is integrated. The merchant will be able to avail funds to meet working capital finance while Bank will be able to

recover the financing amount through the LSP via cash collection from delivered orders.

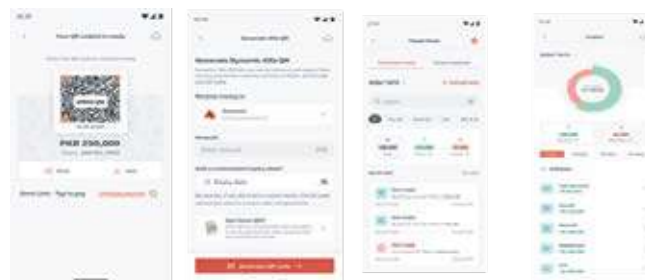
Instant Debit Card

Instant Debit Card service eliminates the need for customer to visit branch or call helpline with the card being delivered to customer hassle-free. With a quick & easy digital application process on Alfa, customers can order their cards (new or replacements) from the convenience of their homes.



Instant Pledge Financing

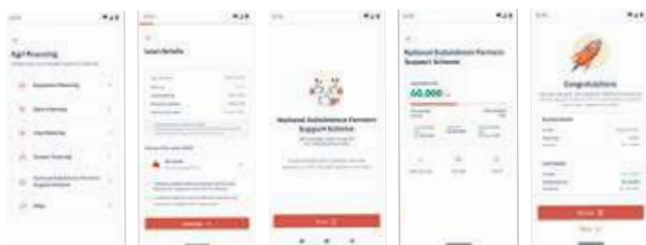
To address short-term liquidity needs without requiring customers to redeem their active investments, Bank Alfalah has launched an industry-first, fully digital pledge financing solution. This innovative offering enables customers to access affordable financing against their Alfa Term Deposits (TDRs), providing a seamless and end-to-end digital experience that ensures convenience, speed, and financial flexibility—precisely when it's needed most.



Input Agri Finance – National Subsistence Farmers Support Scheme (NSFSS)

The Bank has developed an end digital journey for National Subsistence Farmers Support Scheme (NSFSS) initiated by State Bank of Pakistan. The scheme aims at providing uncollateralised financing to farmers with landholdings of up to 12.5 acres. The farmers can apply for finance through PITB managed portal/app whereby farmer provides agronomic details which are later validated by Land Information & Management System (LIMS). Once validated, the application is forwarded to farmers preferred Bank for processing and evaluation.

The financing facility is offered to both Existing to Bank and New to Bank customers. Maximum financing is capped at PKR 1 million for landowners and PKR 0.5 million for Tenants and Sharecroppers. The farmer can utilise the funds at the approved merchants through pre-approved Merchant Category Codes (MCCs) through RAAST P2M QR. Further, in order to facilitate the cash needs of farmers, cash out up to 25% for landowners and up to 15% for tenants and sharecroppers is available against the limit assigned.



Foreign Currency (FCY) ATMs

Bank Alfalah has introduced foreign currency dispensing (USD & GBP) through its state-of-the-art ATM network, setting a new benchmark in the country's financial services landscape. This pioneering initiative enables Bank Alfalah's Foreign Currency Account (FCY) customers to conveniently withdraw US Dollars and British Pounds directly from selected ATMs, equipped with industry-leading withdrawal limits.



Cash Withdrawal through QR at branches

The QR Cash Withdrawal feature in the ALFA app is a digital transformation initiative designed to streamline and enhance the withdrawal process by allowing customers to generate QR codes that encode transaction details for quick, accurate, and secure processing at branch teller stations. The system incorporates validation mechanisms to ensure data integrity and allows customers to cancel or review logs of generated QR codes at any time.



Alfa Women Cancer Shield Plan – Digital Insurance

Bank Alfalah has introduced the Alfa Women Cancer Shield Plan by EFU - WTO in collaboration with EFU Life, the first dedicated cancer protection plan for women in Pakistan. This pioneering initiative not only addresses a critical healthcare gap but also reinforces commitment to empowering women through inclusive financial solutions.

Revamp of Bank's Website

Taking inspiration from the global leader banks, the Bank's website is now an acquisition model bank, which was formally informational only. Targeting the convenience factor among the prospect customers, the website provides immediate options to open digital accounts, get personal loans, credit cards, auto loans and get access to banking information together on a single platform.

AlfaMall on App

After the successful launch of The New AlfaMall website, which marked a major technological leap forward with enhanced features, a significantly improved user experience, and strengthened strategic partnerships, the Bank has now launched the AlfaMall mobile application for both iOS and Android users.

This new app is designed to provide a seamless and personalised shopping experience. With faster performance, smarter search capabilities, secure transactions, and easy access to exclusive deals, the AlfaMall app ensures that users

can enjoy the full power of digital commerce anytime, anywhere.



FCY Digital TDRs

In today's globalised economy, customers increasingly seek opportunities to diversify their savings and investments across multiple currencies. Hence, Bank Alfalah has launched digital FCY term deposit for FCY account holders.

Connected Journeys

Connected journeys provide options to customers to select related transactions for their benefits, for eg. prompt to pay credit card bill on BNPL at the time of a credit card bill payment, or prompt to setup auto scheduler at the time of bill payments.

Intensive Use of Robotic Process Automation (RPA), Machine Learning (ML) and Artificial Intelligence (AI)

Technologically, the institution is heavily investing in RPA, AI and Machine Learning for security, personalised user experiences, and automation of processes.

Robotic Process Automation (RPA) for various internal operations in the Bank, saving thousands of monthly man-hours requirement, has been a success. The key projects among the live 40 projects include

- Settlement and Reconciliation
- Treasury Ops Letterhead Signature and Document Matching
- RAAST and Switch Reports Reconciliation
- Utility Bill Payment Reconciliation
- CMU - Utility Bills Automation
- Centralised Ops Email Sender Inward, Outward

Clearing and Referrals

- Centralised TDR Email Automation
- ATM Cash Retract Email Automation

Over 1,000 ATM vestibules of Bank Alfalah are monitored through AI based Unusual Activity Detection module, whereby any unusual movement around the ATM or eccentricity of customer behavior sends an alarm to the Bank's Command and Control Center, based on Machine learning on thousands of real CCTV videos.

Beyond basic GenAI models, BAFL has also invested in resources and plans to create hyper personalisation (dialogue engagement) tools for analytical and interactive AI models, conversing with bank staff and customers, resolving problems and answering to complex queries.



Currently, GenAI models are deployed at branches, Compliance department, HR departments, searching and responding through giga bytes of bank's internal and external data.

The WhatsApp channel has been robotised, with agent-based queries migrated to bot.



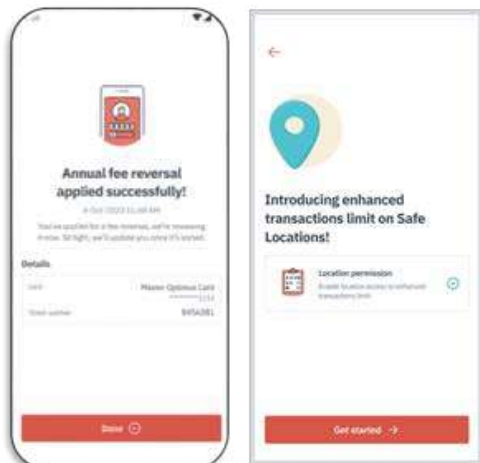
Processes are being automated to de-humanize front end contact center processes such as card management, credit card fee reversals, orbit/account queries and complaint generation. Alfa is to be equipped with functionality to allow customers to self-generate their requests which shall directly be registered to the bank's CRM.

Bank Alfalah is proud to be the first bank in Pakistan to introduce Voice Biometrics Authentication in the call center. This new technology makes banking easier, safer and faster by using a customer's unique voice to verify their identity, eliminating the deep fake voice emulation and social engineering frauds.



All of the lending products, involve algorithmic data scoring models, efficiently built into the products' core business case to mitigate credit and fraud risks.

On the Alfa app, Geo-tagging and browser patterns of the customer can authenticate Safe Locations and allow for higher transactional limits of up to 10 million a day.



Worklee App Additionally, the bank has introduced the 'Worklee App', a new platform for disintermediated hiring that will enable permanent or contractual staff, including women and people with disabilities, to work on an "earn as you go" basis like Apple's app development dis-intermediated model. The services are currently on for Chat agent-based services, and shall soon be extended to Voice agents, Developing and coding, QA and Data Science analytics.



CUSTOMER EXPERIENCE TRANSFORMATION

Service Culture Innovation

Project exNOME, Bank Alfalah's Customer Experience Transformation Strategy, is designed to embed a customer-first culture and deliver seamless omni-channel journeys, ensuring customers experience a distinct and positive difference compared to any other institution locally or internationally.

Since its launch, exNOME has expanded across the bank, driving initiatives in customer onboarding, KYC simplification, omni-channel integration, transaction digitisation, operational efficiency, paperless processing, people and culture development, and enterprise governance.

The Branch Manager Service Delivery indicator highlights the pivotal role Branch Managers play in shaping customer experience, capturing their floor presence, team huddles, and knowledge levels as key drivers of service excellence.

Through the Service Super League, a management league reinforces the commitment to deliver on service benchmarks across the branch banking network, focusing on benchmark-compliant branches and accelerating progress on key service indicators through consistent and granular governance at the management level, ensuring every branch delivers top-tier service.



Video Mystery Shopping Success Stories are shared through webinars led by Branch Managers and Branch Operations Managers of top-performing branches in every cluster, showcasing their best service management practices to inspire other branches to achieve their service goals.

At Your Service Inspiring Stories highlight great customer service moments based on customer feedback, recognising staff for creating positive customer experiences by putting service values of Empathy, Responsibility, and Generosity into practice.

INNOVATIVE AND DIVERSIFIED PRODUCT SUITE

The Bank's diverse product suite of Current, Savings and Term Deposits is one of the best in the banking industry with respect to pricing, processing, and accessibility. The featured products are specially designed for various consumer segments such as businesses, self-employed individuals, females, senior citizens, agriculturalists, and minors offering customised banking services to fulfil the needs of the targeted segments in an optimal way. These specialised products provide customised solutions for each segment, including discounted financing rates, advisory services, and technical support.

Further, the Bank offers an easier documentation process for customer onboarding, advocates gender diversity, and promotes financial inclusion in the country.

Powering Women with Pehchaan Account

To enhance its product offerings under the female account proposition and to encourage women to enter the banking segment, the Bank introduced several initiatives.



Also, to further promote women's financial independence, the Bank extended discounted pricing and fee waivers on Home and Solar Financing facilities for Pehchaan customers under its Mera Ghar, Meri Pehchaan initiative, enhancing access to sustainable homeownership and renewable energy solutions.

As an industry-first initiative, the Bank introduced a Weekly Term Deposit under its PKR Term Deposit portfolio, enabling customers to receive profit payouts on a weekly basis. This innovative offering provided greater liquidity and convenience, supporting customers in managing their recurring expenses more effectively.

Discounted Auto Loan for Pehchaan Customers

A discounted Auto Loan offer was launched for the Bank's Pehchaan customers, featuring exclusive waivers and rate reductions.



Mera Kaam, Meri Pehchaan

In addition, targeted financing facilities were introduced for women-led or women-owned partnerships and companies under the Mera Kaam, Meri Pehchaan initiative to meet their credit needs of SME businesses.



Islamic Banking

Innovation through Digitisation of IBG Products

Digital Islamic Auto Finance – Instant via Alfa App

The banking industry is undergoing rapid transformation through digital innovation, fundamentally reshaping the way customers access financial services. In line with this shift, Bank Alfalah Islamic launched a fully digital auto finance journey through its Alfa app, designed to deliver a seamless end-to-end experience.

With this initiative, customers can digitally apply for auto finance, track their application, and receive disbursement without the need for physical interaction. This innovation ensures greater speed, convenience, and accessibility.

Digital Islamic Solar Finance – Instant via Alfa App

The banking industry has been profoundly impacted by digital technology, fundamentally altering how financial services are accessed and utilised. In response to evolving customer preferences and to enhance convenience, the Bank has developed and launched a user-friendly product tailored for Solar finance customers. This innovative initiative aims to revolutionise the solar financing process by offering a seamless and efficient digital experience.

Through the Alfa app, customers can apply for solar financing digitally. This end-to-end digitisation will streamline the entire process, starting from the submission of the application request to the disbursal of the facility. This digital platform ensures convenience, speed, and accessibility, aligning with the modern expectations of today's consumers.

Consumer Banking

Home Finance

Bank Alfalah continues to lead Pakistan's Housing Finance sector with a broad suite of Conventional and Sharia-compliant products and a steadfast focus on customer experience. Building on its legacy since 2003, the Bank has sustained momentum through disciplined growth, product innovation, and digital-first service delivery, while maintaining strong governance and customer-centric risk practices.

In 2025, Bank Alfalah strengthened its leadership role in housing finance landscape and achieved highest-ever sales acquisition of PKR 13.8 billion, reinforcing strong customer demand, robust distribution and superior advisory-led origination. With the largest housing finance portfolio in the banking industry, Bank Alfalah's housing finance ENR crossed PKR 31 billion, marking a 35% year-over-year increase, substantially outpacing the industry's 7.5% growth. This performance reflects consistent pipeline conversion, prudent underwriting and a resilient portfolio mix across salaried and self-employed segments that continues to enhance market leadership.

To strengthen the housing finance ecosystem and offer greater flexibility through a blended pricing and instalment structure tailored to evolving borrower needs, Bank Alfalah, in collaboration with Pakistan Mortgage Refinance Company (PMRC), has re-launched a hybrid pricing product.

Complementing its green finance agenda, the Bank served more than 550 households under its Home Solar Finance product during 2025, further advancing affordable clean energy adoption and household resilience to rising energy costs. These efforts reinforce the bank's commitment to inclusion, sustainability, and long-term value creation.

Bank Alfalah has disbursed PKR 2 billion through its Roshan Apna Ghar product since launch, enabling expatriate Pakistanis having RDA to own their dream homes in Pakistan while contributing to increased foreign inflows. The bank has also introduced the 'Mera Ghar Meri Pehchaan' proposition with various benefits to promote financial inclusion for women in housing finance. Staying ahead in Government and SBP-led initiatives, Bank Alfalah has commenced solicitation under the 'Mera Ghar Mera Ashiana' Markup Subsidy and Risk Sharing Scheme for affordable Housing Finance, receiving over 600 applications by December 2025.

The Bank sustained its emphasis on seamless, technology enabled journeys. The RAPID Home Finance portal continued to streamline application processing and documentation, improving turn-around and transparency, while the E-Tracking system kept customers informed with real-time status updates. Enhanced lead generation via the Alfa app, website and WhatsApp banking ensured convenient access to advisory and financing options across customer segments, with greater end-to-end visibility from lead to disbursement.

Bank Alfalah's exceptional achievements and strategic initiatives have solidified its position as the market leader in Pakistan's housing finance sector. By embracing innovation, driving digital transformation and meeting the diverse needs of its customers, the bank continues to offer affordable, inclusive and customer-focused housing finance solutions across the country.

Auto Finance

Bank Alfalah's Auto Loan product suite represents a market-leading value proposition, designed to deliver superior affordability, convenience, and flexibility to a broad customer base. As an industry leader in new acquisitions and Ending Net Receivables (ENR), the Bank continues to strengthen its position by offering comprehensive financing solutions across multiple vehicle categories, including new locally manufactured / assembled and used cars.

The product caters to a diverse spectrum of customers,

encompassing salaried individuals, self-employed professionals, and customers with alternative income sources such as agriculture and land holdings, pensions, foreign remittances, rental income, and fixed deposits. Financing options are available up to PKR 3 million, enabling wider access to vehicle ownership across customer segments.

To further enhance affordability and eligibility, Bank Alfalah offers innovative product features including co-borrowing, vehicle replacement options, balloon payment structures, residual value financing, and deferred insurance and registration solutions. These features significantly lower entry barriers and improve financial flexibility for customers. A strong base of repeat customers choosing Bank Alfalah to upgrade their vehicles upon completion of previous financing reflects sustained customer trust and loyalty.

Driven by a focused growth strategy and execution excellence, Bank Alfalah's Auto Loan Business has achieved the No. 1 position in industry new auto loan acquisitions and commands one of the largest auto financing portfolios in the market.

The Bank has also transformed the auto financing experience through the launch of the industry's first Alfalah Instant Auto Loan via Alfa App. This cutting-edge digital solution enables end-to-end loan approval and disbursement within minutes, allowing customers to receive or book vehicles directly from dealerships without visiting a branch or submitting physical documentation—redefining convenience and speed in Auto financing.

Further strengthening its digital leadership, the Rapid Auto Loan (RAL) platform offers a fully paperless and seamless digital journey for both existing-to-bank (ETB) and new-to-bank (NTB) Pakistani customers. Accessible through mobile phones, laptops, or desktops, the platform eliminates the need for physical interaction, while supporting the Bank's commitment to sustainability and environmentally responsible banking.

As Bank Alfalah continues to expand its digital ecosystem, future initiatives will focus on further reducing turnaround times, enhancing user experience, and delivering world-class auto financing solutions. These advancements also create meaningful collaboration opportunities for OEMs and strategic partners to jointly serve a growing customer base through Bank Alfalah's digital platforms, ensuring accessible and efficient financing for eligible customers nationwide.

Personal Loan

Bank Alfalah Personal Loan offers a wide range of features to support individuals and entities recognized as Trusted Partners of Regulators.



Key Support Features for Trusted Partners

- **No Collateral Required:** Bank Alfalah Personal loans financing designed to ensure financial stability, with repayment in easy monthly installments no asset pledging required.
- **Flexible Pricing Options:** Choice of Fixed or Variable pricing to suit customer preferences and risk appetite.
- **Customizable Financing:** Loan amounts from PKR 50,000 up to PKR 3 million with flexible tenures ranging from 1 to 4 years.
- **Top-Up Facility:** Customers with strong repayment history can apply for loan enhancements, aligned with their revised income and evolving financial needs.
- **Simplified Documentation for Existing Customers:** Streamlined processing with potential preferential pricing for Bank Alfalah's existing customers.
- **Convenient Repayment Channels:** Multiple repayment modes including direct debit, ATM, mobile banking, and branch payments, ensuring ease of use and compliance with financial reporting standards.
- **Purchase Loans:** In line with the Government of Pakistan's vision to make transport more affordable and in compliance with the State Bank of Pakistan's directives, Bank Alfalah offers financing for motorcycles and allied products for personal use. This facility enables customers to finance their purchase conveniently, securely, and on easy installments through Bank Alfalah alliance partner.

Products Offered

- Honda Motorcycles
- Electric Bikes / Scooties



- **Green Financing:** As part of the Pakistan Accelerated Vehicle Electrification Program (PAVE) 2025–30, introduced under the Government of Pakistan's EV Policy 2025, Bank Alfalah has been offering Green Financing since 2024. The initiative is designed to make transport cleaner, more affordable, and sustainable for everyone. For decades, reliance on petrol and diesel vehicles has driven up daily expenses, fuel import costs, and environmental pollution. To address these challenges, Bank Alfalah Personal Loans provide a green edge, enabling customers to adopt eco-friendly transport solutions.



Key Features

- Financing for E-Bikes and E-Scooties tailored to all customer segments.
- Most Flexible Terms in the Market with no collateral or down payment required.
- Attractive proposition for environmentally conscious customers seeking affordable and sustainable mobility.

- **Women Empowerment through Bank Alfalah**
Pehchaan Finance: Launched in January 2024, Bank Alfalah Pehchaan Finance reflects the Bank's commitment to diversity, inclusion, and women empowerment. In alignment with the State Bank of Pakistan's vision to create an enabling environment for women to actively participate in entrepreneurial ventures, manage household finances, and contribute meaningfully to economic growth, Bank Alfalah is dedicated to supporting women in making smart and independent financial choices.

Key Support Areas

Through Pehchaan Finance, Bank Alfalah empowers female customers to:

- Pursue Higher Education and invest in their future.
 - Travel with Confidence to fulfill personal aspirations.
 - Own Digital Gadgets and stay connected in a digital world.
 - Adopt Eco-Friendly Mobility through Electric Bike (Scooty) financing.
 - Renovate Homes and improve living standards.
- Bank Alfalah Pehchaan Finance stands as a symbol of empowerment, offering women the financial freedom to realise their dreams and ambitions.



- **Personal loans through RAPID Portal:**
Bank Alfalah has introduced RAPID Portal, a fully digital and paperless platform that has simplified the process of applying for personal loans. The portal ensures a streamlined, end-to-end application journey, making loan acquisition faster, more convenient, and user-friendly.

Key Highlights

- Digital Experience – no paperwork required.

- Seamless End-to-End Process – from application to disbursement.
- Unique Customer Journey – designed to deliver a “wow” experience with speed, transparency, and simplicity.



- **Personal loans through WhatsApp Banking:**
Bank Alfalah enables customers to conveniently apply for Personal Loans via WhatsApp Banking at +92 111 225 111. This innovative conversational banking service allows customers to engage, inquire, and apply through a familiar and user-friendly channel.

Key Highlights

- Seamless Loan Application through WhatsApp.
- 24/7 Accessibility ensuring convenience anytime, anywhere.

Conversational Banking Experience with instant responses and guided steps.



Small and Medium Enterprise (SME) Lending

Flagship Initiatives Driving Inclusive Growth in SME & Agri Segments

Bank Alfalah has launched, “Mera Kaam, Meri Pehchaan”, designed for women entrepreneurs in SMEs and agri-businesses, offering gender-sensitive lending, flexible loan structures, advisory support, and capacity-building programs to empower women-led enterprises and promote sustainable economic development.

Alongside, the “SME Deposit Bonanza” focuses SME deposit holders across agriculture, manufacturing, and services, providing attractive incentives for maintaining deposits, preferential access to financing facilities, and value-added services such as digital banking tools and advisory support. Together, these new product launches expand opportunities for entrepreneurs, enhance liquidity, and ensure equitable access to resources.

Prime Minister’s Youth Business and Agriculture Loan Scheme (PMYBL&ALS)

In alignment with national priorities, Bank Alfalah also participates in Phase IV of the “Prime Minister’s Youth Business and Agriculture Loan Scheme” which provides subsidised financing to young entrepreneurs and farmers to promote SME expansion and agricultural development, with a focus on financial inclusion and job creation across Pakistan. SBP set a target of PKR 5.85 billion for Fiscal year 2024-25 against which Bank Alfalah disbursed PKR 5.70 billion. For Fiscal year 2025-26, SBP has set a disbursement target of PKR 14.7 billion, while Bank Alfalah achieved disbursements totalling PKR 4.48 billion during first half of fiscal year 2025-26.

SME Asaan Finance Scheme (SAAF)

The SAAF initiative, launched by the State Bank of Pakistan in collaboration with the Government, enables SMEs without collateral to access financing. Under the SAAF redeployment scheme, disbursements of PKR 3.442 billion have been made to 560 customers from 01 July 2024 till 31 December 2025.

Development & Implementation of Credit Scoring Models

Under Karandaaz and SBP’s Innovation Challenge Funds, the Bank has been working closely with Karandaaz, SBP & DigiServ for the development of credit scoring models for credit evaluation of SMEs. These models would allow BAFL to collect data from SME customers based on their deposit history and psychometric assessments which can be used to calculate creditworthiness score for each customer. Currently, both these models are in their final stages of implementation and integration and shall be going live

soon. Their application would improve the entire landscape of credit assessment and evaluation.

Agri Financing

Zarkhezi Scheme

In 2025, Bank Alfalah launched the Digital Agri Financing Initiative via the Alfa app, enabling farmers to request loans under the “Zarkhezi Scheme”, 1,369 applications with a total volume PKR 434 million have been received during the year 2025. This end-to-end digital process ensures swift credit assessment, approval, and disbursement without branch visits.

Farmer Financial Literacy Program

Under SBP’s Agriculture Finance Literacy Program, Bank Alfalah organised 145 training sessions, engaging over 3,000 farmers. These sessions focused on enhancing financial access, promoting technology adoption, and facilitating the use of subsidised products.

Agricultural Financing Strategy

Bank Alfalah has revamped its agricultural financing strategy to address climate variability, water scarcity, and declining yields through technology-driven innovation. The approach emphasises digital solutions, ICT integration, risk management via index insurance, and program-based financing. It also introduces score-based appraisal systems to enhance efficiency, financial inclusion, and long-term sector growth.

Retail Trade

TAT Benchmarking: Daily tracking of Trade Finance Processing Turnaround Time (TAT) was institutionalised across all stakeholders to ensure efficiency and service excellence.

Delegation Matrix: The enhancements to the Trade Transaction Delegation Matrix streamlined processes, resulting in smoother and faster transaction handling.

Cluster Support: The Cluster Manager Trade Support function provided comprehensive assistance across all branches, improving customer experience in trade transactions.

Capacity Building: The Price IQ tools were introduced for branch trade staff, enhancing knowledge and decision-making capabilities.

Master Undertakings: The approval of a single consolidated master undertaking replaced the previous 7–8 individual undertakings, thereby streamlining

processes and reinforcing operational governance and compliance.

Compliance Systems: HOT Scan and East Scan systems were adopted to reinforce the compliance standards and risk management.

Non-financial Advisory Services (NFAS)

Bank Alfalah's Non-Financial Advisory Services (NFAS) act as a strategic enabler, enhancing customer capacity, resilience, and sustainability. By improving operational efficiency, financial readiness, and market insight, NFAS strengthens the SME portfolio and provides a competitive edge, while remaining integral to the Bank's broader growth strategy and commitment to sustainable enterprise development.

Women-Led Business Outreach

Through collaborations with SMEDA, Chambers of Commerce, UN Women, PSW, CIRCLE Women, KSBL, LUMS, NIC Lahore, NIC Peshawar, and others, Bank Alfalah expanded its reach to women-led businesses and aspiring entrepreneurs, promoting financial inclusion and empowerment.

Support for Persons with Disabilities (PWDs)

Partnerships with ConnectHear, NOWPDP, and Deaf Reach School enabled inclusive financial education and tailored support, ensuring marginalised communities have access to banking services.

Anchor-Based Financing & Strategic Alliances

Leveraging anchor-based financing and alliances with Greenstar, UN Women, Care International, PITB, LadiesFund, and USAID SMEA, the Bank expanded outreach to niche markets and facilitated credit access for women-led enterprises.



SME Development & Advisory Initiatives

Recognising SMEs as a key driver of economic growth, the Bank partnered with the State Bank of Pakistan to deliver financial and non-financial advisory services.

Adoption of the WE-Finance Code under SBP's Banking on Equality framework reaffirmed its commitment to reducing gender gaps in access to finance.

Agricultural Financing Expansion

Bank Alfalah extended its agricultural reach by engaging underserved rural segments through agri-support providers, promoting advanced farming and climate-smart practices. Programs such as Alfalah Kashtkar Credit and Alfalah Zarie Sahulat provided flexible financing for both farm and non-farm sectors.

Agricultural Finance Literacy Programs

Under SBP's Agriculture Finance Literacy Program, the Bank trained over 3,000 farmers in 145 sessions nationwide, with a strong focus on women in dairy and non-dairy sectors. Targeted initiatives in remote areas, including Pishin, Baluchistan, offered small loans, fee waivers, and door-to-door services to simplify loan applications and improve financial literacy.

Digital Advisory Services – SME Toolkit

The Bank strengthened its digital presence by revamping the SME Toolkit platform, offering structured learning resources, toolkits, and banking guidance. This industry-first initiative extended non-financial advisory services through scalable, technology-driven engagement with SMEs.



Looking ahead to 2026, Bank Alfalah will continue to strengthen its SME banking portfolio by prioritising financial literacy, designing customised banking solutions, and advancing digital transformation. These efforts are aimed at making financial services more accessible, efficient, and impactful, thereby empowering SMEs to drive sustainable growth and contribute more effectively to Pakistan's economy.

Corporate and Investment Banking Transaction Banking

Bank Alfalah offers fully digitalised and seamless solutions for electronic payments and Trade Finance through its state-of-the-art electronic banking platform, Bank Alfalah Transact. Designed to meet the complex requirements of corporate clients who often serve as key intermediaries between government entities and international trading partners—the platform delivers secure, efficient, and compliant transaction processing.

Recognising its responsibility in driving digital transformation, the Bank continues to embrace innovation to address the evolving needs of businesses. Ongoing technology initiatives across Cash Management and Trade Finance have significantly optimised operational processes by enabling real-time transaction processing, automated trade documentation, and advanced liquidity management tools, thereby reducing turnaround times, and enhancing accuracy.

Key Digital and Operational Enhancements

- **Expansion of Product Portfolio for Exchange Companies:**

Customised solutions were introduced for Exchange Companies to facilitate foreign currency payment routing and settlement, while ensuring full compliance with applicable regulatory requirements and improving operational efficiency.

- **Process Reengineering:**

End-to-end automation of the Cash Over-the-Counter process was implemented to enhance productivity and operational efficiency. Additionally, the cheque outsourcing process was streamlined through real-time cheque activation services, supported by robust controls and comprehensive audit trails.

- **Consolidation of the Aggregator Model:**

The Bank expanded its digital collection ecosystem by onboarding utility companies (DISCOs), educational institutions, and housing societies, thereby strengthening its collection landscape, and improving reach.

- **Enhanced Customer Convenience and Operational Efficiency:**

Digital visibility of import document arrivals was enabled on OBDX immediately upon lodging in BPM/T24. Customers can now receive and accept Retirement Notes digitally, significantly reducing manual intervention, operational workload, and branch dependency.

- **Pioneering Digital Trade Enrichment:**

The introduction of digital issuance for Shipping Guarantees and Air Waybill Endorsements has resulted in faster turnaround times, stronger audit trails, and improved transaction record management.

- **360° Real-Time Trade Visibility:**

Customers are provided with a consolidated, real-time view of import and export bills, including document status and maturity profiles, supporting improved liquidity planning and effective management of trade-related cash flows.

- **Expansion of Digital Supply Chain Finance (SCF) Capabilities:**

Tailored SCF solutions of Distributor Finance and Payable Finance were rolled out under a program-based, anchor-led model through Bank Alfalah Transact. The platform's omni-channel integration enables digitally empowered access to finance for SMEs/SMCs, while enhancing overall client experience.

Collectively, these initiatives demonstrate Bank Alfalah's commitment to leveraging digital innovation and automation to enhance operational efficiency, optimise costs, and elevate customer experience. They further highlight the strategic importance of self-service digital solutions in simplifying banking processes and supporting sustainable business growth.

Significant Events / Changes in Organisation

There are no significant changes from prior year with respect to:

- the ownership and
- business model of the Bank.

Stakeholder Relationship and Engagement



Stakeholders' Information

Customers

Bank Alfalah recognises that today's customers are increasingly financially aware and more conscious of their evolving needs. This has positioned Customer Centricity as a fundamental principle for the Bank. The Bank continuously enhances customer experiences by prioritising quality and delivering exceptional service. In a strategic evolution, the Bank has moved beyond operational excellence to deliberately cultivate a culture of service, to exceed customer expectations.

To address the dynamic needs and preferences of the customers, the Bank provides innovative products and seamless processes informed by customer feedback, complaints, regulatory research, global market trends, and industry best practices.

The Bank's dedication to customer-centricity is reflected in the diverse product portfolio, encompassing branch banking, consumer finance, corporate and SME solutions, wealth management, Islamic banking, and digital banking platforms.

To gain deeper insights into customer needs, the Bank has strengthened its feedback mechanisms. Relationship Management Assessments are conducted to evaluate the outreach and performance of relationship managers, ensuring customer satisfaction remains central. This comprehensive approach demonstrates the commitment to building meaningful relationships and nurturing a strong service culture.

The Voice of Customer (VOC) program plays a vital role in capturing real-time insights, enabling the Bank to respond promptly and effectively. Complementing this, Voice of Employee surveys assess the support provided by internal units, helping identify and resolve recurring challenges. By involving senior management in these processes, the Bank ensures that improvements are implemented across all levels of the organisation.

Additionally, the customer engagement strategy utilises multiple channels, including call centers, social media platforms, surveys, awareness sessions, road shows, and targeted advertising campaigns, allowing the Bank to connect with customers seamlessly and effectively.

Colleagues

Bank Alfalah believes that investing in human capital is the key to achieving its strategic objectives. The Bank

ensures that colleagues remain motivated and committed through productive capacity building programs, appreciation via various platforms, and engagement in activities other than core business operations. Besides developing professional skills of the team, the Bank promotes an environment of learning and a well-rounded lifestyle through initiatives such as:

- Periodic 'Employee Happiness' surveys
- Sharing of success stories
- A platform for colleagues to express gratitude towards each other
- Sponsorship Programmes to seek guidance for mentorship from senior leaders
- Year-round learning and development programs
- Financial assistance schemes for professional qualifications / tertiary education for top performers
- Sabbatical leave for colleagues who wish to pursue higher education
- Access to a variety of learning material on the Bank's Learning Management System
- Awareness campaigns and activities to keep colleagues engaged

The Bank acknowledges the contributions of its colleagues, particularly female staff and colleagues with disabilities. Bank Alfalah is proud to be an equal-opportunity employer.



Shareholders and Institutional Investors

One of the Bank's significant goals is to deliver long-term value to its shareholders. Shareholders' trust sets the strategic direction of any institution, and their support further facilitates the achievement of key objectives. Engagement through AGMs and EOGMs certify that shareholders actively participate to ensure that the business remains sustainable in the years to come. Press releases and financial reports (quarterly, semi-annually, and annually) are disseminated promptly to ensure shareholders' engagement at all times.

Suppliers, Service Providers and Vendors

Bank Alfalah considers suppliers at every stage of the product lifecycle as they have a significant role in providing end-to-end services, ranging from sourcing raw materials to help ramping up production and -finding better options for the organisations. When the market starts becoming saturated, companies need to work closely with their suppliers to get the best out of their products for fulfilling their requirements. The goal of suppliers is to ensure that they meet or exceed the buyer's expectations in terms of quality, delivery, and cost. There are many benefits of effective supplier management, including improved quality and delivery of goods and services, reduced costs, and strategic relationships with suppliers.

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Analysts and Rating Agencies

The Bank regularly engages with analysts on project details already disclosed to the regulators, with due regard for regulatory restrictions imposed on inside information and/or trading to avoid any impact on the Bank's reputation or share price. The Bank organises analyst briefings and conference calls to apprise the attendees on operational and financial performance. The Bank also engages with credit rating agencies, which assign ratings to the Bank's equity as well as its financing arrangements.

Regulatory Bodies

To ensure sound business operations, regulatory compliance, and a transparent legal environment, engagement at the regulators' level is carried out frequently throughout the year. Engagement channels include periodic reporting and meetings held with the regulators, both locally as well as overseas, or their authorised representatives. The Bank has always appreciated the support of the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, the Pakistan Stock Exchange, Financial Monitoring Unit (FMU) and other regulatory bodies of the local and international operations.

Community and Society

The Bank engages with the general public through Sustainable Corporate Social Responsibility (CSR) initiatives. In 2025, the Bank spent PKR 300 million on economic, social and environment capital of people of Pakistan. From Islamic Banking Group, charity worth PKR 172 million was spent on education, health and social welfare. Also, CSR related to Flood Relief amounted to PKR 15 million. Further details are provided in the CSR section.

Media

The media is instrumental in communicating the Bank's vision, mission, and core beliefs in order to inform and educate customers and stakeholders about the Bank's products and services. The Bank utilises conventional and digital media to reach its audience. Whether its television and print or the increasingly popular social media, the Bank aspires to expand its footprint, establish its brand, and inform and update its customers regarding its initiatives and tailor-made offerings.

The Bank utilises the potential of media to keep all its stakeholders informed and aware of its performance. The media's role is immense in disseminating information pertaining to the Bank, whether it's information on financial literacy, green banking, digitisation, DE and I and CSR. The Bank continually strives to maintain frequent and open communication with the media to create brand awareness and strengthen its reputation.



Stakeholders' Engagement Policy

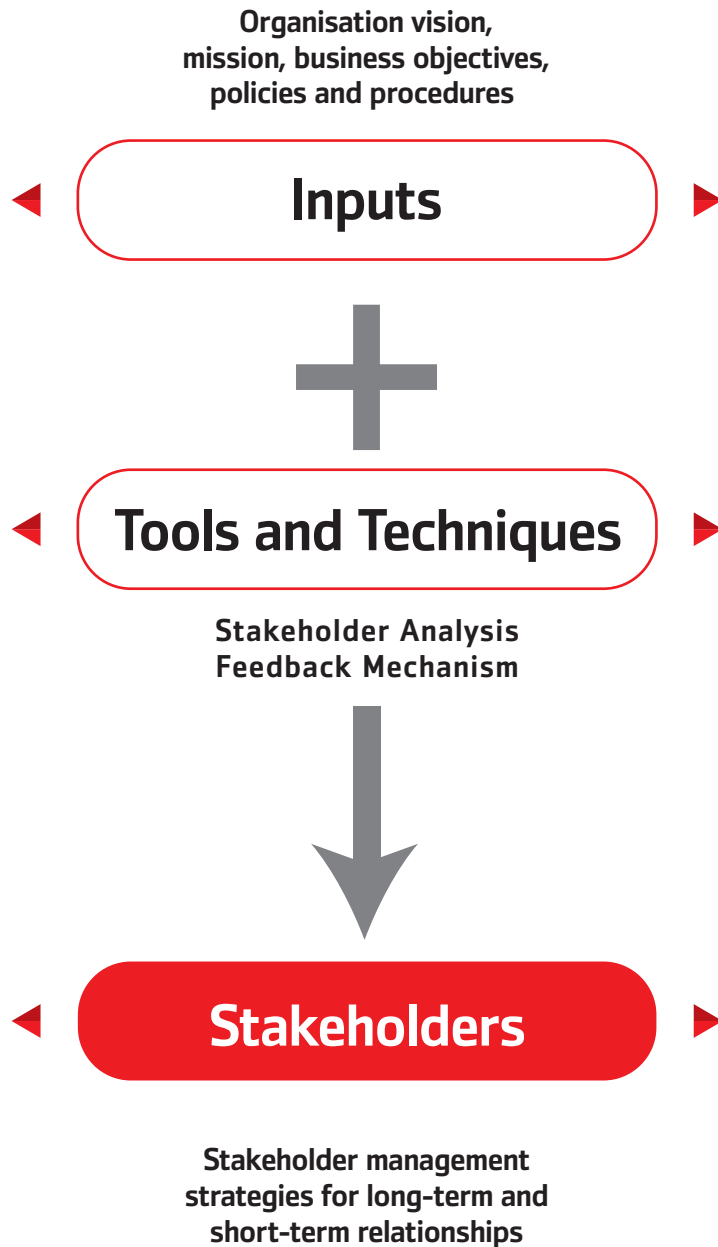
Board's Focus on Stakeholders' Engagement

The Board has set a framework and guiding principles for the management to ensure transparency and regular interaction with stakeholders, particularly shareholders, and investors. The Bank's management strives, through various platforms such as branches, digital channels, media, and social media platforms, to understand the views and sentiments of its stakeholders.

Managing the Relationships

The Bank holds its key stakeholders in high regard and follows an end-to-end engagement process to keep them informed and involved. Internal as well as external stakeholders are engaged regularly or as and when needed. The Bank continually improves its offerings and services, aiming to meet and exceed stakeholders' expectations.

Stakeholders' Identification Process



Legitimate Needs, Interests of Key Stakeholders, and Industry Trends

Stakeholder	Legitimate needs and interests	Industry trends
Customers	• Best-in-class products and services	• Innovation • Digital platforms for providing services • Service agility
Colleagues	• Career progression • Work-life balance • Belonging • Transparency	• Timely pay • Training • Swift on and off-boarding • Health and well-being
Shareholders and investors	• Maximised returns and regular dividends • Timely dissemination of all material information in accordance with the regulatory requirements	• Profitability • Ongoing engagement
Vendors, suppliers and service providers	• Fair and transparent competition among the vendors. • Timely payments • Long-term relationship via strategic sourcing deals and agreements • Preserve the confidentiality of vendor information • Highest professional and ethical standard and absolute business integrity at all times.	• Transparent competitive bidding process • Robust enlistment process of vendors who have soundtrack record of service delivery
Analysts and Rating agencies	• Accurate information • Regular connectivity	• Forward-looking opinion on credit worthiness of underlying entity or instrument
Regulatory Bodies	• Compliance with laws and regulations	• Trusted partner • Timely and accurate reporting
Community and Society	• Economic, social and environment capital	• Sustainability • Charity • Corporate Social Responsibility
Media and Marketing	• Timely and accurate information	• Timely and accurate information

The Bank takes care of all legitimate needs of its stakeholders, aligns itself with industry trends and remains up to the benchmark.

Stakeholders' Engagement Process and Frequency

			
Customers	Employees	Shareholders and Institutional Investors	Vendors, Suppliers and Service Providers
Engagement • Branch Banking • Internet / Mobile Banking • Call Centres • Complaints • Social Media • Advertisements • Feedback surveys	Engagement • Trainings, employee policies, awards and awareness • Services to the customers through customer touchpoints • Grievances • Awareness about employee benefits • Sessions with senior management through townhalls • Compensation and benefits	Engagement • Financial Statements • AGM/EOGM • Press Releases/ Announcements • Corporate Briefings • Grievances • Dividend Distribution • Investments • Feedback surveys	Engagement • Procurement of goods and Services • Staff and other outsourcing arrangements • Health and Safety trainings provided to vendors
Frequency • As and when need arises	Frequency • Daily	Frequency • Quarterly • Half yearly • Annual • As and when need arises	Frequency • Daily • As and when need arises
Their importance to us • Brand reputation • Customer satisfaction	Their importance to us • Engine to run our business • Ambassador to the customers	Their importance to us • Value increase • Good returns • Reputation	Their importance to us • Good business relationships • Cost-effectiveness • Quality output/service



Analysts and Rating Agencies

Engagement

- Ratings Reports
- Results Release

Frequency

- Quarterly

Their importance to us

- Independent view providers for the Bank's customers
- Build trust
- Support credibility



Regulatory Bodies

Engagement

- Compliance with Laws and Regulators
- Proactive Engagement and Connection with various Regulatory Agencies
- Meetings and Regular Discussions with regulators

Frequency

- As per regulatory timelines

Their importance to us

- Transparency
- Check and balance



Community/ Society

Engagement

- Employment
- Health
- Safety
- Welfare
- Education
- Economic Empowerment
- Environmental Sustainability
- Leadership Development
- Promotion of Sports, Arts and Culture

Frequency

- As and when need arises

Their importance to us

- Socially responsible citizenship
- Sustainability



Marketing, Media and Visibility Channels

Engagement

- Products and Services Outreach
- Regulatory Information
- Awareness through Advertisements and Promotions

Frequency

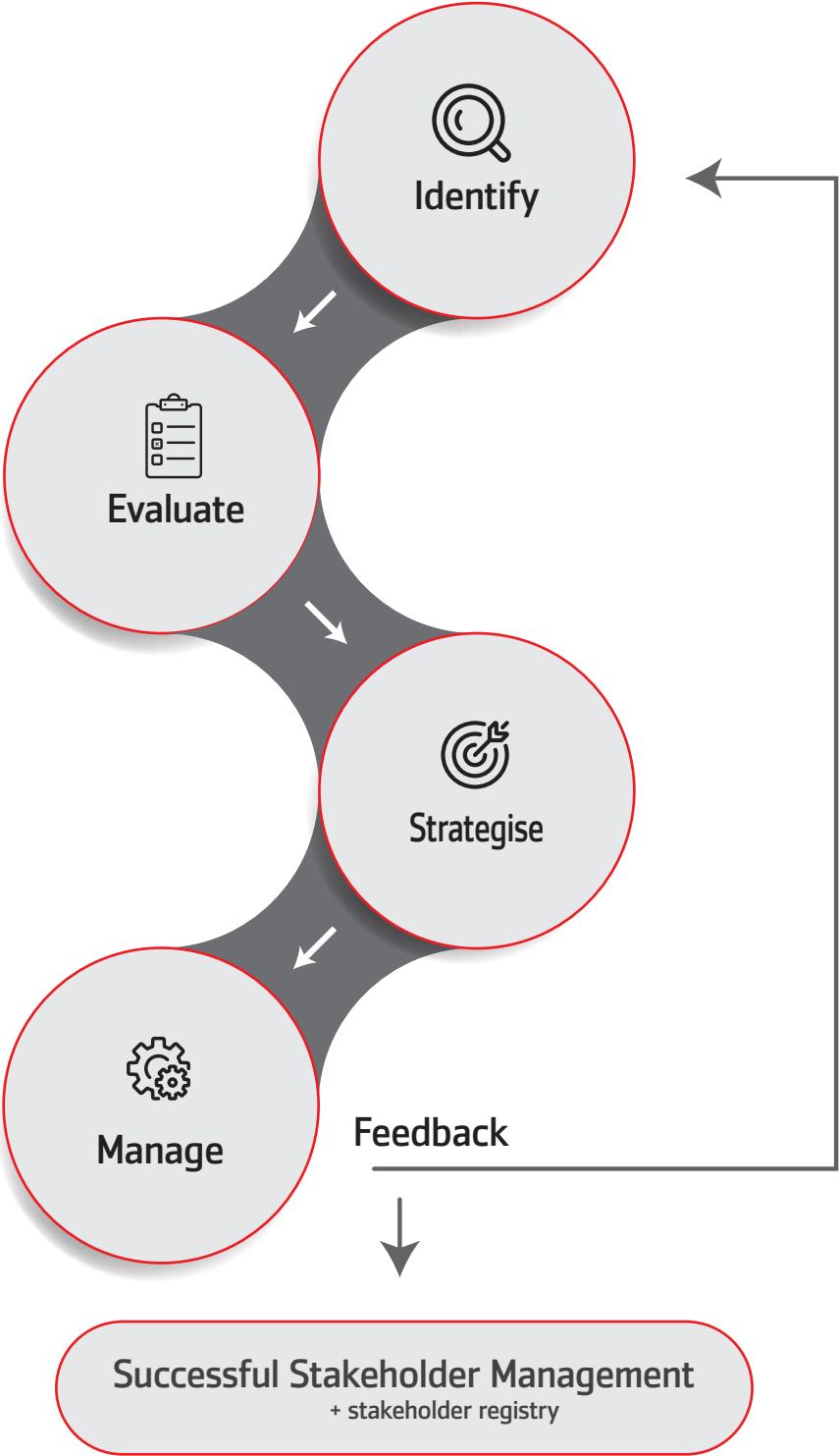
- As and when need arises

Their importance to us

- Public image
- Brand awareness

Relationships Impacting the Bank’s Performance and Value

The Bank’s key stakeholders are at the core of its strategy. The Bank sets its objectives in accordance with the stakeholders’ requirements, protecting and promoting their interests, and aligning the Bank’s operations, ensuring strict compliance with regulatory requirements, through stakeholder relationship management. The diagram below depicts how stakeholders are linked to the Bank’s performance and value-addition process.



Stakeholders' Engagement

Customers

Customer Experience and Complaint Management

The Customer Experience Unit serves as the central driver for advancing customer interests and championing the Bank's customer centric agenda. This agenda is built around five key priorities:

- Ensuring ethical and responsible conduct with customers
- Enhancing service standards across all touchpoints
- Promoting innovation in service delivery
- Gaining deeper customer insights through ongoing research
- Fostering the growth of a strong service culture within the Bank

To translate these priorities into action, the Customer Experience Unit undertakes a range of initiatives designed to embed customer centricity into the organisation's fabric. These initiatives are structured to strengthen relationships, elevate service quality, and ensure that customer satisfaction remains at the heart of every interaction.

Consumer Protection Policy

Bank Alfalah has established a comprehensive consumer protection policy that provides clear guidelines to safeguard customers at every stage of their interaction with the Bank. These guidelines encompass critical areas such as product development, sales practices, marketing activities, communication protocols, and customer handling.

In addition, the Live Service Monitoring (LSM) Unit plays a pivotal role in ensuring service excellence at branches. By addressing immediate concerns and implementing corrective measures in real time, the LSM Unit reinforces the Bank's commitment to prompt resolution and a seamless customer experience. In 2025, 24,345 evaluations/ reviews were conducted.

Promoting a Service-Oriented Culture (in collaboration with HCG)

The Bank has placed strong emphasis on driving cultural transformation across the organisation, declaring this year as the 'Year of Service'. The launch

of 'At Your Service 2.0' has further reinforced the Bank's vision of customer centricity and a service oriented culture, anchored in three guiding pillars: Empathy, Generosity, and Responsibility.

To empower frontline staff, the Bank introduced the service culture enablement program through SQMP, designed to instill the right mindset through targeted training. At the same time, the branch manager service delivery indicator highlights the critical role branch managers play in shaping customer experiences. Their floor presence, team huddles, and knowledge levels are captured as key drivers of service excellence, ensuring that leadership at the branch level remains closely aligned with customer needs.

Moreover, through the Service Super League, a management league reinforces the commitment to deliver on service benchmarks across the branch banking network, focusing on benchmark-compliant branches and accelerating progress on key service indicators through consistent and granular governance at the management level, ensuring every branch delivers top-tier service.

The customer experience team complements these efforts with campaigns such as 'ABC of Business Etiquettes', which emphasises appearance, behavior, and communication, and 'Workplace Ethics', which focuses on greetings, body language, soft skills, and customer confidentiality. These initiatives are designed to strengthen professionalism and reinforce the values of respect and integrity in customer interactions.

Furthermore, the customer diversification program equips frontline staff with the skills to serve diverse customer segments, enabling them to deliver personalised consulting experiences tailored to individual needs. Together, these initiatives reflect the Bank's unwavering commitment to building a strong, customer-centric service culture that consistently elevates the customer experience.

Quality Assurance

The Bank has established a robust quality assurance framework that spans a wide range of products and channels, including digital platforms, branch banking, SME, Corporate Banking, Premier Banking, consumer

finance, centralised operations, corporate payroll accounts, contact centers, and support functions. The primary objective of this framework is to identify gaps that contribute to delays in turnaround times and proactively address them, ensuring strict compliance with established service standards.

To further strengthen monitoring capabilities, the Bank has introduced additional performance indicators during the year, bringing the total to 217 indicators, of which 118 are unique. This expansion reflects the Bank's commitment to continuously enhancing oversight, improving efficiency, and maintaining the highest levels of service quality across all customer touchpoints.

Knowledge Initiatives

The enhancement of colleague awareness remains a central focus of the comprehensive knowledge improvement program, which is designed to deepen understanding not only of products, processes, and services but also of essential soft skills and branch-level interaction fundamentals. To reinforce the customer-centric approach, the Bank runs impactful campaigns such as Live by Values, WOW Stories, and BSL Champions, each aimed at embedding service excellence into daily practice.

The Knowledge Portal serves as a convenient one-stop hub, offering easy access to all product-related information. With the integration of Knowledge Portal AI, this streamlined platform simplifies the consultation process for both frontline staff and customers, ensuring efficiency and accuracy in service delivery.

To maintain high standards of awareness, employee knowledge is monitored through monthly Basic Fact Awareness (BFA) tests, which are incorporated as KPIs for all frontline staff across branches, Premier Banking, CFG/Digital Service Centers, Contact Centers, Trade and SME, the Retail Payment team, and Direct Sales. During the year, 104,419 staff members were tested through the BFA, ensuring they remain consistently updated and aligned with the Bank's service and knowledge requirements.

Customer Insights

The Customer Insights department is dedicated to systematically gathering feedback through multiple channels, including ROBO calls, manual calls and digital surveys. With rigorous monitoring, we have launched approximately 46 campaigns across diverse business areas, significantly expanding the Bank's outreach. This has resulted in a 17% increase in surveying activities

and engagement with nearly 672,073 customers.

The Bank has placed emphasis on strategic surveys to evaluate both customer and employee engagement levels, ensuring a holistic understanding of the Bank's stakeholders. These efforts are further reinforced by open market research, application seeding processes, social media analysis, AI exploration, and internal employee engagement surveys.

To enhance responsiveness, the Bank has introduced a feedback pull mechanism via QR codes, along with a feedback option through CDMs, enabling customers visiting branches to share their input seamlessly. In addition, the expanded scope of focus groups allows the Bank to conduct large-scale open market research, generating valuable insights into competitor strategies and customer expectations.

By actively participating in both global and local research initiatives, and by exploring emerging trends and best practices, the department continues to drive continuous improvement across the organisation, ensuring that customer centricity remains at the core of its operations.



Attrition Management Unit

The Attrition Management Unit (AMU), established in 2022, has been instrumental in providing valuable insights into exiting customers while simultaneously driving retention efforts. Through detailed analysis, the AMU enables the Bank to assess, evaluate, and enhance its offerings by effectively identifying and addressing customer concerns.

This includes conducting comprehensive deep dives into the underlying reasons behind product cancellations and customer exits, ensuring that lessons are translated into actionable improvements. By adopting this proactive approach, the AMU supports continuous enhancement of customer experiences and reinforces the Bank's commitment to long-term retention.

Transformation

The Transformation team leads the exNOME initiative, a flagship program designed to elevate organisational efficiency, enrich customer experience, and accelerate digital innovation. Under exNOME, high-impact projects across the Bank have been consolidated under a single committee, ensuring customer-centricity remains the guiding principle of every endeavor. These projects span diverse functions, driving process simplification, digitisation, and workforce skill development, while leveraging advanced technologies such as artificial intelligence, robotic process automation (RPA), and analytics. Notable achievements include the introduction of paperless workflows, fully digitised transactions and KYC processes, and the automation of critical backend operations. Through these efforts, the Transformation team fosters a culture of innovation, empowers frontline staff, and advances data-driven decision-making, delivering operational excellence and an enhanced customer journey.

Process Optimisation Unit (POU)

The Process Optimisation Unit (POU) plays a central role in driving continuous improvement across the bank by identifying inefficiencies and redesigning processes for greater operational efficiency. Working in close collaboration with centralised operations and frontline teams, POU actively engages stakeholders to address challenges and enhance workflows. Key initiatives include the bank-wide deployment of IP phones, optimisation of BEX, a platform that manages branch visits and related activities—and a strategic transition toward paperless, automated solutions to eliminate manual tasks. By strengthening customer touchpoints and reengineering internal processes, POU enables seamless operations and elevates the overall customer experience. These efforts further underscore the bank's commitment to sustainability and operational agility.

CRM and Digitisation

The CRM and Digitisation team is spearheading the development of a state-of-the-art in-house Customer Relationship Management (CRM) system, engineered to consolidate multiple platforms into a single, intuitive interface. By equipping frontline staff with an omni-channel experience and advanced tools, the initiative seeks to elevate customer service and employee efficiency to world-class standards. Developed in close collaboration with the technology team, the system will continue to evolve post-launch, further streamlining operations and strengthening customer engagement. Beyond CRM, the team is driving the bank's broader digital transformation, including the rollout of a digital signature solution to replace paper-based approvals and the implementation of other key systems that enhance organisational agility.

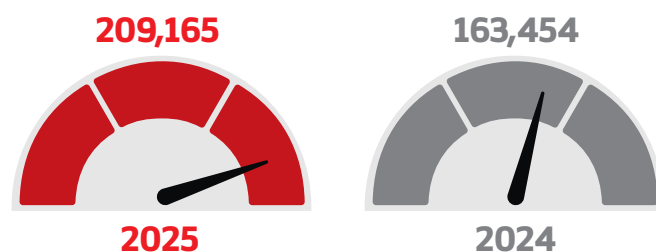
Complaint Management Unit

At Bank Alfalah, customer satisfaction is the

foundation of its success. The Bank nurtures a customer-centric culture, reinforced by a robust complaint-handling framework built on fairness, transparency, responsiveness, and accessibility.

To ensure convenience, customers can register complaints through multiple channels. All branches, CFG/Digital Service Centers, Contact Centers, and Direct Sales Staff are equipped to log complaints directly into the Complaint Management System. In addition, a user-friendly website, dedicated email addresses, a mobile app, and branch drop boxes provide further avenues for submission. Every complaint is promptly recorded in the system, with a clearly defined escalation matrix prioritising urgent matters to guarantee timely resolution. Root cause analyses are regularly conducted, and insights are shared with Senior Management and Business Segments to proactively address recurring issues and reduce future grievances.

In 2025, the Bank handled 209,165 complaints, achieving an impressive average resolution time of just 3.6 working days.



Video Mystery Shopping Program (VMS)

The Bank continuously monitors the customer experience through multiple channels, including its Video Mystery Shopping (VMS) program. VMS evaluates the customer journey and identifies service gaps across branches, Premier Lounges, and Consumer Finance Service Centers/Helpdesks, using 79 distinct performance indicators. Conducted nationwide four times a year, the program has significantly expanded monitoring coverage and strengthened service controls, enabling the Bank to uphold higher standards of customer care. In 2025, total 5,002 visits were conducted.

Colleagues

Culture at Bank Alfalah

Bank Alfalah is a strong advocate for fostering a culture change within the banking industry. The Bank believes that a positive and supportive organisational culture is key to building a satisfied and engaged workforce. This belief is rooted in the understanding that when employees feel valued, it results in greater productivity, creativity, and job satisfaction. In line with this vision, the Bank prioritises the creation

of a diverse and inclusive environment. By embracing diversity, Bank Alfalah aims to bring together individuals with varied perspectives and backgrounds, encouraging innovation and collaboration across all levels of the organisation. The ultimate goal is to provide a safe and stimulating space where employees not only find their purpose but are also excited to come to work every day. This culture of inclusivity and engagement is integral to ensuring that employees thrive, both personally and professionally, contributing to the Bank's continued success.

The Bank Alfalah culture strategy rests on the following pillars:

- One Bank, One Team
- Focus on Customers
- Inspiring and Empowering the Bank's People

These values are accompanied by specific behaviors and competencies that guide employees in embodying them. By understanding and practicing these values, personnel are able to develop a holistic understanding of their significance and their role in shaping the culture of the Bank.

When employees align with these values, they contribute to fostering a positive and inclusive culture. This alignment creates a workplace that is conducive to the success and well-being of all employees, regardless of age, race, religion, gender, ability, or any other individual characteristics. The Bank is committed to ensuring that every employee feels respected, valued, and empowered to contribute their best, helping to build a more diverse, equitable, and supportive work environment for all.

All initiatives proposed are a product of the feedback received from the employees, and as a result have a direct impact on the business, behavior of the staff, and customer loyalty. Culture has been inculcated into the Bank's overarching 5-year strategy, evidencing the Bank's senior management's commitment towards ensuring a positive experience and environment for all employees.

Talent Acquisition and Advisory

- **Talent Acquisition**
To maintain an uninterrupted talent pipeline and to support its diverse business operations, the Bank inducts mid-level and fresh graduates through hiring programs. All prospective candidates are evaluated through a structured recruitment process. This year, the Bank on boarded 4,113 individuals through lateral and batch programs with the primary focus on ramping up the frontline workforce.
- **Human Capital Group Advisory**
The Human Capital Group (HCG) Advisory function continues to support all business functions in areas such as employee retention, handling

grievances, conducting employee engagement sessions, and so on. As part of this function, the talent classification exercise is carried out for critical positions to maintain bench strength of senior talent. There is a focused approach to building a talent pipeline through succession planning to ensure successors at all leadership levels and critical positions. Development plans are devised for high performers, which include their training and coaching needs.

Learning and Development

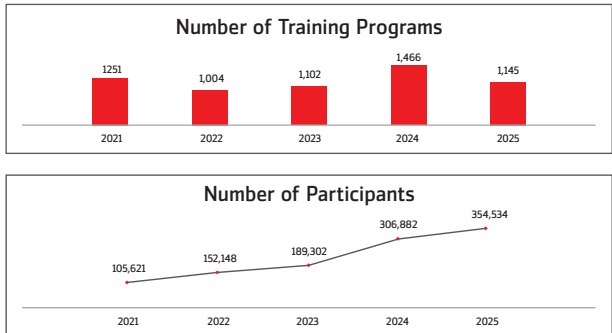
'Opportunities to Learn and Grow' is one of the main pillars of the Bank's 'People Happiness' charter. The Bank aims to invest in colleagues development and training opportunities so that the colleagues continue to hone their skills and advance their careers. Specific focus is placed on job role enrichment, upskilling employees, and professional development to enhance the skillset of the workforce.

Strengthening the colleagues' induction programs is another focus area to ensure a smooth transition of new joiners by equipping them with knowledge about the Code of Conduct, Culture, Systems, Policies and compliance. The Bank hosts two programs by the name of Start Right, for all new joiners, and Ready to Perform, for front line employees.

Carrying forward the momentum from the year before year, 2025 was an important year for learning and development. The year witnessed a digital transformation of learning methodologies, revamping the Bank's physical learning spaces. From virtual infrastructure upgradation to extending innovative learning opportunities, the Learning Division made concerted efforts to equip colleagues with the best skill set, enabling them to discover new and better ways to serve the Bank's customers.

In line with the Employee Happiness Charter to extend opportunities to learn and grow, learning interventions were offered virtually as well as in person. Training interventions and e-Learning modules were offered in various disciplines.

Given below is a glimpse of learning quantum during the last 5 years:



The Bank's extended focus remained on capacity-building in line with regulatory frameworks and global compliance obligations, with several initiatives undertaken in this regard. With the help of in-house and external subject-matter experts, various learning programs were arranged on Anti-Money Laundering, TF Risk Assessment and CFT Obligations, Trade-Based Money Laundering and Cyber Security Awareness. Realising contemporary trends and for future-proofing the Bank's colleagues, learning initiatives have been taken to increase their digital quotient. Frontline teams were upskilled in product and process knowledge, and enhanced levels of customer service.

Investing in Generative AI

In line with the Bank's strategic focus on innovation and future readiness, Bank Alfalah launched the hands-on digital transformation and generative AI workshop to equip colleagues with practical knowledge and skills in emerging digital technologies. The workshop is designed to enhance digital mindsets, promote data-driven decision-making, and enable colleagues to effectively leverage Generative AI tools in their day-to-day roles. Through interactive sessions and real-world use cases, the program aims to build a digitisation, and sustainable growth across the organisation. The workshop continues to be rolled out nationwide to ensure widespread capability building and long-term value creation for the Bank.



Premier Banking Boot Camp

To improve the skills of Premier Banking Staff, the Bank Alfalah learning team launched a comprehensive Premier Banking Boot camp. This tailored program is meticulously designed to elevate investment product knowledge and enhance financial market understanding among premier staff. The training content encourages participants to think creatively and propose scenario-based wealth and investment plans according to client needs. Premier Boot Camps were

conducted across the country in 2025.

Through this Premier Banking certification, Premier RMs were trained and assessed on Product Knowledge, Control and Compliance, ensuring a high standard of service to clients. The Learning team is steadfast in its commitment to continuous upskilling and empowering staff to operate at their fullest potential, enthusiastic about propelling this initiative to the next level. This advanced phase is designed to further enrich RMs' expertise in the capital market, refine risk assessment skills, and cultivate portfolio-building proficiency. Successful RMs will have the opportunity to pursue professional certifications such as IFMP and CFA.



Islamic Banking

To align with the Bank's agenda for Islamic Banking, last year the Learning Division signed an MoU with NIBAF to bring the industry's best Islamic Banking Certification Course (IBCC) to Bank Alfalah premises. This in-house facility provides an opportunity for maximum staff to benefit from the course, comprising 16 comprehensive modules on a wide range of Islamic banking concepts and practices. This program aims to upskill Bank Alfalah colleagues to become Islamic Banking specialists, playing a role in devising Shariah-compliant products and services for customers.



In continuation of the Bank's commitment to strengthening risk awareness and proactive management practices, the Early Problem Recognition

and Remedial Management Training Program was launched to enhance the capability of staff in identifying, assessing, and managing early warning signs of potential credit and operational risks. The program is designed to equip participants with practical tools and frameworks to recognise emerging issues at an early stage and implement timely remedial actions to mitigate risk exposure.

The Learning team developed a structured and customised training curriculum covering early warning indicators, problem loan identification, root cause analysis, restructuring strategies, and effective stakeholder coordination. Through case-based learning, scenario analysis, and interactive discussions, participants strengthened their analytical judgment and decision-making capabilities. The program also emphasised cross-functional collaboration and accountability to ensure consistent application of remedial management practices across the Bank. Progress and learning outcomes were monitored to ensure effective knowledge transfer and sustained improvement in asset quality and risk management standards.



In line with the Bank's vision of financial inclusion and SBP's financial literacy program - National Financial Literacy Programme, 2022-27, Bank Alfalah has overachieved the given target for the last two years and reached out to more than 7,000 beneficiaries per year across 26 cities in Pakistan. Field trainers were deployed to raise awareness through classroom/street theaters in assigned areas for the target audience. The Bank Alfalah Learning team facilitated SBP and partnering institutions and collaborated with the development sector to raise awareness of this programme.

The Learning and Development team continued to strengthen Shariah governance and compliance by delivering structured training on AAOIFI Shariah Standards across the Bank. The program was rolled out in phases and implemented nationwide to ensure

consistent understanding and application of Shariah principles across relevant functions. In 2025, additional phases of AAOIFI-focused training were conducted and were well received by participants.

Employees across Islamic Banking, Product, Operations, Audit, and Compliance functions participated in instructor-led sessions complemented by practical case discussions. The training aimed to enhance knowledge of AAOIFI Shariah Standards, address audit observations, and reinforce compliance with regulatory and Shariah Board requirements. Positive participant feedback and improved alignment in Shariah practices across business units indicate the effectiveness of the program in strengthening Shariah compliance and governance within the Bank.

Various Leadership trainings and knowledge sessions were also organised for executives and businesses with a focus on SBP initiatives. Additionally, to induct young talent at Bank Alfalah, customised batch learning programs were conducted for Management Trainees and Customer Service Officers.

The learning team will continue to introduce learning solutions for employees to enhance their personal and professional skills and nurture a learning culture for organisational growth.

Diversity, Equity and Inclusion

Bank Alfalah has positioned itself as an employer of choice by fostering a culture where colleagues feel valued, respected, and included. This commitment is embedded in the Bank's five-year strategy, with Culture positioned as a core pillar, reinforcing its focus on inclusion and belonging.

Bank Alfalah views Diversity, Equity, and Inclusion as key enablers of creativity, innovation, productivity, and long-term profitability. The Bank's commitment is further reflected through external recognition, honoured with the title of 'Most Inclusive Organisation' at the Global Diversity, Equity and Inclusion Benchmark Awards (GDEIB) 2025, and achieving best-practice levels in all 15 categories of the globally recognised GDEIB framework.

Additionally, Bank Alfalah ranked among the Top 10 Employers of Choice at the Gender Diversity Awards by the Pakistan Business Council and International Finance Corporation. These accolades reaffirm the Bank's ongoing commitment to advancing diversity and inclusion and strengthening its position as a leading employer in Pakistan.



Female Representation in Bank's Workforce

Women make up to 20.5% of Bank Alfalah's total workforce, with many holding key leadership positions as mentioned below, reflecting the organisation's commitment to promoting gender diversity and fostering an inclusive workplace.

- Group Head Retail Banking
- Chief Financial Officer
- Business HR Partner Digital Banking
- Chief Manager Corporate Main Karachi
- Head Affluent Banking
- Head AML Compliance
- Head Client Relationship and Wealth Planning
- Head Corporate Communications
- Head Corporate Credit Risk
- Head Cost Control and MI
- Head Culture Enablement
- Head Digital Innovation and Integrations
- Head Premier Proposition
- Head Service Distribution and Digital Adoption
- Head Systems, Policies and Procedures

- Regional Business Head - Corporate Islamabad
- Regional Business Head – Retail South Karachi III
- Specialist Sustainability Risk
- Unit Head Client Experience
- Unit Head Corporate Branch Assets South
- Unit Head Corporate Services Affairs
- Unit Head Corporate South
- Unit Head Learning Central
- Unit Head OR CIB and Overseas
- Unit Head Talent Acquisition and Advisory



Gender positioning by
Bank Alfalah
Employment level



Men: 13,610
(79.5 %)

Women: 3,518
(20.5 %)

Policies and Initiatives Promoting Gender Equity

Since 2018, Bank Alfalah has strengthened its commitment to Diversity, Equity, and Inclusion (DE and I) through a range of well-defined and branded initiatives aimed at creating an inclusive and supportive workplace.

Key initiatives include:

- **Childcare Allowance:** Financial support for working mothers and single fathers to help manage daycare or caregiver arrangements and support work-life balance.
- **Maternity and Paternity Leave:** Six months of paid maternity leave for mothers and five days of paternity leave for fathers.
- **Maternity Cover Incentive:** A six-month maternity cover opportunity with a monetary incentive, supporting business continuity while providing developmental exposure to employees.
- **Iddat Leave:** A fully paid 130-day Iddat leave, ensuring job security during periods of bereavement or divorce.

- **Hybrid, Remote and Flexible Working:** Flexible work arrangements enabling employees to balance personal and professional responsibilities while meeting business needs.
- **Communication Channel for Women:** A focused engagement platform to share initiatives, address concerns, and reinforce harassment guidelines, ensuring accessibility and support.
- **Employee Volunteering Leave:** Up to two working days of paid leave to encourage community service and social impact.
- **Celebrating International Women's Day:** In 2025, the Bank hosted "Accelerating Action for Women's Careers" across multiple cities, featuring mentorship, leadership discussions, and practical career insights.



- **Uraan:** A women-focused development program designed to support career progression for women who have remained in the same role for extended periods but demonstrate high potential. The year-long program combines a structured learning roadmap with field-specific mentorship to strengthen soft skills and readiness for growth.
- **Uraan Learning Journey:** Based on attrition insights indicating women leaving due to family commitments or limited growth opportunities, a customised learning pathway was developed to enable internal career advancement. The roadmap clearly defines the skills and competencies required for progression within Bank Alfalah.

- **Ignite Sponsorship Program for Women:** A targeted mentorship and coaching initiative offering one-on-one engagement with senior leaders. Mentors and coaches are trained in Leading as Coaching and actively participate in the Leadership Development Program, ensuring consistent, high-quality support for women's career advancement.



- **SHELead-Bank Alfalah's Signature Leadership Program for Women:** A flagship initiative focused on preparing women for leadership roles by building confidence, overcoming self-limiting beliefs, and strengthening strategic networks. The program aims to develop a strong pipeline of women leaders ready for senior roles within the organisation.



- **Celebration of Festivals:** Bank Alfalah promotes religious inclusion by recognising and celebrating minority religious festivals. Festive giveaways are shared with employees from minority communities, reinforcing respect, belonging, and unity across the workforce.



- **Disability Inclusion:** In line with State Bank of Pakistan regulations, Bank Alfalah has implemented a comprehensive Persons with Disabilities (PwD) policy, developed through extensive stakeholder engagement. The policy focuses on equal employment opportunities, workplace accessibility, and building awareness and sensitivity among employees. Supporting this commitment, the Bank introduced a monthly Disability Allowance for employees with disabilities.

To enhance accessibility, departmental audits were conducted, resulting in infrastructural improvements across key locations. The Bank now operates 16 Model Branches offering full accessibility and independence for Persons with Disabilities, featuring accessible entrances, height-adjusted counters and ATMs, talking ATMs, dedicated token systems, privilege passes, braille stationery, wheelchair-friendly lockers, sign language interpreters, tactile flooring, and more.



The Bank also provides tailored employment and internship opportunities for Persons with Disabilities, enabling skill development and long-term career growth. To strengthen inclusive interactions, sign language training was conducted for employees in Model Branches, Talent Acquisition, SME, and Culture teams.



Further, Bank Alfalah actively partners with specialised organisations working exclusively with Persons with Disabilities to support talent readiness, financial inclusion awareness, and employee sensitisation. Key partnerships include Connect Hear, I-Care Foundation, and Deaf Reach Foundation.



In addition, the Bank rolled out 'Stories of Resilience', a series featuring the voices of its PwD colleagues, sharing their personal journeys, challenges, and achievements, strengthening awareness, empathy, and inclusion across the organisation.



- **Breast Cancer Awareness:** Throughout October, Bank Alfalah conducts a comprehensive Breast Cancer Awareness campaign aimed at breaking taboos, educating employees on risk factors, and promoting early detection. The initiative includes

targeted awareness communications addressing myths, symptoms, and guidance for seeking support.

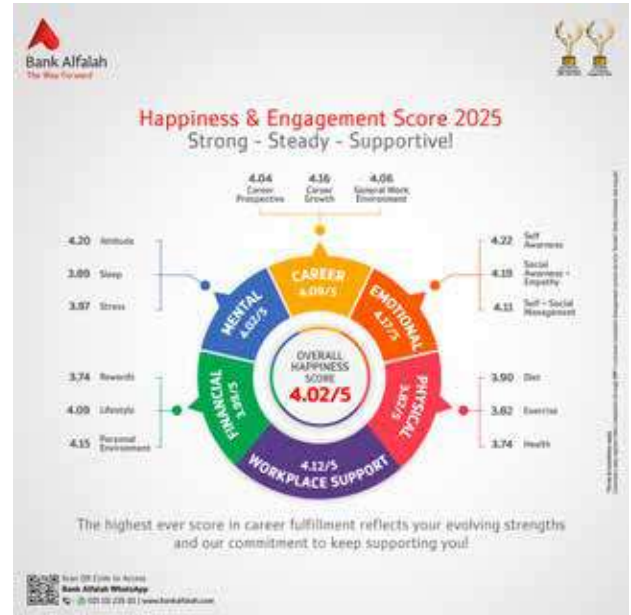


The campaign is further strengthened through interactive awareness sessions with women, held in collaboration with the Pink Ribbon and Shaukat Khanum Memorial Cancer Hospital and Research Centre, encouraging open and informed dialogue. To demonstrate solidarity, the Bank illuminated its Head Office in pink and distributed pink ribbons across the branches.





- Direct Organisational Growth - Obtaining actionable data crucial for implementing strategic improvements across all facets of the business for organisational growth.



People Happiness and Employee Engagement Survey

Bank Alfalah finds that having a data-driven approach to every project ensures that new initiatives are employee-centric at their core. The Bank has a multifaceted approach to measure Culture at the organisation. To ensure a healthy work culture and seamless employee experience, the Bank conducts an Annual Happiness and Engagement Survey. The significance of this survey is as follows:

- Measures Engagement - Using validated psychometric survey scales to accurately assess the level of engagement among employees.
- A Venue for Open Feedback - Providing a direct channel for participants to voice their opinions and concerns to management.
- The 'How' to 'Increasing Employee Engagement' - Create direct initiatives and interventions to address problem areas and reduce attrition.



Employee Wellbeing Initiatives

Mental

Launching soft skills e-learning programs such as:

- Empathy
- Values
- Building High Performance teams
- Emotional Intelligence
- Essential Workplace Behaviors
- Handling Difficult Customers
- Effective Communication Skills
- Service clinics
- Customer Service Excellence Program
- PWD awareness
- C.A.R.E
- Becoming Stress Resilient
- Gender Stereotypes
- Learning Bytes

Physical

- Gym reimbursements
- Health benefits
- Work from home policy
- Flexible working hours policy
- Maternity Leaves
- Participation in corporate cricket tournament

Emotional

- Thankful Thursdays
- DEI Initiatives for persons with disabilities and female employees
- Employee Wellbeing journey
- Sessions on mental well-being with Karwan-e-Hayat (to be launched)
- Including families and communities in celebrations (International Children's Day with employees' children and Child Life Foundation)

Financial

- Benchmarking living wage
- Lower interest rates in the industry
- Revision in benefits (SLCL, fuel, bank maintained car, handset mobile phone allowance)
- Employee Assistance
- Childcare allowance
- Maternity Cover Benefits

Career

- Focus on Culture & Values
- Engagement with new joiners (check-in surveys)
- Internal Elevations
- HR Help Desk and HCG ChatBot for any HCG Related inquiries for employee experience
- Leadership Development Program
- Welcome Back Program
- SheLead Program
- Ignite – Sponsorship Program

ALFA LEAD Management Trainee Programme

Every year, Bank Alfalah recruits fresh graduates who go through a rigorous four-stage process involving a Gamified Assessment, Video Interviews, a Virtual Assessment Center and Panel Interviews. In 2025, the Bank inducted 29 talented individuals to be upskilled as future leaders.

The Bank actively participated in Career Fairs across multiple cities, further strengthening its outreach efforts. Through these events, Bank Alfalah connected directly with potential candidates, offering them valuable insights into the Management Trainee Program and the career opportunities available within the organisation.

To expand its reach, the Bank also leveraged social media campaigns, ensuring it connected with graduates nationwide. These campaigns were designed to highlight the benefits of joining the Bank, showcase success stories, and provide information about the selection process, attracting a diverse pool of talented individuals interested in launching their careers with Bank Alfalah.

The ALFA LEAD program ensures that all Management Trainees at Bank Alfalah are effectively engaged through a comprehensive learning plan and regular interactions with Senior Management.

Key components of the program include:

- **Learning Management System (LMS):** Provides access to various training resources and modules to enhance their knowledge.
- **Learning Projects:** Practical projects that allow trainees to apply their learning in real-world scenarios.
- **Branch Rotations:** Exposure to different branches to gain insights into the operational aspects of the bank.
- **Departmental Rotations:** Ensures trainees gain hands-on experience in various departments to understand the interconnectivity of the bank's functions.

Together, these elements create a holistic development experience, preparing Management Trainees for leadership roles within Bank Alfalah.



Employee Experience

To deliver a professional experience to its colleagues, the Bank has devised the following:

- Seamless onboarding and induction;
- People-friendly policies and procedures;
- Performance-based, fair and transparent structure; and
- Continuous engagement and rewards.

Additionally, the organisation administers a series of surveys tailored for new joiners to stay updated on their onboarding experiences, challenges encountered, and insights gained within the workplace. These surveys focus on their relationships with line managers and colleagues. The surveys include:

Welcome to Bank Alfalah Survey

This survey is dispatched within 30 days of a new employee's arrival through Oracle Human Capital Management System (HCM) to gain knowledge about their onboarding experience.

30 and 90 Day Check-In Survey

Sent within the initial 30 and 90 days of employment through Oracle HCM, this survey delves into various aspects of the employee's experience, encompassing job role, location, expectations, challenges faced, cultural assimilation, and the employee-supervisor relationship.

First Work Anniversary Survey

Launched on the employee's first work anniversary via Oracle HCM, this follow-up survey to the 90-Day Check-In aims to gather comprehensive feedback on the overall employee experience, covering facets such as job role, organisational alignment, supervisor rapport, challenges, achievements, work-life balance, and learning and development.

Additionally, the organisation conducts surveys targeting all employees to comprehend their workplace experiences, challenges encountered, and their relationships with line managers and colleagues. These surveys encompass:

Know Your Benefits Campaign

Initiated to educate staff about existing benefits and policies, this ongoing campaign regularly disseminates information on employee entitlements via email. The campaign enhances employee awareness regarding available benefits and the process of availing them.

Sabbatical Leave

Providing employees the opportunity to enhance their academic qualifications without risking job security.

Go Green Initiative

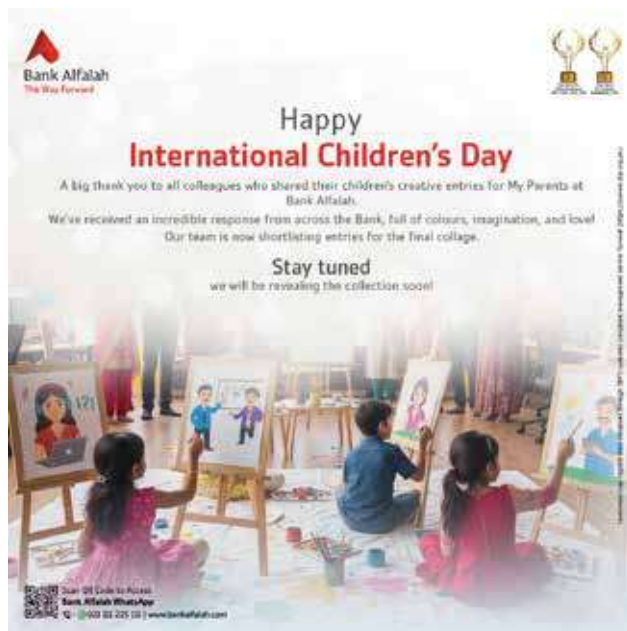
Undertaking digital transformation by digitising major HCG processes, reducing paper consumption. Employees can conveniently access the Human Capital Management System (HCM) for e-forms related to various functions, to name a few, such as mobile hand set allowance, staff loan adjustment, salary slip generation, financial assistance for Employee Welfare Program, and other Business and ITG related processes. The Bank continues to automate and digitise additional processes to promote sustainability and efficiency.

Learning Resources

The staff needs to be emotionally, physically and mentally resilient. HCG is constantly working to support employees through tough times via programs, including tailored e-learning programs 'Becoming Stress Resilient' and 'The Well-being Journey' through which employees find tips on how to remain motivated and resilient.

Family events

The Bank organises events for its staff and their families. The aim of such events is to foster a sense of belonging and loyalty.



Employee Relations

Providing employees the opportunity to enhance their academic qualifications without risking job security.

• Conduct and Integrity

At Bank Alfalah, employees are expected to conduct themselves in accordance with high standards of personal and professional integrity, and compliance with all the laws, regulations, corporate policies and procedures in force. To instill in the Bank's employees, the true spirit the culture based on the Bank's corporate values, it is considered as a prime responsibility to organise awareness sessions on conduct and integrity regularly. Every possible effort is made to cover all aspects of the conduct an employee is expected to follow at the Bank.

The Bank regularly host engagement sessions on treating employees fairly with line managers to acquaint them with the skills and competencies required to enable a conducive environment.

A process to raise a grievance is in place and we run internal campaigns to reinforce and create awareness about Employee Relations and its processes.

This aims to create a safe working space for all employees with a solution-based approach where employees can raise their concerns regarding:

- Discrimination
- Maltreatment
- Harassment
- Intimidation
- Unfair Treatment
- False Accusations

Sessions were organised to cover the topic of 'Protection against Harassment of Women' at the workplace to make them realise that Bank Alfalah is uncompromisingly committed to offering a work environment where all its staff feel safe and have equal growth opportunities.

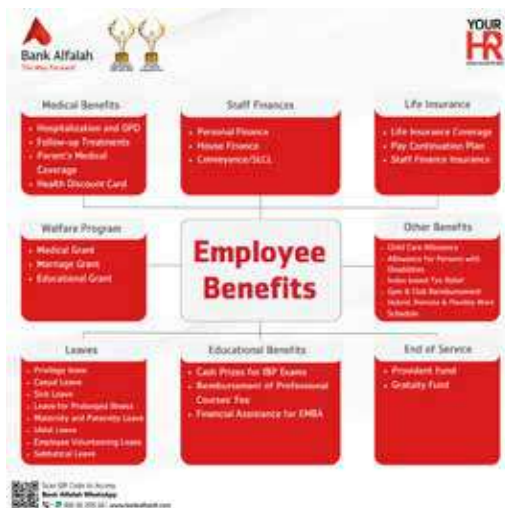


Rewards and Financial Services

The Bank is dedicated to fostering a positive and empowering work environment for its employees. The Rewards and Financial Services function focus on designing and managing competitive compensation structures, employee benefits, and performance-based incentives. This includes developing comprehensive rewards programs, overseeing salary and bonus schemes, ensuring effective talent retention strategies, and recognising outstanding performance. Additionally, focusing on financial wellness initiatives, retirement planning, health and wellness programs to support the overall well-being and long-term success of employees.

Employee Benefits

The Bank offers employee-centric policies and benefits based on best market practices like Health and Life Insurance, Staff Finances, Sabbatical Leave, Maternity and Paternity Leaves, End of Service Benefits, and Flexible Working Options.



Remuneration Policy Implementation

Bank Alfalah has a Remuneration Policy in place. For details about the Remuneration Policy, please see the Governance section of this Annual Report.

Gender Pay Gap Statement under SECP Circular 10 of 2024

The male vs female mean and median ratios for the year 2025, as required by SECP Circular 10 of 2024, are stated in the Gender Pay Gap Statement which is part of this Annual Report 2025.

Employee Health and Wellness

- Apart from the Bank's Health Insurance Policy for Hospitalisation and Follow-up Treatments, Bank Alfalah has provided health card facility having discounts on outpatient services to the employees and their families.
- Health and Wellness Programs are organised at various offices across Pakistan focusing on overall wellness (including physical and mental well-being) of the employees while fostering healthy work-life balance.
- Blood donation drives, Typhoid and Influenza vaccination drives are conducted periodically at Bank premises to ensure employee health and safety.



• Bank Alfalah Employee Welfare Programme

The Employee Welfare Program, which is contributory in nature and aims to provide financial assistance to employees in need for the following purposes:

- Medical Grant:** Provides funds for medical emergencies/treatment of employees and their families (insured dependents), where health insurance limit is exhausted as per the Bank's hospitalisation policy, and coverage for critical ailments.
- Marriage Grant:** Provides funds for daughters' marriages.
- Educational Grant:** Provides funds to pay admission fees for professional/postgraduate degrees of employee's children.

Employees contribute to the fund every month and the monthly contributions are matched by the Bank.



During 2025, over 515 employees with grants amount PKR 81.75 million were facilitated through the Bank's Employee Welfare Programme.

Bank Alfalah Employee Welfare Program
Providing financial support to employees (including third-party staff) during times of need.

The Bank provides the following grants

- Medical Grant**
Provided for medical emergencies or critical treatments of employees and their families (insured dependents), where health insurance limit is exhausted as per Bank's hospitalisation policy.
- Marriage Grant**
Provided for marriage of daughters only. The maximum amount of the grant is PKR 200,000/-.
- Educational Grant**
Provided to support admission fee expenses for Professional/Post-graduate degree of employee's children. The maximum limit of the grant is up to PKR 150,000/-.

Employees contribute to the fund on monthly basis and the monthly contributions are matched by the Bank.

Scan QR Code to Access Bank Alfalah Welfare App
421 33 325 32 | www.bankalfalah.com

• Employee Quick Connect

The Bank has provided employees with a centralised platform where they can access updated HCG policy, guidelines and documents with a single click. This provides hassle-free access to important documents.

• Community Building

The organisation is socially responsible and is generous in partnering with or supporting other social organisations to advance the holistic objective of uplifting the community. Employees are encouraged to participate in and support various community projects, including collaboration with different foundations to conduct blood donation drives across Pakistan. All employees have access to blood provision in case of emergency.

The Human Capital initiatives are aligned with the following SDGs:



3

To ensure safe and healthy workplace ensuring overall well-being of the employees.

5 10

Fair hiring process and no discrimination irrespective of locality, gender or ethnicity of employees.

8

To improve professional efficiency Bank Alfalah gives highest importance on training and workshop.

Shareholders and Investors (including Institutional Investors)

Bank Alfalah, being a public listed company, ensures timely disclosure of all material information to the shareholders through the Pakistan Stock Exchange. The Bank has an Investor Relations (IR) Department to effectively inform all stakeholders of any material development through various forums and in 2025, which organised quarterly presentations on results, operations, and concerning material developments. Investors can easily access the Bank's financials and analyst briefings, which are available on the Bank's official website.

Shareholders can reach out with their complaints over the phone or in writing, and the same are addressed promptly by the Bank.

The Bank endeavors to resolve every investor grievance in a timely and effective way. To redress investor grievances, the Bank has a robust mechanism in place which handles complaints such as share transfer matters and non-receipt of declared dividend. The Bank has dedicated staff in the Corporate Affairs Division for assisting with and handling shareholder/investor grievances.

Declaration, recommendation and payment of dividend

The Bank strives to maximise shareholders' returns in the form of dividends. The Bank follows the applicable regulatory framework for the declaration, approval and distribution of dividend. The annual dividend is approved by the shareholders at an Annual General Meeting (AGM) based on recommendation of the Board. The dividend is recommended by the Board after consideration and approval of the financial statements which were considered by the Board Audit Committee prior to Board's approval. All requisite approvals and clearances, where necessary as applicable, are obtained before the declaration of dividend.

- **Shareholders Register:** The Bank, by appointing a Share Registrar, maintains detailed information of its shareholders including bank account and contact details for proper distribution of cash dividends or stock dividends.
- **Book Closure:** The Bank announces book closure dates, during which, share transfer books remain closed.
- **Dividend entitlement:** Only the shareholders whose names appear in the Shareholders Register on the record date (book closure) fixed by the Bank are entitled to a dividend.

- **Payment of dividend:** The Bank distributes cash dividend in the bank account of its shareholders.
- **Unpaid / Unclaimed dividend:** The Bank maintains detailed information on unpaid or unclaimed dividends. An unclaimed dividend is paid to the shareholder upon a formal request and as per the procedures.



Steps taken to encourage minority shareholders to attend General Meetings

The Bank organises shareholders' meetings to have proper communication with its shareholders, especially minority shareholders. Each shareholder, irrespective of holding and voting power is important to the Bank. The Bank values them, their concerns, suggestions and grievances, if any. At each Annual General Meeting (AGM) or Extraordinary General Meeting (EOGM), the Bank ensures two-way communication with shareholders.

The Bank has taken the following steps to encourage minority shareholders to attend general meetings:

- Notice of the meeting is sent to all shareholders at least 21 days before the meeting. The notice details the agenda, venue and timing of the meeting along with the text of special resolution, if any, and other agenda requirements;
- Notice is published in English and Urdu languages in leading newspapers having nationwide circulation along with the Bank's website;
- Notice is also posted on Pakistan Stock Exchange portal;
- The Annual Report of the Bank is sent electronically and in hard format (on request). It is also placed on the Bank's website for review of shareholders/investors. This enables minority shareholders to review the Bank's performance;

- Notice of the meeting includes proxy form (also annexed with the Annual Report), which is a mode whereby the shareholders (including minority shareholders) can nominate anyone on their behalf to attend and speak at the meeting, in their absence;
- During the meeting, a detailed briefing on the Bank's performance and future plans is given to the shareholders; and
- All shareholders (including minority shareholders) are encouraged to ask questions and give suggestions relating to the Bank's operations.

Steps taken to address investors' complaints

The Bank has an investor relations page on its corporate website. The contact details of the Bank's representative officers designated for assisting with and handling shareholders' grievances are mentioned on the investor relations webpage. For shares related issues (such as zakat deduction, withholding tax deduction, bank account details, etc.), shareholders are advised to contact the Shares Registrar of the Bank through contact details available on the Bank's corporate website. The Bank has also placed on its website, weblink of the SECP's complaint cell for taking up matters not addressed by the Bank promptly. Furthermore, to address general queries, suggestions, and complaints, the Bank has also placed all relevant details on its website on the 'Contact Us' link (<https://www.bankalfalah.com/contact-us/>).



Matters raised at the last Annual General Meeting (AGM)

The 33rd Annual General Meeting 'AGM' of the Bank was held on 20th March 2025 in Karachi. 660 shareholders (representing 68.18% of the total outstanding shares) attended the meeting via video link, in person or through proxies.

There were no significant issues raised in the meeting,

however, shareholders sought clarifications on the Bank's financials and commented on the progress of the Bank. The CFO highlighted salient features of the audited annual accounts of the Bank for the year ended 31st December 2024.

After the CFO's briefing on the Audited Annual Accounts for the year 2024, the Chairman of the meeting invited questions. The following were the questions asked by the shareholders in the meeting:

- **A shareholder appreciated the overall results of the Bank.** However, he said that in his opinion profitability had declined despite provisions were lower compared to the previous year. He enquired about the reasons thereof. He also enquired about the activities in the subsidiary of the Bank, Alfalah Securities. The CFO replied that, in the year 2024, the Bank's recovery against provided loans remained very good, while on the other hand reduction in interest rates caused spread compression to the Bank as well as the whole banking industry. She added that due to the high taxation, the profitability was also impacted. With regard to the Alfalah Securities Limited ("ASL"), the CEO said that it is a separate entity where, the Bank is a major shareholder. The businesses of ASL are being managed by its Managing Director. The CEO further said that the Bank has realised that it is not getting significant returns in this business and is not fruitful to hold this business. Therefore, the management of the Bank, upon having Board's approval has decided to sell the Company, subject to shareholders' approval being sought in this AGM, as a Special Business. He, however, said that the recovery efforts will continue.
- **Another question was about the index of annual report and comparative figures.** The CFO said that index is already available on the 2nd page of the Annual Report 2024, while the data in respect of comparison of figures with that of the previous years are already provided, as per the accounting disclosure requirement. She added that we have even provided financial data for the past six years in the Annual Report.
- **A shareholder appreciated the Management for the good financial results as well as the interim and final dividends and expressed his wishes for higher profitability in the coming years.** The CEO and CFO thanked him for good wishes.
- **One shareholder enquired about the outlook of the Bank in the coming years.** The CEO replied that please refer to the Chairman's, Directors Reports and other relevant information sections of the Annual Report. There is

also a section on Outlook in the Annual Report 2024 on page No. 309. He added that the sections relating to the Environment, Social and Governance are also available in the Annual Report.

The meeting concluded with a vote of thanks to the Chair by the Company Secretary.

Investor Relations

The Bank believes in regular engagement with stakeholders to reinforce their confidence and maintain their trust. We strive to not only meet but exceed stakeholder expectations by fulfilling all their requirements.

To facilitate investors, we have a two-pronged strategy. Bank Alfalah houses a fully functional Investors Relations (IR) Department having relevant experience in Capital Markets. The second leg of the strategy pertains to operational logistics matters relating to the Bank's in-house staff and contracted third parties (Share Registrar).

The Bank, via its dedicated Investor Relations (IR) Department, has made concerted efforts to engage all relevant stakeholders and keep them abreast of all significant developments within the Bank.

Corporate Briefings and Road Shows

At the end of each quarter, the Bank organises analyst briefings to brief investors on the quarterly performance of the Bank and apprise them of the Bank's strategy going forward.

Additionally, the Bank also organises an Annual Corporate Briefing session, where stakeholders are invited, including shareholders and research analysts from the industry, which provides the Bank's management with an opportunity to engage with the stakeholders on a one-on-one basis, and listen to their views on the macro environment in general and the Bank in particular.

The Investor Relations team also regularly connects institutions and potential investors virtually, or at the Bank's premises to apprise them of the Bank's performance and strategy.

Furthermore, the Bank has made a concerted effort to attend international roadshows, which gives it the opportunity to engage with a global audience who might be seeking to explore opportunities offered by Pakistan.

Disclosures as required by the regulatory authorities are available on the Bank's website and are also disclosed to the stakeholders via the Pakistan Stock Exchange notice board.

Additionally, financial statements and analyst briefing presentations are readily available on Bank Alfalah's website.

Summary of Analyst and Shareholder Briefings conducted during the year

Analyst and shareholder briefings are a unique opportunity to share business updates that are relevant to analysts' coverage areas and provide input for their research into changing markets. The Bank apprises investors about the economic environment, business avenues and development indicators of the country, financial performance, competitive environment, investment decisions, and challenges faced as well as the business outlook. These factors support investors in their decision-making about the Bank. Quarterly analyst briefings are held through teleconferencing. Business analysts are also provided with information as and when required without compromising on confidentiality.

During the year, the following briefings were held:

Results period	Date
Annual – 31st December 2024 (Analyst Briefing)	05th March 2025
Quarter ended – 31st March 2025 (Analyst Briefing)	24th April 2025
Corporate Briefing Session 2024 and Half-year Review – 30th June 2025	08th August 2025
Nine months ended – 30th September 2025 (Analyst Briefing)	31st October 2025

Investor Relations Section on Corporate Website

The Bank has a dedicated section on its website for investors. The section contains various reports and vital information for shareholders, including quarterly financial reports, annual reports and quarterly analyst briefing presentations. The URL for investor relations is <https://www.bankalfalah.com/investor-relations/>

Analysts and Credit Rating Agencies

Credit rating agencies provide value for investors and market participants by rating the creditworthiness and ability of the Bank to repay its credit and debt obligations. By providing a rating, credit rating agencies put different entities on an equal footing, providing a comparable rating for different types of entities and different types of bonds. A credit rating considers many factors, including the financial health of the entity, cash flows, lien priority, entity governance, past history of debt repayment, bond term, and future economic outlook relevant to the entity.

The Bank engages with PACRA for entity and instruments ratings. The credit rating is updated on an annual basis, and the rating report is submitted to the State Bank of Pakistan and made public within seven days of the notification of rating by the credit rating agency. Furthermore, the Bank discloses its credit rating prominently in its published annual and quarterly financial statements.

Regulatory Bodies

Bank Alfalah assigns high importance to compliance with laws and regulations by implementing these at all levels of the Bank in true letter and spirit. Promoting high standards of integrity and ethics, the Bank has developed and enforced a robust compliance model with three lines of defense across the organisation for ensuring effective management of compliance risks.

Furthermore, the Bank considers regulatory compliance and reporting a key responsibility, among other compliance requirements, which is carried out by the Bank appropriately as prescribed by various regulatory bodies. Bank Alfalah believes in being fair and open in all of its reporting and dealings with the regulators with a vision to maintain a transparent relationship with regulatory bodies.

The Bank has a dedicated Compliance and Business Solutions group that manages regulatory correspondence and ensures that the Bank's various functions are compliant with regulatory requirements. This group also facilitates regulators for various requirements raised by them.

Society

As a prominent and responsible entity operating in the country, the Bank continually looks for opportunities to give back to society. The Bank believes in developing the community in a sustainable way forward. The Bank contributes to society through its Corporate Social Responsibility (CSR) initiatives, whereby it undertakes various activities to benefit society at large. This is done through multiple initiatives such as ration distribution and donations to communities in need, plantation drives to aid the environment, financial grants to enable quality education, medical treatment for the underprivileged, infrastructural developments, and interactive sessions aimed at personal development. Please refer to the Sustainability section of this Annual Report for details on the engagement with the community / society.

Marketing and Media

Beyond only brand awareness, Bank Alfalah's marketing strategy is rooted in meaningful connection. We strive to be a household name that authentically reflects the dreams and realities of the people we serve. By aligning our brand narrative with the evolving ethos of the community, we have fostered emotional loyalty that redefines the banking relationship. Centered on "The Way Forward," this approach has evolved our outreach into an ongoing conversation, resulting in unprecedented engagement and establishing us as a top-of-mind brand within the industry.

Our promotional strategy thrives on an omni-channel ecosystem, leveraging an expansive toolkit to command attention in a crowded marketplace. From the massive scale of nationwide broadcast to the precision-targeting of social platforms, we ensure the Bank's voice remains both loud and relevant. Utilising a strategic spread across TV, radio, and experiential outdoor media, coupled with a sophisticated digital outreach, we project Bank Alfalah's vision with unmatched clarity. This aggressive outreach is instrumental in promoting our latest financial innovations, transforming passive awareness into an informed understanding of our transformative banking suite.



Through smart storytelling and placing our brand where it matters most, Marketing and Media has successfully shifted Bank Alfalah from a basic service to a natural part of our customers' daily lives. We have carefully tracked how people interact with us to ensure the Bank is a constant, helpful presence whenever and wherever it's needed. Our campaigns focus on more than just tools; they show how our digital products and features fit perfectly into a modern lifestyle. By positioning the Bank as a trusted partner for every big life moment, our communication strategy has turned a standard service into a meaningful relationship, ensuring we are the first name people think of for any financial decision.

Our media efforts are driven by a commitment to making banking available to everyone, using a wide range of communication tools to reach even the most remote areas. Marketing has played a key role in closing the "knowledge gap" by creating messages that make sense to people. In our campaigns, we highlight our 24/7 digital

services as a way to give people complete control over their money and total peace of mind. By turning complex technology into simple, relatable stories, we have encouraged people across the country to use digital banking, proving that Bank Alfalah is ready to serve anyone, at any time.



Community

Bank Alfalah continued to solidify its position as a "Challenger and Caring," brand redefining the industry through high-impact marketing and a digital-first communications strategy. Our initiatives moved beyond traditional promotion to focus on building deep emotional resonance and lifestyle integration. By leveraging an omnichannel media mix, we successfully navigated the gap between tradition and innovation, using trust-building dialogues with commitment to providing services, to anchor our Islamic banking leadership while scaling our banking App into a comprehensive lifestyle companion. Our commitment to financial inclusion was further amplified through the expansion of smart and digital products including the website revamp, personal and agri loans into remote regions and the elevation of our Premier proposition for high-net-worth clients, ensuring that Bank Alfalah remains a relevant, 24/7 partner for every segment of society.

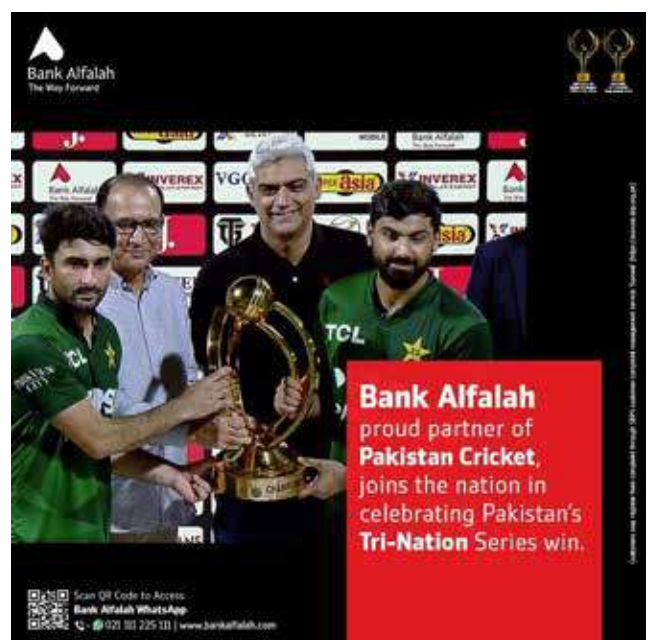
Central to our mission of connecting with the community is our strategic association with sports, which serves as a powerful unifying force across the nation. By aligning our brand with the spirit of athletic excellence and wellness, we have fostered deep emotional ties with diverse audiences including a platform for the Rising Talent from the nation. Our engagement spans a wide-ranging portfolio, including Polo, Golf, Padel, and JiuJitsu, ensuring Bank Alfalah resonates with everyone from grassroots players to elite enthusiasts. While we continue to support a variety of

disciplines to promote national pride, a significant focus remains on Cricket, reflecting its unparalleled popularity and our commitment to being present where the heart of the community beats strongest.



Fueling the National Passion: Bank Alfalah's 2025 Cricket Season

Cricket remains the heartbeat of Pakistan, and Bank Alfalah significantly scaled its commitment to the sport, serving as the Official Partner of the Pakistan Cricket Board (PCB) for all home international series. By integrating our brand into the very core of the game, we have moved beyond simple sponsorship to become a catalyst for national pride and unity. From the high-stakes series to all matches, Bank Alfalah's presence was felt in every boundary and wicket.



and digital engagement. We stood at the forefront of major events, ensuring our messaging reached millions of fans through stadium activations and live broadcasts. These initiatives were not just about visibility; they were about celebrating the Clash of Green and supporting the rising stars of the national team during pivotal home matches.



campaigns generated millions of impressions, reinforcing Bank Alfalah as a household name that understands the spirit of its people. Our commitment to cricket is a long-term investment in the nation's joy, celebrating a decade of excellence in supporting Pakistan's most loved sport.

Empowering Customers Through Seamless Value with The Bank Alfalah Current Account

Bank Alfalah's commitment to customer empowerment reached new heights, driven by a marketing strategy that prioritises financial freedom and accessibility. Centered on easing the daily banking journey, our Current Account initiatives utilised high-impact storytelling to amplify a message of inclusivity and care. By setting new benchmarks for customer-centric banking, we have redefined the industry's approach to engagement, moving beyond traditional service to create a brand narrative rooted in genuine support for our clients' aspirations.

At the core was the promotion of hassle-free banking solutions and a comprehensive suite of fee waivers designed to eliminate the barriers of daily transactions. Our promotional efforts comprised of ATL, BTL, and TTL platforms and showcased a dedication to removing financial burdens, allowing customers to manage their accounts with complete transparency. Whether through waived cheque book issuance, free online transfers, or the ease of digital account opening, the Bank's market-

ing underscored its role as a partner in providing a frictionless banking experience.



Redefining Digital Habits with The Ascent of the Alfa App

The launch of the new Alfa App marked a transformative milestone in our digital journey, shifting from a functional banking tool to an all-encompassing lifestyle ecosystem. In 2025, our marketing strategy focused on gaining rapid momentum by positioning Alfa as the definitive one-stop solution for the modern consumer. Through high-impact, "digital-first" campaigns, we successfully influenced consumer habits, moving beyond simple transactions to establish a platform where banking, shopping, and lifestyle management coexist seamlessly.



as a 24/7 personal banking partner, our media outreach resonated with a tech-savvy audience seeking both ease and empowerment. We moved the narrative away from technical specifications toward real-life utility, showcasing how Alfa simplifies every day through instant payments, curated deals, and personalised financial insights. This strategic focus on "lifestyle enablement" has not only driven record-breaking user adoption but has also solidified Bank Alfalah's reputation as a pioneer in Digital Excellence.

Leading the Conversation and Shaping Perspectives with Falah Talks

In an era of information overload, Bank Alfalah transitioned from a service provider to a thought leader through the launch of Falah Talks. This strategic content initiative was designed to move beyond traditional advertising, carving out a space for intellectual engagement and high-level discourse. By hosting deep-dive conversations with Islamic scholars and Muftis and visionary leaders, the Bank positioned itself at the center of the national economic dialogue, transforming complex topics with religious evidences.

By facilitating these critical conversations, Falah Talks has become a cornerstone of our brand's Islamic identity. It serves as a bridge between the Bank's expertise and the community's need for clarity in a rapidly changing world. Through this platform, we have fostered a unique sense of trust and authority, proving that Bank Alfalah is not only invested in our customers' transactions but is deeply committed to their intellectual and financial empowerment. This initiative has successfully elevated our brand narrative, ensuring that when people think of the future of Pakistan, they think of the insights shared by Bank Alfalah.

Bank Alfalah Islamic Presents
Falah Talks

Join Mufti Usama Ehsan on our Facebook and YouTube channels to view Falah Talks.

Cultivating Prosperity with the Bank Alfalah Kashtkaar

Current Account Campaign

Recognising that the backbone of Pakistan's economy lies in its soil, Bank Alfalah launched a dedicated campaign for the farmers. This campaign was more than a product launch, it was a tribute to the resilience of our farmers and a strategic effort to bring the "Green Revolution" into the digital age. By blending traditional rural values with modern financial empowerment, we positioned Bank Alfalah as the primary ally for the agricultural community.

Our communication strategy centered on breaking the "fear of the formal," using relatable, heart-to-head storytelling to show that banking is no longer a complex hurdle but a tool for growth. Through a high-visibility mix of regional media and localised digital content, we highlighted the account's unique value proposition to ensure entry for even the smallest landholders.

This focused outreach has successfully bridged the rural-urban divide, proving that whether in the city or the field, Bank Alfalah remains the trusted partner for every Pakistani's journey toward prosperity.

Bank Alfalah
Kashtkaar
Current Account

can now be opened digitally via Rapid

- Free Cheque book & Pay Order Issuance
- Free Issuance of PayFast Debit Card
- Up to 1% Discount on Agricultural Loans
- Waiver of Up to 2% on Loan Processing Fees
- Free Online Banking, Clearing, Credit Rewards, Services & E-Statements

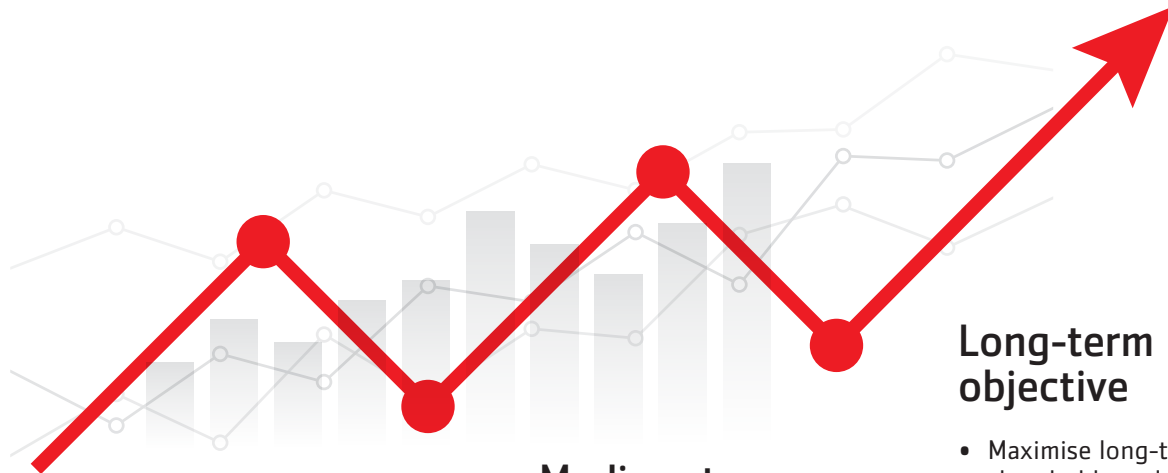
Scan QR Code to Access Bank Alfalah WhatsApp

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Strategy, Key Performance Indicators and Resource Allocation



Strategic Objectives



Short-term objectives

- Deliver superior customer service.
- Develop innovative products to serve customer needs.
- Continue to enhance our controls and compliance framework, and follow prudent and robust risk management practices.
- Continue to identify avenues to enhance revenue streams and control costs in order to improve operational efficiency and profitability for long-term sustainable growth.
- Invest in human capital and become the employer of choice.

Medium-term objectives

- Become the most customer centric and innovative Bank in the country.
- Continue to increase market share in deposits, consumer lending and SME financing.
- Become the top employer of choice amongst banks.
- Become a leading ESG bank in Pakistan.
- Become a leading transactional bank in the country.
- Maintain a sound capital base with a controlled 'Risk Management Framework'.
- Maintain and build on leadership position in treasury and corporate banking.

Long-term objective

- Maximise long-term shareholder value and sustainable returns.

Strategies to Achieve Objectives and Key Performance Indicators

The Bank constantly reviews its strategic objectives to align with the economic, political, social, global, demographic, technological, and regulatory environments, which have an impact on the Bank's performance, operations, and resources.

Strategic Objectives	Strategic Initiatives	Plans/Strategies for Meeting Objectives	Key Performance Indicator (KPI)
Increasing market share in deposits, consumer lending, and SME financing.	Grow market share in average deposits.	- Expand branch network in strategic locations. - Relocate underperforming branches for better customer growth. - Increase share in affluent space by attracting high-net-worth clients. - Pivot from wealth management to wealth creation for affluent clients. - Implement training and technology to improve sales and branch productivity.	Market share growth
	Maintain high market share in the consumer segment and become a dominant player in the flagship franchise.	- Increase market share in Consumer Finance to maintain dominance. - Ramp up acquisition through digital onboarding for consumer products. - Launch new consumer services to attract and retain customers. - Leverage technology for data-driven decision making and efficiency gains.	Market share growth
	Continue to build on the Bank's SME offerings.	- Enhance SME offerings with subsidised and risk-sharing schemes. - Implement anchor-based lending strategies for SME clients. - Target high-yield commercial acquisitions for SME portfolio growth. - Ramp up trade finance by acquiring new business from non-borrowing customers.	Market share growth
Become a leading transactional Bank in the country.	Become a market leader in digital banking	- Promote financial inclusion through digital banking. - Expand credit access through digital banking. - Offer innovative and affordable digital banking services. - Enhance customer experiences in digital banking. - Develop the digital banking ecosystem.	- Market share growth - Recognition by the market (Industry awards)

Strategic Objectives	Strategic Initiatives	Plans/Strategies for Meeting Objectives	Key Performance Indicator (KPI)
	Focus on domestic and regional trade.	• Expand trade touchpoints for wider reach. • Emphasise export solutions for trade clients. • Scale Oracle Banking Digital Experience (OBDX) platform across SME, Commercial, and Islamic segments to accelerate digitalisation.	• Market share growth
	Increase penetration in cash management and employee banking	• Expand cash management offerings for diverse needs. • Foster stronger client relationships in cash management. • Target larger clients for employee banking business growth. • Emphasise cross-selling in employee banking. • Digitise employee banking processes for improved convenience. • Enhance employee banking customer experience.	• Market share growth
	Accelerate the supply chain finance initiative.	• Promote Islamic Supply Chain Financing (SCF) to expand reach and cater to specific market needs. • Offer risk protection through participation arrangements for increased stakeholder confidence. • Market the technology platform as a key differentiator and value proposition.	• Grow Supply Chain Financing book
	Maintain market share in home remittances.	• Enhance relationships with existing remittance partners to leverage their reach and expertise. • Expand sub-agent network to increase remittance touchpoints and accessibility for customers.	• Grow volumes to support our franchise value and profitability

Strategic Objectives	Strategic Initiatives	Plans/Strategies for Meeting Objectives	Key Performance Indicator (KPI)
	Maintain and increase market share in acquiring business	- Pioneer a cutting-edge payment platform and services to align with customer needs and lead the market. - Optimise portfolios and reduce costs to enhance profitability.	Market share growth
Developing a caring culture, investing in human capital, and positively impacting the community.	Build the BAFL Culture	- Drive a "One Bank, One Team" culture aligned with mission and values. - Deliver superior customer and employee experiences through collaboration, customer-centricity, and inclusivity.	- Employee Happiness Score - Recognition by the market (Industry awards)
	Nurture and develop human capital	Focus on nurturing and developing the Bank's Human Capital through strategic initiatives, innovative technology integration, employee recognition programs, enhancing the overall employee experience, strategic hiring practices, and growth initiatives.	Achieve lowest Attrition Rate amongst banks
	ESG initiatives	- Implement SBP's Green Banking Guidelines to manage environmental and social risks, develop green businesses, and reduce the Bank's own impact. - Assess the Bank's environmental impact, set annual waste reduction targets, and prioritise funding for eco-friendly projects while limiting exposure to environmentally undesirable projects. - Ensure alignment with ESG indicators as determined by the Pakistan Stock Exchange (PSX)	- Align with regulatory requirements for ESG - Reduce the Bank's environmental impact
	Corporate Social Responsibility	- Nurture talent through technology, initiatives, and recognition programs. - Align CSR with UN's SDGs, focusing on women, education, climate change, and eco-friendly practices. - Hire strategically and expand reach for long-term sustainability.	Alignment with all 17 UN Sustainable Development Goals
Becoming the most innovative bank in the country and improving efficiency.	Re-imagine customer & employee experience	- Innovate and drive impact by improving and redefining customer experience. - Strengthen digitisation efforts at the Bank. - Transform service delivery methods. - Re-imagine the customer and employee experience at BAFL across all channels.	Various Indicators such as Customer Experience Index, Voice of Customer, etc.
	Maintain competitive cost/income ratio	- Drive cost efficiencies across the board through AI, analytics & technology. - Maintain cost discipline in the Bank and look at innovative ways to reduce cost.	Improve Cost / Income ratio

Strategic Objectives	Strategic Initiatives	Plans/Strategies for Meeting Objectives	Key Performance Indicator (KPI)
	Build the Advanced Analytics and AI solutions capability across the Bank	• Build the Advanced Analytics capability across the Bank. • Foster a data-driven culture within the bank. • Develop automated dashboards organisation-wide for business insights. • Build AI & Machine Learning capability. • Provide instant management access to data-driven insights. • Enable predictive modelling and customer behaviour analysis for personalised services and growth.	• Adoption and embedment of AI Tools across business functions • Build AI Agents to improve efficiency and productivity • Number of Dashboards built for enhanced analytics • Build Advanced Analytics use cases in the CRM customer recommendation engine (e.g. next best product to sell)
	Transform operations through Policies to Profit (Compliance)	• Implement unified processes and leverage proactive data analytics. • Provide valuable customer leads and reduce compliance alerts significantly. • Streamlined approach to enhance business opportunities. • Foster teamwork and solidify the Bank's commitment to sustainable growth. • Ensure efficient compliance and seamless business interactions.	• Simplified processes • Proactive Front and Back Office equilibrium
Introduce new initiatives to enhance bank franchise value.	Introduce and develop structured treasury and investment products.	• Strengthen the bank's treasury business with an Authorised Derivative Dealer (ADD) license. • Offer derivative products and expand trading scope. • Maintain the top position as a primary dealer in GoP debt. • Optimise treasury systems for operational efficiency and real-time monitoring.	• Primary Dealer Ranking • Derivates revenues
	Develop an Alfalah Group Investment Banking (IB) Play	• Aim to become the market leader in IB with a focus on sustainability and advisory services. • Enhance coordination with Alfalah group entities for a comprehensive customer ecosystem. • Integrate IB and investment management divisions for a seamless customer experience.	• Investment Banking revenue
	Grow business in UAE and build USD / FCY revenue streams	• Tap into growth opportunities in the UAE • Establish an International Investment Banking division.	• Profitability

Strategic Objectives	Strategic Initiatives	Plans/Strategies for Meeting Objectives	Key Performance Indicator (KPI)
		- Focus on generating FCY revenues and supporting local businesses in UAE expansion. - Explore investing in a TechCo for digital transformation needs and export revenues from international clients.	Profitability
Maintaining a sound capital base with a controlled Risk Management Framework.	High-rated capital instruments and other funding	- Tier I and Tier II instruments to support the capital base. - Optimising Risk-Weighted Assets.	- Capital Adequacy Ratio - Leverage Ratio - Liquidity Coverage Ratio - Net Stable Funding Ratio
Maximising long-term shareholder value and sustainable returns.	Focus on increased profitability and Return on Equity	Target revenue growth through new business opportunities.	- ROE - Profitability

Future Relevance of KPIs

The Bank monitors its progress against all KPIs periodically. The Management, under guidance from the Board, strives to achieve targets in accordance with the strategy. It is ensured that short, medium, and long-term KPIs remain relevant and the Bank realigns its short medium-term objectives periodically, keeping achievements against KPIs in view.

President's Video on the Bank's Strategy



Please visit the link below for President's message on the Bank's
<https://www.bankalfalah.com/financial-reports/>

Methods and Assumptions used in Compiling Key Performance Indicators

Key Performance Indicators (KPI) are the metrics utilised by the management to measure performance against strategic objectives. KPIs are designed carefully keeping in view quantitative and qualitative aspects.

- Quantitative aspects relate to the Bank's financial base, ability to generate funds, deployment of funds in the most profitable avenues, profitability, market share, growth in share price, value addition over the book price of shares, adequacy of capital, and liquidity
- Qualitative aspects relate to customer and investor confidence, brand identity and loyalty, innovation, employee confidence, data security, strategic partnerships, and risk management.

KPIs are continually reviewed and worked upon by the management of the Bank. They are analysed, correlated with the external environment, and aligned with factors affecting the Bank's strategies and performance. They are visibly communicated and followed, in line with the strategy of the Bank.

Methods in Compiling Indicators

Quantitative KPIs

- Market share: The Bank focuses on gaining market share in deposits, advances, trade, and government initiatives such as RDA. The growing share reflects the trust of customers in the Bank and is an indication of customers' preference to choose Bank Alfalah as the preferred transaction bank. The Bank constantly assesses this indicator through a comparative analysis of the volumes of peers, in order to grow and decide on various growth strategies.
- Share price and value addition over the book value of the share: This is a measure of shareholders' and investors' confidence in the Bank's performance. The Bank monitors this KPI closely and aligns its financial

performance to build momentum in investor confidence.

- Profitability: The main elements of profitability, markup income and non-fund based revenue, are derived from effective balance sheet management, high earning assets and a sound deposit level. Furthermore, while the costs of doing business mainly due to investment in IT and Digital infrastructures may go up, the Bank willingly incurs such costs without compromising on profitable ventures. The Bank controls and manages the costs of driving sound profitability and evaluates its profitability levels (Earnings Per Share) in order to maximize shareholder return and ensure sustainable returns.
- Dividend payouts: Sustainable dividends are at the forefront of the Bank's strategy with a view of maximising shareholders' long-term returns. The Bank will continue to prioritise a consistent and healthy dividend payout over the coming years.
- Capital adequacy and liquidity ratios: Maintaining capital well above the regulatory capital adequacy limits (including buffers) and strong liquidity ratios indicate the Bank's sound financial footing. These are calculated based on various regulatory instructions. The Bank keeps a check and balance on these ratios and does not deviate from regulatory requirements.
- Ability to generate funds: The Bank had successfully generated funds through a Medium Term Note and multiple ADT-1 instruments. These reflect institutional investors' confidence in the soundness of the Bank's balance sheet, efficient liquidity management, and the Bank's ability to repay debts.

Qualitative KPIs

These are closely linked with the above quantitative aspects. Hence, the outcomes of these quantitative KPIs have a strong correlation with qualitative KPIs. The Bank continually invests its capital in a manner that ensures that we simultaneously continue to achieve and exceed set qualitative indicators. Given below are some qualitative KPIs, which the management tracks:

- Customer satisfaction: The Bank has conducted various customer surveys to collect direct feedback and has improved its customer satisfaction level over a period of time. The methods used are Digital Survey Platform (calls and SMS) and Customer Experience Management (monitoring quality of service at customer touch points).
- Quality service: The Bank does this by driving society towards digital innovation. The increased usage of the Bank's digital avenues such as Digital Lifestyle branch, Alfa app, QR Payments, Alfa Payment Gateway, CDMs, ATMs/KIOSK, and POS machines represents the enhanced quality of service that the Bank has provided to its customers. Further, the Bank's dedicated Customer Experience unit measures and manages performance quality through various service parameters across the Bank.
- Employee happiness: The Bank strives to enhance employee happiness since it has an important bearing on customer service and performance-oriented results. The Bank has made employee happiness a core element of its culture. This is evident from the Bank's regular practice of following a People Happiness Framework and monitoring happiness scores based on annual feedback from all employees. Please refer 'Stakeholder Relationship and Engagement' section of this Annual Report for further details on employee culture, happiness and engagement.

Assumptions in Compiling Indicators

Please refer to the Outlook section of this Annual Report.

Resource Allocation Plans and Financial Capital Structure

The Bank's significant resources to achieve the objectives

The Bank considers all of its capitals as essential for operations and effectively ensures their availability, quality and affordability. Furthermore, the Bank plans its resources in a way that its ability to produce flows from them to meet future demand is always catered to while maintaining an optimum risk appetite and ensuring minimum regulatory thresholds.

With planning, the Bank ensures the connectivity of its capital with financial performance and outcomes. The Bank's strategies, resource allocation plans, and risk management arrangements are designed to enhance the future capital generation and maximise value creation for the Bank's stakeholders.

Financial Capital

The financial capital includes shareholders' equity, liquidity, cash flows and financing arrangements.

Share Capital and Equity

Shareholders' equity represents the capital commitments of shareholders and investors. Such funding entitles them to income distribution, liquidation and voting privileges. Several regulatory ratios and requirements such as CAR are based on the shareholder's capital. Share capital, being an expensive source, is raised for strategic activities like expansion, acquisitions and mergers, and to meet regulatory requirements.

Deposits

Deposits remain the core resource for any commercial banking unit. Core deposits comprise Current Accounts and Saving Accounts (CASA). Deposits, like any other source, have an attached cost, which includes competitive returns to the depositors, remuneration for deposit-gathering teams and additional services to facilitate customers. The Bank's CASA mix remains healthy. The Bank raises term deposits at the right price while taking into account their maturities. The Bank's deposit base remains strong and numbers as at the close of this year are achieved through a segmented

sales approach based on ideal customer personas and selective branch expansion in key areas.

Long-Term Financing (TFC & ADT 1)

On the debt side, the principal component consists of long-term debt. Debt instruments include term finance certificates which are either repayable over a defined term or for perpetuity. Over the years, the Bank has successfully issued 7 term finance certificates, of which 5 have matured.

Other Borrowing

The Bank arranges other short-term borrowings to match its liquidity needs. In 2021, the Bank issued a Medium-Term Note, which had a maturity of three years, and was secured against government securities.

Plans:

- Generate low-cost / no cost deposits through the branch network and by providing excellent customer service;
- Issue TFC/ADT-1 instruments, if required; and
- Increasing deposits and customer services with conversion of conventional banking customers to digital channels.

Linkage of this capital with SDGs



Human Capital

Bank Alfalah's emphasis has always been on the quality of human capital. The Bank's strength lies in its people. The Bank has a sound and seasoned management team, capable of delivering results by inspiring its employees to do things the right way. Learning objectives at the organisation are clearly defined to nurture and retain the best talent pool. Training, job rotations,

satisfactory pay-outs, appraisals, coaching and feedback, assistance for education and medical purposes, leaves, and other initiatives are taken to boost employee morale and confidence.

The Bank's objective is to ensure its welfare by keeping the welfare of employees at heart. The Bank's performance management systems are intended to inspire employees to strive toward targets that help the Bank accomplish its strategic goals. As a result, the Bank has created a performance-based culture that promotes the generation of value over long and short terms. The most valuable resource for success and growth continues to remain the Bank's human capital.

Plans:

- Foster a culture of happiness to achieve employee satisfaction;
- Train employees to better serve customers; and
- Focus on the concept of One Bank One Team.

Linkage of this capital with SDGs



Intellectual Capital

The intellectual capital includes patents, copyrights, software, licenses, knowledge, system and procedures.

The Bank considers technological advancements vital for attaining long-term growth and for sustainability. The journey of integration of technology into the banking sector has witnessed significant breakthroughs like branchless banking through digital channels with multi-purpose solutions. The Bank's vision to be the most innovative bank in Pakistan has seen the Bank deploy cutting-edge technology to equip its customers with end-to-end solutions.

Software upgrades, process reengineering, bringing technological solutions to meet customers' needs, secure channels, and digitisation are at the core of the Bank's progress and sustainability.

Plans:

- Adopting and integrating cutting edge digital solutions;
- Enhance internal capacity to adopt technological advancements; and
- Prioritise customer satisfaction through constant innovation in products and processes.

Linkage of this capital with SDGs



Manufactured Capital

The manufactured capital includes building, equipment and infrastructure. The ambiance and space of the Bank's customer touchpoints are of prime importance. By effectively utilising the Bank's buildings, branch design, equipment, and infrastructure, the Bank aims to create an environment for its customers that will increase footfall. The Bank's Branch Design Manual focuses on safety, security, energy conservation, and getting the maximum benefit from natural capital. The Bank's geographical reach is also focused to achieve maximum customer interaction, particularly in unbanked areas.

Plans:

- Increase the number of easily accessible touch-points;
- Focus on creating branch spaces that enable and empower customers to relate and transact; and
- Moulding an environment that fosters customer ease by leveraging the latest technology.

Linkage of this capital with SDGs



Social and Relationship Capital

The Bank's social and relationship capital includes customers, investors/shareholders, suppliers, vendors, partners, and employees. It has taken various initiatives to collaborate with them and enhance its brand image. The more positively engaged people are with the Bank, the greater the mutual benefits.

Plans:

- Initiatives that help maintain customer loyalty;
- Retain brand image to become a go-to bank;
- Philanthropic activities to support society at large; and
- Complete transparency to win investor/shareholder confidence.

Linkage of this capital with SDGs



Natural Capital

The Bank, in achieving its objectives, utilises all natural resources efficiently. Sustainable use of nature's capital is one of its prime goals. The Bank has deployed lasting solutions for conservative usage of water and energy and implemented a Green Banking initiative to protect natural capital.

Plans:

- Conserve energy through solar panels, energy savers, etc.;
- Positive contribution to the environment through plantation and cleanliness drives;
- Promote a paperless environment;
- Focus on renewable energy financing; and
- Enhanced focus on Environmental, Social and Governance factors, including Sustainability.

Linkage of this capital with SDGs



Financial Capital Structure of the Bank

The Bank remained well-capitalised with a capital base above regulatory limits and Basel capital requirements.

Total Capital Adequacy Ratio stands at 15.87% against the required 11.50% (including a capital conservation buffer of 1.50%). Common Equity Tier-1 (CET-1) to total risk-weighted assets ratio stands at 11.31% against the required 6.00%.

The required capital adequacy ratio is achieved by the Bank through:

- Adequate level of eligible capital
- Adequate risk profile of asset mix
- Ensuring better recovery management
- Maintaining acceptable profit margins

The Bank prepares its Annual Budget, Business Plans, and Risk Appetite Statement for the purpose of drawing out a growth map and future direction as well as identifying the Bank's Risk taking capacity. Bottom-up approach and detailed deliberations are used to prepare the annual budget. The growth prospects take into consideration prevailing economic and political factors in Pakistan and abroad.

Assessment of capital levels is done regularly. All business plans and budgets are reviewed by Senior Management and approved by the Board, ensuring enterprise-wide capital adequacy. Additionally, the Bank aims to pay out a consistent stream of dividends to its shareholders, while maintaining adequate capital under stress scenarios and accounting for future business requirements, ensuring Board level approvals.

Furthermore, the State Bank of Pakistan has identified Bank Alfalah as a sample Domestic Systemically Important Bank (D-SIB) under the D-SIB framework, thereby mandating compliance with enhanced supervisory requirements. These include formulation of a Risk Appetite statement, Internal Capital Adequacy Assessment Process (ICAAP) document Macro Stress Testing / Scenarios Analysis and preparation of a Recovery Plan.

The Bank successfully issued Pakistan's first listed Additional Tier 1 Capital instrument of PKR 7 billion in 2018. Proceeds from the issue augmented our capital base and are being utilised for the expansion/growth of the Bank's business. The instrument has been rated 'AA+' (Double A Plus) with 'Stable' Outlook by PACRA, reflecting our diversified operations, healthy financial risk profile, strong sponsors and market presence. Further, during 2022, the Bank issued another tranche of ADT-1 of PKR 7 billion which is a 'AA+' (Double A Plus) rated instrument by PACRA.

The Bank will continue to maintain optimum capital to increase its risk-taking capacity, and capitalise on opportunities to protect the interests of stakeholders.

Key resources and capabilities providing sustainable competitive advantage

Key Resources

The Bank has a sustainable competitive advantage through the following key resources:



Physical Footprint

The Bank continues to expand its branch network to promote financial inclusion and increase the accessibility of financial services across the country. As of December 2025, the Bank has a network of over 1,150 branches committed to serving its customers' needs by offering innovative banking solutions.

Diversified Products and Services

The Bank provides a wide array of product and service offerings customised to meet a diverse range of customer needs such as deposit accounts, consumer loans, wealth management products and other payment solutions. The product offerings are designed to accommodate all customer segments whether its SMEs, senior citizens, females or blue collar workers etc.

Digital Banking

On the digital front, Bank Alfalah continues to make breakthroughs with its state of the art solutions through its vast suite of digital products and services. This has significantly enhanced banking for customers by introducing ease of use, reliability, quick turnaround times, etc. In particular, the Bank's lifestyle digital application, Alfa, continues to empower customers with 360-degree services while the Bank's digital onboarding facility, RAPID, has revolutionised digital account opening and self-services like debit/credit card and loan applications.

Compliance and Risk Management

The Bank's robust compliance and risk management policies and procedures ensure it continues to operate at the highest standards, effectively mitigating all potential risks. The efficient compliance framework

monitors transactions, screens sanctions, detects and looks after several other internal controls. Moreover, the strong risk infrastructure of the Bank monitors market, liquidity, operational, trade pricing and other risks to ensure the Bank has optimal exposures with returns adjusted for appropriate risk levels.

Human Resources

Bank Alfalah takes pride in the capabilities of its human resources and the platform available for its employees to continuously learn, develop and improve through various trainings and e-learning courses. The Bank's focus on One Bank One Team, inspires and empowers its people and Employee Experience continues to foster a unified, customer-oriented, motivated and satisfied workforce.

Competitive Advantage

Overall, the Bank's various capitals are geared towards maintaining a sustainable competitive advantage. With these resources, the Bank ensures that it continues to perform at the optimal level and, as a result, provide the best-in-class services to all its stakeholders.

Through its capitals (financial/ human/ manufactured/ intellectual/ social and natural capital), the Bank possesses the capabilities to:

- Generate a strong equity, deposits and financing base
- Foster a high-performing and happy work culture
- Leverage technology to provide cutting-edge solutions
- Continually improve customer touchpoints and overall infrastructure
- Cement stakeholder trust by delivering on all fronts
- Promote initiatives and procedures that benefit the environment

These aspects allow the Bank to prioritise sustainable growth and gain a competitive advantage at all levels.

Value Created by the Business Using These Resources and Capabilities

By using its resources and competencies, Bank Alfalah generates value for its stakeholders in the following ways:



Effect of External Factors on Strategy and Resource Allocation

Technological Change

Pakistan's technology sector continued to expand in 2025, driven by wider cloud adoption, growing digital payments, and increased use of AI-enabled and outsourced IT services. These trends are reshaping customer expectations and elevating the demand for seamless, secure, and data-driven financial solutions.

Key Trends in Pakistan's Technological Landscape:

- Pakistan's IT Services market is projected to reach USD 2.75 billion in 2025, with Business Process Outsourcing (BPO) at USD 970.62 million (Statista).
- The sector is expected to grow at a 5.47% CAGR through 2030, reaching USD 3.59 billion.
- Multinationals continue to expand IT outsourcing to Pakistan, supported by skilled talent and cost advantages.
- Demand remains strong for cloud services, cybersecurity, digital payments, and software development.
- SMEs increasingly adopt affordable local technology providers, accelerating digital enablement across the economy.

The Bank, in response to external technological change factors, implemented the following:

- Upgradation of ALFA to simplify navigation and transaction flows on app and website, supporting greater adoption of digital self-service. Digital onboarding processes were upgraded to reduce activation times and expand fully remote account opening, while several in-branch processes were digitised to improve turnaround times and lessen reliance on physical channels.
- To advance analytics and AI-driven decision support, the Bank further strengthened its data capabilities. Enhanced machine learning models provided deeper insights across customer engagement and risk areas. Automated, insight-driven reporting improved the speed and accuracy of internal decision-making, supported by expanded real-time dashboarding for better visibility into business performance.

- Within the payments ecosystem, the Bank continued to scale and modernise its platform to support Pakistan's shift toward cashless transactions. System scalability and reliability were improved to accommodate rising digital payment volumes, and merchant onboarding as well as settlement processes were streamlined to encourage broader business adoption of digital payment solutions.
- The Bank also progressed on its exNOME Customers and Colleagues' Experience Transformation Strategy. Redesigned service journeys reduced friction and improved end-to-end clarity, while upgraded digital and branch touchpoints enhanced consistency and ease of use. Improved internal tools enabled faster, more informed servicing, contributing to a more seamless customer experience.

Through these initiatives, Bank Alfalah remains at the forefront of embracing emerging technologies, adapting to the evolving needs of its customers, and staying aligned with global digital trends.

Managing Social Challenges

Key societal challenges such as financial inclusion, climate change, diversity, public health, poverty, and education significantly influence the Bank's strategic priorities and allocation of resources. The Bank is committed to a sustainable way forward by improving the social, economic and environmental capital of the people

Bank Alfalah remains actively involved in initiatives aimed at enhancing community development and overall well-being of the community and country as a whole.

The Bank, in response to external factors, implemented a comprehensive strategy

- Continuing an Indexed-Based Tax Relief Allowance introduced in 2024 to mitigate the impact of revised salary taxation for FY25. This support has been extended through December 2025 to further strengthen employee welfare.
- Advancing education through school construction, mentoring programs, job opportunities for persons with disabilities.
- Providing a monthly PKR 10,000 allowance for colleagues with disabilities, reinforcing the Bank's dedication to inclusivity
- Delivering financial literacy programs in universities and colleges to encourage financial empowerment and inclusion.
- Collaborating with healthcare organisations to broaden access to vital medical services and support long-term health programs.
- Supporting education through building schools, offering mentoring, and creating employment opportunities.

Through these targeted initiatives, Bank Alfalah continues to uphold its commitment to societal well-being and sustainable development, fostering resilience and equity within the communities it serves.

Navigating Environmental Challenges

Environmental challenges such as climate change, ecosystem degradation, and resource scarcity continue to pose material risks to the Bank's long-term strategy and operational resilience. As part of its sustainable

way forward, Bank Alfalah is further integrating environmental considerations into its operations, with enhanced monitoring of environmental impacts across clients and its own footprint. The Environmental and Social Management Framework remains embedded in credit approvals to support responsible and sustainable lending.

During the year, the Bank contributed to the State Bank of Pakistan's development of draft principles for managing climate-related financial risks and climate stress testing, while also initiating readiness activities for IFRS S1 and S2 in line with SECP requirements. The Bank continued to expand green financing initiatives that support emissions reduction and resource efficiency, alongside participation in larger-scale renewable energy projects that advance national transition goals.

Operationally, the Bank strengthened resource-efficiency measures across branches, increased the use of renewable energy within its ATM network, and adopted initiatives that promote energy conservation and waste reduction.

Through these actions, Bank Alfalah aims to support a more climate-resilient economy while ensuring environmental considerations remain central to strategic planning and resource allocation.

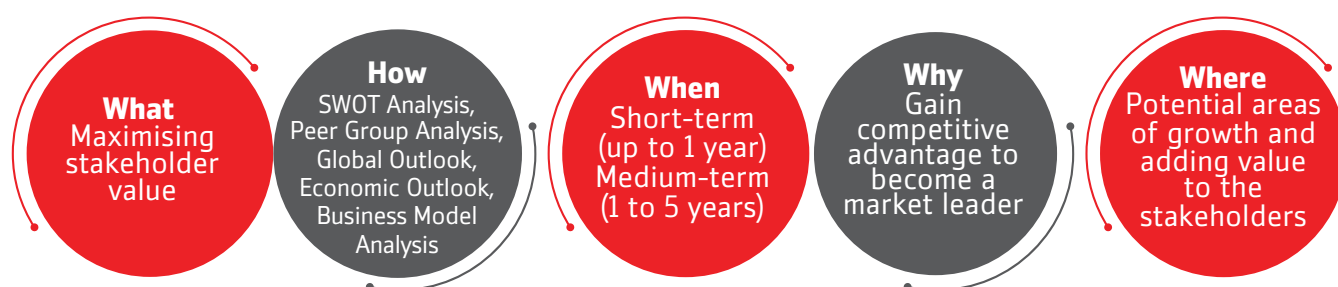
Strategic Decision-Making Process

Strategy Development Process

The Bank's strategies are formulated with an objective of maximising long-term shareholder value. The Bank's strategy is based on economic outlook, competitive environment, legal framework, customer behaviours and geo-political situations.

The Bank develops strategies to achieve objectives, and measures progress with Key Performance Indicators.

The strategy development process has its roots in the Board's strategic outlook, and strategy trickles down through the Management's approach for achieving set objectives.



Stage 1 - Self Analysis

- **Internal/External Environment Analysis**

The Bank assesses global and economic outlook, geo-political situation, competitors' profiles and their product offerings. It then conducts a SWOT Analysis and Business Model Assessment. Shareholders' return maximisation and value addition are kept at the forefront during this entire process. It then identifies key influences on the present and future wellbeing of the Bank, and therefore decides on a strategy.

- **Vision and Mission Analysis**

Analysing Vision and Mission statements helps identify what the Bank aspires to achieve in the future.

Stage 2 – Identifying Potential Areas of Growth and Value Addition

Based on the outcome of the analysis stage, the Bank identifies potential areas of growth to add value for all stakeholders, and to gain a competitive edge and unique position in the market.

Stage 3 – Strategy Formulation

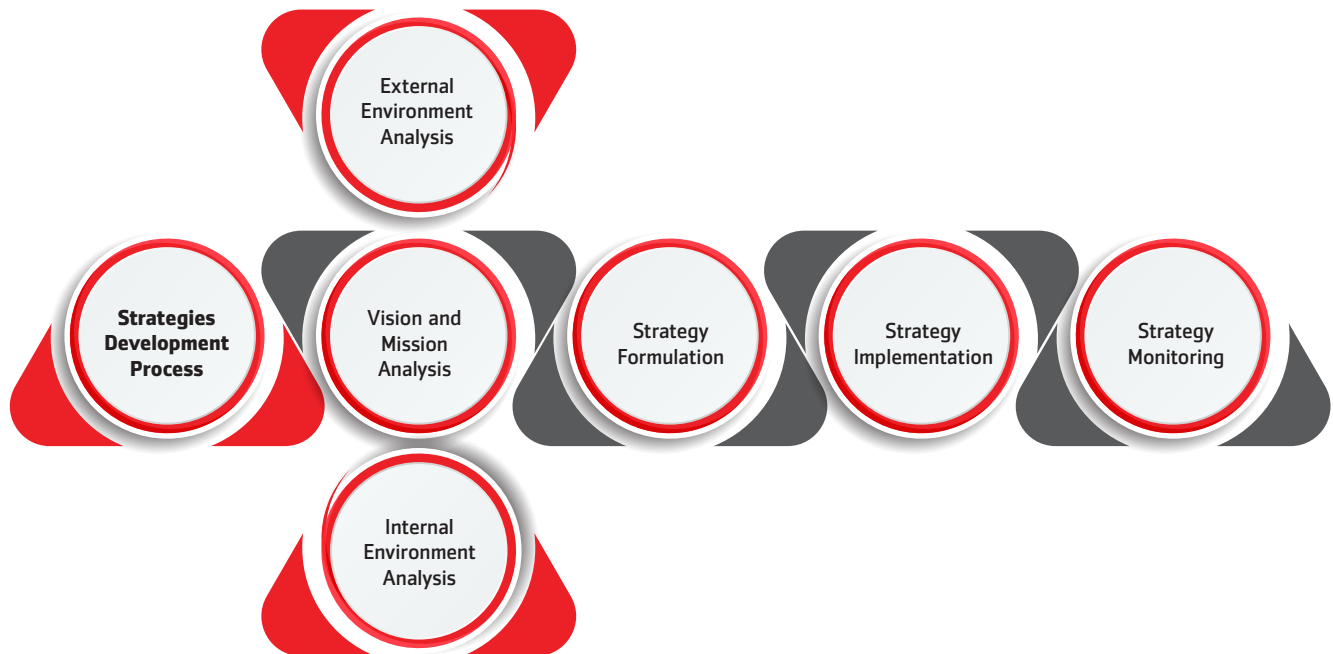
The Bank identifies strategies to achieve its objectives in accordance with the results of preceding stages. The Board of Directors governs the strategy making process. This stage drives strategic decision-making.

Stage 4 – Execution and Implementation

The Management of the Bank executes strategies, incorporating them in day-to-day business affairs.

Stage 5 – Monitoring

There is continuous monitoring of strategies implemented in order to identify further areas for value addition and realignment of strategies.



Organisational Culture for Monitoring Strategy Implementation:

The Bank's culture supports its strategy-building and monitoring process. The governing principles of culture set by the Board are followed by senior management and all employees.

Through a centralised Project Management Office, the Bank monitors the implementation of its key strategic initiatives at Senior Management level. The Bank has a transparent monitoring system in place where all strategic projects are tracked on a monthly basis to ensure timely delivery. Projects that are lagging behind are immediately flagged to the Senior Management and required decisions or actions are taken to expedite these. A comprehensive progress update on the Bank's strategic initiatives is shared with the Senior Management on a monthly basis and with the Board of Directors semi-annually.

Significant Plans and Decisions

Given below are significant restructurings, business expansions or closure of operations during the year.

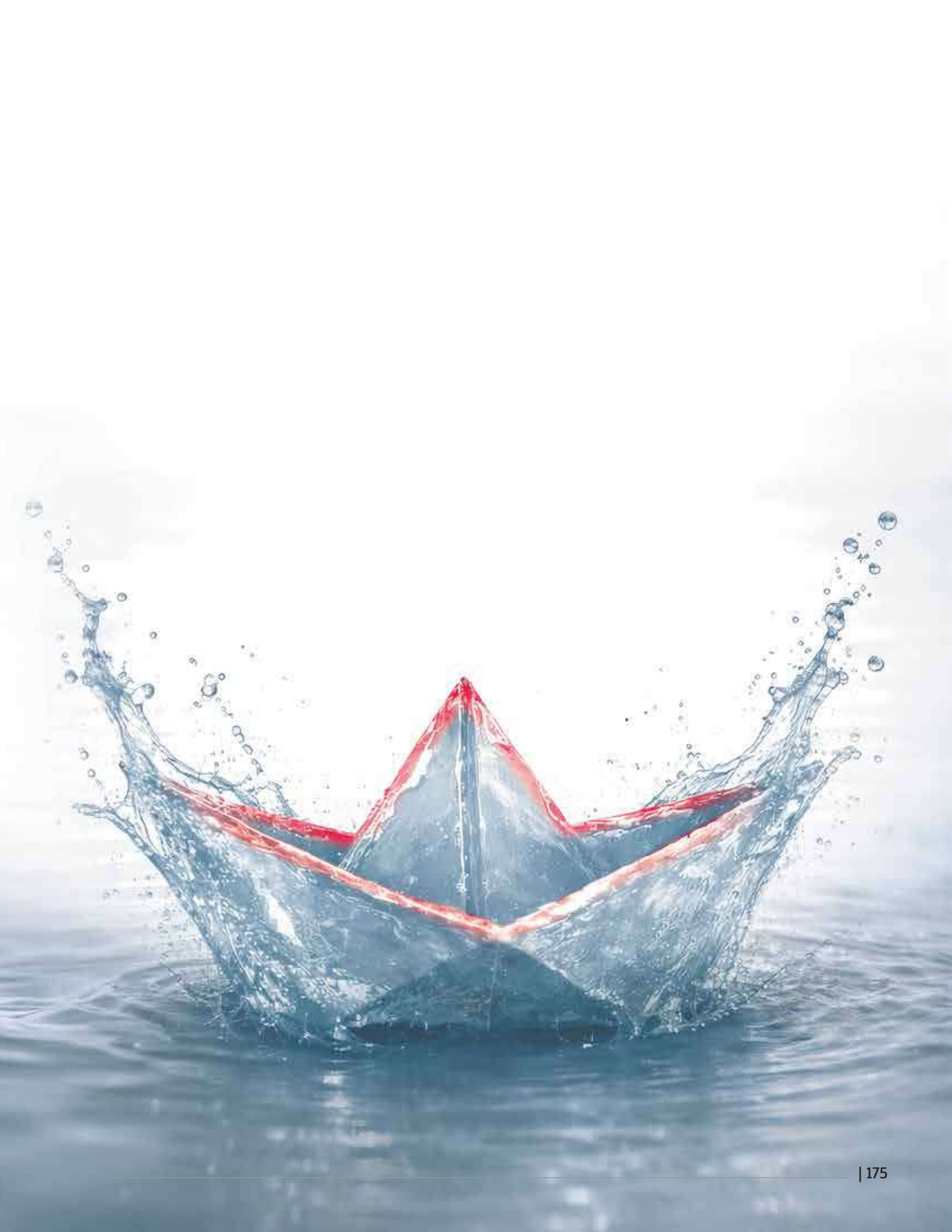
Major capital expenditure during the year:

- During the year the bank invested PKR 13.5 billion on the purchase of fixed assets and intangibles which includes properties (land & buildings), equipment, fixtures, intangible assets, etc. A detailed disclosure of fixed assets is given in the financial statements. All the assets purchased were capitalised as the management intends to take benefit from them over their useful life, which spans more than a year. These additions are for meeting the business and operational needs of the Bank including but not limited to digital infrastructure, new branches, existing branch/office renovations, and strengthening IT infrastructure with an aim to operate within a secured environment and with the best customer data protection.
- The Bank opened over 30 new branches during the year, taking the total branch footprint to 1,186. Further, the Bank also installed over 170 ATMs and 200 CDMs/CCDMs to facilitate the customers.
- Major capital expenditure planned for next year: The Bank plans to open new branches under Annual Branch Expansion Plan, renovate existing branches and continue to invest in its digital and IT infrastructure.

Change in Objectives and Strategies

There was no significant change in objectives and strategies from last year.

Risk and Opportunities



Risk Management Framework

The Way Bank Manages Risk

Phase 1

Risk Identification and Assessment (RIA)

Map and anticipate main identifiable risks and regularly update assessments. Prioritise risks against the Bank's strategy and risk appetite.

Phase 2

Risk Ownership

Allocate risk ownership.

Phase 3

Risk Mitigation

Develop and implement policies and mitigation plans, which are executed based on prioritisation.

Phase 4

Risk Reporting

Risks are monitored continually against approved appetite. Deviations are logged, reviewed, owned, reported, and effectively mitigated.

Phase 5

Risk Framework Validation

Regularly check effectiveness of the process through wider assessment of the framework, and make necessary improvements in the process.

How the Bank Shares the Risk Management Responsibilities?

The Board

Responsibilities:

- Approves strategic objectives and risk appetite
- Reviews key risks and mitigating measures
- Approves the risk infrastructure
- Assesses effectiveness through periodic reporting
- Defines risk management policies
- Formulates and maintains integrated bank-wide risk management framework
- Establishes a bank-wide strategy incorporating the risk management strategy

Board Committees:

- Board Risk Management Committee (BRMC)
- Board Information Technology Committee (BITC)
- Board Audit Committee (BAC)
- Board Strategy and Finance Committee (BSFC)
- Board Crisis Management Committee (BCMC)

Senior Management

Responsibilities

- Defines and proposes the risk appetite for onward approval from the Board and monitors it quarterly
- Oversees design and sustainable implementation of Enterprise Risk Management (ERM) and internal control systems
- Evaluates the adequacy of risk mitigation plans

Management Committees:

- Central Management Committee
- Digital Council Committee
- Central Credit Committee
- Control and Compliance Committee
- Asset Liability Management Committee
- Process Improvement Committee
- Governance Committee for Oversees Operation
- IFRS 9 Steering Committee
- IT Steering Committee
- Crisis Management Team
- Sustainability Committee

Credit and Risk Management Group

Responsibilities

- Develops risk policies, interprets and guides business units on risk standards, limits and regulations
- Monitor key ratios and risk levels through routine testing skills
- Reports to the management, Board and regulator

Risk Divisions:

- Risk Management Division
- Information Security
- Credit Policy and Portfolio Management
- Credit Administration
- Operational Risk
- Credit Division
- Consumer and Digital Risk
- CRM Governance and First line OR

Three lines of defense approach



First Line of Defence

- Identifies, takes and manages risks in their areas of responsibility.
- Maintains day-to-day internal control.



Second Line of Defence

- Develops and promotes ERM framework to help managers identify, assess, manage, monitor and report risks.



Third Line of Defence

- Provides independent assurance of the effectiveness of the risk management, and internal control frameworks and activities.

Risk Management Methodology

Bank Alfalah implements its risk strategy and engages in controlled risk-taking within its risk management framework. The risk management methodology defines the optimal course of action amid uncertainty by identifying, owning, mitigating, reporting and validating risk in line with its long-term objective of maximising shareholder value and ensuring sustainable returns. The Bank adheres to an integrated, structured and disciplined approach, realised through the implementation of effective and efficient risk management methodologies and policies that align strategies, processes, people, technology and knowledge to assess, evaluate and manage uncertainties that the Bank faces as it creates value.

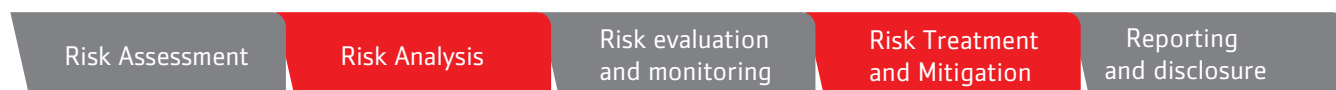
The methodology contains the following activities:

- Developing and implementing an enterprise risk management framework across all business groups in the country and locations outside the country;
- Identifying risks and maintaining risk exposure within the risk appetite of the stakeholders;
- Optimising resources in order to enhance value for shareholders;
- Establishing risk tolerance limits /risk appetite;
- Ensuring availability of sufficient capital as a buffer to absorb risks gauged through self-risk assessment/stress testing as well as under the purview of regulatory guidelines; and
- Aligning risk management approach with regulatory and future business requirements.

An effective risk management framework along with a robust risk governance structure, strong capital, liquidity, market risk, compliance / money laundering and good quality of the asset portfolio, remain the cornerstones for the Bank's risk management methodology.

Risk Mitigation

These need to be dynamic for sound risk management. Effective communication across the Bank, well established policies and procedures, and action plans are the tactics to face business risks. The Bank has established such techniques based on international standards and benchmarks, regulatory instructions and Board's guidelines. The sub-section named 'Key Risks' given below covers all mitigation strategies against key risks.



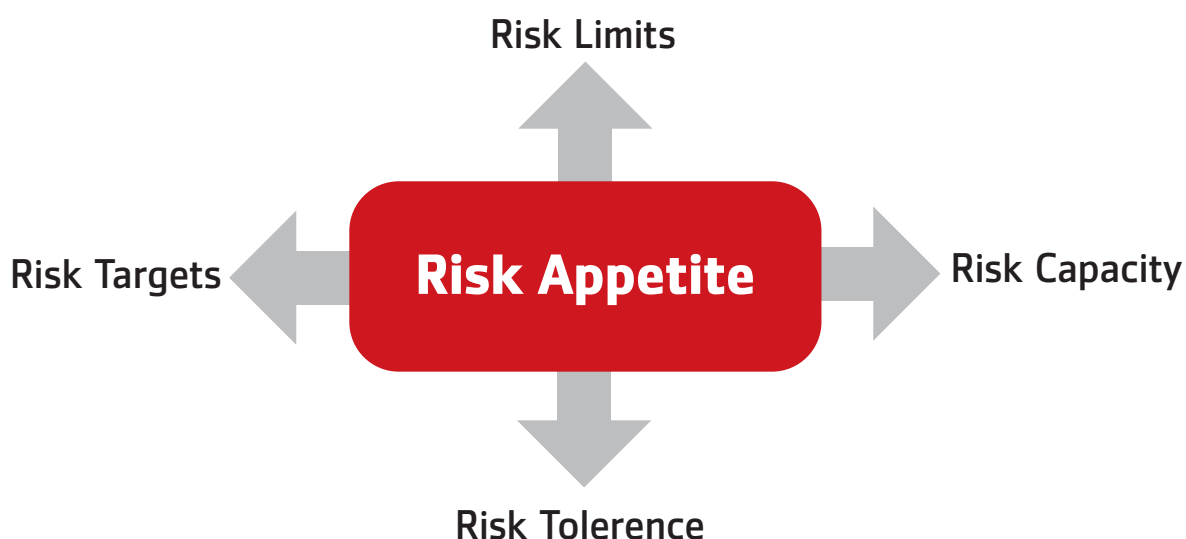
Risk Appetite

Risk Appetite (RA) refers to the maximum threshold of risk levels that the bank is willing to undertake in implementing its strategic and business objectives set by the Board of Directors. In setting the RA, including tolerance and limits, the Bank's resources including capital are allocated effectively and risk limits are set to remain within the boundaries of risk framework. RA strikes a balance between strategy, growth aspirations, operating plans, capital and risks that the bank deems material, based on their significance and regulatory requirements. The Risk Management Division of the Bank devises risk appetite every year which is then approved by the Board considering the Business plans and macro-economic environment.

The Bank's RA for 2025 was established considering historical trend, regulatory requirements, stress test results and senior management's views about economic situations versus business objectives. Application of the RA and its monitoring help to ensure the Bank stays within appropriate risk boundaries.

Functions of Risk Appetite:

- Bank's willingness to take a risk
- Internal (Soft) Risk Tolerance Limit
- Monitoring Risk strategies and approaches to mitigate risk
- Putting the Bank's risk capacity in best use

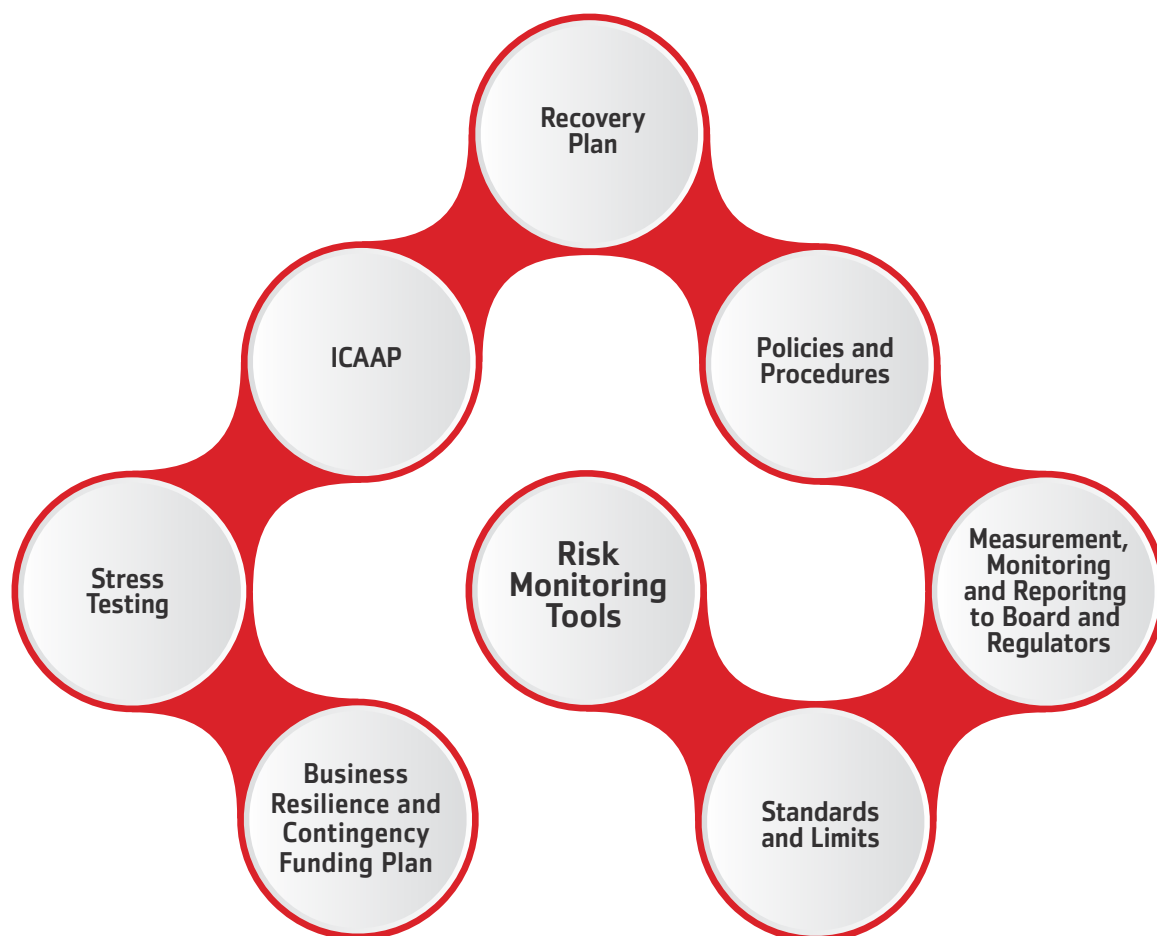


Risk Monitoring and Reporting

- **Reporting to Board and Board's Risk Management Committee (BRMC):** Meetings of the Board and BRMC take place on a quarterly basis, at minimum. The agenda consists of various risk related analysis and decisions that are based on business needs and situations including but not limited to macro-economic environment.
- **Internal Capital Adequacy Assessment Process (ICAAP):** The report covers risk areas like operational losses, concentration, liquidity, reputation, environmental, settlement, other core risk etc. This is finally reported to Board.
 - ICAAP reporting is based on bank's own assessment of risks and assessing the amount of capital that bank is required to maintain against those risks
 - The purpose of the ICAAP is to inform the Board of the ongoing assessment of the bank's risks, how the Bank intends to mitigate those risks and how much current and future capital is necessary having considered other mitigating factors considering the current and projected financial projections and;
 - ICAAP exercise attempts to assess the risk based capital as opposed to regulatory capital, which is generally not considered the complete reflection of the embedded risks; given that regulatory capital does not account for pillar II risks and additional capital required in lieu of stress testing for pillar 1 risks.
- **Management and SBP's monitoring:** Various reports are submitted to Senior Management and SBP covering risk aspects such as credit risk. The regulator conducts inspections to monitor bank's approach towards risk mitigation and compliance against the breaches, if any.
- **Stress Testing:** Bank Alfalah prepares and submits Scenario Analysis Stress Testing reports to SBP. The same are reviewed by Senior Management and Board as well. The report mainly encompasses Statistical Models based on Macro Economic Variables Risk Management Tools (i.e. VAR, SVAR), Reverse Stress Testing. Furthermore, MST (Macro Stress Testing) Framework proposes a multilayered approach for Stress Testing Model development, validation, approval and implementation; along with the identification of stakeholders for validation, control and oversight perspective. Results of the exercise are used to calibrate risk appetite, Annual Business plans, Capital and contingency planning.
- **Standards and Limits:** The Bank follows Basel guidelines for capital adequacy monitoring. Further, there are various circulars from SBP (State Bank of Pakistan) and respective regulators for overseas operations in this regard. The bank ensures strict compliance with these standards, internal and regulatory limits as well as guidelines laid down in the circulars.
- **Policies, Procedures, Manuals and SOPs:** The Bank has well established policies and other documentary guidelines for every product and process. These serve as guidelines and monitoring tools for the staff performing various risk-related activities. All relevant departments are responsible for ensuring compliance with documents.
- **Business Resilience and Continuity Plan:** The Business Resilience Plan tends to define the business continuity and recovery strategies and procedures. Business Resilience and Business Continuity are at times used as alternate terms to align continuity of operations due to, or during, any disruption. For further details on policy, refer Governance section of this Annual Report.
- **Contingency Funding Plan (CFP):** The Bank prepares an annual CFP which covers the funding plans should a triggering event materialise. Refer to the Liquidity Management subsection within this section of the Annual Report.
- **Recovery Plan:** The recovery plan is submitted annually to SBP. The plan incorporates the Bank's critical systems vis-à-vis their impact on core business lines and critical functions as identified in approved business resilience plan. Key trigger events and funding resources available to Bank are identified, in line with ALCO approved Contingency Funding Plan, in order to combat severe stress situations related to funding liquidity. The context behind the recovery plan is based on the assumption that the Bank's capital and/or liquidity are in breach of the identified recovery thresholds as per the approved risk appetite. Key assumptions taken into account while

preparing the recovery plan include:

- Materiality, Feasibility and timelines for implementation of Recovery Options.
- Raising of Capital / liquidity, Market and/or Regulator, in a timely and cost effective manner
- Expense rationalisation.



Risk Culture

The risk culture within the Bank supports its business objectives and fosters an environment that enables management to execute the business strategy more efficiently and sustainably. The board of directors regularly reviews the risk profile of the Bank and makes every senior leader a responsible stakeholder in developing a strong risk culture within the Bank. Further, the Bank ensures that each employee comprehensively understands the responsibilities concerning the risks they undertake at each stage in their regular business activities.

The Bank has established a risk management framework that incorporates a risk management structure consisting of various sub committees. It includes clearly defined reporting lines to ensure the independent operation of risk management functions. Risk governance of the Bank also includes setting the risk appetite statement, risk limits, risk management functions, capital and liquidity planning, risk management policies, risk infrastructure, MIS and analysis to monitor the Bank's risk profile.

Risk Assessment

Board’s efforts to determine the level of risk tolerance

The Board of Directors is the ultimate governing body responsible for overseeing risk management to maximise shareholders’ returns. It ensures that the required culture, practices and systems are in place to address the risks faced by the Bank. Under the valuable guidance of the Board, the Bank ensures a proactive approach in dealing with factors that influence its financial position, strives to maintain stable earnings, and attempts to maximise shareholders’ value by achieving an appropriate balance between risk and return.

The Board:

- Has established a bank-wide strategy incorporating the risk management strategy;
- Has approved the overall risk appetite, tolerance levels and level of capital adequacy and funding ratios;
- Regularly reviews any significant risk issues to determine their impact on the Bank’s strategy, aligning the strategy to address existing or potential risks.

The Board, through its Board Risk Management Committee (BRMC), has delegated oversight responsibilities. BRMC ensures the formulation and implementation of a comprehensive risk management framework. Under the board’s guidance, the Bank executed an effective risk strategy and continued controlled risk-taking activities within the risk management framework, combining core policies, procedures, and process design with active portfolio management.

The Board Risk Management Committee:

- Establishes and reviews compliance with the Risk Management framework;
- Ensures that the Bank’s overall risk exposure is maintained at prudent levels and is consistent with available capital;
- Reviews and recommends to the Board, the risk appetite of the Bank and business plans; and
- Reviews risk management information reports, identifies exceptions, and provides guidance for corrective measures.

The functional and day-to-day management responsibilities have been delegated to the Chief Risk Officer (CRO). In line with this, the CRO functionally reports to the President and CEO. The roles and responsibilities are designed to ensure that risk is governed and managed independently and prudently.

The Board, through its Risk Management Committee, has carried out a robust assessment of the principal risks facing the Bank, including those that could threaten the business model, future performance, and solvency or liquidity.

Below are the key risks, which arise as a result of external factors affecting the organisation and they have an impact on the availability, quality, and affordability of the capital:

Factors	Risks
Macroeconomic	Credit Risk, Market Risk, Liquidity Risk
Legal	Legal Risk, Compliance Risk (including Money Laundering), Operational Risk, Country Risk
Political	Operational Risk, Country Risk
Technological	Model Risk, Operational Risk, Information Security Risk
Environmental	Environmental Risk and Climate Risk
Commercial	Reputational Risk, Concentration Risk, Model Risk, Operational Risk

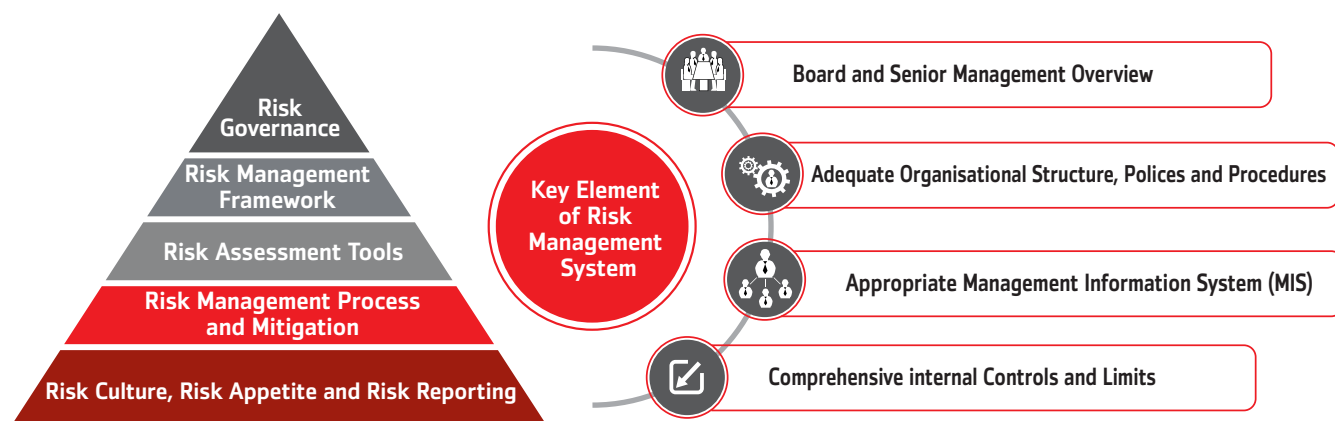
The Risk Assessment process has been carried out for the following:

- **Business model:** Potential risks facing the Bank's business model which in turn affect the survival of the Bank. Sound business growth with managed risk is crucial for operations. The Bank considers expected level of profitability, market reputation, experienced personnel, logistic support, etc for business model. Relevant risks can be credit risk, market risk, liquidity risk, operational risk, model risk, reputational risk and concentration risk.
- **Future performance:** Technological obsolescence and inability to cope with recent technological developments can also threaten the existence. Further, the situations of the country/region where the Bank operates also cause impacts and is a necessary factor for consideration in risk assessment. The Bank considers reputation, ability to meet stakeholders expectations, capital adequacy, macro and microeconomic scenarios, risk management practices for its future performance. Relevant risks could be information security risk, environmental risk and legal risk.
- **Liquidity:** The ability to operate with sufficient funds to meet depositors' obligations is key to operating as a bank. Further, this also includes fulfilling regulatory requirements set by the regulator, hence, compliance plays an important role in this regard. The Bank considers fundamentals like maintaining adequate capital, liquidity and operational control at all times in order to safeguard the interests of depositors, borrowers, shareholders and other stakeholders and meet its obligations against these. Relevant risks could be liquidity risk, market risk, credit risk and compliance risk.
- **Other key focus areas are:**

Build a risk culture	Financial crime and economic vulnerability
Client risk rating focus	Regulatory compliance
Information and Cyber Security	New technologies
Environment, Social and Governance (ESG)	Business resilience

The risk management and mitigation strategy is therefore fundamentally based on maintaining adequate capital, liquidity, and operational control at all times in order to safeguard the interests of depositors, borrowers, shareholders and other stakeholders.

Key Elements of Risk Assessment



Key Risks

TYPES OF RISKS	LIKELIHOOD	MATERIALITY
Credit Risk	High	High

It means the possibility of monetary loss to financial institutions arising due to the inability or unwillingness of a counterparty to perform a commitment as per the agreed terms and conditions, among other things, on account of lending, trading, hedging, settlement, and other financial transactions.

Source: External

Impact: Financial

Capital Affected: Financial Capital

Assessment tools: Risk Ratings, Stress Testing, limit monitoring, exception monitoring and delinquency ratio.

Mitigation Strategy: The Bank is committed to the appropriate level of due diligence to ensure that credit risk is identified and analysed diligently, ensuring that credit commitments are appropriately structured, priced (in line with market practices), and documented. Bank Alfalah has a Credit Operational Manual (COM) and a Credit Policy Manual (CPM) in place to strategise and govern the Bank's overall lending strategy. Furthermore, the Bank has an internal Credit Initiation and Risk Rating System through which risk levels are assessed based on customers' risk profiles.

Bank Alfalah has implemented IFRS-9 to measure and assess changes in credit risk. The timely recognition of and provision for credit losses promotes a safe banking system and plays an essential role in supervision. Furthermore, the portfolios and well-defined parameters are actively reviewed, and, if required, corrective actions are taken at a nascent stage.

Credit Concentration Risk	Medium	Medium

It is the risk which results from inadequate diversification of the Bank's credit portfolio in terms of industries, regions or number of counterparties that may result in significant losses.

Source: Internal and External

Impact: Financial

Capital Affected: Financial Capital

Assessment tools: Limits monitoring including Sectors, Tenors and Risk Weighted Assets.

Mitigation Strategy: The SBP has prescribed regulatory limits for banks' maximum exposure to single and group obligors. Moreover, to restrict industry concentration risk, the Bank's annual credit plan spells out the maximum allowable exposure that it can take on specific industries. The Bank manages and monitors its portfolio of loan assets and limits for high-risk customers. Limit concentrations are monitored in terms of risk quality, industry, maturity, and large exposure.

Operational Risk	Medium	Medium

It is the risk of loss resulting from inadequate internal processes, people and systems, or from external events including legal risks. This excludes strategic and reputational risk.

Source: Internal and External

Impact: Financial/Non-Financial

Capital Affected: Financial, Social, Human and Intellectual Capital

Assessment tools: Risk and Control Self-Assessment, Operational losses viz-a-viz tolerance limit and Control breaches

Mitigation Strategy:

Embedding a sustainable risk culture remains the core objective, which includes effective management of operational issues and emerging risks across the Bank and in the overseas operations via deployment of required resource tools and continuous supervision. The new Operational Risk Framework, Policy and Standards, duly approved by the Board, have been rolled out, along with new system platforms (Operational Risk System), for recording and tracking risk events, including non-financial risks.

The Bank is at an advance stage of implementing a new process-based Risk and Control Self-Assessment method across the Bank in order to effectively manage operational risks and continually monitor the effectiveness of defined controls through first-line self-assessment reviews, especially for the processes and activities that may significantly impact the Bank's risk appetite. Furthermore, new and amended products, systems, activities and processes are subject to comprehensive operational risk assessments before implementation and launch.

TYPES OF RISKS	LIKELIHOOD	MATERIALITY
Market Risk	High	High

It is the risk arising from changes in the value of on and off-balance sheet positions of the Bank due to adverse movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and commodity prices, resulting in a loss to earnings and capital. Due to the external nature of the risk, and given the prevalent macro-economic environment, the likelihood of adverse price movements is currently high. However, stringent controls are in place to mitigate any material impact on profitability and capital. This risk includes Interest rate risk, Equity price risk, Foreign Exchange risk and Commodity risk.

Source: External

Impact: Financial

Capital Affected: Financial Capital

Assessment tools: Investment Limits, Exposure Limits and Sensitivity Analysis, tolerance Limits, Duration and PV 01 limits

Mitigation Strategy: The Market and Liquidity Risk Department monitors the impact of price and rate movements on the Bank's portfolios and periodically reports to the Asset and Liability Committee (ALCO) and Investment Committee (IC), which are primarily responsible for oversight of market risk. The Bank has developed various tools for risk measurement and its mitigation thereof, including Value at Risk (VaR), Expected shortfall, Duration, Price Value of a Basis Point (PVBP) and Re-pricing Gaps. In addition, the Bank carries out stress tests, using both internally developed scenarios and scenarios prescribed by the regulator. Moreover, the Bank has a comprehensive risk control limit framework, which defines exposure limits (for each portfolio, issuer, tenor, rating and sector), PVBP limits, money market gap limits, FX gap limits, currency-wise NOP limits, stop loss limits, tolerance limits, counterparty limits, dealer limits, and broker limits.

The Bank uses a standardised approach to calculate market risk capital charge under the Basel framework.

Liquidity Risk	High	High

It is the risk to the Bank's earnings, capital and reputation arising from its inability (real or perceived) to meet its contractual obligations promptly without incurring unacceptable losses when they become due.

Source: Internal and External

Impact: Financial/Non-Financial

Capital Affected: Financial and Reputational Capital (franchise value)

Assessment tools: Stress Testing, Advances to Deposits Ratio, Stable Funding Ratio, Statutory Liquidity Reserve Ratio, Liquidity Coverage Ratio, Deposit Concentration Limits, and Maturity Gaps.

Mitigation Strategy: The Market and Liquidity Risk Department performs independent monitoring and reporting of the overall liquidity position in line with regulatory requirements and the Bank's own risk appetite at the Bank and operations level. The Bank is fully compliant with Basel III liquidity standards, Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), with a considerable cushion over the regulatory requirement. Stress Tests are performed (both SBP and internal for all operations and at the Bank level) under which liquidity risk factors are given major shocks to check the vulnerability of the Bank's balance sheet to those hypothetical shocks in various stress scenarios.

Model Risk	Medium	High

The potential loss the Bank may incur, as a consequence of decisions that could be principally based on the output of models, due to errors in the development, implementation, or use of such models.

Source: Internal

Impact: Financial

Capital Affected: Financial Capital

Assessment tools: Annual Validation exercise.

Mitigation Strategy: Risk management is involved in periodic review of model accuracy and validation. A conservative approach, validation based on sensitivity analyses, the use of subjective elements, and on-going monitoring of the model's performance provide sufficient protection against such unfavourable impacts.

TYPES OF RISKS	LIKELIHOOD	MATERIALITY
Legal Risk	Medium	Medium

It is a wide concept that includes all aspects of legal risk, which refers to risk of financial loss, regulatory penalty, reputational damage or operational loss arising from non-compliance with laws and regulations, defective documentation, unenforceable contracts/agreements, adverse court judgements, or failure to protect the Bank's legal rights

Source: Internal and External

Impact: Financial and/or reputational

Capital Affected: Financial, Social, Human and Intellectual Capital

Assessment tools: Regard to updated applicable laws and regulations when rendering legal services and oversight of cases filed against the bank through the concerned departments/businesses.

Mitigation Strategy: Legal Affairs Division (LAD) is responsible for promoting and protecting the interests of the Bank, and ensuring that the Bank complies with prevalent laws, rules and regulations at all times.

Compliance Risk	Medium	Medium

The risk of legal or regulatory sanctions or material financial loss (penalties) a bank might suffer because of its failure to comply with laws, regulations, rules related to self-regulatory organisation standards, and codes of conduct applicable to its banking activities. To curb & tighten the regulations with respect to Trade Based Money laundering & Terrorist Financing, SBP issued TBML Framework in October 2019 which is further revised in 2025 with focus on areas like importer due diligence, under/over invoicing, exporter's overdue positions etc.

Source: Internal and External

Impact: Financial and Reputational

Capital Affected: Financial, Social, Human and Intellectual Capital

Assessment tools: Regulatory Inspection Reports, Risk Control Self Assessment, Key Risk Indicators breaches, Internal Risk Assessment, Independent Centralised Trade Operations, Price Assessment Tool / Application

Mitigation Strategy: The Board and Senior Management have cascaded down the commitment to a strong compliance culture that reflects high ethical standards and integrity at all levels of the organisation by ensuring seamless and effective implementation of regulatory requirements/standards/practices and other laws in letter and spirit. Moreover, since compliance is everyone's responsibility, the Bank's Compliance and Business Solutions Group has created structures and systems to promote a compliance culture among the Bank's staff and departments. The Compliance Function focuses on having high standards as required by the relevant Policy and Procedure Framework, maintaining Regulatory Technology (name screening, transaction monitoring, trade AML, CDD and CFT) to combat money laundering, terrorist financing, and proliferation financing and tracking CDD quality, and on reviewing and implementing regulatory instructions. The function is further strengthened by the knowledge endeavors and ongoing improvement in the Bank's AML/CFT/CPF learning interventions, CDD Advisory, TBAML, Regulatory Advisory, Onsite and Offsite Internal Control and Quality Assurance Reviews, and monitoring of fraud trends over consumer and digital banking channels. In the light of the SBP instructions, TPRD (Trade Pricing Risk Department) has been setup under the umbrella of Risk Management Division and TBAML Unit in Compliance performs high risk country and transaction EDD, monitoring and control design.

Furthermore, to reinforce compliance culture at the front end, Governance Control and Diligence Division (GCDD) has been established within the Retail Group.

Environmental and Social Risk	Low to Medium	Medium

Actual or potential threats of adverse effects on the environment and living organism by effluents, emissions, wastes, chemical releases, and resource depletion, arising out of the Bank's or its clients' operational activities.

Source: Internal and External

Impact: Social, Environmental, Financial, and Reputational

Capital Affected: Natural and Manufactured Capital

Assessment tools: Environmental and Social Risk Rating based on the due diligence

Mitigation Strategy: The Bank has adopted an integrated sustainable finance approach in its lending activities. In this regard, Green Banking Policy and Environmental and Social Risk Management (ESRM) Procedures Manual have been put in place. The ESRM Framework essentially requires that any lending opportunity is reviewed and evaluated under

TYPES OF RISKS	LIKELIHOOD	MATERIALITY
Environmental and Social Risk	Low to Medium	Medium

the Bank's exclusion list, applicable national laws on environment, health, safety, social and IFC performance standards. This framework is an integral part of the credit approval process, and all relevant credit proposals require Environmental and Social review prior to approval by the competent authority.

In November 2022, the State Bank of Pakistan (SBP) issued Environmental and Social Risk Management (ESRM) Implementation Manual, based on IFC performance standards, which is applicable to all banks in Pakistan. During 2023, Bank Alfalah aligned its Green Banking Policy and ESRM procedures manual with the afore-mentioned SBP manual.

Since the end of November 2023, the Bank has been using SBP's provided ESRM templates and complying with the Regulatory Implementation deadline, which was November 2025. The Environmental Risk and Green Banking Department (also known as Green Banking Office) is providing ESRM advisory to all relevant colleagues on transactional levels so that the staff does not face any difficulty in implementing the revised ESRM framework. The Bank is assigning risk rating as 'High', 'Medium', and 'Low' to its borrowers based on its due diligence which facilitates the management in its decision making.

Climate-Related Financial Risks

SBP has issued 'Regulatory Framework for Effective Management of Climate-Related Financial Risks' and 'Guidelines on Climate Stress Testing 2025' in December 2025.

Source: Internal and External

Impact: Social, Environmental, Financial, and Reputational

Capital Affected: Natural and Manufactured Capital

The Bank is in the process of aligning its risk policies and procedures with SBP's aforementioned documents in accordance with the timelines prescribed by SBP.

Risk of supply chain disruptions as a result of ESG related factors	Low to Medium	Medium

Actual or potential threats of adverse effects on the Banks' supply chain arising from ESG related factors such as effluent, emissions, waste, chemical releases, and resource depletion.

Source: Internal and External

Impact: Social, Environmental, Financial, and Reputational

Capital Affected: Natural and Manufactured Capital

Assessment tools: Environmental and Social Risk Rating

Mitigation Strategy: Vendors need to be managed effectively in order to reduce the risk of supply chain disruption and ensure that the goods and services provided are delivered on time and as per the expected standard. The Bank's approved procurement policy includes 'Sustainable and Green Procurement' guidelines, which incorporate strategies to minimise ESG risks, including assessing and choosing vendors that exhibit a strong dedication to the environment and prioritising reputable brands that promote environmentally friendly practices. As an example, the Bank uses sustainably sourced paper, i.e., Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC) certificated paper, as part of its routine business practices, and ensures that primary as well as alternate vendors supply with the same only.

TYPES OF RISKS	LIKELIHOOD	MATERIALITY
Information Security Risk	Medium	Medium

It is the risk of damage that may be caused by internal or external threats, such as unauthorised access to critical financial data, sensitive customer information, non-availability of critical services, impersonating clients and theft or alteration of information, while performing financial transactions, and loss of the Bank's sensitive electronic data and IT systems.

Source: Internal and External

Impact: Financial and Reputational

Capital Affected: Financial, Intellectual and Social Capital

Assessment tools: Risk Appetite Monitoring, Penetration Testing, Vulnerability Assessment and Cyber Security Risk Assessment.

Mitigation Strategy: The Information Security Division caters to the regulatory requirements for IT Security Risk Management. It maintains the framework that enables the Bank's management and staff to mitigate IT security risks bringing them to acceptable levels. It does research on evolving and emerging threats, suggests and defines relevant information security controls. Furthermore, it performs information security risk assessment before and after the deployment of IT Solutions against the defined categories of IT Risk and Information Security Management System, performs 24/7 information security monitoring of information assets, investigates IT security incidents, reinforces IT security risk awareness among staff, and performs IT security risk management reporting.

Reputational Risk	Low to Medium	Medium

Reputational risk is the risk of adverse impact on the Bank's earnings, capital, liquidity, or franchise value arising from negative perception of stakeholders. Such perception may result from actual or perceived actions, omissions, regulatory non-compliance, service failures, misconduct, or external events.

Source: Internal and External

Impact: Financial and Reputational

Capital Affected: Financial, Social, Human and Intellectual Capital

Assessment tools: External ratings, Market news, Stock Exchange Information, Customer Experience Surveys, up-time for public facing systems, material regulatory penalties and review of regulatory compliance by compliance division.

Mitigation Strategy: Various departments within the Bank assess and monitor events leading to reputational risk associated with the Bank's activities to always safeguard its interests. This includes ensuring that contractual obligations are being met under agreements with multilateral and international agencies that cover partnerships and credit facilities extended to the Bank. Furthermore, the Bank has a dedicated customer experience department that works for the resolution of customer complaints and grievances. Additionally, the Compliance Division ensures compliance with all regulatory requirements and mitigation of reputational risk arising from business disruptions and operational issues. Furthermore, the Bank has devised a comprehensive Business Resilience and Disaster Recovery Plan to ensure continuity of its services during crisis periods.

Country Risk	Low to Medium	Medium

It refers to the possibility that economic and political conditions, or an event in a foreign country, could adversely impact the Bank's exposure in that country. The Bank is engaged in international lending and has cross-border exposures, and is exposed to country risk, in addition to the customary credit, market, and investment risk.

Source: External

Impact: Financial

Capital Affected: Financial and Social Capital

Assessment tools: Country limit monitoring.

Mitigation Strategy: To manage the risk, the Bank has in place a comprehensive country risk management framework. Under this framework, country risk is sub-divided into two broad categories: transfer risk and political risk. Additionally, the Bank carries out periodic reviews of approved limits, ensuring regular monitoring against the same.

Key Opportunities and Initiatives

TYPES OF OPPORTUNITIES	LIKELIHOOD	MATERIALITY
Opportunities through Digitisation	High	Medium to High

With the onset of the Industrial Revolution 4.0, the impact of existing and potential digital avenues cannot be ignored. It raises the need to overhaul and transform existing business practices to leverage upcoming and evolving technological advancements to create a ripple in the banking/financial sector. The financial services which are being provided to the customers are transforming at a rapid pace, new innovations are being adopted. At Bank Alfalah, making sure customers are happy is not something that is said, it is meant.

Source: Internal and External

Impact: Financial; Customer Centricity

Capital Affected: Financial Capital, Relationship Capital and Human Capital

Strategy for creating value from opportunity:

Digital Cheque Clearing (High, High)

Following the successful transition from teller-based cash deposits to Digital CDMs, the next major challenge lies in addressing the cheque clearing system, which continues to suffer from delays and vulnerability to human errors, especially in subjective processes such as signature verification. To overcome these issues, the Bank is preparing to launch an indigenously developed, round-the-clock Cheque Deposit Kiosk. This solution will allow customers to clear cheques instantly at any time, leveraging advanced technology to perform MICR and UV matching, while software handles signature verification, OCR-based matching through machine learning, biometric authentication, and secure keys embedded within the cheques.

This strategic initiative is expected to deliver greater customer convenience, enhance operational efficiency, lower costs, and significantly reduce fraud risks. Projections indicate that this advancement will elevate the Bank's digital-to-branch counter transaction ratio to 95%, aligning with global best practices.

Cashless Economy and Payments Ecosystem (High, High)

Pakistan's economic landscape, despite significant progress, remains fundamentally reliant on cash. This heavy cash dependence, estimated to account for a substantial portion of all transactions, poses a major challenge to financial inclusion and economic growth. This is a major inconvenience; even a person with a bank account and a smartphone is often rendered helpless by a lack of digital acceptance modes, leaving them with no choice but to revert to cash.

This digital divide is especially pronounced in urban outskirts, rural and underserved areas, where digital acceptance is sparse, but it is also a common problem in urban centers where intermittent service disrupts transactions, merchants are unable to accept payments digitally or customer does not have a digital issuing instrument.

While traditional digital solutions like Point-of-Sale (POS) machines have seen increased adoption in retail, their impact is limited to 5 million retail outlets. Therefore, majority of the transactions remain on cash, while being in trillions of rupees in totality.

Bank Alfalah as a leading commercial and digital bank, and the only commercial bank in Prime Minister's Digital Cashless Scheme has devised ways to tackle the issues mentioned above, such as

- The expansion of digital acceptance points all over Pakistan; 150,000 out of over 2 million merchants for the industry, merchants are targeted to be financially and digitally involved and active on monthly basis by the end of June 2026. These points will be a combination of the Bank's engineered low-cost NFC and QR POS Device, Soft POS on Alfa Business App and Static QRs.
- The introduction of relatively inexpensive QR Acceptance Device (reader, prompter and acceptor of QR transactions and NFC), engineered and perfected with a technology partner.

TYPES OF OPPORTUNITIES	LIKELIHOOD	MATERIALITY
Opportunities through Digitisation	High	Medium to High

- The issuance of RAAST prepaid cards, for customers without payment instruments, which can be created then and there at merchant locations, with customer's unique QR (tacked to the prepaid card) and IBAN printed at the back. These cards are approved for BAFL for higher limits and their acceptance is interchange or MDR free.
- The introduction of Eatsy App as a unique issuance app (like Alfa) embedded with payments and specific to restaurants/cafes and the likes, so as to increase issuance at low end restaurants.

BAFL's position in the retail payments landscape combines the acquiring side of Alfa Business App (now modified and with enhanced features) and the QR Acceptance Devices with the Issuing side of customers' apps (Alfa/Eatsy App/other banks' apps), debit/credit cards and RAAST Prepaid cards, to create an ecosystem mitigating with the cash-based economy.

This retail payments' ecosystem is supported by the expansion of physical Digital Sales and Service Centers (SNSCs), visibly located in the market locations across the country, to scale the QR and POS Acquiring platforms. Currently, BAFL has a network of over 20 such centers across Pakistan, with plans to further expand the network in 2026.

Remote Digital Onboarding (RAPID) (High, High)

In order to help the prospective clients with the smooth transition of becoming the customers, the Bank has introduced a digital onboarding process. It is available through both the portal as well as the Alfa application. Digitising this process has facilitated the customers as they no longer need to visit a physical branch in order to open their full-fledged banking account.

The FCY Products Suite (Medium, Medium)

In today's globalised economy, customers increasingly seek opportunities to diversify their savings and investments across multiple currencies and have access to ADC channels in Pakistan. Hence, Bank Alfalah has launched FCY ATMs, FCY Debit Cards, digital FCY term deposit for FCY account holders, FCY Conversion into PKR option on Alfa, and a bigger range of FCY accounts (digital accounts, freelancer accounts, Roshan Digital Accounts etc.).

Robotic Process Automation (RPA) and Generative AI (GenAI) (High, Medium)

The Robotic Process Automation (RPA) projects namely automated reconciliations for ADC and switch reports, Credit card limit upgrade automations, CPU Cheque clearing notifications to branches, locker management portal, and GenAI methods to procure and analyse data for branches and back offices can help the Bank migrate manual cumbersome operational tasks from thousands of annual man hours to within few hours.

Beyond basic GenAI models, the Bank has also invested in resources and plans to create hyper personalisation (dialogue engagement) tools for analytical and interactive AI models, conversing with Bank's staff and customers, resolving problems and answering complex queries. Currently, GenAI models are deployed at branches, Compliance department, HR departments, searching and responding through gigabytes of Bank's internal and external data.

TYPES OF OPPORTUNITIES	LIKELIHOOD	MATERIALITY
Untapped Potential in Small and Medium Enterprises	High	High

Bank Alfalah, as a leading provider of comprehensive banking solutions, offers one of the most extensive portfolios of product programs while also pioneering structured non-financial advisory services aimed at strengthening the capacity and technical expertise of SMEs. The Bank's strong contribution to the growth and development of Pakistan's SME sector is reflected in its performance. During the year, Bank Alfalah recorded exceptional SME growth, with lending exposure increasing by 38% year-to-date, from PKR 52.3 billion in December 2024 to PKR 72.1 billion in December 2025.

Similar momentum was observed in the Agri segment, which surpassed expectations as its portfolio expanded from PKR 25.9 billion to PKR 32.5 billion over the same period. In addition, the Bank achieved a retail trade throughput of USD 2.5 billion, underscoring its commitment to consistently exceed benchmarks.

Guided by its overarching objective to empower customers with the tools necessary for sustainable growth, Bank Alfalah continues to broaden its suite of lending solutions to meet the evolving needs of both existing and prospective clients. Complementing this, the Bank's non-financial advisory services offer critical guidance and capacity-building support, enabling clients to align effectively with the Bank's robust lending requirements and pursue long-term success.

Source: External

Impact: Financial

Capital Affected: Financial Capital

Strategy for creating value from opportunity:

Large menu of products and value-added services:

Bank Alfalah offers a comprehensive portfolio of SME products (as detailed in the Organisational Review section of this Annual Report), complemented by value-added services and customised financing solutions to address diverse customer needs. To further strengthen penetration in this high-growth segment, the Bank has enhanced its SME toolkits through a focused cross-sell strategy that builds a holistic set of business opportunities within each relationship, supported by a 360-degree customer view.

In addition, the Bank actively undertakes market-storming initiatives, conducts on-ground visits to small and medium enterprises, provides business growth advisory support, and operates dedicated help desks. These initiatives have played a key role in strengthening trust and confidence among entrepreneurs and business owners.

For SME customers, Bank Alfalah offers one of the most extensive product suites in the market, including working capital solutions, long-term financing, fleet financing, bill and invoice discounting, supply chain financing, and cash-flow-based clean lending products.

During the year, the Bank also introduced new offerings such as Mera Kaam Meri Pehchaan, targeting the needs of women entrepreneurs and the SME Deposit Bonanza, targeting the untapped deposit customer base, further reinforcing its commitment to supporting SME growth, formalisation, and deposit mobilisation across the sector.

Financial Inclusion of Women:

During 2025, through targeted awareness and capacity-building sessions, the Bank actively engaged women entrepreneurs, focusing on improving financial literacy, simplifying loan application processes, and enhancing credit readiness. Dedicated helpdesks were established and scaled to provide hands-on support, personalised guidance, and quicker resolution of queries, ensuring that women-led businesses could navigate financial services with greater ease and confidence.

In parallel, specialised product offerings were designed and positioned to address the unique financing needs of women entrepreneurs, enabling improved access to working capital, growth financing, and cash-flow-based lending solutions. These products were complemented by non-financial advisory support, helping women-led enterprises strengthen governance, formalise operations, and build sustainable business models.

Strategic partnerships with UNWomen, TEVTA, Care International Pakistan, Women Chambers of Commerce, CIRCLE Women, SMEDA, Greenstar, PITB, and other ecosystem stakeholders played a pivotal role in amplifying outreach and impact. Through joint initiatives, referral mechanisms, and co-hosted programs, the Bank was able to reach previously

TYPES OF OPPORTUNITIES	LIKELIHOOD	MATERIALITY
Untapped Potential in Small and Medium Enterprises	High	High

underserved segments, create stronger market linkages, and embed its offerings within trusted platforms.

Collectively, these initiatives in 2025 contributed to advancing women's financial independence, enhancing business resilience, and driving inclusive and sustainable economic growth led by women entrepreneurs.

Digitisation for Financial Inclusion

The Bank's focus on digital financial solutions is a core pillar of its financial inclusion agenda, as digital channels enable broader outreach in a more efficient and cost-effective manner. In alignment with the State Bank of Pakistan's initiatives, Bank Alfalah has made notable progress across several key areas.

- As an industry-first initiative, the SME Toolkit serves as the Bank's online platform for delivering structured Non-Financial Advisory Services and has recently received widespread recognition from both the government and the regulator. This platform enhances SME capacity-building while extending the Bank's advisory reach beyond traditional banking touchpoints.
- In addition, Bank Alfalah offers an innovative agent financing product on its digital platform for both male and female retailers, supporting small businesses such as kiryana stores, mobile shops, and tailoring enterprises. This initiative has played a meaningful role in empowering women entrepreneurs by improving access to essential financial resources, thereby advancing financial inclusion.
- Aligned with its vision of making banking more accessible and convenient, the Bank continues to digitise core processes and streamline the loan application journey for SME and Agri customers. The introduction of digital onboarding enables end-to-end customer registration through a fully digital platform, enhancing convenience, accessibility, and approval efficiency.

Development and Implementation of Credit Scoring Models:

Under Karandaaz and SBP's Innovation Challenge Funds, the Bank has been working closely with Karandaaz, SBP and DigiServ for the development of credit scoring models for credit evaluation of SMEs. These models would allow the Bank to collect data from SME customers based on their deposit history and psychometric assessments which can be used to calculate creditworthiness score for each customer.

Currently, both these models are in their final stages of implementation and integration and shall be going live soon. Their application would improve the entire landscape of credit assessment and evaluation.

Prime Minister's Youth Business and Agriculture Loan Scheme (PMYBL and ALS)

It is an initiative by the Government of Pakistan to motivate the country's youth to utilise their entrepreneurial skills and contribute to the economy's growth. Under The Prime Minister's Youth Business and Agriculture Loan Scheme (PMYBL and ALS), SBP set a target of PKR 5.85 billion for Fiscal year 2024-25 against which Bank Alfalah disbursed PKR 5.70 billion. For Fiscal year 2025-26, SBP has set a disbursement target of PKR 14.7 billion, while Bank Alfalah achieved disbursements totalling PKR 4.48 billion during first half of fiscal year 2025-26.

SME Asaan Finance Scheme (SAAF)

It is an initiative by the State Bank of Pakistan, in collaboration with the Government of Pakistan, with an aim of enabling SMEs that cannot offer security/collateral to access bank finance. Under the SAAF redeployment scheme, disbursements of PKR 3.442 billion have been made to 560 customers from July 01, 2024 till Dec 31, 2025.

Adaptation of advanced embedded finance solutions for SMEs leveraging	High	Medium

Consolidating the digital footprint to enhance adaptation of advanced embedded finance solutions for SMEs leveraging Bank Alfalah Transact

At Bank Alfalah it is believed that businesses need a bank that understands; a bank that is supportive, forward thinking and personable. The demand for instant of everything is forcing the Bank to rethink their traditional business models and

TYPES OF OPPORTUNITIES	LIKELIHOOD	MATERIALITY
Adaptation of advanced embedded finance solutions for SMCs leveraging	High	High

explore new innovative ecosystems. Therefore, embracing a modern payments strategy is crucial for banks to thrive in an increasingly fast and technologically connected world. Bank Alfalah, in its continuous efforts towards providing best in-class Transaction Banking Solutions to the valued clientele, made substantial investment in technological infrastructure through Bank Alfalah Transact (BAT). This cutting-edge platform is poised to revolutionise the way businesses in Pakistan engage in Trade, Cash Management and Supply Chain Solution enabling them to embrace a digital future that promises unprecedented efficiency and productivity.

The Trade finance and SCF solutions coupled with extensive payment and collection product suite strengthens Bank Alfalah Transact as a unique, multi-segment platform and empowers the Bank to comply with regulatory requirements for enhancing digitally enabled embedded finance solutions to support SMCs in managing their finances and improve supply chain cycle.

Source: External

Impact: Financial

Capital Affected: Financial Capital; Reputational and Intellectual Capital

Strategy for creating value from opportunity:

Bank Alfalah Transact is driving Trade Digitalisation by offering customised solutions for Exchange Companies to seamlessly route their FCY payments, easing the settlement process. The platform enables instant digital visibility of import document arrivals as soon as they are lodged in the Bank's repository. Customers can now receive Retirement Notes and provide acceptance digitally, significantly reducing the workload for trade operations and branches.

Furthermore, Bank Alfalah Transact is scaling digital Supply Chain Finance (SCF) adoption by enhancing controls and reducing operational burdens. This includes centralised configuration of financing parameters, pricing, and limits, which strengthens oversight and monitoring. Real-time integration with core banking systems has minimised manual processing, streamlining operations for staff.

To extend digital capabilities, Bank Alfalah Transact also facilitates access through its Mobile Apps (Android/iOS), ensuring that digitally enabled financing solutions remain available even where web-based access is limited.

Capitalise on Influx of Home Remittances	High	Medium

The Pakistan Remittance Initiative remains a focal point for banks, emphasising not only national support but also serving as a crucial means of family sustenance for numerous households across the country. Constant efforts are underway to improve home remittance facilities by promoting financial inclusion and providing more efficient channels for sending home remittances to Pakistan. The government places a significant emphasis on remittances due to their role in alleviating pressure on the country's current account and foreign exchange reserves.

Source: External

Impact: Financial

Capital Affected: Financial, Social, and Reputational Capital

Strategy for creating value from opportunity:

Given the considerable contribution of home remittances to the nation, the Bank ensures that its remittance solution continues to be safe, efficient, quick, reliable, and best-in-class by staying in line with the regulations and increasing the ease of remittance flow for overseas Pakistanis.

The Bank has also incurred a significant cost in lieu of marketing activities and promotional campaigns for creating awareness and promoting legal banking channels for home remittance inflows.

Financial Obligations

The Bank has fulfilled all its financial obligations and has made timely repayment of its debt and borrowing during the year.

Strong Capital Base

The Bank is adequately capitalised to overcome liquidity problems, repay debts and meet operational losses, if any. The Bank's capital adequacy ratio as of 31st December 2025 was 15.87%, which is higher than the minimum capital ratio of 11.5% required by the Central Bank, and is adequate to meet future business requirements. This CAR is as a result of efficient balance sheet management and operational effectiveness.

The Bank has disclosed its Capital Adequacy Ratio and other liquidity ratios (Liquidity Coverage Ratio and Net Stable Funding Ratio) in note 47 of unconsolidated financial statements. The note contains regulatory requirements as well as the Bank's actual position.

Further, the Bank has given detailed Basel disclosure on its website. Refer <https://www.bankalfalah.com/financial-reports>

Also, refer to note 48 of the unconsolidated financial statements for all Risk Management Disclosures.

Liquidity Management and Contingency Plan

The Bank manages and controls liquidity risk through a detailed risk management framework, which is approved by the Board of Directors. The Bank's Asset and Liability Management Committee (ALCO) is primarily responsible for the formulation and oversight of its liquidity management strategy. Under the framework, the Bank closely watches the liquidity position (for all jurisdictions and at a consolidated level) through the monitoring of early warning indicators and stress testing, which ensures efficient and timely decision-making.

The Bank's overall funding strategy is based on the principles of diversity and stability and includes its equity and deposits. It has in place a set of liquidity ratios such as Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), currencies, and at a consolidated level along with maturity gaps, which are monitored on a regular basis for effective management of liquidity. Moreover, it is fully compliant with Basel III LCR and NSFR requirements, which shows its ability to meet short-term funding needs, and availability of stable funding against its asset portfolio. A Contingency Funding Plan (CFP) is also in place to address liquidity issues in stress scenarios for each operation. The plan covers trigger (systemic and bank specific) action plans along with roles and responsibilities in the event of a liquidity crisis. Treasury prepares CFPs for all operations on an annual basis to identify stress scenarios and funding plans for such situations, along with early warning indicators. These plans are reviewed by the Risk Management Division and are approved by the ALCO annually.

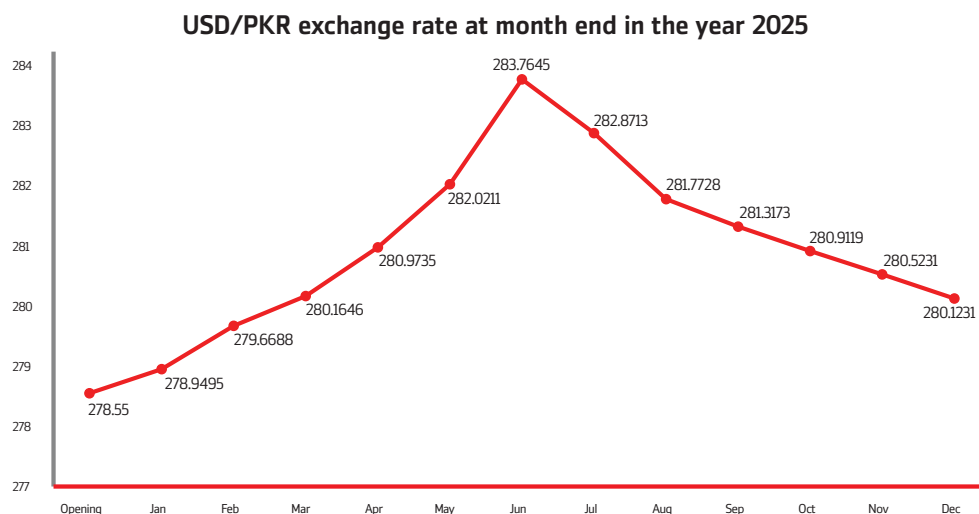
The liquidity profile of the Bank is adequate to cater to unforeseen liquidity crises, and any operational losses occurring in the normal course of business. For 2025, the Bank's Basel III liquidity ratios, LCR and NSFR, stand at 180% and 140% respectively, well above the regulatory requirement of 100%, also disclosed in note 47 of unconsolidated financial statements. Its strong capital base is evident from ourthe ability to withstand any liquidity challenge.

The Bank has adequate plans to discharge its liabilities in the normal course of business, including long-term debts.

Foreign Currency Sensitivity Analysis

During the outgoing year FX market witnessed cautious optimism while the stabilisation measures from the previous year continued to bear fruit. PKR only depreciated by half a percent against the US dollar. The continuation of the IMF program restored market's confidence in the pair. The controlled economic growth kept external balances in check, supporting the reserves build up. The official reserves closed the year in excess of USD 21 billion, up from USD 16 billion at end of previous year.

The continuation of IMF program has started to reap positive outcomes for the economy in general. Average time to maturity of the country's external debt is over six years while the proportion of external debt out of the total debt now stands at 32.5% down from a peak of 38% in 2022. These positive data points provide a backdrop to relative stability of PKR against major counterparts.



Source: SBP website

The fluctuation in foreign exchange rate exposes the Bank to the risk of change in values of foreign currency denominated assets and liabilities, including capital investment in foreign operations along with forward FX commitments.

The Bank's currency-wise net open position limits and Foreign Exchange Exposure Limits (FEEL) are in place to monitor intraday and end of day FX risk. Besides the FX position limits, the pre-defined 'Stop Loss level for Management Action Plan' is also instituted to manage the said risk.

The above-mentioned monitoring along with stress testing of the foreign exchange portfolio is presented to the Bank's senior management and Board Risk Management Committee (BRMC) regularly. For more details on sensitivity analysis, please refer to Risk Management (Foreign Exchange Risk) disclosures in the unconsolidated financial statements.

IT Governance and Cybersecurity



Information Technology Governance Policy and Framework

Bank Alfalah remains committed to positioning itself as a technology-driven leader, focused on innovation and delivering superior customer experiences. Technology teams leverage advanced tools such as data analytics, artificial intelligence, and digital platforms to provide personalised and efficient services. The Bank ensures robust capacity planning and resource optimisation to maintain high-performing digital platforms, reliable transaction systems, and resilient infrastructures.

The Chief Information Officer (CIO), reporting directly to the CEO, leads the Information Technology Group (ITG) and collaborates closely with business leaders and governance committees to implement the Enterprise Technology Governance Framework. This ensures that the Bank's IT ecosystem remains competitive, secure, and aligned with global best practices.

Oversight is exercised through the Information Technology Steering Committee (ITSC), which provides structured governance over technology strategy, major investments, digital transformation initiatives, and critical IT risks. The ITSC reviews and approves significant technology projects, monitors performance against defined KPIs, oversees cybersecurity and operational resilience matters, and ensures alignment of IT initiatives with the Bank's strategic objectives and regulatory expectations. The Committee also tracks remediation of audit observations and key risk items to strengthen accountability and execution discipline.

The IT Policy adheres to international standards and regulatory requirements, reinforcing strategic alignment between business objectives and technology investments. It encompasses risk management, performance monitoring, resource efficiency, and compliance, strengthening decision-making and accountability across IT operations.

To drive continuous improvement, the Bank has undertaken an independent benchmarking exercise based on the COBIT-2019 Framework and is upgrading its practices accordingly. It also employs Enterprise Project

Management (EPM) tools to enhance project visibility, control, and alignment with strategic priorities, supported by integrated reporting and business intelligence capabilities.

A major milestone during the year was the successful upgradation of the core banking system, T24 International, from Release 20 to Release 24, ensuring enhanced performance, scalability, and security for operations. This upgrade reflects the Bank's commitment to future-ready technology and operational excellence.

Technology governance is further strengthened by an independent Information Security function, led by the Chief Information Security Officer (CISO), focusing on cyber resilience and safeguarding information assets. Complementing this, a dedicated Service Quality Assurance (SQA) team and specialised IT Helpdesk ensure high service standards and timely resolution of issues.

The Board continues to oversee the implementation of SBP's Enterprise Technology Governance and Risk Management Framework through defined reporting lines and committee structures, ensuring robust risk mitigation strategies and resilience against cyber threats and operational disruptions. Through these initiatives, Bank Alfalah reinforces its commitment to innovation, security, and customer trust.

Information Technology and Cyber Security

Cyber Risks

Cyber risk, defined as the potential exposure of the Bank's information and communication systems to external threats or events that may result in financial loss, operational disruption, or reputational damage—remains one of the most significant risks faced by financial institutions globally. Bank Alfalah fully recognises the criticality of cyber risk and its potential impact on the Bank's operations and stakeholders.

To address this risk, a dedicated Information Security Division, operating under the Credit & Risk Management Group, is responsible for the governance and management of information security risks in the Bank's technology assets. The Division ensures compliance with approved information security standards, policies, and baseline controls across IT solutions supporting the Bank's products and services. The selection, acquisition, and implementation of information security solutions, as well as engagement with consultants, vendors, and service providers, are led by the Information Security Division in close coordination with the Information Technology Group.

Furthermore, the Information Security Division continues to play a pivotal role in safeguarding the Bank's information systems, maintaining data confidentiality, integrity, and availability, and protecting the technological infrastructure against evolving cyber threats. This is achieved through the adoption and implementation of robust policies and procedures, ongoing risk assessments, periodic security awareness programs, and continuous enhancement of the Bank's cyber security posture. Additional details in this regard are provided in the relevant section of this annual report.

IT Governance, Cybersecurity programmes, policies, and procedures

Bank Alfalah has established a comprehensive Technology Governance Framework aligned with SBP's ETGRM requirements, COBIT 2019 principles, and globally recognised cybersecurity standards such as ISO/IEC 27001 to effectively address sector specific cybersecurity challenges. The framework includes:

- Strategic alignment of technology initiatives and investments with the Bank's overall business

objectives.

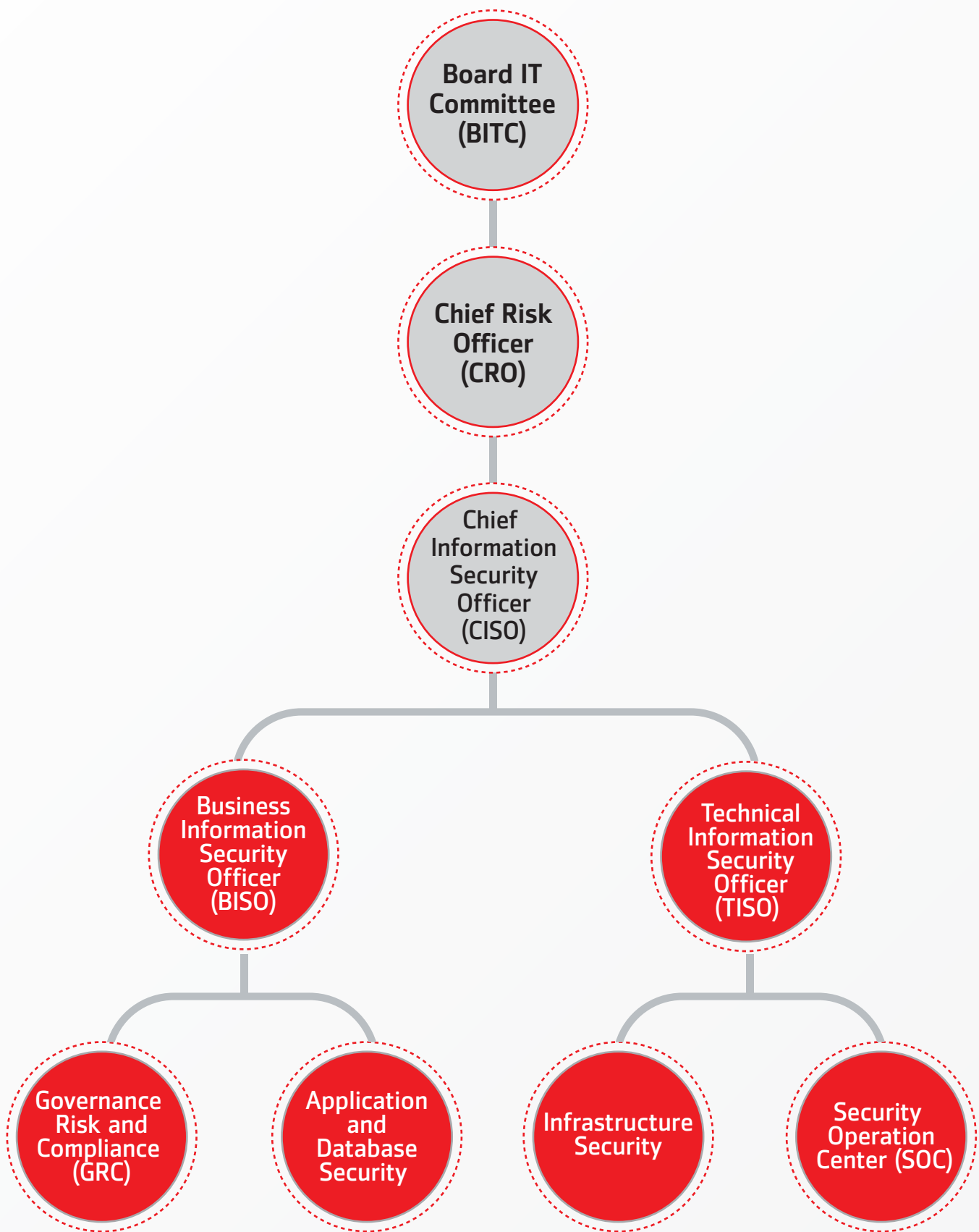
- Execution of a Cybersecurity Action Plan designed to proactively anticipate, detect, and mitigate potential cyber threats.
- Adoption of ISO 27000 series standards for implementing a robust Information Security Management System (ISMS), reinforcing confidentiality, integrity, and availability of critical information assets.
- Periodic assessment of third-party vendor security to ensure that outsourcing and vendor-related risks are effectively monitored and controlled.

The Bank maintains a continuous review cycle for its cybersecurity policies and strategic direction, ensuring adaptability to evolving regulatory requirements and emerging industry specific threats. By leveraging advanced technologies such as Artificial Intelligence, Big Data, and Cloud Computing, Bank Alfalah enhances operational efficiency while maintaining full regulatory compliance in alignment with the principles of the Cloud Security Alliance (CSA).

The Bank has established a comprehensive Information Security Risk Management Policy, duly approved by the Board of Directors. This policy is supported by detailed Information Security Risk Management procedures approved by executive management, along with multiple technology-specific security baselines governing key processes and practices. The overall framework is aligned with applicable regulatory advisories and directives, as well as internationally recognised standards and industry best practices.

Industry-Specific Requirements for Cybersecurity and Strategy

The State Bank of Pakistan has issued advisories, circulars, and regulatory instructions aimed at strengthening the Bank's cybersecurity posture. The Bank ensures timely compliance with these requirements to maintain a secure infrastructure for hosting customers' data. Furthermore, the Bank follows its approved cybersecurity strategy along with relevant industry-specific best practices.



The Board's Responsibility Statement on the IT system/ controls and AI strategy of the company including compliance of legal and regulatory requirements regarding data privacy and cyber security

The Board has entrusted the Board Information Technology Committee (BITC) to oversee the Bank's technology direction and risk ensuring that Information Technology remains a key differentiator in Bank's strategy. The objective has fueled the organisation's ambitions for automation and digitalisation thus fostering use of information and data as a key ingredient for innovative solution design and product delivery witnessed by positioning of the Bank as customers' first choice in digital banking solutions.

The Board and Executive management also remained mindful of associated risk – especially Cyber Risk – which is supported by a comprehensive strategy and plans – internal as well as by Independent 3rd parties – for periodic assessments of effectiveness of technology risks and controls. The organisation is tuned to identification of risks – regulatory, operational, or cyber risks – and ensures that control designs are effective wherein people meticulously follow operational protocols. Besides, all products and services are marketed only after compliance and legal groups' vetting and required risk transfer mechanisms are effective.

Board Responsibility Statement on Cyber Risks

The Board of Directors (BoD) holds overarching responsibility for the oversight, evaluation, and mitigation of cyber security risks in accordance with the State Bank of Pakistan's Enterprise Technology Governance and Risk Management (ETGRM) Framework and internationally recognised standards, including the NIST Cybersecurity Framework and ISO/IEC 27001. The management ensures that appropriate governance structures, policies, and control mechanisms are in place to effectively manage cyber risks and that the Bank's cyber security posture remains aligned with regulatory expectations and global best practices.

Board's Risk Oversight Function for Cybersecurity and Board's Engagement with management

Board Information Technology Committee (BITC) plays a supervisory/advisory role along with policy making authorities without infringing on the management functions. It oversees and review the implementation of compliance and regulatory requirements. Its

responsibilities inter-alia include to ensure that risk management strategies are designed and implemented to achieve resilience, such as the ability to effectively respond to wide-scale disruptions, including cyber-attacks and attacks on critical infrastructure.

Cybersecurity is a critical component of the Bank's enterprise risk management strategy. The Bank's Information Technology Committee (BITC) oversees cybersecurity through periodic evaluations of the Bank's cyber risk posture and adherence to regulatory requirements and best practices. The Bank continuously assesses cybersecurity risks and identifies potential vulnerabilities across the organisation. Proactive measures are implemented to safeguard critical infrastructure and sensitive data, while real-time monitoring systems enable rapid detection of anomalies and cybersecurity threats. Incident response and recovery plans are in place to mitigate the impact of any security incidents.

The Board ensures regular evaluation of Information Security Key Risk Indicators (KRIs) to monitor and mitigate risks effectively and engages with senior management to review cybersecurity strategies, incident reports, and mitigation initiatives.

Board-level committee Charged with Oversight of IT Governance and Cybersecurity Matters and Board's Oversight on this Risk

Board Information Technology Committee (BITC) responsibilities inter-alia include ensuring that risk management strategies are designed and implemented to achieve resilience, such as the ability to effectively respond to wide-scale disruptions, including cyber-attacks and attacks on critical infrastructure. Besides, it also oversees the implementation of compliance and regulatory requirements. Further, BITC provides oversight on cyber security matters.

The meetings of BITC are held on quarterly basis and the Chief Information Security Officer (CISO) apprises the committee on the status of Cyber Security.

Controls and Procedures about an "early warning system" to Identify, Assess, Address, Make Timely Disclosures and Timely Communications to the Board about Cybersecurity Risks and Incidents

The Bank has a dedicated 24/7 Security Operations Center (SOC) within Information Security Division. Technical and administrative controls have been

implemented to identify, detect and respond to cybersecurity events on a timely basis. The status of Information Security Key Risk Indicators (KRIs) and the overall cyber security risk posture of the Bank are communicated to the Board.

Resilient Contingency and Disaster Recovery Plan in Terms of Dealing with a Possible IT Failure or Cyber Breach and Cyber Insurance.

The Bank has dedicated Business Continuity Planning (BCP) and Disaster Recovery (DR) sites to guarantee the uninterrupted provision of business and IT services. Furthermore, the Bank has a cyber-insurance policy that encompasses security and privacy liability, defense against privacy regulatory actions and penalties, crisis management, event costs and cyber extortion, loss of digital assets, and non-physical interruption.

Education and Training Efforts to Mitigate Cybersecurity Risks

To mitigate cyber security risks, the Bank has implemented a structured and ongoing Security Awareness Program designed to enhance the cyber resilience of both employees and customers. Through this program, staff are regularly educated on information security risks, emerging cyber threats, and their roles and responsibilities in safeguarding the Bank's information assets. Awareness initiatives include periodic training sessions, mandatory e-learning modules, phishing simulation exercises, policy dissemination, and targeted communications covering key topics such as data protection, password management, social engineering, and secure use of information technology resources.

In parallel, the Bank undertakes customer-focused awareness initiatives through multiple communication channels to promote safe banking practices and protection against cyber fraud. These initiatives include advisory notifications, alerts, and educational content aimed at increasing customer awareness regarding secure use of digital banking channels, identification of fraudulent activities, and preventive measures to avoid cyber-related incidents.

The effectiveness of the Security Awareness Program is periodically reviewed and enhanced based on evolving threat landscapes, regulatory expectations, and outcomes of cyber security risk assessments. This program supports the Bank's broader information security governance framework and contributes to

reducing human-related cyber risks through continuous education and awareness.

Early Warning System for Cybersecurity Risks

Bank Alfalah operates a 24/7 Security Operations Center (SOC), which serves as an early warning mechanism to identify and address cybersecurity risks in real-time, in alignment with the NIST Detect function. Key measures include:

- Real-time monitoring of digital banking systems to detect anomalies and prevent fraud, in alignment with BPRD Circular No. 09 on fraud risk management.
- Device fingerprinting and multi-factor authentication to secure customer accounts, enhancing transactional integrity.

These measures ensure timely risk detection, incident reporting, and mitigation, as required by SBP directives. All incidents are reported to the Board within 24 hours of detection, with escalation procedures in place for swift action.

Security Assessments and Third-Party Risks

Under BPRD Circular No. 02 of 2019 and the SBP Enterprise Technology Governance & Risk Management Framework (ETGRMF) – BPRD Circular No. 05 of 2017, banks are required to engage an independent external professional firm for IT security assessments.

As part of the assessment process, detailed observations for all in-scope assets are documented in working papers. A consolidated presentation is then prepared and presented to the BITC as the formal deliverable, providing a holistic view of risks, themes, and recommendations across the assessment scope, ensures complete coverage and effective senior management oversight.

The Bank has engaged multiple independent third-party firms to conduct security and compromise assessments. The reports and findings from these assessments were formally shared with management and presented to the Board for review and oversight.

Resilient Contingency and Disaster Recovery Plans

The Bank has established strong Business Continuity Planning (BCP) and Disaster Recovery (DR) frameworks to ensure uninterrupted operations in the event of a cyber incident or technology disruption. Key

accomplishments include:

- Upgrading and deploying resilient infrastructure, fully aligned with ETGRM requirements and ISO 22301 standards for Business Continuity Management.
- Strengthening financial resilience through comprehensive cyber insurance coverage, enabling swift recovery from cybersecurity events or IT system failures.

These plans undergo quarterly testing, with the Board reviewing the outcomes to validate operational resilience. Additionally, the Board conducts an annual review and update of the BCP and DR frameworks to address emerging risks and maintain readiness.

Digital Transformation and Leveraging Industry 4.0

Bank Alfalah has embraced the Fourth Industrial Revolution to enhance transparency, governance, and operational efficiency. Bank's key achievements include:

- Leveraging AI, Cloud Computing, and Blockchain to streamline operations and enhance customer experience, ensuring full compliance with ISO 27001 for secure data handling.
- Implementing advanced digital banking solutions in line with BPRD Circular No. 04, securing online transactions through robust authentication mechanisms.
- Aligning cloud-based security solutions with Cloud Security Alliance (CSA) principles to safeguard critical data in the digital environment.

These advancements support stronger governance and better risk management practices, allowing for more efficient identification of vulnerabilities and prompt action.

Safeguarding Bank Alfalah's Digital Infrastructure

In today's fast paced digital era, the importance of strong IT governance and cybersecurity has never been greater. At Bank Alfalah, we recognise that our digital infrastructure is the foundation of our operations—enabling innovation, enhancing customer experience, and supporting sustainable financial growth. As a technology led leader in the financial sector, the Bank remains committed to aligning its processes with globally recognised standards, regulatory requirements, and industry best practices to ensure operational resilience, data protection, and customer confidence.

In line with Bank's dedication to safeguarding customer information, maintaining business continuity, and meeting regulatory expectations, the Bank has made substantial progress in strengthening its IT landscape. The bank has adopted a comprehensive governance framework that seamlessly integrates cybersecurity and risk management across all operational layers.

The Bank's cybersecurity initiatives are anchored in the regulatory directives of the State Bank of Pakistan (SBP), including the Enterprise Technology Governance & Risk Management (ETGRM) framework and relevant BPRD Circulars, and are further enhanced by internationally recognised standards such as ISO/IEC 27001 and the NIST Cybersecurity Framework. This alignment enables it to proactively manage cyber threats, uphold compliance, and continuously improve its operational resilience in an increasingly complex risk environment.

The Bank's holistic approach is driven by a steadfast commitment to transparency, integrity, and accountability—principles that shape our governance structures and ensure that cybersecurity remains central to strategic decision making. Through advanced technology investments, forward looking risk management, and a culture of continuous enhancement, Bank Alfalah continues to lead the way in strengthening the future of banking in Pakistan.

Conclusion

Bank Alfalah continues to strengthen its cybersecurity framework as an integral part of its overall risk management approach. Through adherence to applicable local regulatory requirements and alignment with internationally recognised standards, the Bank has established a secure and resilient digital environment to support its business operations. The Bank's alignment with the State Bank of Pakistan's Enterprise Technology Governance guidelines, ISO/IEC 27001, and the NIST Cybersecurity Framework reflects its commitment to safeguarding information assets, maintaining operational continuity, and preserving customer trust.

Cybersecurity measures implemented across key domains, including threat monitoring, incident response, business continuity planning, and employee awareness and training, have enhanced the Bank's ability to identify, assess, and manage emerging cyber risks. Ongoing enhancements to the Bank's cybersecurity posture, supported by the adoption of modern

technologies where appropriate and continued compliance with regulatory directives, contribute to a controlled and resilient operating environment.

In the way forward, Bank Alfalah remains focused on continuously strengthening its cybersecurity capabilities through periodic risk assessments, targeted investments in technology, and a proactive approach to risk management. These efforts are intended to ensure continued alignment with the evolving digital landscape and regulatory expectations, while supporting the Bank's objective of delivering secure, reliable, and customer-centric financial services to its stakeholders.

Information Technology Advancement

Bank Alfalah is committed to leveraging digital transformation and the 4.0 Industrial Revolution technologies—such as RPA, Blockchain, AI, Cloud Computing, and Big Data—to enhance transparency, reporting, and governance. It is the bank's goal to continuously reimagine traditional business models, enabling us to respond quickly and efficiently to client needs while providing secure and user-friendly services.

The Bank focuses on modern, agile, real-time architectures to drive efficiency, improve customer experience, and stay ahead of technological advancements. This includes ongoing investments in high-performance, reliable infrastructure to maintain our competitive edge and foster innovation.

The Bank firmly believes that technology is the future of banking. By adopting cutting-edge solutions like AI, Blockchain, Digital Currency, and advanced biometrics, the aim is to address real-world challenges and opportunities. By fostering a culture of innovation and expanding digital transformation, the Bank continues to position themselves as leaders in the financial industry, delivering sustained growth and value.

Enterprise Resource Planning (ERP) Software

Bank Alfalah has strategically consolidated its core enterprise platforms to ensure efficiency, scalability, and innovation across its operations. The technology landscape includes advanced solutions such as Temenos T24, IRIS5, IBM EBS, Oracle ERP, Oracle OBDX, Oracle Hyperion, and Unison. These systems are selected for their compatibility with existing infrastructure and their ability to support future growth, enabling the Bank to deliver diverse and impactful services to all customer segments.

The ERP framework integrates critical business functions, including finance, human resources, supply chain, and inventory management into a unified platform. Enhanced by Big Data analytics and Business Intelligence (BI) tools, this integration provides a comprehensive view of customers, employees, and partners, ensuring alignment between business processes and organisational objectives.

Management Support and Continuous Improvement

Technology investments remain a strategic priority within Bank Alfalah's capital and operational expenditure plans. Senior management actively supports the Information Technology Group (ITG) and Information Security (InfoSec) functions, ensuring the adoption of sustainable, scalable solutions that foster innovation and create value for customers. This commitment has been recognised through multiple industry accolades, including Best Digital Bank awards.

User Training and Awareness

To ensure effective utilisation of ERP systems, all new users undergo structured training before engaging in operational activities. Mandatory refresher programs are conducted periodically, covering technical aspects of ERP usage as well as critical topics such as acceptable IT resource use, anti-money laundering (AML), and counter-financing of terrorism (CFT) compliance.

Risk Management in ERP Projects

The ITG Project Management Office (PMO) oversees all ERP-related initiatives, supported by experienced professionals who manage scope, objectives, and timelines. The IT Steering Committee (ITSC), in collaboration with cross-functional teams, ensures proactive risk monitoring and mitigation. Comprehensive risk registers are maintained and reviewed regularly by executive management and ITSC to guarantee successful project delivery and value realisation.

System Security and Data Governance

Security remains a cornerstone of the ERP strategy. Key stakeholders, including InfoSec, Business, Operations, Finance, and Compliance are engaged from the outset to ensure robust security controls, data protection measures, and segregation of duties. Rigorous security and user acceptance testing are conducted to confirm compliance with industry standards and best practices.

Security Assessment of Technology Environment

Policy related to independent comprehensive security assessment of technology environment including third party risks and frequency of review of such risks

Security assessment of technology infrastructure and services is of paramount significance to Bank's operating model. Accordingly, internal and external mandates and engagements have been effective for years now. Whilst the Bank has institutionalised security assessment

capabilities amongst Information Technology as well as Information Security teams, their veracity and effectiveness is further validated through quarterly engagement of independent vendors/consultants engaged for periodic technical risk assessment of all critical systems and services. Furthermore, the Bank has engaged with service providers for timely awareness and treatment of any unscrupulous activities against the Bank.

Sustainability and Corporate Social Responsibility



Sustainability Report

Focus Areas of Sustainability

The Bank's focus areas of sustainability are centered on enhancing social, economic, and environmental capital to foster a more equitable and financially inclusive future.

Within Economic Capital, the focus remains on customer-centricity, innovation, and financial inclusion, complemented by responsible financing, vocational training, and professional education - empowering individuals and businesses to thrive.

The Social Capital approach prioritises diversity, equity and inclusion, offers robust employee benefits, supports education and healthcare initiatives, and promotes sports and arts to encourage holistic community development.

Finally, Environmental Capital initiatives emphasise green banking practices, reducing carbon footprints, improving energy efficiency, implementing recycling processes, managing waste and water responsibly, launching plantation drives, and preserving marine life through beach cleaning efforts. By integrating these core pillars, the organisation seeks to make a meaningful contribution beyond its operations.

Pillars of the Sustainability Philosophy

Committed to a sustainable way forward by improving the social, economic and environmental capital of the people.

Economic Capital

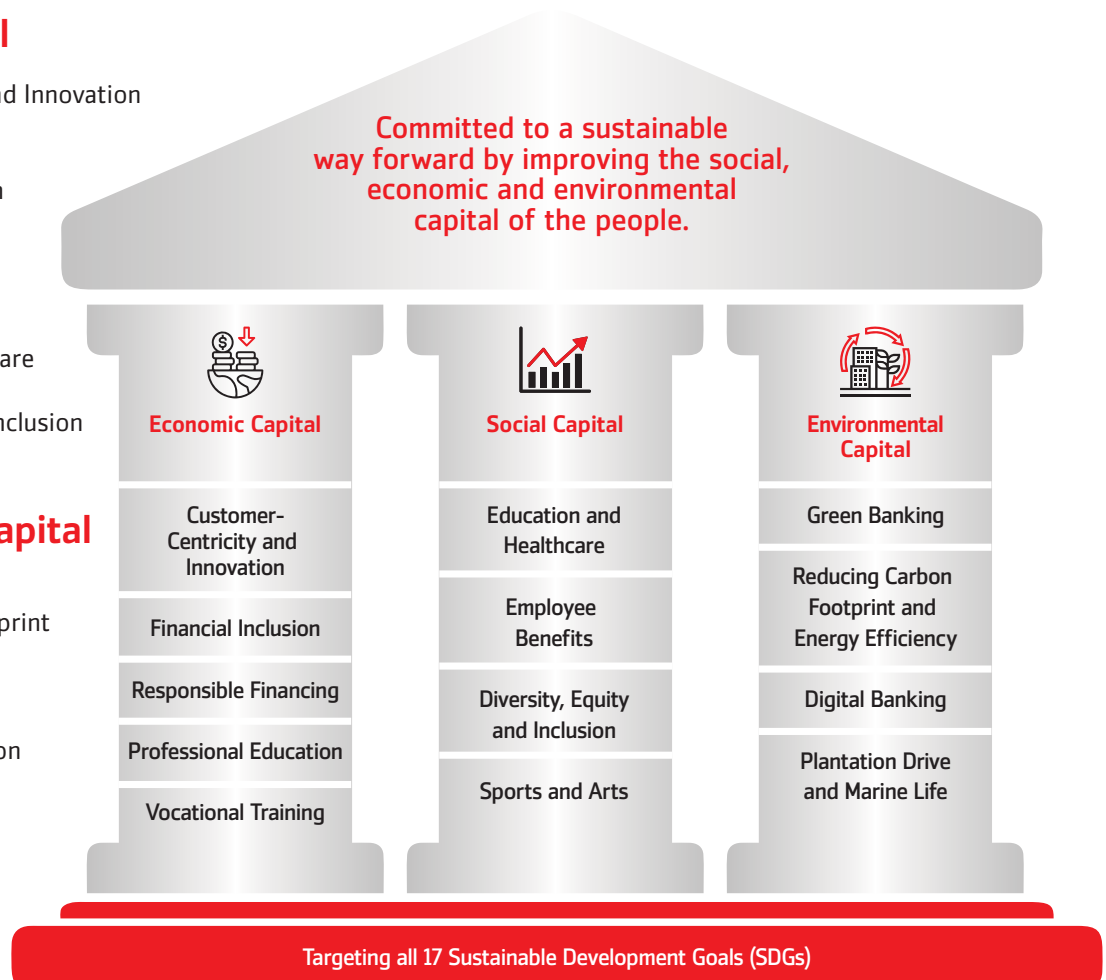
- Customer Centricity and Innovation
- Financial Inclusion
- Responsible Financing
- Professional Education
- Vocational Training

Social Capital

- Education and Healthcare
- Employee Benefits
- Diversity, equity and Inclusion
- Sports and Arts

Environmental Capital

- Green Banking
- Reducing Carbon Footprint and Energy Efficiency
- Digital Banking
- Plantation Drive and Marine Life Preservation



Board's Statement

In the ongoing commitment to advancing sustainable practices, the board has approved aligning the Corporate Social Responsibility and Sustainability Investment policy with the Sustainable Development Goals (SDGs). This strategic alignment is designed to contribute to and uphold Bank Alfalah's overarching Sustainability strategy. The Bank is *'Committed to a sustainable way forward by improving the people's social, economic and environmental capital'*.

Chairman's Vision on Sustainability

Please refer to the Chairman's Message for his vision and views on sustainability and the steps taken by the Bank.

Bank Alfalah Impact Metrics

FOCUS ON CUSTOMER-CENTRICITY AND INNOVATION

- Total Branches: Over 1,150
- Total Deposits: PKR 2.49 trillion
- ATMs: Over 1,350
- CDM/CCDMs: Over 750
- Sales and Service Centers: Over 20
- Digital Lifestyle Branch: 01
- Total Digital Transactions: 90%
- Paperless Account Openings: 90%
- Migration of Cash Deposit Trans to CDMs: Over 55%
- Average Resolution Rate: Under 4 days

DEVELOPMENT OF HUMAN CAPITAL

- Total Colleagues: Over 17,000
- Male: 79%
- Females: 21%
- Increase in Employees: 6%
- Maternity Leave: 6 Months
- Paternity Leave: 5 Days
- Salaries and Benefits: PKR 49.9 billion
- Training Programmes: Over 1,145
- Training hours: Over 354,000
- Average hours of training per year per employee: 16 hours
- Employee Welfare Programme: Over PKR 80 million
- Ration Distributed: 3,500
- Attrition: 17.5%

CONTRIBUTION TO ECONOMY

- Taxes: PKR 39.7 billion
- Imports: USD 6.8 billion
- Exports: USD 1.7 billion
- Remittances to Pakistan: USD 5.9 billion
- BISP Beneficiaries: Over 4.3 million
- Financial Literacy Training: Over 3,000 beneficiaries
- Dividends Paid: PKR 15.7 billion
- Zakat: PKR 248 million

ENVIRONMENT SUSTAINABILITY

- Green Banking Financing: PKR 24.1 billion
- Bagasse: 3 Wind: 4 Solar: 2 Hydro: 2
- Solar-Powered ATMs: 184

CORPORATE SOCIAL RESPONSIBILITY

- Benefited Colleagues Impacted by Floods: 515, with PKR 105.3 million
- Sustainable CSR: PKR 300 million
- Flood Relief CSR: PKR 15 million
- Islamic Charity: PKR 171.7 million

COMMUNITY OUTREACH

- Healthcare: 7 ventilators deployed, NICU Unit and Incubators and Community Health Center
- Patients Financially Supported: Over 350
- Welfare: Over 4,500 Ration Bags Distributed
- Facilities Developed: Microfinance Branch, Mother and Child Health Promotion Centre, Air Quality and Climate Lab, Dental Department, Diagnostic Equipment
- Plantation:
- Education: Over 3,000 Students Supported
- Promoting Inclusive Sports: 500 Athletes Persons with Disability and 30 Coaches
- Vocational Training: Over 350 adults
- Financial Inclusion: Over 200 Women Trained

Social and Economic Capital

Bank Alfalah has expanded its footprint to over 1,150 branches, which demonstrates its commitment to sustainability through customer-centricity and innovation. Further, with more than 1,350 ATMs, 750 CDM/CCDMs, 20 Sales and Service centres, and a dedicated Digital Lifestyle Branch, Bank ensures its customers have access to convenient banking services. Digital transactions being 90% of the total transactions and 90% of paperless account openings bear witness to the shift towards digital. In addition, customer queries being resolved on an average in under five days underscores a continued emphasis on efficiency and client satisfaction.

Customer Empowerment

At Bank Alfalah, what matters the most is the customers. The Bank does everything in its power to provide the customers with the best service possible. Understanding that customer needs may change over time, the Bank is always willing to take initiatives by finding new and innovative ways of serving the customer-base better.

With constant innovation efforts towards enhancing customer journeys, the Bank has adopted a strategy keenly focused on analysing and catering to customer needs. The Bank empowers its customers to recognise their needs and fulfil them using the Bank's provisional capabilities. The Bank continuously strives to drive improvements in service culture and create new avenues for enhancing customer journeys.

The Bank listens and learns from its customers, and tailors its solutions to help customers achieve their goals. The Bank is not afraid to challenge itself and the industry norms, and is constantly seeking new and better ways to serve its customers and move forward together building a strong relationship that lasts for generations.

• Service Leadership and Digital Innovation

The Bank has been shifting the paradigm of its service provision with a key focus on streamlining its operations and mitigating thematic issues. In line with this, the Bank has identified areas of improvement regarding its banking services and has been devising a multi-pronged strategy to effectively address them as a way forward.

Being an industry leader in digital banking, when it comes to the innovative payment landscape, the Bank understands the responsibility of driving society towards digital advancement in its products, services and processes. The Bank's Digital channels include the Alfa app, internet banking, SMS banking, QR Merchants, AlfaMall, Alfa Payment Gateway, Alfa Fee Collection Portal, Agent Networks, Cash Deposit Machines (CDMs),

Cash and Cheque Deposit Machines (CCDMs), ATMs, POS machines, Digital lockers, Digital Facilitation Desks, Digital Sales and Service Centres, Digital Lifestyle Branch and WhatsApp banking. These help the Bank's customers perform banking transactions swiftly, usually with the ease and comfort of their homes or at locations and time of their convenience.

Around 90% of Bank's transactions are routed through digital channels, boosted by a million monthly active users of Alfa.

• Comprehensive Services on Alfa App

Essentially, the digital banking landscape is transitioning from traditional transactional banking of funds transfers and bill payments to catching up to a more holistic, financial lifestyle-oriented full-fledged banking model. Alfa app is the epicenter of convenience for the customers. It offers a wide array of services, ranging from full-fledged digital account opening to bill payments/transfers, digital lending, digital investments, lifestyle payments, cashless QR payments and even Buy Now Pay Later facility. This one-stop digital platform simplifies financial transactions, making it easier and faster for customers to manage their finances, ultimately saving them valuable time and effort, with reward points (Orbits) earned on a variety of transactions.

• Enhanced Accessibility through Phygital Space

Through its digital brand, Bank Alfalah has expanded its reach far beyond traditional banking hours through its "phygital" proposition which includes the indigenously designed Cash Deposit Machines (CDMs), Cash and Cheque Deposit Machines (CCDMs), an Agent Network, Digital Lifestyle branch with a BNPL Store, Digital Sales and Service Centers, Digital Facilitation Desks and QR and POS Network.



- **Financial Inclusion**

The Bank's Digital portfolio comes with a proposition of convenience to the underbanked and the unbanked. Bank Alfalah proudly serves Over 4.3 million BISP beneficiaries, over 100,000 blue-collar workers and over 500,000 EOB pensioners through end-to-end digital branchless banking services. RDA, Digital Remote Account Opening (RAPID) and Alfa Accounts (wallets) can be opened through full-fledged digital modes in conventional and Islamic variants, to suit a variety of customers including women, freelancers, digitally savvy youth, faith conscious customers and overseas Pakistanis and their families.

- **Transaction Banking and Cash Management**

Transaction Banking and Cash Management provide a wide range of value-added services to corporate and SME clients through the Bank's vast network of online branches. Streamlined and optimised products empower customers to promptly access their sale proceeds from across the country, backed by a real-time Management Information System. Alfalah Transact is an electronic platform which enables corporate, middle market and SME clients to securely prepare their payment instructions and transfer them in real-time to the Bank. The Bank can receive these instructions securely and process them electronically after due validation and verification with convenience, security and cost efficiency.

- **Alfalah Transact**

The Bank, through its Alfalah Transact (OBDX) portal, extends trade and term deposit services to customers utilising the customer interface on the portal for the submission of transaction-based requests. Further, Alfalah Transact (OBDX) offers Term Deposit services, including issuance, amendment, and encashment, for a seamless straight through process TDR at standard rates as well as special rate TDRs facilitated through customer interface service requests on the portal for transaction-based requests. Moreover, this allows customers to conduct various business transactions on the go, including trade related payments and option to check the status of Letters of Credit (LCs), Cash Management Payments, Accounts Statement View, Loan and Finances Position. This digital platform with its quick and easy onboarding process allows users to access their accounts globally with 24 hours accessibility, initiate transactions and get real time reporting as required.

Customer Protection

The Customer Protection Policy establishes comprehensive guidelines for managing customers throughout their journey, encompassing product

development, sales practices, marketing activities, communication protocols, and customer handling. A cornerstone of this framework is the Fair Treatment of Customers (FTC) policy, which is embedded into orientation and training programs for all newly onboarded employees.

In alignment with the Financial Consumer Protection Policy, the Bank's philosophy is to treat customers with the highest standards of care and responsibility, accompanying them throughout their financial journey. By viewing the end to end customer experience through a customer centric lens, the Bank ensures that customers have access to clear, transparent, and easily understandable information about its products and services through the Bank's website and other touchpoints.

Customers are further empowered to conduct financial transactions seamlessly, 24/7, across a variety of physical and digital channels. In the event of any concerns, the Bank's frontline colleagues and fully operational 24/7 contact center remain available to provide timely assistance both before and after the utilisation of products and services.

Customer Experience Management

The Customer Experience (CE) Management framework at Bank Alfalah consists of specialised units dedicated to monitoring and ensuring service quality across every touchpoint of the customer journey.

Customer Satisfaction

To monitor customer satisfaction, the Bank's Voice of Customer (VOC) team conducts daily surveys, gathering detailed feedback directly from customers. This proactive approach enables the Bank to consistently identify improvement opportunities and adapt to evolving customer needs. Leveraging the Digital Survey Platform, the Bank expands its reach by collecting real-time feedback through ROBO Calls, QR codes at branches, and feedback mechanisms integrated into CDMs. In addition, the Bank undertakes both global and local research into emerging trends and industry best practices, ensuring it remains ahead of the curve while continuously optimising customer journeys at every stage.

Transformation, Process Optimisation and CRM and Digitisation

The Transformation team is spearheading the exNOME initiative, a flagship program designed to enhance organisational efficiency, elevate customer experience, and accelerate digital innovation. Under exNOME, all high impact customer projects across the Bank have been consolidated under a single committee, ensuring

customer centricity remains the guiding principle. These initiatives emphasise process simplification, digitisation, and skill development, while harnessing advanced technologies such as artificial intelligence, robotic process automation (RPA), and analytics. Notable achievements include the rollout of paperless workflows and transactions, digitised KYC processes, and the automation of critical backend operations all streamlining processes and delivering a superior customer journey.

The Process Optimisation Unit (POU) plays a pivotal role in driving continuous improvement across the Bank. Working closely with centralised operations and frontline staff, the team identifies inefficiencies, redesigns workflows, and eliminates manual tasks. Key initiatives include the bank wide deployment of IP phones, optimisation of BEX (the platform managing branch visits and related activities), and a strong focus on transitioning to paperless, automated solutions. By strengthening customer touchpoints and reengineering internal processes, POU ensures seamless operations that enhance both customer interactions and organisational agility.

Meanwhile, the CRM and Digitisation team is leading the development of an innovative in-house CRM system that unifies multiple platforms into a single, intuitive solution. Designed to provide frontline staff with an omni channel experience and advanced features, the system empowers teams to deliver world class customer engagement. Developed in collaboration with the technology function, the CRM will continue to evolve post launch, eliminating inefficiencies and driving further digital transformation. Beyond CRM, the team is advancing other digitisation initiatives, including the rollout of a digital signature solution to replace paper based approvals, reinforcing the Bank's commitment to sustainability, efficiency, and operational excellence.

Quality Assurance

Customer Experience monitors and manages service quality across the Bank by evaluating key performance parameters at critical customer touchpoints. These touchpoints span digital platforms, branch banking, SME and Corporate Banking, Premier Banking, consumer finance, centralised operations, corporate payroll accounts, contact centres, and support functions that ensure seamless service delivery. This comprehensive framework upholds consistent service standards, highlights areas for improvement, and drives continuous enhancements to the overall customer journey.

Customer Engagement

Bank Alfalah is built around customer satisfaction, continuously seeking opportunities to enhance

convenience by expanding services and adapting to evolving business dynamics to remain both relevant and competitive. The Bank is committed to reaching new customer segments, digitising products and services, improving efficiency through automation and innovation, and leveraging analytics to effectively address customer needs. Customers remain at the core of the Bank's business model, with multiple convenient channels provided for engagement and interaction. At the corporate level, the Bank consistently targets emerging segments through diverse product propositions tailored to evolving client requirements. These efforts are reinforced by an ever expanding presence across multiple communication channels, ensuring customers can connect with the Bank seamlessly.

The communication channels used by Bank Alfalah to engage with customers are as follows:

- Branch Banking
- Consumer Finance Centres
- Face-to-face meetings (at client premises)
- Vertika (screens displaying key information and these are placed in high footfall areas)
- Alfalah Contact Centre
- Email
- Website
- Internet Banking
- Mobile Banking/Alfa
- ATMs
- Facebook
- Instagram
- Twitter
- Letter
- Live Web Chat
- Television
- Radio
- Print Ads
- WhatsApp Banking Channel
- Ask Alfa
- Press

Safeguarding Customers' Information

Bank Alfalah places the highest priority on safeguarding customer information and maintaining the integrity of its digital ecosystem. Significant investments have been made in advanced security capabilities, including Threat Analytics, cyber-attack response mechanisms, vulnerability management, and DDoS protection. Our 24/7 Security Operations Centre (SOC) proactively monitors and mitigates potential threats, ensuring the protection of critical systems and touchpoints.

The Bank's infrastructure ranks among the most advanced in the local banking sector, featuring enhanced resilience through DMZ micro-segmentation, containerised security zones, Quality of Service (QoS) optimisation, and

next-generation network switches and firewalls. These measures collectively strengthen security while ensuring superior service performance.

To further enhance customer protection, the Bank has implemented biometric authentication across all channels, EMV chip and PIN technology, and 3D Secure protocols for e-commerce transactions. Our security framework is widely regarded as industry-leading.

In addition, Bank Alfalah fully complies with the Payment Card Industry Data Security Standard (PCI DSS), ensuring robust protection for card-based transactions. Bank employs Two-Factor Authentication (2FA) for sensitive data access, utilise encryption technologies, and have implemented a comprehensive Data Loss Prevention (DLP) policy to safeguard customer information.

Enhanced BCP Arrangements Dedicated BCP Sites

Additional BCP sites for critical departments have been developed to ensure continuity of business in any disrupted and unprecedented event.

Agile Working Room

An agile room has been developed for the staff who cannot access their office due to any unwanted event. Staff just have to plug in the Laptops to continue their work without any hindrance.

Home Working Capabilities

Pre VPN permissions have been taken for the staff, who need to work from home in case of unavailability of their main workspace. These VPN accesses can be activated any time by just requesting the IT team.

Customer Awareness

The Bank effectively leverages social media to enhance customer awareness by implementing a comprehensive strategy. The Bank delivered engaging and informative content, including financial tips, product highlights to captivate their audiences. Through consistent posting and interaction, the Bank fostered a sense of community, building trust and credibility. Social media platforms became a dynamic space for customer interaction, showcasing the Bank's commitment to customer satisfaction and awareness. The Bank's social media platforms were leveraged to raise awareness about the risks of fraud and scams, helping customers understand how to protect themselves and avoid potential threats. Radio ads were broadcasted in various regions, each in its indigenous language, with the aim of promoting financial inclusion and the Bank's dedicated product suite such as the Bank Alfalah Kashtkaar Account, specifically designed for farmers/ agriculturists of the country.

Recognising the substantial unbanked population in the rural area, the Bank promoted its products in local languages, ensuring that the message reached and resonated with the target audience. An exciting campaign was also run for Orbits loyalty program, rewarding customers orbit loyalty points through multiple banking channels and products including deposit customers. The campaign was socialised via multiple platforms including radio ads, DVCs and social media engagement.

To reach out to customers in untapped markets, the Bank continues to expand its branch network into new and remote areas along with activating digital on-boarding through Rapid. The Bank keeps its customers updated with the Bank's products and services through all communication media like SMS, emails, flyers, etc. The Bank's branches and staff are consistently trained to ensure that all existing customer queries are answered and needs are satisfied.

The Bank adopts various modes of communication to make its customers aware about banking products, services and key regulatory guidelines having an impact on customers having daily banking needs. Further, to promote and create awareness of legal banking channels amongst the masses, the Bank has consistently invested in marketing campaigns both here in Pakistan and in key remittance sending countries abroad. With these campaigns the Bank has strived to inform customers about the key benefits of sending remittances through legal channels, including free of charge remittance payments under the PRI model, competitive conversion rates, and other incentives such as prizes/gifts/giveaways, etc. In addition, the investment in technology by the Bank allows it to enhance and extend the scope of remittance payouts to include customer to business bill payments for 1,000+ companies in Pakistan and business to customer payments to freelancers working in the country.

In addition to the traditional form of customer service using the voice channel (contact center), other digital initiatives mentioned below have been incorporated into the suite of customer services channels.

WhatsApp Banking (BOT enabled):

The Whatsapp banking platform enables customers to get information regarding Banking Services, Roshan Digital Account, Premier Banking, Loans, Offers and Discounts, Transact, Credit and Debit Card Activation instantly, followed by live chat agent customer can enquire further on the services searched on WhatsApp, Chat with Agent is open for all the customer which makes us one and only in the industry.



SMS Banking:

By sending predefined codes on Bank Alfalah's short code 8287, customers can check their account information and even perform various financial transactions. A few of these SMS banking services include checking account balance, looking up their last 5 transactions and accessing their credit card information. Furthermore, customers are also able to initiate their cheque book requests, request information about their orbit points and last but not least, payment of bills of registered phone number and credit card is also possible.

This is a subscription-based service which enables the customers to keep track of all of their transactions. Customers can receive text messages as transactions take place in their accounts, orbits, consumer finance products, wallets etc. Additionally, non-subscribers can update their CNIC Expiry Date or tag their account with a RAAST ID. This service is particularly beneficial for customers in tier 2 and tier 3 cities, providing essential financial access without the need for smartphones or internet data. It simplifies transactions and reduces the need for branch visits.

Digital Financial Services Desk

Dedicated digital financial services desk provide personalised assistance, helping the customers make the most of the Bank's digital offerings, from online banking to mobile apps and more that previously were only offered at Contact Centre / helpline. Hence if one walks into branch, he/she should not be redirected to any other channel for service.

Financial Literacy

Bank Alfalah continues its legacy of promoting financial inclusion and literacy. Its Non-Financial Advisory Services (NFAS) stand out as a key enabler, bridging gaps in

unorganised and undocumented business clusters. Through collaborations with trade associations and other developmental organisations, NFAS addresses gaps in knowledge, awareness, and understanding of financial market opportunities, guiding micro, small, and medium enterprises (MSMEs and SMEs) to become bankable.

The SME Toolkit serves as a free, web-based solution offering tutorials on skill development and banking documentation. Through this medium alone it has been able to reach out to over 35,000 businesses. It fosters both local and international linkages for SMEs, enhancing their understanding of financial documentation and market opportunities. Additionally, the Bank regularly conducts market storming sessions with SMEs across Pakistan, generating valuable leads for NFAS to assist businesses in formalising their operations.

In agriculture, Bank Alfalah has significantly expanded its reach to untapped segments through Agri-based support providers. Recognising the potential of underbanked farmers, the Bank strives to uplift rural economies by offering access to finance and technical know-how. Recent initiatives include partnerships with tech-based service providers to introduce advanced farming solutions, driving innovation in the sector.

Bank Alfalah's financial inclusion and awareness efforts have engaged over 37,000 SMEs through its offline and online presence. In addition to that, under the Agriculture Finance Literacy Program, the Bank has engaged more than 2,600 farmers through almost 114 Farmers Financial literacy sessions in different locations of Pakistan. These sustained efforts by the Bank got recognised by the State Bank of Pakistan. This accolade reflects the Bank's drive to widen financial inclusion, uplift rural communities, and advance Pakistan's agricultural goals.





Women Economic Empowerment

To extend support to women entrepreneurs, Bank Alfalah has formed strategic alliances with women-centric organisations, including SMEDA, Chambers of Commerce, UN Women, PSW, CIRCLE Women, KSBL, LUMS, NIC Lahore, NIC Peshawar, and various Women Chambers of Commerce and incubation centres. These partnerships aim to raise awareness and provide hands-on support to female entrepreneurs. Under the "Banking on Equality" initiative, the bank ensures that women receive equal financing opportunities and are provided the necessary handholding where needed.

Bank Alfalah has launched, "Mera Kaam, Meri Pehchaan", designed for women entrepreneurs in SMEs and agri-businesses, offering gender-sensitive lending, flexible loan structures, advisory support, and capacity-building programs to empower women-led enterprises and promote sustainable economic development.

Alongside, the "SME Deposit Bonanza" focuses SME deposit holders across agriculture, manufacturing, and services, providing attractive incentives for maintaining deposits, preferential access to financing facilities, and value-added services such as digital banking tools and advisory support. Together, these new product launches expand opportunities for entrepreneurs, enhance liquidity, and ensure equitable access to resources. Additionally, at the Agri front, the Bank's efforts have been recognised in extending finance in farfetched areas for recognising their challenges and helping them overcome them by extending small loans to women in Pishin, a region with limited access to formal financing.

Poverty Alleviation

Bank Alfalah's digital banking initiatives come with a

proposition of convenience to the underbanked and the unbanked. The bank proudly serves over 4.3 Million BISP / Ehsaas beneficiaries, over 150,000 blue-collar workers and over 500,000 EOBI pensioners through end-to-end digital branchless banking services. RDA, Remote Account Opening (RAPID) and Alfa Accounts (wallets) can be opened through full-fledged digital modes in conventional and Islamic variants, to suit a variety of customers including women, freelancers, digitally savvy youth, faith conscious customers and overseas Pakistanis and their families.

Bank Alfalah also boasts its footprint of over 20,000 Agent Network in the country, with concentration in the northern parts of Pakistan to serve the G2P mandates, allow for easy Money Transfer, Bill Payments and Airtime purchase activities using its Branchless Banking license.

Innovative Product Design

The Bank works on offering new and exciting products that cater to its customers' needs. The Bank has also been mindful of reaching out to underserved segments, by launching products that are in line with government initiatives and comply with current regulatory requirements. Here are some of the new Islamic and Conventional products that the Bank has introduced:

- **Institutional Royal Profit Account**

Bank Alfalah's Institutional Royal Profit Account is tailored to meet the unique financial needs of non-individuals and corporate clients. With semi-annual profit payments, this account ensures consistent returns while providing financial stability. Designed to support organisations managing substantial funds, it also allows for special rate negotiations on higher balances. This account reflects Bank Alfalah's commitment to offering flexibility and reliability to corporate clients, ensuring seamless financial management.

- **Institutional Royal Savings Account**

The Institutional Royal Savings Account by Bank Alfalah is specifically designed for MDR-exempt non-individuals and corporate clients, offering a tier-based monthly profit payment structure. This account ensures that organisations earn optimal returns based on their balance, encouraging growth and financial stability. For clients managing larger funds, the account allows for special rate negotiations, ensuring a tailored approach to meeting institutional financial goals. With this account, Bank Alfalah offers a dependable solution for organisations looking to optimise savings without compromising accessibility.

- **Weekly Profit on TDR**

Bank Alfalah's PKR Term Deposit offering has been

enhanced with a weekly profit payment option, expertly designed for Ultra High Net Worth Individuals (UHNWI) seeking both regular returns and financial growth. This premium offering provides competitive profit rates with weekly payouts, ensuring a steady income stream while maintaining the security of their principal investment. Tailored to meet the sophisticated needs of UHNWI clients, this option combines flexibility with exclusivity, allowing clients to align their investments with their lifestyle and financial aspirations. With personalised service and a commitment to excellence, Bank Alfalah offers a superior term deposit experience for discerning investors.

- **SME Asaan Finance (SAAF) Scheme**

Small and Medium Enterprises (SMEs) contribute about 40% of Pakistan's GDP and remain critical to economic development. In this regard, SBP, in collaboration with the Government of Pakistan, launched SAAF which is a refinance and credit guarantee facility for creditworthy SMEs facing challenges in accessing funding. Its features include: i) option for Shariah-compliant products, ii) facility for Working Capital and Term Loans, and iii) acceptance of personal guarantees. Bank Alfalah, already active in this segment and helping towards the ultimate government goal of economic development, remained at the forefront. Under the SAAF redeployment scheme, disbursements of PKR 3.442 billion have been made to 560 customers from 01 July 2024 to 31 December 2025.

- **Prime Minister's Youth Business and Agriculture Loan Scheme (PMYBandALS)**

The Prime Minister's Youth Business and Agriculture Loan Scheme (PMYBandALS) encourages youth entrepreneurship. SBP set a target of PKR 5.85 billion for Fiscal year 2024-25, against which Bank Alfalah disbursed PKR 5.70 billion. For Fiscal year 2025-26, SBP has set a target of PKR 14.7 billion, while Bank Alfalah achieved disbursements totalling PKR 4.48 billion during the first half of fiscal year 2025-26 and are committed to achieving it.

- **Islamic Refinance and Credit Guarantee Scheme for Women Entrepreneurs (IRCGS-WE)**

This is a financing facility to women entrepreneurs to meet financing needs of their businesses in line with the Government of Pakistan's policy to support and revive economic activities in the country and SBP's measures for improving access to concessional financing for the women entrepreneurs.

- **Electronic Warehouse Receipt Financing (EWRF)**

In line with government policies to support farmers and boost agriculture sector, BAFL-IBG will be offering Electronic Warehouse Receipt Financing (EWRF) to its

customers. EWRF is a product for farmers to avail financing facility from banks by placing their produce and agricultural commodities with Collateral Management Companies (CMC). State Bank of Pakistan has taken this initiative of EWRF in view of the role of warehousing regime in increasing food security, reducing post-harvest losses and allowing bank financing to farmers against commodities as collateral. It will encourage investment in agricultural infrastructure in terms of building new, modern and commercially viable warehousing infrastructure.

- **Markup Subsidy and Risk Sharing Scheme for Farm Mechanisation (MSRSSFM)**

Bank Alfalah Islamic under MSRSSFM has introduced by Government of Pakistan (GoP) profit subsidy and risk sharing scheme for farm mechanisation under the PM's Kissan Package- 2022 for farmers. Under this scheme, the subsidy and risk sharing (25% first loss on disbursed portfolio) will be borne by GoP.

Other Products and innovations

The following improved and innovative product suite were launched during the year.

Distributor Financing

In order to address the growing needs of clients in the areas of treasury, sales and supply chain, BAFL has introduced the Distributor Financing (DF) Product. The Bank's Supply Chain Financing Program strives to collaborate with corporates and their value chain partners to create tailored solutions and products for their primary buyers. The objective is to enhance working capital efficiency and offer liquidity support. Despite the challenging market conditions, the Bank's SCF team has been able to expand its portfolio and reach new heights of performance.

ALFA BNPL Islamic

Bank Alfalah has proudly launched Alfa BNPL, as the first Shariah-Compliant Buy Now Pay Later proposition in the entire banking industry. This innovative offering blends the Shariah principles with the modern convenience of a BNPL payment model, ushering in a new era of online shopping for all banks' credit card customers, with debit cards coming soon.

With Alfa BNPL, customers having credit cards of any bank can enjoy shopping from Alfa Mall and/or Bank Alfalah registered online merchants and pay in easy Riba-free instalments with 0% processing fee and enjoy seamless and paperless on-boarding. The product is further equipped with instant credit decision where by customers are assigned a separate unsecured financing limit of up to PKR 750,000 which can be utilised in multiple EMI purchases with credit card used as a source of payment.

Shariah compliant alternative to Bill Discounting

To excel the Islamic financing business, Bank Alfalah Islamic has introduced Shariah compliant alternatives to conventional bill discounting for inland and local and export bills through its products offering of Running Musharakah, Istisna, Musawamah and Tijarah.

Running Musharakah FCY and Local Bill Discounting

BAFL has introduced FCY financing through Islamic mode of Running Musharakah, to entertain the foreign currency financing requirement of the customers for import and export purpose.

Apart from existing variants of Running Musharakah, BAFL-IBG is now also offering Running Musharakah – Local Bill Discounting (LBD) to cater the requirement of Local Bill Discounting of its corporate customers through Running Musharakah.

Hybrid Financing under Home Musharakah

Hybrid Home Musharakah facility has been introduced to incentivise the customers to own a home at competitive pricing. The facility would allow customers to avail house finance facility for a fixed financing rate for a specified period. After lapse of the fixed rate period, customers will have the choice to either continue the fixed rate or choose a variable rate. This shall add more value to The Bank's product offerings and attract customers due to a combination of fixed and variable rate pricing proposition.

Alfalah Kashtkaar Current Account

Alfalah Kashtkaar Current Account is designed for agriculturists and farmers. The account features rate breaks and financial facilities, farm advisory services and technical guidance to farmers at their doorstep and much more.

Alfa Business App

The MSME app for BAFL merchants is also to be relaunched freshly into the market this year. The app provides all the banking and payments features, necessary for a businessman:

- QR Generation – RAAST or Schemes
- Wallet Creation/ Self merchant onboarding for liquidity control
- Prepaid Card Issuance and top-ups
- B2B Payments (higher limits)
- Merchant Financing Solutions/ Buy Now Pay Later
- Inventory Ordering and Payments
- Detailed settlement reports – real time
- Hisaab Kitaab
- Merchant Dashboards
- Generation of merchant's logo-based invoices and its auto reconciliation with incoming payment

- Payment Receipts generated with business logo
- Sub-accounts for merchants to drag and drop transactions with auto rule functionality
- Bulk Payment

Revamp of Bank's Website

Taking inspiration from the global leader banks, the Bank's website is now an acquisition model bank, which was formally informational only. Targeting the convenience factor among the prospective customers, the website provides immediate options to open digital accounts, get personal loans, credit cards, auto loans and get access to banking information together on a single platform.

For further details on product offerings and innovations under various business functions, please refer to the Organisational Overview of this annual report.

Responsible Financing

• Non-Financial Advisory Service (NFAS)

Bank Alfalah has been a trailblazer in driving the SME segment within the banking sector through its innovative Non-Financial Advisory Services and tailored product offerings. The continued implementation of these initiatives reflects the bank's unwavering commitment to global best practices. By expanding its footprint into underserved regions such as Baluchistan, Skardu, and Gilgit Baltistan, Bank Alfalah remains focused on bridging gaps for financially underserved segments. By providing knowledge and expertise, the bank empowers businesses at the grassroots level to enhance efficiency, productivity, and sustainability. While maintaining its dedication to partnerships, the bank emphasised lead generation and business growth. Strategic alliances with organisations including Greenstar, CIRCLE Women, SMEDA, Chambers of Commerce, UN Women, LadiesFund, USAID SMEA etc. significantly expanded its outreach. The Bank considers NFAS an important component of its core business line that can help develop and grow the SME portfolio, deepen the relationship with its existing SME customers, mitigate risks, and differentiate BAFL in a growing competitive market.

• Green Financial Products and Services

As the country faces an ongoing energy crisis Bank Alfalah is proud to be at the forefront of funding the renewable energy sector. The Bank aims to uphold its corporate responsibility to society and protect environment through this initiative. The products in the Bank's portfolio are compatible with SBP's refinancing scheme for renewable energy. "Alfalah

Green Energy", is an eco-friendly product offering affordable and clean energy.

- **Karandaaz Pakistan**

Bank Alfalah's partnership with Karandaaz, an organisation funded by the UK Department for International Development (DFID) and the Bill and Melinda Gates Foundation, to enhance access to finance for small and medium-sized enterprises (SMEs) through targeted product programs. Karandaaz provides capital to MSMEs by structuring finance agreements with partner financial institutions, aiming to introduce viable credit schemes, mobilise capital, and create sustainable investment models that private financiers can replicate and expand. This partnership has empowered businesses across various sectors, including automotive, biotechnology, and animal feed, with customised financial solutions. Bank Alfalah has supported clients in scaling operations, improving supply chains, and achieving greater efficiency and profitability, fostering growth and innovation in Pakistan's SME landscape.

- **Pakistan Mortgage Refinance Company Limited**

To better serve its customers and support them in achieving their housing aspirations, Bank Alfalah introduced a hybrid pricing home financing product that offers both fixed and variable rate options (fixed for initial certain period and variable for the remaining tenure). This innovative structure enhances affordability and provides customers with greater financial stability. The product was launched in collaboration with the Pakistan Mortgage Refinance Company (PMRC), marking a pioneering partnership within the industry and enabling the Bank to deliver an improved and competitive home finance proposition to its customers.

The Credit Guarantee Trust Scheme for Low-Income Housing is a trust established under the laws of the Islamic Republic of Pakistan and administered by its trustee, the Pakistan Mortgage Refinance Company Limited (PMRC). During 2023–24, Bank Alfalah successfully obtained Credit Guarantee Coverage from PMRC for its GMSS portfolio under the Risk Sharing Facility (RSF 1 and RSF 2), further strengthening the Bank's commitment to expanding housing finance accessibility.

- **Home Solar Finance and Green Financing Initiative**

The Bank's collaboration with the State Bank of Pakistan (SBP) resulted in guidelines for Solar Financing within the Home Financing sector. Following Bank Alfalah's 2014 letter, the SBP approved financing for solar solutions under the Home Renovate facility,

allowing the bank to offer these options to households. Bank Alfalah launched the Alfalah Green Mortgage product in 2015, secured by residential property mortgages. The Home Solar Finance product was re-launched in Q1 2020 under the SBP Financing Scheme for Renewable Energy, with financing backed by the hypothecation of the solar energy solutions provided. In support of renewable energy initiatives, Bank Alfalah has facilitated over 1,100 households in adopting solar energy solutions, contributing 12~ megawatts of clean energy to the national grid. By onboarding over 150 solar vendors, Bank Alfalah ensures access to high-quality and reliable green energy solutions. This effort is part of the bank's long-term commitment to reducing carbon footprints and promoting environmentally friendly homeownership.

- **Responsible Consumer Lending**

A crucial element contributing to the success of the Bank's consumer financing business model is the implementation of a prudent and balanced risk-based lending. This has led to exceptional performance along with an enhanced position in collection and recovery compared to industry standards.

Empowerment of Employees

The Human Capital Group (HCG) is dedicated to creating a strong connection between people, strategy, and performance, ensuring the effective execution of the Bank's overall strategy. Through this approach, HCG aims to position Bank Alfalah as an employer of choice, fostering a workplace that attracts, develops, and retains top talent.

- **Equal Opportunity Employer**

As a forward-thinking entity, the Bank firmly advocates for equal opportunities for all to work, learn, develop, and thrive. Through its Diversity, Equity and Inclusion strategy and implementation, the Bank ensures an environment where individuals from diverse backgrounds have equal opportunities to engage in curated learning initiatives, and progress within the Bank's hierarchy.

- **Education and Well-being of Staff**

At Bank Alfalah, fostering a culture centered on continuous learning is a cornerstone of values. The Bank's Through ongoing initiatives, the Bank aims to enhance employee development, driving engagement, productivity, and continuous performance improvement.

The Bank is committed to enriching its human capital by offering tailored learning experiences, ranging from

programs and courses that focus on employee well-being. Through its comprehensive learning framework, the Bank ensures its workforce is equipped with the skills and capabilities needed to deliver exceptional results

- **Business Ethics and Anti-corruption Measures**

At Bank Alfalah, ethics are deeply embedded in the DNA of its people. The Bank's core value of Conduct and Integrity ensures compliance with external and internal regulations, and promotes ethical behavior in all daily interactions with colleagues, reinforcing a culture of trust and respect.

- **Employee Engagement through Celebration of National and International Events**

The Bank actively engages its employees by celebrating international days, national and religious events, and team accomplishments. In addition, it encourages a range of well-being activities and learning initiatives. Collectively, these practices create an environment where individuals find fulfillment and enjoyment in their workplace.

- **Gender Diversity**

The Bank's inclusivity journey is grounded in the belief that a diverse and inclusive workforce drives positive business and societal outcomes, enhancing creativity, productivity, and profitability.

To support this, the Bank has implemented a dedicated Diversity, Equity and Inclusion strategy for employees and a Financial Inclusion Policy for customers. These frameworks guide the development of targeted products, services, and initiatives, supported by clear financial inclusion goals such as account access, financial literacy, and non-financial advisory support.

- **Competitive Reward**

A competitive reward system plays a crucial role in the Bank's ability to attract, retain, and motivate high-potential employees, driving enhanced performance levels. Employee performance is evaluated based on factors such as work quality, output volume, attendance, and adherence to deadlines. Offering market-competitive salaries, rewards, and convenient staff financing options are instrumental in attracting, retaining and motivating top talent.

- **Employees' Welfare (health and life insurance, retirement benefits, etc.)**

The Bank has comprehensive health and life insurance benefit policies in place for employees and is one of the few organisations in the country that also offers parental medical coverage. The Bank's post-retirement fund also rewards employees for their services and association with the organisation. In addition, the Bank offers pay continuation benefits to employees suffering from medical issues.

- The Bank has extended healthcare support to employees and their families by introducing a Health Card Benefit which includes discounts on various out-patient services.
- The Health and Wellness Program provides a platform for employees to meet health experts, gain insights on various healthcare concerns and remedies, discounted rates on laboratory tests, etc.
- Typhoid and Influenza Vaccination Drives have been conducted at various offices for employees and their families.
- HCG in collaboration with HSE have conducted various blood donation drives across the larger cities.



- **Diversity for All – life experience, age, group, abilities and thoughts**

The Bank holds a steadfast belief in the substantial business and societal effects derived from fostering a diverse workforce and an inclusive workplace culture. There is a deliberate effort to cultivate a workforce that mirrors diversity across genders, age groups, ethnicities, backgrounds, experiences, working methodologies, cognitive styles, and abilities. As a responsible corporate, the Bank places significant value on its employees with disabilities, aiming to support them in realising their life aspirations. A Disability Allowance has been introduced for employees referred to as Persons with Disabilities (PwDs). Moreover, it prioritises the needs of employees and customers with disabilities, providing assistance to fulfil their banking requirements.



- **Employee Quick Connect (Employees Help Desk)**

Employee Quick Connect, a centralised platform for updated HCG policies and documents, provides efficient access to important documents.

- **Employee Assistance – Chatbot**

At the end of 2023, the Bank launched an AI-powered assistant chatbot using Whatsapp as the medium-. This was further developed and promoted in 2024, as an instant provider of personalised details relating to employee benefits and policies. With this chatbot, employees had access to information round the clock, whether they were in Pakistan or elsewhere.

- **Education**

Bank Alfalah encourages its employees to enhance their professional competence and offers multiple rewards, early achiever allowances, reimbursements of

professional courses and membership fees, besides educational financial assistance to meritorious staff. Education Assistance to: Employees: 200, PKR 12 million and Trainings to: 16,950 employees.

Environment – Protecting the Natural Capital

In the pursuit of sustainable development and the well-being of the planet, safeguarding the natural capital is paramount. Bank Alfalah not only recognises the importance of natural capital as a critical component of sustainable development but is also committed to align its business with the broader global shift towards environmentally responsible business practices.

Health, safety, environment, and sustainability (HSE) are interlinked pillars that form the bedrock of responsible and ethical practices across various sectors. The nexus between these elements reflects a commitment to fostering not only the well-being of individuals but also the long-term health of the planet. In workplaces, prioritising health and safety not only safeguards employees but also enhances productivity and organisational resilience.

By harmonising health, safety, environment, and sustainability, the Bank embarks on a journey towards a more resilient, equitable, and ecologically balanced world, where the prosperity of both people and the planet are equally revered. Some key highlights below on Bank Alfalah's sustainable and HSE practices.

Bank Alfalah Introduces First Low-Carbon, Green Branch in Financial Sector

Bank Alfalah has implemented a state-of-the-art Solar PV Hybrid System at Shaikh Bhirkio Branch enabling the facility to operate without relying on generator and with minimal dependence on the national grid, significantly reducing its carbon footprint and promoting sustainable energy practices.

This milestone reflects Bank Alfalah's strategic commitment to integrating sustainability into its core banking operations advancing a model where progress and environmental responsibility move forward together. Key benefits of the fully solar powered branch are listed below,

- Zero generator usage
- Smart and scalable system
- Accelerated payback period
- Sustainable banking future



Green Office Recertification by WWF (World Wide Fund for Nature)

Bank Alfalah limited has retained the WWF (World Wide Fund for Nature) Green Office certification following a successful recertification audit conducted by WWF. World Wide Fund for Nature is an international non-governmental organisation dedicated to address the climate change impacts and promote sustainable climate resilient world.



Renewable and Clean Energy

Bank Alfalah is committed to fostering a green banking environment and promoting sustainability through the

integration of renewable energy solutions. A solar grid-tied system with a total capacity of 1,469 kW has been installed across 34 of the bank's premises. In addition, 184 ATMs are efficiently powered by standalone and grid-tied solar panels, underscoring the bank's dedication to cleaner energy sources. As a result, an estimated 283 tons of carbon dioxide equivalent have been offset this year through these clean energy initiatives.

Beyond solar panels, Bank Alfalah is adopting a variety of clean energy technologies to support sustainable practices. These include long backup UPS systems with Super Capacitor batteries for energy storage, inverter AC units, LED lighting, and solar panels. This strategic approach reflects the bank's broader commitment to responsible and environmentally conscious banking operations.

Paperless Operations

The business implications of transitioning to a paperless system are evident in an improved customer experience, heightened productivity, enhanced operational efficiency, and reduced carbon footprint. Cash/Cheque Deposit Machines (CDMs), branch report digitisation, and various other initiatives are being implemented to eliminate and/or minimise the use of paper through the Bank's digital transformation initiatives. Simultaneously, the Bank encourages environmentally conscious employee behaviour, customer facilitation and processes improvement.

Reduced Paper Consumption:

In order to reduce the paper consumption and to contribute to reduction in carbon emission Bank Alfalah is promoting duplex printing. Further SOA (statements of accounts) have also commenced to be printed on A5 paper, which will not only save paper cost but will also reduce the electricity cost.

Utilisation of Environment Friendly Paper:

Being sustainable and reduce environmental impact is Bank Alfalah's utmost priority. To contribute in this noble cause bank is using only eco-labelled/environment friendly papers.

Building Design and Infrastructure

All new branches and structures within the Bank Alfalah network adhere to the Branch Design Manual, ensuring a consistent and controlled approach to construction. The manual meticulously addresses several crucial aspects:

- All new major construction projects are being designed considering sustainable practices and are equipped with fire detection and prevention systems.

- All primary entrances of branches where viable are incorporated with ramps.
- Railings are installed for facilities with multiple steps to ensure safe ascent and descent, based on the specific needs and conditions of the facility. Emergency exits equipped with push-bar doors are mandatory to ensure unimpeded evacuation in critical situations.
- Ceiling-mounted automatic/self-fire extinguishers are compulsory in all unmanned and high-hazard locations, specific to IT rooms and electrical areas.
- To reduce the risk of fire incidents and rodents infestations, Industrial ceiling designs / Open Ceilings are now part of architectural designs for premises, specifically for kitchens, IT rooms and store of all new premises and branches.
- Branches are being equipped with long backup UPS with top-notch technologies like super capacitor batteries. This will help to reduce usage of generators and thus offsets diesel consumption.
- While premises selection and designs for buildings emphasis is given to day light saving attributes.
- Over workstation areas, 2'x2' panel lights are placed to enhance levels ensuring as per best practices.
- A total of 88 projects have been completed, including renovations, redesigning, and relocation of premises. Additionally, 81 projects pertaining to sales and service centers, priority lounges, and currency exchange booths were completed

Efficient / Instant reporting via Centralised Complaint Management System (Here4U)

Centralised Complaint Management System, Here4U, was established to ensure timely reporting, tracking, and resolution of issues. The system enables efficient handling of complaints and allows proactive identification and rectification of issues before they escalate into operational or service-related incidents. During Financial Year 2025, Here4U handled over 38,000 complaints, compared to 30,500 complaints in Financial 2024, reflecting an increase of approximately 25%, indicating higher system adoption and improved reporting discipline across the Bank.

Environment Protection Measures

The Bank's aim is to be an environment-friendly organisation. Thus regular awareness campaigns and broadcasts to staff through various communication channels are a key feature of the Bank's strategy to encourage employees to efficiently use energy and protect the environment.

Energy Conservation

The Bank has systematically replaced the majority of

traditional light fixtures and air conditioning units with energy-efficient LED lights and inverter ACs and environmental friendly air-conditioning gases. This strategic move is part of a meticulously planned life cycle replacement initiative and intelligent investment strategy aimed at reducing maintenance costs while elevating overall efficiency levels. By embracing sustainable technologies, the bank not only minimises its ecological footprint but also contributes to long-term energy conservation goal.

Water Conservation and Sanitation

Bank Alfalah has installed sensor based water taps and water flow optimiser at selected location to effectively conserve water. Approximately 1532 gallons of water saving monthly.

Since plastic bottles are one of the biggest source of plastic pollution in the oceans consequently harming aquatic creatures, water dispensers are being installed in bank cafeterias and lobbies encouraging staff to use reusable glasses and refill their own bottles for drinking.

Waste Management and Responsible Disposal

Bank Alfalah has successfully implemented a waste management program in key buildings, including the BA Building Karachi, Shahdin Manzil Lahore, and 23H Lahore. This program features the installation of color-coded bins on each floor to facilitate waste sorting and the onboarding of an EPA-approved vendor for responsible waste handling, collection, and disposal. As a result, over 1,000 kg of waste has been treated, leading to a reduction of 3,248 kg of CO₂ equivalent emissions.

Additionally, the Bank uses shredder machines to destroy sensitive / unwanted paper. After amassing a significant quantity of shredded papers, they undergo a pulping process to be recycled into usable paper. Offices are cleaned daily and waste is managed through proper dumping mechanisms, i.e. government's waste management vehicles. Throughout the year, the Bank managed 59 tons of dry paper waste for responsible recycling.

Responsible Disposal of Used Oil:

Bank Alfalah has taken a significant step towards fostering sustainability by implementing a recycling initiative for the used oil from HVAC/Generators. Improper disposal of used oil, whether through direct dumping or unregulated reuse, can have detrimental effects on the environment, posing a threat to the ecological balance.

To address this concern, Bank has partnered with the

Environmental Protection Agency approved expert to ensure that its used oil undergoes recycling in an environmentally responsible manner. Not only does this initiative contribute significantly to environmental preservation, but it also underscores bank's steadfast commitment to sustainable practices. 1000 litres of used oil have been successfully recycled and reclaimed cumulatively.

Disposal of Assets

Focusing on the responsible disposal of obsolete assets and waste materials from the Bank's branches and offices initiatives not only optimises workspace efficiency and improves aesthetics, but also aligns with sustainability goals by reducing environmental impact.

By properly managing the disposal of 19,900 assets this year, accounting for gain of PKR 44 million. Bank has minimised waste, promoting recycling, and ensuring compliance with environmental regulations, these efforts plays a crucial role in fostering a cleaner, safer, and more sustainable workplace.

Partnership in Green Logistics

Bank Alfalah, in its commitment to sustainability and green operations, is prioritising vendors that adopt environmentally responsible practices. Recently, the bank partnered with a courier company that supports sustainability through the use of Sustainable Aviation Fuel (SAF) an innovative energy source that reduces reliance on conventional fossil fuels and lowers carbon emissions. This initiative underscores the bank's broader vision of embedding environmentally conscious practices across its operations.

Services with Greener Impact

Bank Alfalah undertakes the responsibility of reducing environmental footprint very seriously. Limiting energy consumption and emphasising operational efficiency are the Bank's key areas of focus. The Bank's green services include e-statements/mini-statements, SMS alerts and WhatsApp Banking Channel.

Bank's Corporate Social Responsibility Programme

The Bank's Social, Economic, and Environmental, places paramount importance on financial inclusion, and creating multiplier impact on the community it serves. In 2025, the Bank proudly collaborated with over 30 steadfast partners.

To align with the Securities and Exchange Commission of Pakistan (SECP) Corporate Social Responsibility (CSR) guidelines, Bank Alfalah is voluntarily contributing to the following principles

- Utilise the CSR governance benchmark and terms of reference of the CSR committee provided in the guidelines for self-assessment and facilitation purposes.
- Integrate the output of CSR commitment into a board-level CSR policy to ensure alignment with organisational objectives and values.
- Incorporate CSR activities as a regular agenda item in board meetings
- Entrust the CSR committee with the responsibility of transparently and effectively supervising CSR activities, providing specialised oversight, and regularly reporting progress to the Board.
- Define a systematic approach for reporting CSR initiatives' implementation status to internal and external stakeholders, ensuring transparency and accountability.
- Develop a comprehensive CSR report to give stakeholders insights into the bank's CSR initiatives, progress, and impact on the community and environment.
- By aligning with the SECP CSR guidelines, Bank Alfalah aims to demonstrate its commitment to corporate social responsibility and contribute positively to society and the environment.

Statement of Charity and Donation

	2025 Rs. in Mn.	2024 Rs. in Mn.
Flood Relief	15.0	359.50
Other donations / CSR initiatives	300.0	146.20
Charity	171.69	45.13
	486.69	550.79

Bank Alfalah Pledges Additional PKR 1.4 billion (USD 5 million) to Rebuild Flood-Hit Communities



The Chairman of Bank Alfalah, His Excellency Sheikh Nahayan Mubarak Al Nahayan and the Board of directors has approved an additional PKR 1.4 billion, equivalent to USD 5 million, to help rebuild communities devastated by the 2025 floods. This latest commitment brings the Bank’s total contribution towards comprehensive flood relief and rehabilitation since the 2022 floods to USD 15 million, highlighting its sustained efforts to support communities following catastrophic climate events.

The announcement was made by Atif Bajwa, President and Chief Executive Officer of Bank Alfalah, during a press conference held in Karachi.

The newly announced funds will be channeled through a network of partners to restore infrastructure, rebuild livelihoods, and enhance resilience across impacted areas of Pakistan. The initiative includes a multi-input development program focusing on housing, education, health, and climate-smart agriculture to support sustained rehabilitation.

The 2025 floods have compounded the climate challenges Pakistan has faced since 2022, when 33 million people were affected nationwide. Despite extensive aid efforts, more than eight million displaced people continue to struggle with health and housing insecurity.

Following the 2022 disaster, Bank Alfalah launched a USD 10 million response plan implemented in two phases of immediate relief and long-term rehabilitation in flood impacted areas. The Bank has since worked with more than 25 partner organisations, including Akhuwat Islamic Microfinance, The Citizens Foundation, Karachi Relief Trust, and the Aga Khan Development Network, focusing

on rebuilding homes, schools, and essential services while promoting financial inclusion and agricultural recovery.

Beyond its community outreach, Bank Alfalah has provided PKR 500 million in direct financial assistance to 479 colleagues whose homes and assets were lost to the floods, demonstrating its internal culture of care.

The Bank’s new allocation comes amid the 2025 monsoon crisis that has hit Pakistan hard. According to UNICEF, 946 lives have been lost, including 255 children, and more than 1.5 million people have been displaced.

This latest gesture by the Chairman and Board of Bank Alfalah reaffirms the strong bond between the UAE and Pakistan, hence showcasing Bank Alfalah's enduring dedication to sustainable corporate social responsibility.

Bank’s Sustainability Partners

In 2025, Bank Alfalah’s CSR activities were carried out in collaboration with the following partners aligned with 17 UN Sustainable Development Goals with the purpose of impacting Social, Economic, and Environment Capital of people in Pakistan.



Akhuwat Foundation: Bank Alfalah helped establish an interest-free microfinance branch in Karachi, aligning with the visions of both organisations to create a financially inclusive community.

 8 DECENT WORK AND ECONOMIC GROWTH	Funding	PKR 10 million
	Duration	2025-2027



Al- Furqan Welfare: Bank Alfalah provided financial assistance to Al Furqan Welfare to support 200 underprivileged children and support for Al Furqan School in Azam Basti, fostering a brighter future for them and their communities.

	Funding	PKR 4 million
	Duration	2025
	Children Impacted	200 children



Cancer Care Hospital: Bank Alfalah is committed to supporting the Cancer Care Hospital in enhancing the diagnostic capabilities of the hospital's radiology department.

	Funding	PKR 9 million
	Duration	2025



Alamgir Welfare Trust: The Bank's contribution following a 5-year legacy supported Alamgir Welfare Trust in providing Ration Bags to 1,154 third party staff (Janitors, Guards, Office Boys) who work tirelessly to BAFL offices and branches running smoothly.

	Funding	PKR 6 million
	Duration	2025
	People Impacted	1,150 Staff Members



Child Aid: Bank Alfalah has been supporting the healthcare initiatives of Child Aid Association since 2017. This year, the bank funded the purchase of Peg-Asparaginase injections, a crucial step in providing comprehensive and free cancer treatment of underprivileged children.

	Funding	PKR 5.4 million
	Duration	2025
	Patients Impacted	20 Patients



IBA: Bank Alfalah, in partnership with IBA Karachi, provided scholarships to deserving students-particularly women and those from marginalised communities-and funded essential equipment for practical journalism training, empowering students with the skills and resources to succeed in their careers.

	Funding	PKR 8.5 million
	Duration	2025-2026



Habib University: Bank Alfalah provided scholarships to students in the advancement of higher education for 4 years. This initiative supports the development of highly skilled individuals.

	Funding	PKR 26.4 million
	Duration	2025-2028
	Students Impacted	14 female students



LUMS: Bank Alfalah provided scholarships to 5 undergraduate and 4 graduate students in the advancement of higher education for 4 years. This initiative supports the development of highly skilled individuals. Bank Alfalah also collaborated with PAQI to setup a Air Quality and Climate Lab (AQCLL) at LUMS to further scale the conversation around air pollution.

	Funding	PKR 18 million
	Duration	2025 - 2029



Aziz Jehan Begum: The Bank's contribution supported Aziz Jehan Begum Trust for the Blind in providing education, assistive technology, and vocational training to blind children, empowering them to achieve independence and excel academically and professionally.

	Funding	PKR 4 million
	Duration	2025



Hope Uplift Foundation: The Bank's contribution supported Hope Uplift Foundation in providing quality education to 120 underserved children, promoting inclusivity, and empowering them through learning and development.

4 QUALITY EDUCATION 17 PARTNERSHIPS FOR THE GOALS 	Funding	PKR 2 million
	Duration	2025
	Students Impacted	120 students



Cancer Foundation Hospital: Bank Alfalah partnered with Roche to support the program for breast cancer treatment whereby patients receive 100% of their regular treatment (Chemotherapy and Surgery) free of cost. This collaboration demonstrates a commitment to improving access to critical healthcare services.

3 GOOD HEALTH AND WELL-BEING 17 PARTNERSHIPS FOR THE GOALS 	Funding	PKR 7.5 million
	Duration	2025



Pahchaan: Bank Alfalah covered the cost of constructing and operating one Mother and Child Health Promotion center to help cater to 15,000 annual visits of mothers, along with their children. Thereby, minimising mortality rates among mothers and children.

3 GOOD HEALTH AND WELL-BEING 6 CLEAN WATER AND SANITATION 	Funding	PKR 4.9 million
	Duration	2025
	People to be Impacted	15,000 mothers and children



Patient Aid Foundation: Bank Alfalah supported Patients' Aid Foundation (PAF) at JPMC by funding medicines for the hospital pharmacy, ensuring affordable access to essential medications. This initiative helped JPMC, which serves nearly a million patients annually, and strengthened sustainable healthcare for those in need.

3 GOOD HEALTH AND WELL-BEING 17 PARTNERSHIPS FOR THE GOALS 	Funding	PKR 9 million
	Duration	2025 - 2026



Path Educational Society (PES): Bank Alfalah supported Path Educational Society (PES) by contributing PKR 5.2 million to fund Rahnuma Public School in Azam Basti, Karachi, enabling quality education for over 550 underprivileged students.

4 QUALITY EDUCATION  17 PARTNERSHIPS FOR THE GOALS 	Funding	PKR 5.2 million
	Duration	2025 - 2026
	Students Impacted	550 Students



The Citizens Foundation: Bank Alfalah supported the operation costs of two TCF Schools that were built by the Bank. Helping TCF adopt a sustainable model, ensuring long-term impact and reinforcing its legacy of educational empowerment.

6 CLEAN WATER AND SANITATION  8 DECENT WORK AND ECONOMIC GROWTH 	Funding	PKR 13.4 million
	Duration	2025



Polio Plus Charitable Trust: Bank Alfalah contributed to a polio eradication and community health awareness initiative focused on prevention, education, and myth dispelling. The program engaged 1,500+ volunteers through outreach campaigns, seminars, and health events.

3 GOOD HEALTH AND WELL-BEING  4 QUALITY EDUCATION 	Funding	PKR 4 million
	Duration	2025



Thar Education Alliance: Bank Alfalah supported the Innovate HER program to equip girls in Tharparkar with vocational and entrepreneurial skills. The initiative trained 60 adolescent girls to enhance employability and economic independence. This contribution advances women's empowerment and inclusive development in underserved communities.

5 GENDER EQUALITY  8 DECENT WORK AND ECONOMIC GROWTH 	Funding	PKR 5 million
	Duration	2025
	Students Impacted	60 female students



Vital Pakistan: Bank Alfalah supported Vital Pakistan Trust in providing essential medical care to women and children. The initiative sustained a free medical camp at Keti Bandar, Thatta for underserved communities, improving access to basic healthcare in remote areas.

3 GOOD HEALTH AND WELL-BEING 	Funding	PKR 9.9 million
	Duration	2025



Developments in Literacy (DIL): Bank Alfalah collaborated with DIL to empower underserved children by providing access to quality education and skill development. This initiative promotes learning, reduces dropout rates, and helps break the cycle of poverty for out-of-school children.

1 NO POVERTY 	Funding	PKR 7 million
	Duration	2025 - 2026
	Students to be Impacted	1,000 Students



Indus Hospital and Health Network: Bank Alfalah partnered with IHNN to provide life-saving treatment for 30 breast cancer patients, ensuring timely care and improved patient outcomes. The Bank also donated two shuttle vans for the hospital. These initiatives reinforce Bank Alfalah's commitment to sustainability and health care accessibility for all.

3 GOOD HEALTH AND WELL-BEING 	Funding	PKR 15.4 million
	Duration	2025
	Patients Impacted	30 Patients



Special Olympics Pakistan: Bank Alfalah's partnership with Special Olympics Pakistan, enabling young athletes with intellectual disabilities tackle inactivity, stigma, isolation, and injustice.

4 QUALITY EDUCATION 	Funding	PKR 4.5 million
	Duration	2025
	People Impacted	500 Athletes and 30 Coaches



The Aga Khan University: Bank Alfalah collaborated with Aga Khan University in its commitment towards making long-term difference and enabling financially challenged students to learn, grow, and lead stress free.

3 GOOD HEALTH AND WELL-BEING 17 PARTNERSHIPS FOR THE GOALS	Funding	PKR 50 million
	Duration	2025 - 2026



Memon Health and Education Foundation (MHEF): Bank Alfalah's collaboration with Memon Health and Education Foundation enabled invaluable delivery of high-quality healthcare.

4 QUALITY EDUCATION 10 REDUCED INEQUALITIES	Funding	PKR 25 million
	Duration	2025



AMAN: Bank Alfalah's partnership with MeriSehat, Association for Mothers and Newborns (AMAN) and Zindagi Trust, enabled MeriSehat's AI-powered telemedicine platform to provide accessible, technology driven healthcare services to students and their families.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 17 PARTNERSHIPS FOR THE GOALS	Funding	PKR 9 million
	Duration	2025 - 2026
	People to be Impacted	Families of at least 6000 students



WWF – Pakistan : Bank Alfalah continued its partnership with WWF-Pakistan by supporting mangrove plantation initiatives aimed at strengthening coastal ecosystems. As part of its long-term environmental commitment, the Bank pledged to plant 100,000 trees by 2030. These efforts contributed to climate resilience, biodiversity conservation, and carbon sequestration.

13 CLIMATE ACTION 14 LIFE BELOW WATER	Funding	PKR 8.0 million
	Duration	2025



BAIT-UL-SUKOON CANCER HOSPITAL

Bait ul Sukoon Trust: Bank Alfalah partnered with Bait ul Sukoon Trust to support the provision of essential healthcare services for underprivileged patients. The initiative facilitated access to medical treatment and basic healthcare facilities for those unable to afford care. This contribution helped improve health outcomes within vulnerable communities.

3 GOOD HEALTH AND WELL-BEING	Funding	PKR 2.0 million
1 NO POVERTY	Duration	2025



Behbud Association: Bank Alfalah supported the establishment of a computer lab at Behbud Association to enhance digital literacy and skills development. The initiative enabled women and students to access technology-driven learning opportunities. This support fostered education, employability, and economic empowerment.

4 QUALITY EDUCATION	Funding	PKR 3.9 million
5 GENDER EQUALITY	Duration	2025



Legal Aid Society : Bank Alfalah entered its first-year partnership with the Legal Aid Society to support women's empowerment and access to justice. The initiative focused on strengthening legal rights, protection, and awareness for women facing social and legal vulnerabilities. This collaboration contributed to inclusive development and gender equality.

5 GENDER EQUALITY	Funding	PKR 6.0 million
10 REDUCED INEQUALITIES	Duration	2025

IBG Charity Fund:

Bank Alfalah Islamic strictly adheres to Islamic banking guidelines in compliance with Shariah principles and regulatory best practices. Accordingly, Charity amounts collected by bank from customers on account of delayed payments are maintained in a separate charity account and not categorised as Bank's income. The charity account also comprises of income identified as non-Shariah-non-compliant during Shariah audit and reviews.

Funds accumulated in this account are utilised under the guidance and supervision of the Shariah Board and Charity Affairs Committed and directed towards social welfare initiatives, primarily in the areas of education, healthcare, and general welfare, in light of SBP's guidelines.

Further, in accordance with regulatory requirements, proper disclosures regarding the collection and distribution of charity funds are included in the Bank's annual report.

Bank's Sustainability Partners for Effective Deployment of IBG Charity Fund



Muhammadi Heamatology, Oncology Services and Welfare Foundation: Bank Alfalah supported Muhammadi Hematology, Oncology Services and Welfare Foundation with PKR 3.2 million for the purchase of two "Medicool Blood Storage" units, strengthening safe and reliable blood storage for critical oncology and hematology treatments.

	Funding	PKR 3.2 million
	Duration	2025



NUST: Bank Alfalah sponsored 2 underprivileged students from Attock and Sargodha under the NUST Bank Alfalah Islamic Chair, providing financial support for their higher education. This initiative enables access to quality education and fosters skill development for future leaders.

	Funding	PKR 3.5 million
	Duration	2025
	Students Impacted	2 Students



Al Mehrab Tibbi Imdad: Bank Alfalah supported Al Mehrab Tibbi Imdad with the purchase of a 100KVA Prime Diesel Generator, ensuring uninterrupted healthcare services and critical medical support. This initiative helped strengthen hospital infrastructure and improves patient care.

	Funding	PKR 4.17 million
	Duration	2025



Marie Adelaide Leprosy Centre: Bank Alfalah provided PKR 4.95M to the Marie Adelaide Leprosy Centre for an Ophthalmic Ultrasound AB Scan Machine. This helps aid cataract surgeries in remote Balochistan, improving eye care access for underserved communities.

	Funding	PKR 4.95 million
	Duration	2025



Momina and Duraid Foundation: Bank Alfalah supported the Momina and Duraid Foundation with PKR 18M for the renovation and integration of Allama Iqbal Girls and Boys Elementary Government School in Nazimabad. This helped improve learning infrastructure and provided a better educational environment for children.

	Funding	PKR 18 million
	Duration	2025



The Layton Rehmatulla Benevolent Trust (LRBT):

Bank Alfalah provided PKR 6.3M to The Layton Rehmatulla Benevolent Trust (LRBT) for the purchase of 2 Topcon Digital Slit Lamps and 1 Topcon Auto Refractometer. This improved eye care diagnostics and treatment for underserved communities.

	Funding	PKR 6.3 million
	Duration	2025



Orange Tree Foundation: Bank Alfalah provided PKR 9M to Orange Tree Foundation for the installation of a solar power system and Reverse Osmosis (RO) water filtration units in 6 primary schools of Baluchistan. This improved access to clean water and reliable electricity for students in underserved areas.

	Funding	PKR 9 million
	Duration	2025



Pakistan Children's Heart Foundation (PCHF): Bank Alfalah provided PKR 8.2M to Pakistan Children's Heart Foundation (PCHF) for the procurement of 2 ICU ventilators. This improved critical care support for children with heart conditions.

	Funding	PKR 8.2 million
	Duration	2025



Sahil Welfare Association: Bank Alfalah collaborated with Sahil Welfare Association for the upgradation of a Special Children School (Bin Qasim) located at Ghara with a donation of PKR 7M.

	Funding	PKR 7 million
	Duration	2025



IBA: Bank Alfalah also contributed PKR 16 million to the Institute of Business Administration (IBA) to sponsor 10 undergraduate students under the National Hunt Talent Program (NHTP) from underprivileged areas including Kuragh Chitral, Burewala, RYK, Quetta, Orangi Town Karachi, and Petaro, enabling access to quality higher education and supported the academic growth of talented students from underserved communities.

	Funding	PKR 16 million
	Duration	2025
	Students Impacted	10 Undergraduate students



The Citizens Foundation: Bank Alfalah also supported The Citizens Foundation with PKR 18M to extend and establish the Bank Alfalah Islamic TCF Secondary School Unit in Ittehad Town, accommodating 110 additional students. This financial support enhanced access to quality education for underprivileged children.

	Funding	PKR 18 million
	Duration	2025
	Students Impacted	110 Students



Indus Hospital and Health Network: Bank Alfalah further provided PKR 16M to Indus Hospital and Health Network for the purchase of 2 HFO ventilators for neonates in the NICU. This strengthened critical care for newborns, improving survival rates in high-risk cases.

	Funding	PKR 16 million
	Duration	2025



Network of Organizations Working For People With Disabilities Pakistan (NOWPDP):

Bank Alfalah partnered with the Network of Organizations Working for People with Disabilities Pakistan (NOWPDP) with PKR 1.88 million to procure four retrofitted rickshaws for Persons with Disabilities. This initiative enhances mobility, independence, and access to livelihood opportunities for PWDs.

	Funding	PKR 1.88 million
	Duration	2025



Al-Rayaz Hospital Trust: Bank Alfalah provided PKR 3.5M for the purchase of a 30kV on-grid solar panel system. This ensures reliable power for uninterrupted healthcare services. Bank Alfalah also donated PKR 17M for the purchase of one Fabricated Ambulance (Advanced Life Support) which also serves as a Mobile Health Unit during medical camps conducted in remote and underserved areas.

	Funding	PKR 20.5 million
	Duration	2025



Afzaal Memorial Thalassemia Foundation (AMTF):

Bank Alfalah provided PKR 4.5 million for the purchase of three ICU ventilators. This initiative aided critical care support for thalassemia patients, especially in emergency situations. The Bank also supported the procurement of 1 DEXA Scan Machine for Thalassemia patients with a donation of PKR 5.5 Mn

	Funding	PKR 10 million
	Duration	2025



Alamgir Welfare Trust International: Bank Alfalah Islamic distributed 1,923 ration bags, providing essential food support to underprivileged communities. This partnership ensured immediate relief. Further, Bank Alfalah further provided PKR 15M for the establishment of an equipped dental department to help improve access to quality dental care.

	Funding	PKR 24.99 million
	Duration	2025

Impact through CSR Partnerships:



New World International Women Leader Summit:

The International Women Leaders' Summit brought together global leaders to advance women leadership, with 188 speakers from 45 countries and 5,000 plus delegates over the years. Bank Alfalah's engagement reinforced its commitment to gender inclusion in line with Include, Invest, Inspire.



Karachi Union of Journalists Press Club Ramadan Iftar:

Karachi Union of Journalists hosted an annual Ramadan Iftar Dinner to bring together journalists and prominent figures from sports, arts, and culture. Bank Alfalah supported the initiative to strengthen networking, engage media stakeholders, and build brand visibility and impact.



World Environment Day Conference with Institute of Business Administration (IBA) and Pakistan Air Quality Initiative (PAQI): Bank Alfalah launched a year-long Climate Action Initiative with IBA Karachi Urban Lab and Pakistan Air Quality Initiative to support the installation of 12 air quality monitors across Karachi for real time data and research.



MagnifiScience Financial Literacy Zone with The Dawood Foundation:

Bank Alfalah supported the launch of Money Matters at MagnifiScience Centre to strengthen financial literacy for the next generation. The exhibition translated personal finance into an engaging learning journey through interactive and gamified experiences.



Cycling for Change with The Citizen Foundation:

Bank Alfalah partnered with TCF for Cycle for Change, a fundraising ride led by Supporters of TCF since 2021 and backed by Karachi's cycling clubs. Proceeds supported scholarships, including an 11 year (KG to Matric) schooling journey for a child.



The Layton Rehmatulla Benevolent Trust (LRBT): LRBT is working to eliminate curable blindness in Pakistan through life changing sight restoration surgeries, powered by strong partnerships. At the 9th LRBT Golf Tournament at Karachi Golf Club, 32 teams came together to help raise funds for 5,000 surgeries, marking 40 years of LRBT restoring sight nationwide. Bank Alfalah reaffirmed its long standing support, with Mr. Faisal Farooq Khan (CHRO, Bank Alfalah) as Chief Guest, highlighting how meaningful sponsorships translate into real, measurable impact for thousands of patients.



Promoting Financial Literacy at +92 Disrupt with Katalyst Labs: Bank Alfalah partnered with +92 Disrupt by Katalyst Labs to deepen engagement across Pakistan's startup ecosystem and spotlight its venture capital unit for networking and investment opportunities. Mohammad Yahya Khan, Chief Digital Officer, delivered a keynote on Cashless Pakistan, highlighting the Bank's vision for faster digital payments and financial inclusion.



Promoting Women Entrepreneurs with Wharachi And No Leftovers: Bank Alfalah supported Here in Karachi with Wharachi and No Leftovers to celebrate Karachi's heritage and spotlight community entrepreneurs. Hunarmand businesses featured on Alfamall were

showcased, small businesses were enabled with POS machines, and Pehchaan account opening was promoted to advance women empowerment and financial literacy.



Promoting Climate Action with Dawn at Breathe Air Pollution Conference: As part of Breathe Pakistan, Bank Alfalah collaborated with Dawn Media Group for a Dialogue on Environment, Policy and Progress in Lahore. The dialogue brought together key stakeholders to assess Pakistan's air pollution challenge, evaluate policy implementation, and strengthen cross sector solutions and investment pathways.



Media Stakeholder Ramadan Iftar: The Ramadan Iftar Dinner was organised to strengthen relationships with key media personnel and reinforce positive engagement with media representatives. This supported Bank Alfalah's public image, ensured accurate reporting, and strengthened communication of initiatives and achievements.



Independence Day Event at Bank Alfalah: Bank Alfalah hosted an Independence Day celebration recognising Special Olympics World Winter Games winners and featuring a heartfelt performance by Zindagi Trust girls. Scholarship students from Habib University and IBA presented their projects, alongside Akhuwat women entrepreneurs who shared journeys enabled through Bank Alfalah supported loans.



Alfa Lead Management Trainee Program: Bank Alfalah welcomed 29 graduates into the 11th batch of its Alfa Lead Management Trainee Program 2025. The programme received 3,456 applications from top universities and selected candidates through a rigorous, competency-based evaluation journey.

Economy

Intermediation – Key Trade and Banking Figures

The Bank intermediated the economy by channelling business for various traders and firms, facilitating import and export business, and positively contributing to the economy. The Bank channelled Rs. 1,366 Bn in imports and Rs. 684 Bn in export payments during 2025.

Contribution to the Government

The Bank contributed Rs. 42.2 Bn to the Government's tax revenue in the form of income taxes along with collecting and depositing indirect taxes. The Bank remains focused on being a responsible taxpayer.

Remittances from Workers Abroad

The Bank has been a noticeable contributor in the flow of remittances to Pakistan through its global network of partner banks, money transfer operators and exchange companies that rely upon the Bank's service quality and technical infrastructure to offer overseas Pakistanis quicker and more efficient ways of sending home remittance to Pakistan. The Bank has invested in various initiatives for financial inclusion, notably the launch of Asaan and Digital Remittance Accounts, and marketing activities to promote cash over-the-counter payments through its network of over 1,100+ branches in more than 240 cities across the country. During the year, the Bank contributed to the economy by facilitating over 18 million customer payments in Pakistan valued at USD 5.9 billion, bringing the Bank's remittance market share to 15% for 2025.

Jobs

The Bank has consistently created employment opportunities across Pakistan through its extensive recruitment programmes. In 2025, the Bank has on-boarded 3,501 resources to drive its vast business operations. The new hires include 2,510 male and 991 female employees. Moreover, through diverse batch hiring programmes, the Bank taps into the country's fresh talent pool to create worthwhile opportunities for young applicants.

Green Banking Initiatives

Traditionally financial considerations have been the drivers of profit. The severity and accelerated pace of environmental degradation and social deterioration forced a redrawing of priorities for companies on how they should conduct business and for the banks as to what and whom they should finance.

By virtue of their role as intermediaries between people with shortages and surpluses of capital, banks hold a unique position in the economy for sustainable development. This intermediary role is both quantitative and qualitative. Bank Alfalah believes that the greatest impact the Bank has on the environment and society is through its financing activities.

Green banking integrates financial, social and environmental considerations into decision-making to enable sustained profits and higher returns on investments.

With its Green Banking Guidelines, the State Bank of Pakistan introduced green banking in Pakistan and

initiated the process of its incorporation in banks' systems. Bank Alfalah has an approved Green Banking Policy for implementation of SBP Guidelines. New joiners are given basic Green Banking awareness training during their orientation while existing staff are required to successfully complete an e-Learning module on 'Green Banking' every year.

Green Banking is divided into the following three areas:

- a) **Environmental and Social Risk Management (ESRM)** requires banks to integrate green banking in their credit approval processes, and adopt environmental and social risk management practices, as well as ensure compliance with environmental and labour laws by the borrowers in banks' credit portfolio.

As a responsible corporate citizen, Bank Alfalah had started the process in early 2015, in collaboration with IFC, to integrate ESRM in the credit approval process of the Bank. The ESRM Framework essentially requires that any relevant lending opportunity is to be reviewed and evaluated under the:

- Exclusion List
- Applicable national laws on environment, health, and safety
- IFC Performance Standards

In November 2022, the State Bank of Pakistan (SBP) issued Environmental and Social Risk Management (ESRM) Implementation Manual, which is applicable to all banks in Pakistan.

During 2023, Bank Alfalah has aligned its Green Banking Policy and ESRM Procedures manual. From the end of November 2023, the Bank is using SBP's provided ESRM templates and complying with it (Regulatory Implementation is expected by November 2025). Bank Alfalah's Environmental Risk and Green Banking Department (also known as Green Banking Office) is providing ESRM Advisory to all internal customers on transactional levels so that the staff does not face any difficulty in implementing the revised ESRM framework. All personnel working in this department have acquired IFC online certification of 'Sustainability Training and E-Learning Program' (STEP).

This framework is an integral part of the credit approval process and all relevant credit proposals require credit, environmental and social review prior to approval of the competent authority. In-house classroom trainings on Environmental and Social Risk Management (ESRM) are conducted for client-dealing Relationship Managers, credit staff, internal audit and internal control staff.

As a result, the Bank's borrowers are now aware of the importance of the environment, the need for environmental due diligence, environmental laws, and the role of environmental protection agencies in each province. The bank helps the borrowers to comply with the environmental and labor laws and in case of non-compliance, pushes the customers towards compliance and follow-up periodically on the progress.

- b) **Green Business Facilitation**, which entails providing finance to businesses (existing and/or fresh customers) willing to invest in operations and technologies bringing improvement in environmental risk management, and resource efficiency.

The Bank encourages its clients to improve their operations and technologies by initiating eco-friendly schemes. Bank Alfalah introduced a green financing product 'Alfalah Green Energy', which is a term finance facility for customers willing to install solar energy equipment for generation of electricity ranging from 4 KW to 1,000 KW with net metering. It allows repayment tenure of up to 5 years with 3 months' grace period.

S. No.	Name of Project	Source/ Type	Capacity (in MW)
1	Fatima Energy Limited	Bagasse	118
2	Chiniot Power Limited	Bagasse	62
3	Hunza Steel (Pvt.) Ltd.	Bagasse	20
4	Gul Ahmed Wind Power Limited	Wind	49
5	Metro Power Company (Pvt.) Limited	Wind	49
6	Master Green Energy Limited	Wind	50
7	Din Energy Limited	Wind	50
8	Gharo Solar (Pvt.) Limited	Solar	50
9	Nizam Power (Pvt.) Ltd	Solar	9
10	Neelum Jhelum Hydropower Company (Pvt.) Ltd	Hydro	969
11	Dasu Hydropower Project, WAPDA	Hydro	4,320

c) Own Impact Reduction

In the area of Own Impact Reduction, the Bank has undertaken several initiatives to minimise its environmental footprint. Key initiatives include:

- Reducing paper consumption across operations
- Replacing diesel-fueled generators with UPS systems for backup power
- Transitioning from regular saver lights to energy-efficient LED lighting
- Replacing conventional air conditioners with energy-saving inverter ACs
- Installing sensor-based water taps and flow optimisers at selected locations
- 184 ATMs powered by solar energy
- Solar power systems with a total capacity of 1400+ kWh have been installed across the following 37 key premises:
 - Shadman Market Branch, Lahore
 - Circular Road Branch, Lahore
 - DHA Phase V Branch, Lahore
 - Johar Town Branch, Lahore
 - Bahadrabad Branch, Karachi
 - F.B. Area Branch, Karachi
 - Bela Branch, Baluchistan
 - Shaikh Bhirkio Branch
 - Abbottabad Main Branch
 - SITE Branch and Warehouse
 - Sunset Guest House, Karachi
 - Shahdin Manzil Lahore
 - HO Building, Karachi
 - Executive Guest House, Khayban-e-Sehar, Karachi
 - CFG, 23-H Gulberg, Lahore
 - Mehar, Dlst. Dadu Branch
 - Hangu Branch
 - Usta Mohammad - Baluchistan
 - Panjgoor
 - Turbat Branch
 - Dasu branch
 - Astor
 - Y' Block, Lahore
 - North Karachi Industrial Area, Karachi
 - I-8 Markaz, Islamabad
 - Wah Cantt Branch
 - Commercial DHA Phase V, Islamabad
 - Ravi Road Branch - LHR - 0061
 - IBB - New Garden Town
 - Badami Bagh Branch
 - Baghbanpura Branch
 - Sialkot Branch
 - Main Rawalpindi Branch
 - F-10 Branch
 - Liaquat Road Rawalpindi Branch
 - Okara Branch

Promoting Workplace Safety and Well-being

Bank Alfalah's Health, Safety, and Environment (HSE) team has implemented diverse initiatives to enhance employee well-being, safety awareness, and workplace resilience. These efforts include structured training programs, wellness campaigns, emergency preparedness measures, and health-focused activities. By fostering a culture of safety and care, the bank ensures a secure and supportive environment for its employees and stakeholders.

Key Health and Safety Initiatives

- **Health and Safety Month**
The initiative featured over 16 structured activities, including awareness sessions, training workshops, wellness campaigns, and volunteer programs.
- **Automatic Fire Extinguishers (AFE) Installation**
All Bank Alfalah branches are now equipped with AFEs. This unique and cost-effective initiative to reduce the risk of fire in branches and critical locations where physical monitoring is not possible at all times.
- **Emergency Preparedness and Response**
The Bank's HSE team equips staff with training and communication to handle potential adverse situations, ensuring that safety precautions are integrated into the office culture and daily routine. The emergency preparedness program includes providing health and safety awareness, as well as training on emergency evacuation procedures and fire safety.
- **Safety Training and Awareness**
The Health, Safety, and Environment (HSE) as well as Business Resilience teams are actively conducting training and awareness programs for staff across multiple platforms. These initiatives include classroom sessions, email circulations, videos displayed on staff screens, and various other channels.
- **Pre-emptive Safety Inspections/Reviews**
In upholding elevated safety protocols, the HSE team conducts proactive safety reviews of branches. This not only facilitates the identification and rectification of potential hazards but also contributes to the establishment of a secure environment for both staff and customers.
- **Mandatory Ramp and Emergency Exit Provision**
Emergency Exit and Ramps are now integral part of all Bank Alfalah premises.

- **First Aid and CPR Trainings**
Successful lifesaving and emergency response trainings provided to staff. The participants were trained in First Aid and CPR, equipping them to respond to emergencies and deliver critical care until professional life support arrives
- **Blood Donation Drive**
Blood Donation drives have been arranged in major cities to support patients fighting from thalassemia and other life-threatening diseases. The donors will be provided with complimentary medical screenings including tests like HIV, HPV, Hepatitis, Syphilis, Blood Grouping etc. In case of emergency requirements, the staff will be provided free of cost blood by the blood banks.
- **Free Medical Camp**
HSE Team in collaboration with SSWAB Trust (Kidney Care and Dialysis Centre), Karachi, organised a medical camp at Fakhri Trade Center, the employees were benefited with free doctor consultations and health screenings, including blood sugar, blood pressure, and heart rate checks.
- **Vendor Safety Training**
Bank Alfalah's HSE and Electrical team arranged a training session on Safe Working Practices for the vendors, covering areas such as civil works, electrical systems, UPS operations, and facility management. This initiative was taken to engage the vendors and align them with ongoing HSE best practices within the bank as well as broader market expectations.
- **Ergonomics Awareness Session**
An HSE Wellness Session on Ergonomics was conducted at the BAF Learning Centre, Rawalpindi in coordination with the qualified and experienced physiotherapist from Shifa International Hospital.
- **Defensive Driving Awareness Session**
Bank Alfalah's HSE Department, in collaborated with the National Highway and Motorway Police (NHMP), organised an interactive defensive driving, safe driving awareness session at the Learning Center, Karachi, led by a certified road safety education officers, ensuring that participants received professional and practical guidance.
- **Stress Relief through Hypnosis**
An impactful session focused on stress relief through hypnosis and mental well-being was organised by Bank Alfalah's HSE Team at the Learning Centre in Karachi.
- **Lactation Awareness Session**
An awareness session in coordination with a lactation specialist from the Sindh Institute of Child Health and Neonatology (SICHN) to support new mothers, infants, and mothers-to-be within the organisation has been organised. The session provided guidance and offered practical tips for balancing motherhood with workplace responsibilities.
- **Flu Vaccination for Staff**
Flu vaccination camps have been arranged for its staff at discounted rates, promoting a healthy and safe workplace. This initiative reflects the bank's commitment to the well-being of its colleagues.

Health and Safety Awards

14th Annual Corporate Social Responsibility Award

Bank Alfalah has emerged as a winner in the categories of 'Employee Health Safety Program, Green Environmental Stewardship, Sustainability Initiatives' at the 14th Annual Corporate Social Responsibility Award organised by The Professional Network in collaboration with the United Nations Environment Program (UNEP) and the United Nations Global Compact (UNGC). These recognitions are a testament of Bank Alfalah's exceptional contribution towards Health, Safety and Environment practices ensuring a safer workplace and a more resilient future.



22nd Annual Environment Excellence Award (AEEA) 2025

Bank Alfalah received the 22nd Annual Environment Excellence Award (AEEA) 2025, presented by the Advisor to Governor of Sindh Mr. Tariq Mustafa. It was organised by National Forum of Environment and Health (NFEH) affiliated with the United Nations Environment Program UNEP. This recognition highlights the Bank's commitment to environmental stewardship and sustainable future.



Green Pledge Signing organised by the International Finance Corporation (IFC)

Bank Alfalah participated in the Green Pledge Signing Ceremony organised by the International Finance Corporation (IFC), a member of the World Bank Group. The event, held under the Green Building Project funded by the Foreign, Commonwealth and Development Office (FCDO), aimed to accelerate Pakistan's transition toward a sustainable and resource efficient built environment. During the ceremony, Bank Alfalah pledged to convert at least one of its premises into a certified green building.

The Green Pledge Signing Ceremony highlighted Bank Alfalah's leadership in sustainability and reaffirmed our commitment to responsible growth and environmentally conscious construction practices.



Sustainable Development Goals and the Bank's Contribution

Background

Sustainable Development Goals (SDGs) are a universal movement to end poverty, protect the climate, and ensure that all people enjoy peace and prosperity. The United Nations member states adopted the 2030 Agenda for Sustainable Development to provide a better and sustainable future for all. There are 17 SDGs, the scope of which is to address climate change, economic inequality, health provisioning, quality education, gender equality, clean water and sanitation, decent work and economic growth, sustainable cities and communities, and other matters related to building and sustaining a prosperous, peaceful and environment-friendly world. The SDGs provide clear guidelines and targets for all countries to adopt in accordance with their own challenges and requirements.

Global Reporting Initiatives (GRIs) are Sustainability Reporting Standards designed to be used by organisations to report about their impacts on the economy, the environment, and/or society.

Statement of Adoption

The Bank follows these goals/reporting initiatives and strives to establish itself as a contributor to environmental safety. By contributing to these goals, the Bank aims to achieve the following: Align itself with the priorities of the Government of Pakistan, which in turn is required to achieve the goals set by the UN Mitigate business risks by addressing empirical risks Attract new customers by building brand image Increase the loyalty of its customers due to better brand reputation Establish new business opportunities and markets Bolster the company's financial performance Access new capital.



UN Sustainability Goals, GRI Standards and Bank Alfalah's Contributions

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
 1 NO POVERTY	Equal rights to ownership, basic services, technology and economic resources (1.4)	Significance of the indirect economic impacts [GRI Standard 203-2]	End extreme poverty in all forms	- The Bank generously supports various communities irrespective of their cast, creed, race and color. The purpose is to build a stronger nation. Refer to the CSR part within this section of the Annual Report and note 29 of the unconsolidated financial statements for more details. - Bank Alfalah supported poverty alleviation through partnerships with Akhuwat Foundation, Al-Furqan Welfare, Alamgir Welfare Trust, Developments in Literacy (DIL), and Thar Education Alliance. These initiatives enhanced access to interest-free finance, education, ration support, and livelihood opportunities for underserved communities across Pakistan.
	- Eradicate extreme poverty (1.1) - Reduce poverty (1.2)	Significant proportion of employees are compensated based on wages subject to minimum wage rules.		The Bank ensures minimum wage payments to all its employees including contractual staff. The guidelines followed are prescribed by the provincial / federal government.
	Mobilise resources to implement policies to end poverty (1.A)	[GRI Standard 202-1 and 203-2]		Bank Alfalah, in collaboration with partners such as Alamgir Welfare Trust, Al-Furqan Welfare, and Akhuwat Foundation, provided financial aid, ration support, and access to basic services for underserved communities. These initiatives helped reduce poverty, and empower families, across Pakistan.
				- Bank Alfalah supports the social initiative Roshan Samaaji Khidmat of State Bank of Pakistan (SBP) for Overseas Pakistanis who can now make Zakat and Donation payments digitally through their Roshan Digital Account (RDA) using their Alfa app or Internet Banking. The bank plays a pivotal role in government-to-person (G2P) disbursements. In 2024, BAFL won 47% of the Benazir Income Support Program (BISP) mandate together through a joint partnership with the Bank of Punjab, serving over 4.3 million beneficiaries in 86 districts (7 cluster out of 15), all over Pakistan. Other mandates won during the year include the Sindh Social Protection Authority (SSPA) and Sindh Peoples' Housing for Flood Affectees (SPHFA), expanding our G2P portfolio from just Northern Pakistan in 2023 to the whole country now. - Bank Alfalah also exclusively services over 500K EOBI pensioners since a decade – thus making Bank Alfalah the largest G2P bank in Pakistan, disbursing around PKR 300 billion of government money, annually. With the inclusion of the G2P beneficiaries, 75% of Bank Alfalah's total active customer base is female.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
				Bank Alfalah customers can help the poverty-stricken through Zakat and donations received via internet banking, the Alfa App, Alfa Payment Gateway and QR Scanning.
				Bank Alfalah has digitally integrated renowned institutions such as Edhi Foundation, Sindh Institute Of Urology And Transplantation (SIUT), Shaukat Khanum Memorial Hospital, Indus Hospital, JDC Welfare Organization, Al Khidmat Foundation, Akhuwat Foundation, Alamgir Welfare Trust, The Citizens Foundation and Sundus Foundation, among others, are enabling the Bank's customers to donate digitally.
	Build resilience to environmental, economic and social disasters (1.5B)	[GRI Standard 203-2]		Bank Alfalah provides financing under SBP Schemes i.e. Islamic SME Asaan Finance (I-SAAF) and Prime Minister Youth Business and Agri Finance Scheme (PMYBandAFS) for the growth of small businesses and to create employment opportunities. These low-rate -financing schemes are aimed at making funds available towards the low-income class that strives towards economic development of the country.
	Universal access to safe and nutritious food (2.1)	[GRI Standard 203-2]	- Achieve food security through sustainable agriculture - Meet nutritional needs of all people	- Bank Alfalah addressed food insecurity by supporting ration distribution programmes through Alamgir Welfare Trust and Alamgir Welfare Trust International, providing over 3,500 ration bags to underprivileged families during periods of heightened vulnerability. - In Ramadan of the current year, Bank Alfalah Islamic used Charity funds (approximately PKR 9.99 Million) to distribute ration bags (1900+) to the poor families across Pakistan through a partner NGO i.e. Alamgir Welfare Trust International. - Bank Alfalah's Agri department is active in disbursing agricultural loans to farmers and allied industries. During the year 2025, the Bank disbursed PKR 113.5 billion agricultural loans on progressive basis. - Bank Alfalah is working on a key project with SAWIE to promote climate smart agriculture practices and working to develop a model village in this regard.
	Achieve Universal Health Coverage (3.8)	Organisation facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided [GRI Standard 403-6a and 203-2]	Ensure health coverage across the board for employees and their dependents	Bank Alfalah provides medical coverage to all employees and their dependents (including parents), which not only includes hospitalisation but follow up treatments as well. Further, Bank Alfalah offers its employees a Health card benefit with discounted rates on laboratory tests, medicines, consultation, etc. Free online consultation services are also provided

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
	Achieve Universal Health Coverage (3.8)	Organisation facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided [GRI Standard 403-6a and 203-2]	Easy access to medicines and vaccines	- Bank Alfalah provided Laboratory Diagnostic Kits and Reagents to provide the free of cost treatment to thalassemia patients of AMTF. - Bank Alfalah provided three dialysis machines which will be used to provide free dialysis to the needy patients of Dar-us-Shifa Foundation. - Bank Alfalah provided one X-ray Machine, one Curapuls (Short waves) and one Sonopulse (Soundwaves) to Alamgir Welfare Trust International for their Alamgir Health Care Centre. - Bank Alfalah provided 01 CBC Analyser and 01 Blood Bank Refrigerator to Sundas Foundation, to provide the best treatment to Thalassemia and Hemophilia patients free of cost.
				Bank Alfalah, under the Employee Welfare Program, facilitates employees with additional medical grants during emergencies or for treatment of employees and their families (insured dependents), where health insurance limit is exhausted as per the Bank's hospitalisation policy. The welfare program supports employees and provides grants for education and marriage also.
				- Bank Alfalah designs its employee experience strategy around a Happiness Framework which covers workplace support and the five well-being areas: emotional, mental, physical, financial and career well-being. All employee initiatives and engagements are designed to strengthen these key areas. - Bank Alfalah provided Laboratory Diagnostic Kits and Reagents to provide free of cost treatment to thalassemia patients of AMTF. - Bank Alfalah provided three dialysis machines which will be used to provide free dialysis to the needy patients of Dar-us-Shifa Foundation. - Bank Alfalah provided one X-ray Machine, one Curapuls (Short waves) and one Sonopulse (Soundwaves) to Alamgir Welfare Trust International for their Alamgir Health Care Centre. - Bank Alfalah provided one CBC Analyser and 01 Blood Bank Refrigerator to Sundas Foundation, to provide the best treatment to Thalassemia and Hemophilia patients free of cost - Islamic Banking Group arranged a visit to Sundas Foundation to celebrate Independence Day with the children. Staff from different branches generously donated Blood and distributed giveaways to the ill children.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
				The Bank Alfalah Islamic Banking employees visited children affected with thalassemia at the Afzaal Memorial Foundation in Karachi. The group made a significant contribution by donating 18 bottles of blood, in solidarity to helping young patients in need.
	Tobacco Control (3.A)	[GRI Standard 203-2]		- All of Bank Alfalah's offices/branches are no smoking zones. Further smoking is being discouraged through regular communication and HSE trainings. - Bank Alfalah adheres to the Bank's Exclusion List, which is aligned with the State Bank of Pakistan's Exclusion List. The Bank does not support activities related to tobacco unless the customers hold proper licenses and permits issued by the relevant government authorities.
	Fight communicable diseases (3.3)	Voluntary health promotion services and programs offered to workers to address major non-work-related health risks, including the specific health risks addressed, and how the organisation facilitates workers' access to these services and programs. [GRI Standard 403 - 6b and 203-2]		- Bank Alfalah has a dedicated Health, Safety and Environment team, which ensures awareness related to health, wellbeing of staff and workplace and people's safety through active communication program. The program includes but is not limited to classrooms trainings, emails and broadcasting informative videos on staff screens. - Bank Alfalah conducted blood donation activities in major cities to support the noble cause and commitment to play its role towards humanitarian and welfare causes in society. All employees and families have access to blood provision in case of emergency. - Bank Alfalah's staff has received First Aid training from professional and qualified trainers. This training equips employees with the necessary skills to handle unforeseen medical emergencies and provide immediate first aid assistance - To strengthen safety practices, Bank Alfalah provided training to vendors / service providers. This training will assist vendors to provide their services within an efficient and safe manner. - Bank Alfalah organised free health screening and medical camps for staff. This initiative reflects bank's commitment to employee health and well-being. - Lactation awareness session has been arranged for new and expected mothers of Bank Alfalah to equip them with particle tips and knowledge regarding mother's and child's health. - Bank Alfalah organised flu vaccination for its staff at discounted rates, promoting a healthy and safe workplace. This initiative reflects the bank's commitment to the well-being of its employees

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
	Increase health financing and support health workforce in developing countries (3.C)	[GRI Standard 203-2]		- Bank Alfalah strengthened healthcare infrastructure by funding critical medical equipment such as ICU ventilators, diagnostic machines, blood storage units, generators, ambulances, and solar systems through partners including LRBT, PCHF, AMTF, Muhammadi HOS, and Al-Rayaz Hospital Trust. - Bank Alfalah provided financial support to healthcare institutions including Indus Hospital and Health Network, Cancer Care Hospital, Patients' Aid Foundation, Child Aid Association, Vital Pakistan, and Aga Khan University, enabling free treatment, medicines, and maternal and child healthcare for underserved patients. - Bank Alfalah supported preventive and community healthcare through polio awareness campaigns, telemedicine services, and maternal and child health centres in collaboration with Pahchaan, Polio Plus Charitable Trust, Zindagi Trust, AMAN, and MeriSehat
			Easy access to medicines and vaccines	- Bank Alfalah provides Digital health insurance and Hospital Cash Assist products to its customers on their mobile app Alfa. - In 2025, BAFL launched Alfa Women Cancer Shield Plan by EFU - WTO in collaboration with EFU Life, the first dedicated cancer protection plan for women in Pakistan. This pioneering initiative not only addresses a critical healthcare gap but also reinforces our commitment to empowering women through inclusive financial solutions.
	- Free primary and secondary education (4.1) - Equal access to quality pre-primary education (4.2)	[GRI Standard 203-2]	- Provide primary education to all children - Universal access to higher education and vocational training	- Bank Alfalah financially supported the following NGO/institutions to promote education: - The Citizens Foundation - Path Educational Society - Hope Uplift Foundation - Developments in Literacy (DIL) - Orange Tree Foundation benefiting underserved children across Pakistan.
	Equal access to affordable technical, vocational and higher education (4.3)	Hours of training that the organisation's employees have undertaken during the reporting period. [GRI Standard 404-1]		The Bank believes in developing its employees through technical and soft skills trainings. The Bank conducts various training programs for its employees. During the year, over 193 thousand hours of training were imparted to bank's staff.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
				- Bank Alfalah signed MoUs with educational institutions: - o LUMS - o NUST - o Thar Education Alliance - o Habib University - o IBA Karachi to fund scholarships to deserving candidates
	Eliminate all discrimination in education (4.5)	[GRI Standard 404-1]		Bank Alfalah advanced inclusive education by supporting scholarships and specialised programmes for women, persons with disabilities, and underserved communities through partners such as Special Olympics Pakistan, NOWPDP, Aziz Jehan Begum Trust, and women-focused education initiatives.
				Bank Alfalah's Raah-e-Falah initiative allows the employees to voluntarily support organisations like TCF with career counseling, and involvement in Rahbar and Baghban programs
	Higher education scholarships (4.B)	[GRI Standard 203-2]	- Provide primary education to all children - Universal access to higher education and vocational training	- Bank Alfalah offers educational benefits in the form of cash rewards, career progression benefits, fee reimbursements and financial assistance to augment continued development of its people. During 2025, Bank Alfalah extended educational benefits of PKR 14 Million to 250 staff members. - Bank Alfalah provided funds for rehabilitation of Adamjee Government Science College, Karachi in order to improve the quality of education for the needy and poor children through Karachi Relief Trust. - Bank Alfalah purchased and Installed classroom items (Computers, Multimedia Projectors, Rostrums, Desks and Chairs) in Bahria Model College Gwadar through Sahil Welfare Association. - Bank Alfalah uplifted and upgraded Govt. Primary School Kappar (Balochistan), covering the costs of materials (Cement Bags, Cement Blocks, Metal Rods, Distemper, Desks and Chairs). This initiative aims to provide a better environment and high-quality education to underprivileged students through Sahil Welfare Association.
5 GENDER EQUALITY 	End discrimination against women and girls (5.1)	Number and rate of new employee hires by gender Percentage of individuals within the governance bodies by gender [GRI Standard 202-1, 401 -1 and 3, 405-1]	Overcome inequalities faced by women and girls in education, work and pay	The Bank, in compliance with the SBP developed a Shari'ah compliant 'Islamic Refinance and Credit Guarantee Scheme for Women Entrepreneurs' to provide financing facilities to women entrepreneurs in order to meet financing needs of their businesses. The Scheme closed in June 2025 but disbursements were allowed till Dec 2025.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
	Increase health financing and support health workforce in developing countries (3.C)	[GRI Standard 203-2]	End discrimination against women and girls everywhere	With an intent of making women financially independent, the Bank focuses on improving female participation in the banking sector through Accessibility, Usage, Quality and Promotions of the financial services offered to them. Bank Alfalah now has propositions under the ambit of "Falah Women" as its separate brand identity.
			Achieve a work environment where all individuals are treated fairly and respectfully, have equal access to opportunities and resources, and can contribute fully to the organisation's success.	Bank Alfalah Islamic supported the renovation of one government girls' school and the provision of education-focused funding exceeding PKR 18 million, alongside scholarships for underprivileged students, strengthening access to inclusive and equitable learning opportunities.
			To provide a safe work environment for its women employees that is free from all forms of abuse, harassment, and discrimination.	Bank Alfalah focuses on inclusion of more women in its workforce, evidenced by the rise in the Bank's female representation ratio from 12% in 2018 to 20.5 % in 2025.
				- During the year, 944 new female employees were hired. This represents 23%. - For a holistic approach to manage the strategy execution, the Bank established a DEI Council and a Women Empowerment Committee (WeCo) with Senior Management.
	End all violence against and exploitation of women and girls (5.2)	[GRI Standard 203-2]	To ensure opportunities with a focus on financial inclusion by evaluating competitive practices both locally as well as in the international markets and understanding the challenges faced by women customers in general to make simplified procedures with shorter turnaround times while staying compliant with the regulatory practices.	- The Bank has gender diversity of 12.5% female ratio at Senior Management level. This is in addition to female representation in governance bodies or management committees. - Bank Alfalah launched a woman specific program – Welcome Back Program to improve institutional diversity and to position the Bank as an organisation that values diversity. The Welcome Back Program is an initiative that gives women a chance to rejoin the workforce after taking a career break due to personal or professional reasons.
				Bank Alfalah being an equal opportunity employer takes pride in its non-discriminatory and merit-based practices with a prime focus on maintaining a conducive and secure work environment for its employees and has strict policies in place to counter harassment and misconduct towards women. There is a separate Anti-Harassment Committee representative of high-level management where employees can report their grievances and harassment incidents.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
				Bank Alfalah is always uncompromisingly committed to offering a work environment where all employees feel secure and have growth opportunities equally. To impart awareness on Whistle Blowing, Harassment at Workplace and how to handle it, the Bank regularly conducts exclusive sessions in collaboration with all stakeholders for its employees.
	Participation in leadership and decision making (5.5)	Composition of the highest governance body and its committees by gender. Nomination and selection processes for the highest governance body and its committees Individuals within the organisation's governance bodies by diversity (Gender) [GRI Standard 102-22 and 24, 405-1]		- Bank Alfalah obtains annual feedback from its female employees on the Bank's policies, benefits, culture and environment to make improvements in its policies. The Bank conducts focus groups, pulse check surveys, exit interviews and maintain a dedicated communication channel for women to stay in constant contact. - SHELEAD is in-house signature leadership development program for women, enabling women to drive their careers forward, overcome self-limiting beliefs, and build strategic networks. It uses discussions, self-reflection activities and videos as training methodologies. Ignite - Sponsorship Program is designed to facilitate women to seek career guidance from a senior leader who will act as a Coach for them. With this, the Bank aims to develop and groom a stronger women talent pipeline for leadership roles. - Bank Alfalah obtains annual feedback from its female employees on the Bank's policies, benefits, culture and environment to make improvements in its policies. The Bank conducts focus groups, pulse check surveys, exit interviews and maintain a dedicated communication channel for women to stay in constant contact.
	Universal access to reproductive health and rights (5.6)	[GRI Standard 203-2]		- Bank Alfalah offers a six-month paid maternity leave to all its female employees and the only bank to offer a maternity cover incentive to the employees who serve as maternity covers for the women availing maternity leaves. - Bank Alfalah actively supports its female and single parent employees through its childcare policy. This initiative anchors the Bank's commitment to working mothers/single parents as it provides them ease in arranging for a day care/caretaker whilst setting their sights on their careers.
	Equal rights to economic resources, property ownership and financial services (5.A)	[GRI Standard 203-2]		Bank Alfalah has women-centric products such as the Alfalah Pehchaan account to provide exclusive banking services to empower women and Asaan Pehchaan Digital Account to facilitate women on the Bank's Digital Account Opening Platform.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
				- Furthermore, in line with the policy on Banking on Equality, the Bank is working on numerous initiatives aimed at financial inclusion and facilitation of women customers. The Bank has a dedicated section on its website for women and financing facilities have been introduced for women-led or women-owned partnerships and companies under the Mera Kaam, Meri Pehchaan initiative. Further, Car and House financing at subsidised rates have been introduced for Pehchaan customers encouraging women to own a vehicle/ house of their own. - During the year, financial literacy sessions were conducted for women in rural communities, to emphasise on the importance of financial independence and their own bank accounts. Topics covered included budgeting, savings, and the benefits of having a personal bank account. By addressing these aspects, the sessions sought to enhance women's financial literacy, enabling them to make informed decisions about their finances providing them with the autonomy to manage their economic well-being efficiently. - Bank Alfalah Islamic has successfully introduced Falah Asaan Women Digital Account to facilitate easy digital account opening for females, particularly of low income and unbanked segment. The shariah compliant savings proposition is available to female masses of all ages and professions nationwide. - Bank Alfalah Islamic also offers its women customers special fee waivers in house and auto financing. This empowers BAFL's female customers to build their own assets.
	Promote empowerment of women through technology (5.B)	[GRI Standard 203-2]		- The bank has a dedicated platform for women financial services on its website to enable ease of information for women customers - The bank maintains 10% of its Agent Network to be women agents. - The bank also features Hunarmand Program under BISP initiative for female handicrafts merchants to display and sell their products online on the bank's AlfaMall (ecommerce platform).
	- Safe and affordable drinking water (6.1) - Improve water quality, wastewater treatment and safe reuse (6.3)	[GRI Standard 203-2] How the organisation interacts with water, including how and where water is withdrawn, consumed, and discharged, and the water-related impacts	- Water Conservation - Water Conservation	- To provide staff with safe and drinkable water, Bank Alfalah is ensuring only those brands with lab tested water are utilised. - To increase water usage efficiency, Bank Alfalah has installed sensor-based taps and water optimisers at select locations.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
	Increase water-use efficiency and ensure freshwater supplies (6.4)	[GRI Standard 303-1a and c]	Water Conservation	- Clean, fresh water is being supplied to all of Bank Alfalah's buildings and branches. - Reduced and responsible consumption of water is taught to employees and janitorial staff through various internal communications and signage.
7 AFFORDABLE AND CLEAN ENERGY 	Promote access to research, technology and investment in clean energy technology (7.A)	[GRI Standard 203-2]	- Develop means to provide affordable and sustainable energy to everyone - Invest in clean energy sources such as solar and wind	- Bank Alfalah has 30% holding in Sapphire Wind Power Company Limited which has a wind farm in the country and offers clean energy solutions. - Bank Alfalah installed a 10KW solar panel system at the Parents Voice Association. The solar panels will provide a continuous supply of electricity, reduce electricity costs, and help maintain comfortable classroom temperatures, as well as support various activity rooms for mentally handicapped children at the school. - Bank Alfalah offers a green product namely of 'Alfalah Green Energy' for customers willing to install solar energy equipment for generation of electricity to facilitate Green Businesses.
	Increase global percentage of renewable energy (7.2)	Fuel consumption within the organisation from non-renewable sources,		- Bank Alfalah is striving efforts in adoption of clean energy sources to develop sustainable means and reduce substantial amount of energy consumption through various sources e.g. Solar Panel systems, long backup UPS, inverter ACs, LED lights etc. - Approximately 283 Tons of carbon dioxide equivalent has been offset with clean source of energy within 2025. - Bank Alfalah provides sales of solar panels and related equipment on installments (Buy Now Pay Later) on AlfaMall – Bank's own ecommerce marketplace.
8 DECENT WORK AND ECONOMIC GROWTH 	Promote policies to support job creation and growing enterprises (8.3)	[GRI Standard 203-2]	Promote entrepreneurship	- Bank Alfalah, in compliance with SBP, offers credit to SMEs at affordable mark-up rates through the Prime Minister's Youth Business and Agri Loans. This has enabled inclusion of untapped markets, allowed entrepreneurs to set up new businesses and further expand existing businesses. - Significant financing has been extended to women entrepreneurs this year under SBP's Refinance and Credit Guarantee Scheme for Women Entrepreneurs and the PMYBandAL program. - Efforts are also underway, as per SBP directives, to provide financing to persons with disabilities (PWDs) through SBP's scheme for special persons. These subsidised schemes have facilitated the inclusion of underserved markets, enabling entrepreneurs to establish new ventures and expand existing businesses.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
			Create jobs through economic policies and performance	The Bank expanded its branch network in smaller cities facilitating job creation.
			Provide opportunities for decent work to all and end slavery and human trafficking	Bank Alfalah's operations in Bangladesh, Bahrain, UAE and Afghanistan enable job creation.
			Provide opportunities for fresh graduates to grow and develop within the organisation	Bank Alfalah employs over 17,000 individuals and continues to hire hundreds of candidates each year.
	Diversify, innovate and upgrade for economic productivity (8.2)	Type and scope of programs implemented, and assistance provided to upgrade employee skills. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment. [GRI Standard 404-2]	- Create jobs through economic policies and performance - Provide benefits for the employees to gauge in their further studies - Deliver learning and development opportunities within the organisation	Bank Alfalah's comprehensive learning strategy facilitates continuous skill development by offering a wide range of technical and soft skills programs delivered through its learning management system and classroom-based sessions.
	Full employment and decent work with equal pay (8.5)	Total number and rate of new employee hires during the reporting period Percentage of senior management at significant locations of operation that are hired from the local community.	Provide opportunities for quick and easy access to funds	Through its Welcome Back Program, Bank Alfalah aims to improve institutional diversity and to position the Bank as an organisation that values diversity. This Program gives women a chance to rejoin the workforce after taking a career break due to personal or professional reasons.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
				4,113 new candidates were hired by Bank Alfalah during 2025 to support its expansion.
				Bank Alfalah operates in more than 200 cities across Pakistan. Preference while hiring is given to the youth from the local community.
				As part of the code of conduct compliance, Bank Alfalah ensures that it operates as an equal opportunity employer to become the employer of choice. The bank realises the significance of inducting for right talent hence a key consideration factor in the hiring decision is ensuring the best competency and cultural fit
	Promote youth employment, education and training (8.6)	[GRI Standard 202-2 and 401-1]		Bank Alfalah's premium Management Trainee Program 'AlfaLead' ensures that fresh graduates are hired from universities locally and internationally to ensure that a middle level management pipeline is created with young talent. There are various other batch hiring in multiple avenues and departments which are opened by Bank Alfalah to cater to fresh graduates from universities across Pakistan and minimal experience providing great work opportunity to fresh graduates.
				Bank Alfalah's Internship Program further works in bringing in candidates pursuing their degrees for the organisation so that they have the right experience to join the company after graduation.
				Bank Alfalah's Learning Team works specifically understanding the training and development needs of each department and their employees and arranges specific training as per their job requirements for them to perform better in their roles.
				Bank Alfalah offers policies and benefits supporting employees in their higher studies by providing reimbursements.
				Bank Alfalah also offers education assistance for colleagues opting for further qualifications
	Universal access to banking, insurance and financial services (8.10)	[GRI Standard 203-2]		Bank Alfalah Islamic along with SBP team successfully conducted two financial literacy sessions in Thatta for local women handicraft workers and university students. The sessions were organised and hosted by UN women for women's economic empowerment. The audience was made aware of how banking products and services can uplift them economically.
				Bank Alfalah Islamic in collaboration with Indus Earth Trust organised financial education program for women. The audience was introduced to digital account opening process via RAPID. On spot account opening activity was conducted through tablets

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
				- Bank Alfalah also boasts its footprint of Agent Network in the country to serve the Government to person (G2P) mandates, allow for easy Money Transfer, Bill Payments and Airtime purchase activities using its Branchless Banking license. - Bank Alfalah is focused towards financial inclusion of the underserved and the unbanked for which it offers numerous initiatives like Branchless banking, Agent Network, QR/Proximity Payments, Cash Deposit Machines, ATMs, Remote Account Opening (RAPID and Roshan Digital Account), and G2P initiatives including Employee Old Age Benefits Institution (EOBI) pension disbursements and the World Bank affiliated program of BISP - Digital Asaan accounts and its variants are accessible to be opened through minimum KYC requirements, remotely by customers at the convenience of their homes. - BISP LMA accounts, under the cashless economy initiative have been converted in bulk into wallets, providing the beneficiaries access to day-to-day digital banking. - Bank Alfalah developed a remittance loan offering which allows loans to be offered to remittance beneficiaries. For further details on products offered by the Bank, please refer 'Organisational Overview'. - To promote export of non-traditional items, the Bank offers export refinance schemes in partnership with the central bank. Additionally, the Bank offers a number of import and export on and off book loan facilities.
	Increase aid for trade support (8.A)	[GRI Standard 203-2]		
9 INDUSTRY INNOVATION AND INFRASTRUCTURE 	Increase access to financial services and markets (9.3)	Invest in innovation and infrastructure to promote digital inclusion, sustainable industry practices and scientific research	- Provide opportunities for quick and easy access to funds - Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	- Bank Alfalah, in addition to expanding remote ADC services and transaction touch points (by deploying ATMs/CDMs/CCDMs across Pakistan), has launched innovative products on its digital application platform (Alfa) to make financial services and market accessible to all. These include digitally enabled investments, insurance, deposit products and consumer loans. - Bank Alfalah has expanded its network of merchant hotspots in the form of Digital Sales and Service Centers in market locations to digitalise and expand the business throughput of the merchants in the vicinities. The Digital Payments SandSCs are located in different cities of the country. - Being Joint Financial Advisor to Ministry of Finance (GoP), assist in issuance of innovative Domestic Sukuk to meet the financing needs of Government and availability of Sukuk through Stock Exchange for easy and cost-effective investments by individual customers.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
	Enhance research and upgrade industrial technologies (9.5)	Direct economic value generated and distributed		- The Bank has over 1,150 branches across Pakistan and is connected with its customers through 113,000+ touchpoints. These include ATMs, Cash Deposit Machines, Cheque and Cash Deposit Machines, POS machines, Agents, QR codes, and websites. - The Bank has Pakistan's first Digital Lifestyle Branch in Karachi, along with four Digital Sales and Service Centers. The Digital Lifestyle Branch boasts the first of its kind banking-cum-lifestyle solutions of BNPL Store, Digital lockers, Digital Sales and Service Center, Securities, Investments and Consumer Financing Desks, Shared workspaces and a café. - Bank Alfalah, in compliance with the SBP, offers credit to SMEs at affordable mark-up rates through the Prime Minister's Kamyab Jawan Youth Entrepreneurship Program. This has enabled inclusion of untapped markets, allowing entrepreneurs to set up new businesses and further expand existing businesses. - To better facilitate digital payments and deposit mobilisation, the Bank facilitates onboarding of NGOs/ trusts/ hospitals/ educational institutes on digital platforms. The Bank's solutions help connect the donors to the platforms working towards advancement of underprivileged segments of society. Some partners successfully onboarded are Indus Hospital and Health Network, Al-Khidmat Foundation Pakistan, Alamgir Welfare Trust, SUNDUS Foundation, The Patient Behbud Society and Shahid Afridi Foundation.
	Reduce transaction costs for migrant remittances (10.C)	[GRI Standard 203-2]	Bridge widespread income inequality through financial regulation, development aid and safe migration opportunities	- Bank Alfalah's products and services such as the Roshan Digital account, Rapid account, Cash-over-Counter payments, Instant Account Credit to BAFL and Ilink member bank account holders, same day account credit to other bank holders via RTGS and money exchange partnerships are a step ahead towards equality of access to financial avenues. - Bank Alfalah facilitates remittance payments by having partnered with world renowned Money Transfer Operators, Financial Technology Companies, Banks, and Exchange Houses. As a proud PRI member bank, Bank Alfalah also facilitates remittances under the SBP PRI Rebate Scheme whereby remitters benefit from zero remitting charges. The Bank's network of 1,150+ branches facilitate the walk-in beneficiaries especially in rural areas in receiving cash over the counter remittances from their nearest branch, thereby reducing the cost of travel, etc. Bank Alfalah has also conducted various marketing campaigns to create awareness of the use of legal banking channels for sending remittances to Pakistan.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
	Empower and promote the social, economic and political inclusion of all (10.2)	Reduce inequality within and among countries		- Bank Alfalah established a dedicated network model branches specialising in serving PWDs (Persons With Disabilities). The branches (Islamic as well as conventional branches) are facilitated with modern infrastructure, technologies and facilities to help improve the financial inclusion of the specially abled community. - Bank Alfalah Islamic has contributed PKR 3.6 million to support the cause of promoting education for children with disabilities through its collaboration with Deaf Reach organisation.
	Safe and affordable housing (11.1)	- Extent of development of significant infrastructure investments and services supported. - Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. [GRI Standard 203-1]	- Create good and affordable public housing in cities - Involve more citizens in urban planning - Invest in public spaces and green initiatives	- Further, the Bank offers multiple variants of housing loans as a part of its own product suite. These are for salaried class as well as self-employed. The available products, covering both conventional loans and Islamic financing, can be availed on fixed and variable rate terms. - Low-cost Housing under SBP subsidised financing schemes namely "Mera Pakistan Mera Ghar" and "Mera Ghar Mera Ashiana". - Bank is also providing Hybrid Financing with the support of PMRC.
	- Reduce the adverse effects of natural disasters (11.5) - Reduce the environmental impacts of cities (11.6) - Sustainable and resilient building (11.C)	[GRI Standard 203-2]	- Create good and affordable public housing in cities - Involve more citizens in urban planning - Invest in public spaces and green initiatives	- During the 2025 floods in Pakistan, Bank Alfalah pledged an additional donation of USD 05 Million to support the flood victims. - Partnered with and supported NGOs by providing monetary donations for the rescue and rehabilitation. - To promote Green Banking and sustainable environment, Bank Alfalah is using renewable energy as a shared source of electricity consumption. Currently 184 ATMs are being run on solar panels. Further, Solar Grid Tied System of combined capacity of 222 KW is being installed at three Main building of Bank Alfalah, which will help in reducing the shared electrical load by 10% per premises. As a result, over 260,000 Kgs of carbon dioxide has been offset with clean source of energy. - The Bank follows Building Design Manual which sets green guidelines for sustainable constructions across the bank. - Bank Alfalah Head Office building Karachi is awarded as certified 'Green Office Building' by WWF (World Wildlife Fund). - Some of the key initiatives and improvements at BA building which led BAFL to achieve this milestone are mentioned below.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
				Energy-efficient lighting, Air-conditioning system, Solar system, Green procurement policy, Digitisation, Energy Star products, Communication, Condensed water utilisation for planting, Oil recycling, Trainings
	Sustainable management and use of natural resources (12.2)	Fuel consumption within the organisation is sourced from renewable sources Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples. [GRI Standard 302-1 and 4]	Protect natural resources	To promote Green Banking and sustainable environment, Bank Alfalah is using renewable energy as a shared source of electricity consumption. Currently 184 ATMs are being run on solar panels. Further, Solar Grid Tied System of combined capacity of 1,469 KW is being installed at three Main building of Bank Alfalah, per premises. As a result, over 283 Tons of carbon dioxide equivalent has been offset with clean source of energy.
	Substantially reduce waste generation (12.5)	[GRI Standard 203-2]		Bank Alfalah has taken a significant step towards fostering sustainability by implementing a recycling initiative for the used oil from HVAC/Generators, by partnering with the Environmental Protection Agency approved expert to ensure that used oil undergoes recycling in an environmentally responsible manner. Not only does this initiative contribute significantly to environmental preservation, but it also underscores our steadfast commitment to sustainable practices. 1000 liters of oil has been reclaimed through this initiative.
				- Responsible waste management has been implemented in BAFL main building, 23H and Shahdin Manzil to handle wet, dry and hazardous waste in a safe and responsible manner Key elements of the initiative include: - Efficient waste sorting and disposal to reduce carbon footprint and environmental impact. - Strategic placement of color-coded bins throughout the BA building for seamless waste segregation. - Ongoing Janitorial staff training on sustainable waste management practices. Over 1000 Kgs of waste have been responsibly treated through this initiative.
	Promote sustainable public procurement practices (12.7)	[GRI Standard 203-2]		Bank Alfalah has embedded sustainable procurement practices in its Green Procurement Policy.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
	Strengthen resilience and adaptive capacity to climate-related disasters (13.1)	Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, [GRI Standard 201-2]	Protect natural resources	- The Bank's dedicated Health Safety and Environment unit ensures proper advisory to its staff to stay protected from various weather conditions. Such advisories also contain precautions to be undertaken during such disruptions. - Bank Alfalah, under its #GreenWayForward initiative, has undertaken a large-scale mangrove tree plantation drive, representing a significant step towards sustainability and climate resilience. This initiative aligns with the Bank's ambitious target of planting 100,000 trees across Pakistan by 2030, reflecting its strong commitment to environmental conservation and climate change mitigation. By the end of 2025, a total of 68,000 mangroves have been planted, which are expected to sequester approximately 27,486 tons of carbon dioxide equivalent (CO₂e) over an eight-year period, corresponding to the mean life of mangroves, thereby contributing meaningfully to national and global greenhouse gas reduction efforts.
	Integrate climate change measures into policy and planning (13.2)			The Bank's Business Continuity Plan (BCP) caters to situations having occurrence of any climate related disruption. The BCP involves having critical functions to operate by means of alternate working sites and 'Working from Home' in case of emergency.
	Sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts (14.2)	[GRI Standard 101-1 and 8]	Protect natural resources	Bank Alfalah is supporting a WWF-Pakistan initiative focused on protecting blind dolphins in the Indus River and educating the local community to sustainably manage and thrive in the local ecosystems.
	- Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services (15.1) - Promote the implementation of sustainable management of all types of forests (15.2)	[GRI Standard 101-1 and 8]	Protect natural resources	- Mangrove plantation - 68,000 trees planted till 2025, showcasing the Bank's dedication to environmental conservation and combating climate change. - Pakistan's Independence Day initiative - to encourage people to plant trees as a symbol of patriotism
	Reduce violence everywhere (16.1)	New suppliers that were screened using criteria. [GRI Standard 414-1 and 2]	Limit all forms of violence and conflict by strengthening law and order	Bank Alfalah adheres to the Bank's Exclusion List, which is aligned with the State Bank of Pakistan's Exclusion List. The Bank does not support activities related to weapons and munitions unless the customers hold proper licenses and permits issued by the relevant government authorities.

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
		Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment [GRI Standard 414-1 and 2]		The Bank has a Board approved Procurement Policy. This policy establishes procurement standards, which are primarily based on three pillars, i.e. integrity, transparency, and accountability. These pillars are applied to all activities before awarding any contract/business including contracts for capital expenditure, i.e. purchases or construction work. Suppliers are being screened through World Check application to identify any negative social impact.
	Protect children from abuse, exploitation, trafficking and violence (16.2)	- Operations and suppliers considered to have significant risk for incidents of: - Child labor; - Young workers exposed to hazardous work. [GRI Standard 408-1]		Bank Alfalah complies with its Exclusion List whereby it does not lend money to organisations where child labor is involved.
	Substantially reduce corruption and bribery (16.5)	Significant risks related to corruption identified through the risk assessment. [GRI Standard 205-1]		A Disciplinary Action Committee, led by a senior leader, is in place to oversee all disciplinary matters related to the Bank's operations. Final decisions are made in accordance with local labor laws and applicable regulatory requirements.
	Mobilise resources to improve domestic revenue collection (17.1)	Approach to taxation, including tax governance, control and risk management in line with business strategy and prevailing regulations. [GRI Standard 207-1,2,3and4]	Foster unity and cohesion among all nations to achieve all other SDGs	- Bank Alfalah offers convenient payment options through its Alfa App, Internet Banking and ATMs/CDMs/branches to help in the collection of tax revenue. - The Bank serves as a withholding tax agent for direct and indirect taxes. - Bank Alfalah has robust IT systems in place which ensure proper calculation and deduction of taxes from the customers, vendors, suppliers, employees and depositors at the rates specified by the tax authorities.
	Increase exports of developing countries (17.11)	Significance of the indirect economic impacts [GRI Standard 203-2]		- Bank Alfalah has taken initiatives in line with SBP's measures to uplift export-oriented industries. These initiatives include: - Allocation of additional limit for Export Finance Subsidy Scheme administered by Export-Import Bank of Pakistan (EXIM) to enhance export business in Pakistan. - Preferred FE-25 pricing and treasury rates for top exporters.

Environment, Social and Governance Initiatives and the Bank's Contributions

Background

All three ESG disciplines have distinct set of standards and practices but at a consolidated level, they indicate an organisation's dedication to achieving the greater good for the environment, society and the organisation itself. Shareholders/investors, customers, employees, and other stakeholders expect companies to reduce impacts that their businesses have on environmental and be more transparent about ESG reporting. ESG programme looks at business practices to ensure that the companies actually do what they are required to do. There are important components within each ESG discipline:



Statement of Adoption

The Bank contributes towards the three pillars of ESG to the maximum possible extent.

Board's direction on Strategic ESG objectives

The Bank has adopted ESG as one of its strategic initiatives; the Board approves the strategy.

Demonstrating an ongoing commitment towards a sustainable future, the Bank is dedicated to improving the community's social, economic, and environmental capital sustainably. Moving forward from this, in a strategic move towards sustainable banking practices, Bank Alfalah formalised a Green Banking Advisory Agreement with the International Finance Corporation (IFC). This agreement is a testament to the Bank's commitment to fostering sustainable and accountable banking operations. The partnership encompasses a multifaceted approach aimed at enhancing the Bank's green banking initiatives sustainably and efficiently. This collaboration enables the Bank to explore and capitalise on opportunities in green finance, including green bond issuance and sustainable infrastructure financing.

During the current year, the Bank has also revised its Corporate Social Responsibility and Philanthropy guidelines, driven by a passion for giving back to the community. The policy seeks to strengthen Bank Alfalah's reputation through strategic donations and philanthropic investments, fostering a positive image among its stakeholders.

For additional details on the Chairman's, President's and the Board's sustainability initiatives, please refer to the 'Chairman's Message', 'President and CEO's Message', and the 'Directors' Report' included within this Annual Report.

Compliance Status

The Bank believes in sustainable growth while adhering to the best ESG procedures. The Bank takes guidance from ESG Indicators from the Pakistan Stock Exchange (PSX). Given below are the contributions made by the Bank and steps in progress.

Pillars	Indicators	Supporting Activities in year 2025
Environment	Climate risk	In December 2025, State Bank of Pakistan (SBP) issued Regulatory Framework for the Effective Management of Climate-Related Financial Risks and the Guidelines on Climate Stress Testing 2025. In accordance with the timelines prescribed by SBP, the Bank will integrate climate-related financial risks into its overall risk management framework, with a strong focus on capacity building to ensure it is well equipped to identify, assess, and manage sustainability and climate-related financial risks effectively.
	Renewable fuels	The Bank supports Green Projects based on Renewable Fuels / Energy, including 1) Solar, 2) Wind, 3) Hydro, and 4) Bagasse. For further details, refer to this Annual Report's 'Sustainability' section
	Recycling Processes	The Bank has taken various measures to adopt recycling processes to reduce the impacts on climate. This includes responsible waste management through recycling processes, conservative paper printing and reuse of printed papers throughout the organisation. For further details, refer to this Annual Report's 'Sustainability' section
	Emergency preparedness	The Bank assesses and remains adaptable to the crisis. The bank has board and management level crisis management teams to oversee emergencies and ensure that business continuity plans are in place. For further details on committee TORs, meetings, performance and BCP plans, refer to this Annual Report's 'Governance' section.
	Water management	The Bank takes action to conserve water during its daily operations. Refer to Water Conservation and Sanitation Measures in this Annual Report's 'Sustainability' section
	Greenhouse gas (GHG) emissions	The Bank is working with WWF to identify its carbon footprints.
	Energy Efficiency	The Bank has taken various steps in this regard: 1. Conversion of normal ACs to Inverter ACs/Solar ACs Work from Home on Fridays for all head office buildings in Karachi and Lahore. 2. Opening green branches where they have a lesser dependency on the power grid Making more use of solar energy to full fill the power needs of the Bank. 3. Financing for modernised farming that produces more crop with less water utilisation.

Pillars	Indicators	Some Possible Activities
Social	Health and Safety	The Bank's dedicated Health, Safety, and Environment (HSE) team endeavours for the safety of its employees and customers. Further, the Bank has Employee Welfare programmes to support the medical expenses of employees in need Donations to the Health Sector and to employees affected by floods. For further details, refer to this Annual Report's 'Sustainability' section.
	Employee Benefits	Employees are key stakeholders of the Bank. The Bank takes all necessary steps to implement employee-friendly policies, a conducive working environment, health and safety and fair remuneration. For further details, refer to this Annual Report's 'Stakeholders' section
	Human Rights	The Bank takes all necessary measures to promote human rights on all fronts. Given below are the Bank's contributions: Bank Alfalah complies with IFC guidelines whereby it does not lend money to organisations involved in activities related to child labour; Bank Alfalah offers a six-month paid maternity leave to all female employees and is the only bank to provide a maternity cover incentive to the employees who serve as maternity covers for the women availing maternity leaves; Bank Alfalah actively supports its female and single-parent employees through its childcare policy. This initiative anchors the Bank's commitment to working mothers/single parents as it allows them to arrange a daycare/- caretaker while setting their sights on their careers; The Bank has various employee-centric policies aimed at uplifting the economic status of employees. For further details, refer to this Annual Report's 'Stakeholders' and 'Sustainability' sections
	Diversity and Inclusion	Bank Alfalah embarked upon a Diversity and Inclusion (DandI) journey because it strongly believes in the business and social impact created by a diverse workforce and an inclusive work culture. The Bank wants to build a workforce that is representative of different genders, ages, backgrounds, experiences, working styles and abilities. The Bank harbours a commitment towards fostering a workplace culture where people can bring their best and authentic selves every day. The Bank believes that DandI inspires creativity and innovation unlocks productivity and enhances profitability. For further details, refer to 'Stakeholders' section of this Annual Report.
	Working Conditions	The Bank's professional and experienced HSE (Health, Safety and Environment) and Business Resilience teams continually strive to create a culture that ensures that the Bank's services are made available to customers safely despite any disruptive events or crises. The Bank's frameworks and emergency protocols, proactive planning, training, exercise programmes, advisories and alerts, premises inspections and hazard mitigation plans distinguish the Bank as a standard setter in the industry. For further details, refer to this Annual Report's 'Sustainability' section

Pillars	Indicators	Some Possible Activities
Social	Impact on Local Communities	Bank Alfalah is committed to Corporate Social Responsibility (CSR). The Bank's CSR initiatives have enhanced its reputation by contributing positively to society. Bank Alfalah remained committed throughout the year and contributed to economic, social and environmental development. Above all, Bank Alfalah was at the forefront of efforts to support the vulnerable and underserved segments of society, especially people affected by the floods. The Bank contributes to institutions, projects, and facilities that share the same belief in philanthropy, which is aligned with the Bank's motto of 'giving back to our communities' and adheres to the Bank's CSR policies. These community services create a ripple effect and alleviate hardships for the less privileged in society. Priority CSR areas for the Bank include education, health, social welfare, environmental sustainability, leadership development, and promotion of sports, arts and culture. For further details, refer to this Annual Report's 'Sustainability' section
	Board Diversity and Governance	The Bank follows diversity in forming the Board and senior management, including committees. Further, it covers all governance aspects through the formation of policies. For further details, refer to the Governance section within this Annual Report
Governance	Pay for Performance	The Bank follows remuneration guidelines given by the State Bank of Pakistan. Further, it has board-level committees (Human Resource, Remuneration and Nominations Committee and Compensation Committee) to monitor and ensure transparency in all aspects. The Bank also has a performance-linked appraisal mechanism for its employees. For further details on their TORs, meetings, and committee performance, refer to the Governance section of this Annual Report
	Stakeholder Engagement	The Bank identifies its stakeholders and monitors its relationships through many communication channels, including regular dialogue. The Bank's primary stakeholders are employees, customers, shareholders/institutional investors, suppliers/vendors, analysts and rating agencies, regulatory bodies, society/community, and media. For further details, refer to the Stakeholders Engagement section within this Annual Report
	Shareholder Rights	The Bank protects the rights of all of its shareholders through fair policies, transparent disclosures, and constant engagement to ensure effective communication and informed decision-making. The Bank has deputed qualified staff and a share registrar to handle shareholders' matters and ensure their rights are protected. For further details, refer to the Stakeholders Engagement section within this Annual Report
	Ethical Standards	The Bank adopts fair business practices. It protects the rights of customers. The Bank has Business Ethics and Anti-Corruption Measures in place. For further details, refer to this Annual Report's 'Governance' section.

Certifications Acquired and International Standards Adopted

The Environmental Risk and Green Banking Department is responsible for providing Advisory on SBP's Environmental and Social Risk Management (ESRM) implementation manual so that the Bank's internal customers can easily comply with this regulatory ESRM framework. All personnel in the department have acquired IFC online certification of Sustainability Training and E-Learning Program (STEP).

Bank Alfalah's Business Resilience and Health and Safety team has acquired reputable, industry-wide and internationally recognised degrees and certifications, including National Examination Board in Occupational Safety and Health (NEBOSH) International General Certification, Highfield Awarding Body for Compliance (HABC) Level 2-International Certification in Fire Safety, HABC-Certified International First Aider, Diploma (HSE), ISO 22301 – Business Continuity Management, ISO 45001 – Occupational Health and Safety Management System, CEH, Rescue 1122 Life Saver Program etc.

Governance



Board of Directors



His Excellency Sheikh Nahayan
Mubarak Al Nahayan

Chairman



Mr. Abdulla Nasser
Hawaileel Al Mansoori

Director



Mr. Abdulla Khalil Al Mutawa

Director



Mr. Khalid Mana
Saeed Al Otaiba

Director



Mr. Khalid Qurashi

Director



Dr. Gyorgy Tamas Ladics

Director



Dr. Ayesha Khan

Director



Mr. Atif Aslam Bajwa

Director and CEO



Mr. Efstratios Georgios
Arapoglou

Director

**His Excellency Sheikh Nahayan
Mabarak Al Nahayan**

Chairman

His Excellency Sheikh Nahayan Mabarak Al Nahayan is a prominent member of the ruling family of Abu Dhabi, United Arab Emirates. Currently, His Excellency is UAE Cabinet Member and Minister of Tolerance and Coexistence. Prior to his current responsibility, he served as Minister of Culture and Knowledge Development; Culture, Youth, and Social Development and Minister of Higher Education and Scientific Research. Besides his ministerial responsibilities, he has been playing a leading and distinguished role in the educational advancements, focusing on the role of education in achieving development and progress. His Excellency also holds various offices as Chairman and Director at Board and Trusts along with Patronship of various local and foreign organisations and affiliates. His direct and indirect business interest spread throughout various industry sectors such as banking, telecom, insurance, hospitality, healthcare, construction, and investment management in Pakistan, UAE, Middle East, Europe, and the US.

Moreover, he supports many charitable institutions and devotes special attention to the disabled children as the Honorary President of Future Rehabilitation Center, formerly known as Future Center for Special Needs. His Excellency is also recipient of Pakistan's highest civilian award, the "Hilal-e-Pakistan", which was conferred upon him in 2005 for his contribution to the economic growth of Pakistan. His Excellency received his education from the British Millfield School until the high secondary level before joining Magdalen College at Oxford University-UK.

**Mr. Abdulla Nasser
Hawaileel Al Mansoori**

Director

Mr. Abdulla Nasser is a prominent businessman of Abu Dhabi, UAE. Presently the Chairman of the Board, Al Nasser Holdings and Group Companies which have diversified activities ranging from Oilfield services, Retailing, Investments, Manufacturing Industries, Real estate and Food & Beverage.

He served as a member of UAE Federal National Council, Member of Abu Dhabi Executive Council and Member of the Board of Directors of the Abu Dhabi Council for Economic Development. In addition, he also held Board positions as Director of Mashreq Bank, Director of United Arab Bank and Director of Dubai Islamic Bank.

Mr. Abdulla Nasser holds a B.Sc. (Hons) degree in Electrical Engineering from Swansea University, UK

Mr. Abdulla Khalil Al Mutawa

Director

Mr. Abdulla Khalil Al Mutawa is serving in the position of H.E. Sheikh Suroor Bin Mohammad Al Nahyan Private Office Advisor. He is Chairman of the Board of Makhazen Investment Company in Abu Dhabi and is a non-Executive Member of the Board of EFG Hermes in Egypt. He is also a Board Member of Atlas Group Company- UAE. Mr. Abdulla Khalil Al Mutawa holds a B.Sc. in Business Administration from the University of North Carolina, USA.

Mr. Khalid Mana Saeed Al Otaiba

Director

Mr. Khalid Mana Saeed Al Otaiba is the Office Manager of His Excellency Dr. Mana Saeed Al Otaiba (Personal Advisor to His Highness, the President of UAE). Mr. Khalid is a Director of Alfalah Insurance Company Limited, Pakistan and EFG Hermes Holding, S.A.E. He is also Chairman of Liwa International Investment Tourism and Royal Mirage Hotel & Resort Ltd, Morocco. He is also a Director of Gbantout International. Mr. Khalid Mana Saeed Al Otaiba holds a Bachelor of Arts & Science degree in International Economics from Suffolk University of Massachusetts, Boston, USA.

Mr. Khalid Qurashi

Director

Mr. Khalid Qurashi is a retired banker with considerable international banking experience. He has worked for 38 years with a major US international bank, where his area of expertise was in corporate risk management and profit center/franchise management. He was responsible for risk management for the Middle East, Africa and Turkey operations. He contributed materially to overall institutional policy debate and strategy formulation. Before he took over responsibilities as a risk senior, he managed some large country franchises in the Middle East and Africa, where the portfolio encompassed a wide spectrum ranging from large corporates, to governments, to financial institutions as well as SMEs and PE companies.

Mr. Qurashi has previously served on the Board of Directors of Bank Alfalah from May 2015 to February 2018. He has also served as Board member at TMB Pakistan, NMB Bank Zimbabwe, Citibank Nigeria, Vice Chairman, Citi International Islamic Bank Bahrain and as a consultant at HBL Pakistan.

Presently, he is an independent member of the Board of HBL Bank, UK. He is also an advisor and member of Investment Committee of Sidra Capital, Saudi Arabia, a shariah compliant asset manager that specialises in income generating real estate and private finance strategies. He holds Master's Degree in Business Administration from IBA/Karachi University.

Dr. Gyorgy Tamas Ladics

Director

Dr. Gyorgy Tamas Ladics is a seasoned financial services professional with over 30 years of experience in the financial services industry, formulating digital strategies and businesses transformation globally. He brings extensive experience in Digital Banking, Digital Transformation, FinTech collaboration, Innovation, Business strategy formulation. Skilled in the strategic planning and use of information technology, business processes and providing practical solutions to business issues.

Wide geographical field experience including UAE, Egypt, Africa, India, Pakistan, Central Europe, Russia, Singapore, and Brunei. At present he is Chief Executive Officer of Silverlake Symmetri. In the past, he has worked as Chief Operating Officer at Bank Islam Brunei Darussalam and International Director at Fajr Capital, Chief Technology Officer with Barclays Bank, Emerging Market, Regional Technology Of fice, Dubai, Chief Operating Officer, Prague, Citibank Central Europe Cluster, Head of Operations Citibank Hungary, Budapest etc.

Dr. Gyorgy holds Doctorate Degree in Economics and Master's Degree in Electrical Engineering from Budapest University of Technology and Economics.

Dr. Ayesha Khan

Director

Dr. Ayesha K. Khan is a senior financial services leader, board director, and institutional investor with over two decades of experience across banking, private capital, and corporate strategy in emerging and frontier markets. She is currently Chief Executive Officer and Regional Managing Director of Acumen Pakistan, part of a global impact investment platform with investments across 190+ companies globally. In this role, she is leading the development of Pakistan's first impact PE platform investing in growth-stage agribusinesses building the future of food systems and climate resilience.

Dr. Khan brings deep expertise in corporate strategy, capital allocation, and governance of regulated financial institutions. She previously served as Head of Strategy and Corporate Planning at Habib Bank Limited (HBL), where she worked closely with the Board and senior management on long-term growth strategy, portfolio optimisation, and SME initiatives. Earlier in her career, she was a management consultant with McKinsey & Company in New York, advising global financial institutions on strategy and market expansion.

In addition to Bank Alfalah, she serves as an Independent Director on the boards of Wafi Energy, NRSP Microfinance Bank, and Bulleh Shah Packaging (Pvt.) Limited. She has previously served as an Independent Director on the Board of Fauji Fertilizer Company Limited.

Dr. Khan advises the Government of Pakistan on climate finance and private capital mobilization and serves on multiple national-level advisory committees. Her leadership in unlocking capital for climate solutions has been internationally recognised, including by the Global Landscapes Forum (Germany) and Fin-Erth (UK).

She holds a Doctorate from Harvard Business School, a Master's degree from Harvard University, and a Bachelor's degree in Economics from Princeton University, and has authored Harvard Business School case studies and published in leading journals, including the Harvard Business Review.

Mr. Atif Aslam Bajwa

Director and CEO

Mr. Atif Bajwa has an extensive international career spanning more than 41 years of executive leadership roles in banking, and of multiple boards and public interest positions.

He started his professional journey with Citibank in 1982 and has since held numerous senior positions in large local and multinational banks, including President/CEO of Bank Alfalah, President/CEO of MCB Bank and Soneri Bank, Regional Head of Citigroup for Central and Eastern Europe, Head of Consumer Banking of ABN AMRO's Asia Pacific region, and Country Manager of ABN AMRO Pakistan.

Mr. Bajwa has been active in business, social and public interest areas, and has led key advocacy institutions to impact economic and social sectors. In this regard, he has served as the Chairman of Pakistan Business Council (PBC), and the President of Overseas Investors Chamber of Commerce and Industry (OICCI). He is also serving as the Director on Boards of various private and public sector companies. Mr. Bajwa received his education from the Columbia University, New York.

Mr. Efstratios Georgios Arapoglou

Director

Mr. Takis Arapoglou is a consultant with an earlier career in International Capital Markets and Corporate & Investment banking based in London and later in managing, restructuring and advising publicly listed Financial Institutions and Corporates in Southeastern Europe and the Middle East.

Most recent executive assignments include Managing Director and Global Head of the Banks and Securities Industry for Citigroup (1997-2004), Chairman and CEO of the National Bank of Greece (2004-2009), Chairman of the Hellenic Banks Association (2004-2009), CEO of Commercial Banking at EFG-Hermes Holding SAE (2010-2012). He has an over fifteen years of experience in chairing boards and being a member of boards and board committees of international companies, focusing on Governance, Risk Management, Digital transformation and Sustainability. He is presently holding the following non-executive board positions: Chairman of Bank of Cyprus listed in the Athens Stock Exchange, Chairman of Tsakos Energy Navigation listed in the New York Stock Exchange, independent board member of EFG-Hermes Holding- listed in the Cairo Stock Exchange. He is a member of the Business Advisory Council for the International MBA program at the Athens University of Economics and Business.

He holds degrees in Mathematics, Engineering and Management from Greek and British Universities.

Senior Management



Tahir Khurshid

Group Head, Audit and Inspection

Hasan Ahmed Khan

Head, Treasury Pakistan Operations

Haroon Khalid

Group Head, Compliance and Business Solutions

Aasim Wajid Jawad

Group Head, Strategy, Transformation and Customer Experience

Khawaja Muhammad Ahmad

Group Head, Operations and Corporate Services

Faisal Farooq Khan

Chief Human Resources Officer

Mohammad Raheel Yousuf

Chief Marketing Officer

Anjum Hai

Chief Financial Officer

Faisal Rabbani

Chief Risk Officer



Muhammad Yahya Khan

Chief Digital Officer

Farooq Ahmed Khan

Group Head, Corporate, Investment Banking and International Business

Dr. Muhammad Imran

Group Head, Islamic Banking

Mehreen Ahmed

Group Head, Retail Banking

Atif Aslam Bajwa

President and Chief Executive Officer

Zahid Anjum

Group Head, Special Asset Management

Pervez Shahbaz

Group Head, Global Markets and Treasury

Mian Ejaz Ahmad

Company Secretary and Group Head, Legal and Corporate Affairs

Mohib Hasan Khan

Chief Information Officer



Atif Aslam Bajwa

President and
Chief Executive Officer

Mr. Atif Aslam Bajwa has an extensive international career spanning over 41 years of executive leadership roles in banking, and of multiple boards and public interest positions. He is serving as the Director on boards of various private and public sector companies. Mr. Bajwa received his education from Columbia University, New York.



Farooq Ahmed Khan

Group Head Corporate,
Investment Banking and
International Business

Mr. Farooq Ahmed brings a wealth of experience, boasting a remarkable career spanning over 29 years within the financial sector. His career includes tenures at renowned institutions such as Faysal Bank, MCB Bank, Eco Trade & Development Bank, and United Bank Limited. Prior to his appointment at Bank Alfalah, Farooq held the position of Group Executive-Corporate & Investment Banking Group at United Bank Limited. His impressive credentials extend to his academic background, holding a Master of Business Administration (MBA) degree from John M. Olin School of Business at Washington University in St. Louis, Missouri, USA.



Mehreen Ahmed

Group Head,
Retail Banking

Ms. Mehreen Ahmed is currently heading the Retail Banking Group of Bank Alfalah. She joined Bank Alfalah in April 2012 as the Group Head, Consumer Business and New Initiatives. She carries 37 years of banking and non-banking experience with financial institutions, including Soneri Bank, MCB Bank and Standard Chartered Bank. She holds an MBA degree in Finance and Marketing from the Institute of Business Administration (IBA).



Muhammad Yahya

Group Head, Digital
Banking/Chief Digital
Officer

Mr. Muhammad Yahya Khan joined Bank Alfalah as the Group Head, Digital Banking in February 2018. He has over 29 years of banking and non-banking experience with leading organisations like ICI Pakistan, Engro Chemical, Unilever Pakistan, AXA Sun Life Services (UK), PricewaterhouseCoopers (London), J.P. Morgan Chase Bank (London) and Telenor Bank. He is a Fellow Chartered Accountant and holds an M.Sc. degree from the Cranfield University, UK.



Dr. Muhammad Imran

Group Head, Islamic
Banking

Dr. Muhammad Imran joined Bank Alfalah in August 2018. He has over 28 years of banking and non-banking experience with leading institutions like National Bank of Oman, UBL, Bank Islami Pakistan Limited, Standard Chartered Bank, Shell Pakistan Limited and Philips Pakistan Limited. He holds a Ph.D. in Economics from the University of Karachi and a Master's degree in Business Administration from the IBA, Karachi, where he was awarded a gold medal.



Pervez Shahbaz Khan

Group Head, Global
Markets and Treasury

Mr. Pervez Shahbaz Khan has over 31 years of diversified experience in the field of Treasury and Global Markets both locally and internationally. During his career, he has been associated with Credit Agricole Indosuez, ABN Amro Bank, Citibank, The Royal Bank of Scotland and Askari Bank Limited. He is a business graduate with an MBA degree from the Institute of Business Administration (IBA).



Anjum Hai

Chief Financial Officer

Ms. Anjum Hai joined Bank Alfalah as Chief Financial Officer in November 2017. She has over 31 years of work experience across financial institutions like Soneri Bank Limited, Citibank N. A. Pakistan, Faysal Bank Limited and A. F. Ferguson & Company. She is a Fellow Member of the Institute of Chartered Accountants of Pakistan as well as a Fellow Member of the Associated Chartered Certified Accountants. She also holds an Accelerated Certificate in Company Direction from the Institute of Directors, UK.



Faisal Farooq Khan

Chief Human Resource
Officer, Human Capital
Group

Mr. Faisal Farooq Khan has over 35 years of diversified experience in the fields of Human Resources, Sales and Marketing. During his career, he has been associated with ICI Pakistan Ltd., MCB Bank Ltd., Soneri Bank Ltd. and Khaadi SMC Pvt. Ltd. He holds a Mechanical Engineering degree from NED University and an MBA degree from the Lahore University of Management Sciences (LUMS).



Faisal Rabbani

Chief Risk Officer

Mr. Faisal Rabbani joined Bank Alfalah in November 2018. He has over 35 years of extensive banking experience with renowned financial institutions like Abu Dhabi Islamic Bank (UAE), Noor Bank (UAE), Commercial Banking Group (UAE) and Citibank Pakistan. He has been heading Credits, Risk Management, Commercial Banking, Trade Finance and Cash Management products. He holds a Master's degree in Business Administration from the IBA, Karachi.



Aasim Wajid Jawad

Group Head, Strategy, Transformation and Customer Experience

Mr. Aasim Wajid joined Bank Alfalah as the Group Head, Strategy in June 2013. Prior to this, he served in various senior and leading positions with institutions like United Bank Limited, Associated Industries Garments Pakistan Pvt. Limited, Ernst & Young LLP (London), Deloitte & Touche LLP (London), RSM Robson Rhodes LLP, Chartered Accountants (London) and Blick Rothenberg, Chartered Accountants (London). He is a Fellow Chartered Accountant and holds a Bachelor of Science degree from the London School of Economics.



Khwaja Muhammad Ahmad

Group Head, Operations and Corporate Services

Mr. Khawaja Muhammad Ahmad joined Bank Alfalah in April 2015. He is currently heading the Operations and Corporate Services Group. He has over 32 years of experience in diverse areas of banking with institutions like Standard Chartered Bank, Prime Commercial Bank, The Bank of Punjab, Dubai Islamic Bank (UAE), Allied Bank and Soneri Bank Limited. He holds a Bachelor's degree in Finance from the Drake University Iowa, USA.



Mohib Hasan Khan

Chief Information Officer

Mr. Mohib Hasan Khan joined Bank Alfalah as the Chief Information Officer in January 2016. He holds over 30 years of experience in Information Technology with financial institutions like Habib Bank Limited and Bank Al Habib Limited along with international work experience of handling IT affairs globally in 28 countries. He holds a Bachelor of Engineering in Computer Systems and an MS degree in Electrical Engineering from the NED University.



Haroon Khalid

Group Head, Compliance and Business Solutions

Mr. Haroon Khalid is currently heading the Compliance and Business Solutions Group of Bank Alfalah. He carries over 29 years of banking experience, primarily with MCB Bank, and has 17 years of association with Bank Alfalah since joining the Bank in May 2007. He holds an MBA degree from the Lahore University of Management Sciences (LUMS).



Mian Ejaz Ahmad

Company Secretary and
Group Head, Legal and
Corporate Affairs

Mian Ejaz Ahmad is a distinguished corporate lawyer with over 30 years of experience spanning corporate, banking, civil, labour, and regulatory laws. At Bank Alfalah Limited, he leads the Legal & Corporate Affairs function and serves as Company Secretary, providing strategic advice on governance, compliance, and risk management. He has previously held senior legal leadership roles at Habib Bank Ltd, Faysal Bank Ltd, The Royal Bank of Scotland (Pakistan) Ltd, ABN AMRO (Pakistan) Ltd, and Ramday Law Associates, where he managed complex litigation, contract structuring, regulatory matters, and ensured corporate governance compliance. He holds an LLB degree from the University Law College, Punjab University, Lahore.



Tahir Khurshid

Group Head, Audit and
Inspection

Mr. Tahir Khurshid, with over 29 years of experience, heads the Audit and Inspection Group at Bank Alfalah. He is a Certified Internal Controls Auditor (CICA) from the Institute of Internal Controls, USA. Before joining Bank Alfalah in August 2002, he worked at MCB Bank Limited and Ford Rhodes Robson Morrow.



Zahid Anjum

Group Head, Special
Assets Management

Mr. Zahid Anjum joined Bank Alfalah in August 2018. He has over 32 years of diversified experience with leading commercial banks. His main area of expertise has been Management of Special Assets, Credit Management, and Structuring and Relationship Management. Prior to joining Bank Alfalah, he was associated with Faysal Bank Limited as Head Special Assets Management and Government Relations. He holds a Master's degree in Business Administration and Law from the Punjab University, Lahore.



Mohammad Raheel Yousuf

Chief Marketing Officer

Mr. Mohammad Raheel Yousuf joined Bank Alfalah in May 2018. He has over 24 years of diversified experience in areas of Marketing, Branding and Strategic Planning with institutions like Habib Bank Limited, Group M Pakistan, Manhattan Intl. Private Limited, Adcom Private Limited and Emirates Global Islamic Bank Limited. He holds a Master's degree in Business Administration from the Pakistan Institute of Management.

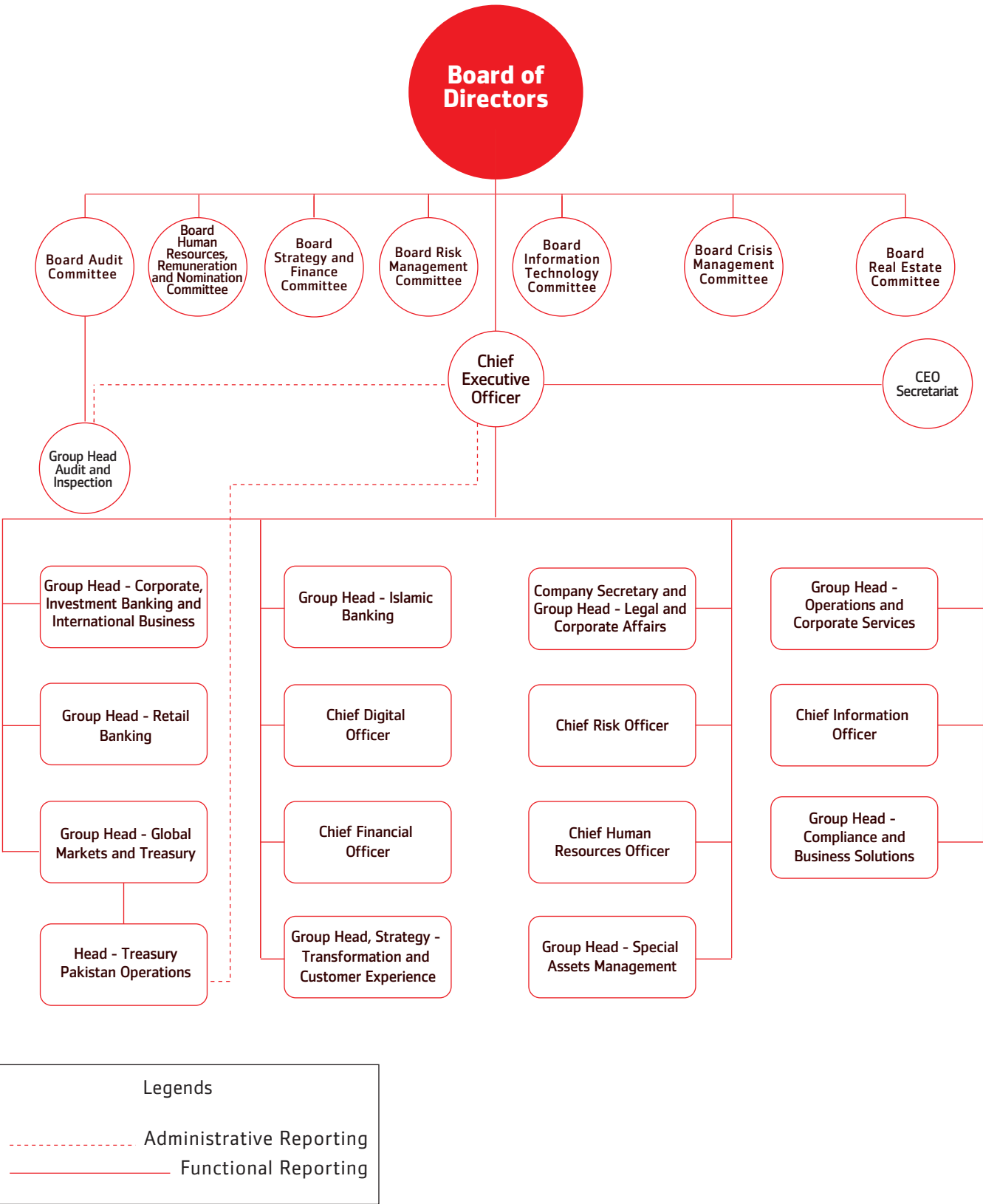


Hasan Ahmed Khan

Head, Treasury Pakistan
Operations

Mr. Hasan Ahmed Khan joined Bank Alfalah in July 2012. He has over 18 years of diversified experience in areas of Treasury, Risk Management and Finance. Prior to joining Bank Alfalah, he was associated with Allied Bank Limited. He holds a Bachelor of Science degree in Computer Science and a Master's degree in Business Administration from the Institute of Business Administration, Karachi.

Organisational Structure



Role of the Board and the Management

Role of the Board

The Board of Directors assumes its role independent of the day-to-day operations run by the Management and focuses on policymaking, governs the affairs of the Bank to achieve strategic objectives, and provides general direction, oversight and supervision of the affairs and business of the Bank. The Board has ultimate responsibility for the strategic direction and control of the Bank. The Board has delegated to the Senior Management Team, under the leadership of the Chief Executive Officer, the responsibility to deliver on the strategic direction and goals determined by the Board. A key function of the Board is to monitor the performance of the Senior Management.

The Board periodically establishes Committees to streamline the discharge of its responsibilities. For each Board Committee, the Board adopts formal Terms of Reference (ToR) setting out the matters relevant to the composition, roles, functions, responsibilities and administration of such Committees. The Board has currently established the following Board Committees:

- Board Audit Committee
- Board Human Resources, Remuneration and Nomination Committee
- Board Strategy and Finance Committee
- Board Risk Management Committee
- Board Information Technology Committee
- Board Crisis Management Committee
- Board Real Estate Committee

The Board Committees' ToR are reviewed both periodically and on need basis. It is intended that each Board Committee has a Non-Executive Director as Chairman of the Committee. As a matter of principle, Committee Members have access to appropriate external and professional advice needed to assist the Committee in fulfilling its role.

Role of the Management

The Management Committees' composition and operating methodologies are covered on coming pages within this section.

The Management of the Bank implements strategies approved by the Board of Directors to generate optimal performance of the Bank. The senior management, under the charge of the President and CEO, executes all goals and objectives of the Bank in line with the company's strategies, risk management, compliance, compensation, and all other Board-approved policies.

Roles and Responsibilities of the Chairman and the CEO

The Chairman of the Board and the Chief Executive Officer of the Bank play a substantial and significant role in the overall growth of the Bank by providing the Management with strategic direction and helping it materialise its Mission and Vision.

In this regard, key roles and responsibilities of the Chairman and the CEO are described below.

Key Roles and Responsibilities of the Chairman

The Chairman of the Board acts as a leading figure for the Board of Directors and is entrusted with numerous responsibilities and roles ranging from monitoring Board level decision-making activities to safeguarding the Bank's commercial interests.

Other responsibilities include:

- To serve as a leader and driving agent of the Board of Directors, monitoring and managing all of its activities, and aligning the Board's goals and decisions with that of the Management;
- To ensure that the Board stays in the right direction with respect to achieving its objectives;
- To preside over the Board's meetings and general meetings and ensure that these meetings are executed productively, and key agenda is discussed along with a valuable conclusion/decision. The Chairman also oversees the Board's key decision-making activities; and
- To exercise powers and authorities that are vested in and conferred to the Chairman under the Terms of Reference of Board Committees as approved by the Board of Directors.

Key Roles and Responsibilities of the President and CEO

The Chief Executive Officer at Bank Alfalah also plays a critical and significant role, and is entrusted with numerous responsibilities, subject to the control and supervision of the Board of Directors.

Key responsibilities include:

- To serve as the link between the Board and Senior Management for execution of Board driven vision and strategies;
- To manage and administer the affairs of the Bank in accordance with laws, rules, regulations, and the Memorandum and Articles of Association of the Bank;
- To comply with and ensure bank-wise implementation of and compliance with all policies, procedures and manuals approved by the Board of Directors, and any directives given by the Board of Directors or Board Committee(s);
- To prepare plans for growth and expansion of the Bank's operations in Pakistan and abroad, and submit the same for consideration and approval of the Board of Directors;
- To appoint, promote, transfer, suspend or dismiss employees of the Bank and fix their remuneration and other entitlements in accordance with the policies and procedures approved by the Board of Directors;
- To deal with, represent, and act on behalf of the Bank before the State Bank of Pakistan, Securities and Exchange Commission of Pakistan, federal and provincial ministries, government departments, local bodies, corporations, courts, stock exchanges, and any other competent authority; and
- To ensure that the Bank performs to the highest levels of ethical, legal and business standards in order to execute the Bank's strategies effectively in line with all applicable laws.
- To ensure that the culture and values of the Bank are upheld at all times, the Board receives timely, accurate and complete information, shareholders' interests are protected in compliance with laws and regulations, meetings are duly recorded, productive participation of board members, and effective resolution of issues.

Board Committees and Terms of Reference

Board Audit Committee

- To oversee the integrity of the accounting and financial reporting processes, including internal controls over financial reporting, as well as of the financial statements with focus on compliance with applicable accounting and reporting standards to give a true and fair view of the financial position and performance of the Bank.
- To oversee the Bank's compliance with legal and regulatory requirements.
- To oversee the Internal Control Framework (both Policies as well as Procedures), established by the Management, to ensure compliance with applicable laws and regulations, and to ensure adherence to Accounting and Reporting Standards.
- To oversee adherence of employees and the Management to the Bank's Control Framework and Code of Conduct.
- To select and recommend appointment of the External Auditor to the BOD, after, thorough analysis of qualification and competence, and ensuring its independence from the Management.
- To review the Management letter and/or any other communication stating significant issues raised by External Auditors and Management response to each of the financial reporting and internal control issues, and to ensure the implementation of recommendations of External Auditors, where considered appropriate.
- To establish and ensure functioning of an independent, objective and competent Internal Audit Group supported by adequate resources.
- To review the performance of Internal Audit Function (IAF) and External Auditors.
- To review and recommend to the Board of Directors amendments in the 'Internal Audit Policy'.
- To ensure the conformance of Internal Audit activities to International Standards for the Professional Practice of Internal Auditors, issued by the Institute of Internal Auditors (IIA) and Information Systems Audit & Control Association (ISACA), where applicable.
- To approve the Audit Manual, Assurance Level and Internal Audit Plan, prepared and presented by CIA/Head of Internal Audit, after thorough discussion and analysis, with prime focus on Risk Based Audit Approach.
- To oversee Shariah Audit Function, Credit Risk Review of the credit portfolio and the Management's actions for identification of gaps, and implementation of controls as a preventive measure against frauds in line with the fraud prevention policy.
- To review and discuss with CIA/Head of Internal Audit, as Secretary BAC, the status of implementation of the Committee's decisions and reasons for any significant delay(s) together with Committee's direction for necessary actions.
- To review the Bank's risk assessment related to Anti-Money Laundering (AML)/Combating the Financing Terrorism (CFT)/ Proliferation Financing (PF)/Targeted Financial Sanctions (TFS) risk factors.
- To review sanctions and CFT statistics of account freeze/unfreeze and statistics of Currency Transaction Reports (CTR) and Suspicious Transaction Reports submitted to the Financial Monitoring Unit.
- To formulate and approve Key Performance Indicators (KPIs) of CIA/Head of Internal Audit.
- To review the effectiveness of Whistle Blow mechanism of the Bank.
- To evaluate, at least annually, its own performance and report the results of such evaluation to the Board, in accordance with the Board Evaluation process.
- To fulfil any other task/responsibility assigned by the Board as well as by the Regulators.

Committee Members

Mr. Khalid Qurashi
Chairman

Mr. Abdulla Khalil Al Mutawa
Member

Mr. Khalid Mana Saeed Al Otaiba
Member

Dr. Ayesha Khan
Member

Mr. Efstratios Georgios Arapoglou
Member

Mr. Tahir Khurshid
Secretary

Meetings held during the year

- 28th January 2025
- 29th January 2025
- 16th April 2025
- 30th July 2025
- 22nd October 2025
- 17th December 2025

Meetings attended during the year

Refer to the table in remuneration framework on coming pages within this section for Directors' participation in the meetings.

Board Human Resources, Remuneration and Nomination Committee

- To ensure that HR policies and practices are in line with market dynamics and the business objectives of the Bank.
- To design competitive compensation programmes that attract, retain and motivate staff to achieve business objectives of the organisation, while enhancing and sustaining shareholder value.
- To review the implementation of the State Bank of Pakistan’s remuneration guidelines and ensure that remuneration policy is aligned with significant requirements of the guidelines.
- To periodically examine the Bank’s remuneration policy.
- To review and recommend the HR policies of the Bank to the Board and ensure development of new policies to help attract, retain, develop and motivate talent.
- To review the Management Structure/Organogram of the Bank.
- To review and recommend the selection/appointment/ reappointment, evaluation, compensation, increments, performance bonuses, fringe benefits, including retirement benefits, and terms and conditions of service agreement of the CEO to the Board.
- To review and recommend to the Board the selection, evaluation and compensation of key executives of the Bank as defined in the State Bank of Pakistan’s Fit and Proper Test Criteria (SBP’s FPT).
- To review and confirm the job descriptions of key executives, and to review and recommend the appointments and promotions of all key executives and general managers.
- To investigate and recommend resolutions to the Board of major violations of the Code of Business Conduct and Ethics that may relate to personnel or internal controls relating to Human Resource policies or benefits.
- To consider/review and recommend to the Board, the remunerations to be paid to the Non-Executive Directors of the Bank for attending Board and Board Committee meetings.
- To review and monitor the training and development budget.
- To evaluate, at least annually, its own performance and report the results of such evaluation to the Board, in accordance with the Board Evaluation process.
- To look after any other matters relating to Human Resource Management.

Committee Members

Mr. Efstratios Georgios Arapoglou
Chairman

Mr. Abdulla Khalil Al Mutawa
Member

Mr. Khalid Mana Saeed Al Otaiba
Member

Dr. Ayesha Khan
Member

Dr. Gyorgy Tamas Ladics
Member

Mr. Khalid Qurashi
Member

Mian Ejaz Ahmad
Secretary

Meetings held during the year

- 29th January 2025
- 29th July 2025

Meetings attended during the year

Refer to the table in remuneration framework on coming pages within this section for Directors’ participation in the meetings.

Board Strategy and Finance Committee

- To assist the Board in performing its functions and responsibilities with focus on policy-making and general direction, oversight and supervision, within the framework of applicable regulations, and without involvement in the day-to-day operations of the Bank.
- To review all matters relating to strategy and finance, as well as all other matters not specifically covered in the Terms of Reference of other specialised Board Committees.
- To review the strategic plan of the Bank and periodically monitor the status of the implementation of the approved strategic plan. To review the annual business and capital expenditure budgets, operational budgets and periodic reviews of the Bank's performance, vis-à-vis the approved budget and in comparison, with peer banks and the industry.
- To review the financial and operational performance of the Bank as well as acquisitions, investments, impairments/write-offs, claims against the Bank, etc.
- To oversee aspects of capital management, including issuance of shares and capital instruments, issuance of cash/stock dividend and capital injection decisions for overseas operations.
- To review and approve capital expenditure, recurring and operating expenses, and write-offs as per defined thresholds.
- To review, obtain updates on and recommend annual branch network expansion plans for approval to the Board, including plans for overseas operations, and establishing companies/operations/offices in new overseas locations.
- To review and recommend Shariah Board reports in compliance with the SBP Shariah Governance Framework, for approval to the Board.
- To review and recommend matters relating to the shareholders and related parties to the Board in consultation with the Chairman.
- To evaluate, at least annually, its own performance and report the results of such evaluation to the Board, in accordance with the Board Evaluation process.

Committee Members

Mr. Abdulla Khalil Al Mutawa
Chairman

Mr. Khalid Mana Saeed Al
Otaiba
Member

Dr. Ayesha Khan
Member

Dr. Gyorgy Tamas Ladics
Member

Mr. Khalid Qurashi
Member

Mr. Efstratios Georgios
Arapoglou
Member

Mr. Atif Aslam Bajwa
Member

Mr. Aasim Wajid Jawad
Secretary

Meetings held during the year

- 29th January 2025
- 27th February 2025
- 16th April 2025
- 30th July 2025
- 2nd October 2025
- 22nd October 2025

Meetings attended during the year

Refer to the table in remuneration framework on coming pages within this section for Directors' participation in the meetings.

Board Risk Management Committee

- To establish and maintain a system to oversee Risk Management policies and principles.
- To review the adequacy and effectiveness of the Risk Management process across the Bank.
- To establish and maintain the Risk Management Framework to identify risks, and to evaluate the alignment and effectiveness of Risk Management activities.
- To review the Bank’s strategy from a risk perspective and ensure that it is prepared in accordance with the Bank’s policies.
- To review and recommend to the Board, the Bank’s overall risk appetite and delineate risk tolerance in relation to credit, market, liquidity, operational, Shariah, legal and outsourcing risk etc., and Trade Based Money Laundering Risk.
- To approve the exposure limits in relation to Risk Management strategies, and review compliance with these limits.
- To ensure a system to identify any exceptions to the appetite/ limits and Risk Management policies and procedures, and to take timely corrective measures.
- To review Risk Management information reports, evaluate findings and the appropriateness of the remedial measures, and direct necessary actions, besides reviewing internal risk rating models, ICAAP, Stress Testing results and recommending the same for the Board approval where required.
- To recommend to the Board the delegation of authorities to Management Committees to achieve the Board mandated strategic direction.
- To oversee implementation of IFRS-9 as per the regulations.

Committee Members

Mr. Khalid Mana Saeed Al Otaiba
Chairman

Mr. Abdulla Khalil Al Mutawa
Member

Mr. Khalid Qurashi
Member

Dr. Ayesha Khan
Member

Mr. Efstratios Georgios Arapoglou
Member

Mr. Atif Aslam Bajwa
Member

Mr. Farhan Ali
Secretary

Meetings held during the year

- 28th January 2025
- 15th April 2025
- 29th July 2025
- 21st October 2025

Meetings attended during the year

Refer to the table in remuneration framework on coming pages within this section for Directors’ participation in the meetings.

Board Information Technology Committee

- To review and recommend the IT Strategy and Digital Strategy of the Bank to the Board.
- To advise and report to the Board on the status of technology activities and digital initiatives in banks.
- To review and monitor the implementation of the SBP's 'Enterprise Technology Governance and Risk Management Framework'.
- To monitor the overall impact of the Information Technology infrastructure and applications on businesses and customers, and to assess and address strategic gaps and issues.
- To monitor, oversee and optimise investments related to technology and capital expenditure related to Information Technology, and to make recommendations to the Board for approval of IT budget.
- To reinforce Information Technology roles and responsibilities through relevant policies and to issue high-level policy guidelines.
- To ensure that effective Risk Management strategies are designed and implemented to achieve resilience, including the ability to respond to wide-scale disruptions, cyber-attacks and attacks on critical infrastructure in an effective manner.
- To monitor and track all major technology related projects, ITG performance and IT services delivery.
- To ensure compliance of regulatory requirements.
- To review IT Capacity Planning and Resource Management, including financial, data and information, infrastructure and assets, human resource staff development, recruitment and the retention of skilled staff, and vendors.
- To evaluate, at least annually, its own performance and report the results of such evaluation to the Board, in accordance with the Board Evaluation process.

Committee Members

Dr. Gyorgy Tamas Ladics

Chairman

Mr. Abdulla Khalil Al Mutawa

Member

Mr. Khalid Mana Saeed Al

Otaiba

Member

Mr. Khalid Qurashi

Member

Mr. Efstratios Georgios

Arapoglou

Member

Mr. Atif Aslam Bajwa

Member

Mr. Aasim Wajid Jawad

Secretary

Meetings held during the year

- 28th January 2025
- 15th April 2025
- 29th July 2025
- 21st October 2025

Meetings attended during the year

Refer to the table in remuneration framework on coming pages within this section for Directors' participation in the meetings.

Board Crisis Management Committee

- To review and recommend the Business Continuity Plan and the Disaster Recovery Plan of the Bank due to the crisis for approval of the Board.
- To identify 'mission-critical' and key risks and take specific and targeted actions to setup a reasonable system of regular and timely reporting of the risks and their mitigants to the Board.
- To assess all impacts of the crisis on business operations, employees, customers and key stakeholders of the Bank, and to suggest measures to manage the same.
- To monitor industry trends, best practices, tools and techniques to deal with the crisis.
- To receive reports and monitor emerging risks due to the crisis at regular intervals and recommend necessary mitigating strategies for the same.
- To review and inform the Board (if necessary) about the communication strategy to deal with the crisis.
- To review the Bank's strategy from a Risk Management perspective to deal with the crisis.
- To assess the financial strength and solvency issues of the Bank during and after the crisis and advise the Board accordingly.
- To highlight most imminent challenges to macroeconomic stability in the banking industry, as a result of crisis.
- To ensure that proper governance principles/procedures and practices are being followed in order to meet any potential litigation/regulatory risk.
- To approve any expenditure, necessary to deal with the crisis.
- To evaluate, at least annually, its own performance and report the results of such evaluation to the Board, in accordance with the Board Evaluation process.

Committee Members

Mr. Abdulla Khalil Al Mutawa
Chairman

Mr. Khalid Mana Saeed Al Otaiba
Member

Dr. Ayesha Khan
Member

Dr. Gyorgy Tamas Ladics
Member

Mr. Khalid Qurashi
Member

Mr. Atif Aslam Bajwa
Member

Mian Ejaz Ahmad
Secretary

No meeting was held during the year

- 9th May 2025
- 16th May 2025
- 11th July 2025
- 22nd August 2025
- 2nd October 2025

Meetings attended during the year

Refer to the table in remuneration framework on coming pages within this section for Directors' participation in the meetings.

Board Real Estate Committee

- To review, recommend and approve real estate proposals of the Bank and to make/amend relevant policies thereunder.
- To review and recommend to the Board any property acquisition proposed by the Management.
- To review and assess the adequacy of its TORs and recommend to the Board any amendments or modifications in the TORs that the BREC deems appropriate.
- To evaluate, at least annually, its own performance and report the results of such evaluation to the Board, in accordance with the Board Evaluation process.

Committee Members

Mr. Abdulla Khalil Al Mutawa
Chairman

Mr. Khalid Mana Saeed Al
Otaiba
Member

Mr. Khalid Qurashi
Member

Mr. Atif Aslam Bajwa
Member

Mian Ejaz Ahmad
Secretary

Meetings held during the year:

- 29th January 2025
- 16th April 2025
- 30th June 2025
- 30th July 2025
- 22nd October 2025

Meetings attended during the year

Refer to the table in remuneration framework on coming pages within this section for Directors' participation in the meetings.

Management Committees

Bank Alfalah has three main Management Committees for the purpose of strategic planning and decision-making under the Chairmanship of the CEO. The Board of Directors has approved the Committees and their TORs. The role of these Committees is to ensure that the activities of the Bank reflect its vision, purpose and aims. They establish the fundamental values, ethical principles and strategic direction in which the Bank operates. These Committees meet regularly and their decisions are communicated to the Board frequently.

1. Central Management Committee (CMC)
2. Central Credit Committee (CCC)
3. Digital Council (DC)

The CMC has formed sub-committees to carry out its mandate. For each sub-committee, the CMC adopts formal TORs, setting out the matters relevant to the composition, roles, functions and responsibilities. The CMC has full authority to review and reorganise the composition and TORs of the sub-committees

Central Management Committee (CMC)

- Atif Aslam Bajwa – Chairman
- Aasim Wajid Jawad
- Anjum Hai
- Faisal Farooq Khan
- Faisal Rabbani
- Haroon Khalid
- Khawaja Muhammad Ahmad
- Mehreen Ahmed
- Mohib Hasan Khan
- Mian Ejaz Ahmad
- Dr. Muhammad Imran
- Muhammad Yahya Khan
- Pervez Shahbaz Khan
- Farooq Ahmed Khan
- Zahid Anjum
- Zahra Anwar Furniturewalla – Secretary

Central Credit Committee (CCC)

- Atif Aslam Bajwa – Chairman
- Faisal Rabbani
- Mehreen Ahmed
- Farooq Ahmed Khan
- Pervez Shahbaz Khan
- Dr. Muhammad Imran
- Muhammad Imran
- Shaykh Zeeshan Rauf
- Beena Fawad – Secretary

Digital Council (DC)

- Atif Aslam Bajwa – Chairman
- Aasim Wajid Jawad
- Anjum Hai
- Faisal Farooq Khan
- Faisal Rabbani
- Haroon Khalid
- Khawaja Muhammad Ahmad
- Mehreen Ahmed
- Mohib Hasan Khan
- Dr. Muhammad Imran
- Muhammad Yahya Khan
- Wajahat Ali Khan – Secretary

Sub-Committees of CMC

Customer Experience Council

- Atif Aslam Bajwa – Chairman
- Aasim Wajid Jawad
- Faisal Farooq Khan
- Khawaja Muhammad Ahmad
- Mehreen Ahmed
- Mohib Hasan Khan
- Dr. Muhammad Imran
- Muhammad Yahya Khan
- Farooq Ahmed Khan
- Aamir Mehmood Gandhi
- Imran Assad Khan
- Muhammad Raheel Yousaf
- Mohammad Hussain
- Syed Muhammad Asif
- Wahab Ahmed Qureshi
- Business Heads (Conventional, Islamic and Corporate)
- Suhail Siddiqui – Secretary

Information Technology Steering Committee (ITSC)

- Atif Aslam Bajwa – Chairman
- Anjum Hai
- Faisal Rabbani
- Khawaja Muhammad Ahmad
- Mehreen Ahmed
- Mohib Hasan Khan
- Dr. Muhammad Imran
- Muhammad Yahya Khan
- Haroon Khalid
- Zeeshan Siddiqui
- Imran Jafri – Secretary

Compliance and Controls Committee (C&CC)

- Atif Aslam Bajwa – Chairman
- Anjum Hai
- Faisal Farooq Khan
- Faisal Rabbani
- Khawaja Muhammad Ahmad
- Mehreen Ahmed
- Mohib Hassan Khan
- Mian Ejaz Ahmad
- Dr. Muhammad Imran
- Muhammad Yahya Khan
- Farooq Ahmed Khan
- Abdur Rehman Khan
- Faisal Ahmed
- Mubashir Mustafa
- Muhammad Ayyaz Ashraf
- Haroon Khalid – Secretary

Asset and Liability Committee (ALCO)

- Atif Aslam Bajwa – Chairman
- Anjum Hai
- Faisal Rabbani
- Mehreen Ahmed
- Dr. Muhammad Imran
- Pervez Shahbaz Khan
- Farooq Ahmed Khan
- Hasan Ahmed Khan – Secretary

Process Improvement Committee (PIC)

- Khawaja Muhammad Ahmad – Chairman
- Haroon Khalid
- Abdur Rehman Khan
- Farhan Ali
- Moiez Ahmed Usmani
- Mubashir Mustafa
- Muhammad Ayyaz Ashraf
- Muhammad Sadiq (observer)
- Syed Irfan Akhtar Gillani (observer)
- Rizwan Aftab (observer)
- Audit and Inspection Group representative (by invitation)
- Afsheen Jalal – Secretary

Investment Committee (IC)

- Atif Aslam Bajwa – Chairman
- Anjum Hai
- Faisal Rabbani
- Pervez Shahbaz Khan
- Farooq Ahmed Khan
- Syed Akbar Ali
- Fahad Rauf – Secretary

Expenditure Approval Committee (EAC)

- Anjum Hai – Chairperson
- Faisal Farooq Khan
- Khawaja Muhammad Ahmad
- Muhammad Azhar Khan
- Muhammad Ashraf
- Wahab Ahmed Qureshi
- Muhammad Sadiq– Secretary

Governance Committee for Overseas Operations (GCOO)

- Atif Aslam Bajwa - Chairman
- Anjum Hai
- Faisal Rabbani
- Farooq Ahmed Khan
- Haroon Khalid
- Pervez Shahbaz Khan
- Muhammad Ehsan ul Haq
- Faisal Rashid – Secretary

Charity Affairs Committee (CAC)

- Atif Aslam Bajwa – Chairman
- Anjum Hai
- Dr. Muhammad Imran
- Mehreen Ahmed
- Farooq Ahmed Khan
- Waleed Bin Niaz - Secretary

Donation Committee (DOC)

- Atif Aslam Bajwa – Chairman
- Faisal Farooq Khan
- Anjum Hai
- Mehreen Ahmed
- Haroon Khalid
- Mohammad Raheel Yousuf
- Imran Asaad Khan
- Madiha Javed Qureshi- Secretary

Sustainability Committees

- Atif Aslam Bajwa - Chairman
- Anjum Hai
- Khawaja Muhammad Ahmad
- Farooq Ahmed Khan
- Faisal Farooq Khan
- Faisal Rabbani
- Mohib Hassan Khan
- Aasim Wajid Jawad
- Mehreen Ahmed
- Dr. Muhammad Imran
- Nadira Saeed- Secretary

Other Committees

- Crisis Management Team
- Disciplinary Action Committee
- Diversity, Equity and Inclusion Council
- Employee Welfare Programme Committee
- Grievance Committee
- Harassment Inquiry Committee
- IFRS 9 Steering Committee
- Management Oversight Committee
- Outsourcing Review Forum
- Branch Audit and Governance Improvement Forum (BAGIF)
- Fraud Risk Management Committee

Review Report by the Chairman on the Board's Overall Performance

The Bank complies with the requirements set out in the Companies Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2019 and SBP Circular No. 11 of 2016 dated 22nd August 2016. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Bank Alfalah Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of the objectives set for the Bank. Areas requiring improvement are given due consideration, and action plans are framed.

In addition to the annual independent review, the Chairman of the Board, as part of his responsibilities, arranges an annual review for the performance of the Board. The key areas reviewed during the year were independence, contribution and attendance at Board meetings, interaction with the CEO, the Company Secretary and Senior Management, ability to communicate issues of importance and concern, their knowledge and effectiveness at meetings, and the overall time and commitment to their role on the Board.

The appraisal process concluded that each director is performing well and is committed to their role in terms of dedication of time and attendance at meetings. No area of significant weakness was identified, and it was concluded that the Board and its Committees operated effectively throughout the period under review.

Annual Evaluation of the Board, Committees and Individual Directors' Performance

The Board of Directors at Bank Alfalah is responsible for devising strategies that help the Bank in reaching its desired goals, monitoring the overall performance of the Bank, providing the Management with strategic direction, and ensuring the Management's compliance with the regulatory regime, including the SBP's requirements and the Code of Corporate Governance and Ethical Conduct.

In order to ensure that interests of stakeholders in the Bank are protected, the Board plays a pivotal role as a fiduciary to act and communicate with the Management on their behalf.

The roles and responsibilities as specified by relevant laws / regulations, the State Bank of Pakistan's prudential regulations and its guidelines are well-defined.

Descriptive evaluation criteria have been established at Bank Alfalah to evaluate and monitor the performance of the Board, the Committees, individual Directors including independent Directors, the Chairman and the Chief Executive Officer, and to ensure that the desired purpose is effectively achieved. The evaluation criteria take into account numerous factors to assess the functions and behaviours thereof.

Key performance indicators or criteria that are in place to benchmark the Board and its Committees, the Chairman and the CEO's performance include:

- Strategic Direction: To ensure that the Board is actively involved in setting and devising key strategies that provide the Bank with futuristic directions going forward, and to ensure that all Management proposals, challenges, assumptions and alternatives are duly considered prior to deciding such strategy.
- Management's Performance: To ensure that the Management's performance and its progress towards achieving its set targets are periodically monitored by the Board.
- Performances of the Individual Directors and Committees: To gauge the contribution of individual Board Members and Committees towards achieving the strategic goals of the Bank. This helps the Bank measure the level of awareness of key responsibilities, establish the current baseline of the Board's performance, identify critical gaps in key areas of

Board effectiveness, measure the degree of alignment among the Board Members, focus on high impact, low performance areas, create Board effectiveness improvement plans, and execute and follow-up on improvement plans.

- Internal Controls: To oversee and ensure that an appropriately designed Internal Control Framework is in place and is tested at regular intervals to address all types of key risks.
- Audit and Compliance: To ensure that there is an active compliance function in the Bank, and to monitor its compliance with external laws and regulations and internal codes, and also to monitor the organisation's abidance by audit principles.
- Understanding of Corporate Governance and Conduct Code: To ensure that the Directors fully understand the Bank's agreed policies on Corporate Governance and Ethics.
- Understanding of Roles and Responsibilities: To ensure that the Board has a clear understanding of the Bank's goals, vision and mission statements.
- Directors Remuneration: To ensure competitive compensation that attracts experienced professionals and motivates them to contribute effectively, while complying with the statutory guidelines and requirements.
- Committee Composition: To ensure that each of the Board Committees is appropriately structured to effectively achieve its underlying goals and objectives, and its key functions are also clear and well-defined.

The Board of Directors, in addition to numerous other functions and responsibilities, also holds a duty of care and loyalty towards the Bank to act honestly in the interests of the Bank, and exercise its roles with complete integrity and care.

The evaluation framework established assesses the Board's performance on numerous criteria, including those described above.

Over the past years, the Board of Directors at Bank Alfalah has efficiently fulfilled their vested roles and responsibilities towards stakeholders and the Management to steer the Bank in the right direction and ensure maximum shareholder value.

Board's Performance Review by the External Consultant

The State Bank of Pakistan (SBP), through BPRD Circular No. 11 of 2016 dated 22nd August, 2016, mandated that the Board of every bank must carry out a formal annual performance evaluation of the Board, its committees, and individual Directors. The circular also requires performance evaluation by an external independent evaluator at least once every three years.

M/s Pakistan Institute of Corporate Governance (PICG) carried out the performance evaluation of the Board, its sub-committees and the Directors, for the year 2024, as an External Independent Evaluator. The performance evaluation report was submitted to the Chairman and other Board members for their review and information.

Other Matters Relating to Governance

Leadership Structure of those charged with Governance

The Bank’s operations are governed under the Board of Directors. The Board comprises of non-executive directors and an executive director. The Chairman leads the Board. The Directors’ profiles, describing their experience and education, have been disclosed at the start of this section.

Non-Executive Directors

At present, all Directors on the Board are non-executive (including one female and three independent directors) except the President/CEO of the Bank. The non-executive directors provide an outside viewpoint to the Board. They are neither involved in management of day-to-day affairs of the Bank, nor are they from the Executive Management Team of the Bank.

Independent Directors and their Independence

The Board has three (03) independent Directors who meet the criteria of independence stipulated under the Company Act, 2017 and the directives issued by the State Bank of Pakistan (SBP).

Independent Directors of the Bank play a vital role in the independent functioning of the Board. They bring in an external and broader perspective to decision-making by the Board.

Below are the details of independent Directors on the Bank’s Board:

Name of Independent Directors	Justification for Independence
Dr. Gyorgy Tamas Ladics	• They meet the criteria of independence in all aspects as stipulated under the Companies Act, 2017 and the directives issued by the SBP. • As per legal requirement, they were selected from the databank maintained by the PICG.
Mr. Efstratios Georgios Arapoglou	
Mr. Khalid Qurashi	

Executive Director(s) and their Directorship

The Executive Director on the Bank’s Board, Atif Bajwa, is serving as a non-executive Director/Member on the Board of ten (10) other companies/institutions.

Diversity in the board

The importance of diversity and inclusion for boards is well-founded. In addition to reflecting shared social values, diverse board composition is a significant and measurable contributor to board effectiveness. Deep insight, multiple perspectives, and a wealth of experience are necessary for robust discussions of challenging issues. Businesses face many challenges and complexities, so having a broad set of competencies as a primary asset is crucial to overcoming them.

Bank Alfalah has a diverse board which results into effective decision-making, guidance, and risk management. The Bank’s Board is composed on the basis of above diversity factors. Please refer to the Directors’ profiles disclosed at the start of this section.

Representation of Female Director on the Board

Dr. Ayesha Khan is the female Director on the Board, who is also a Non-Executive Director.

Election of the Board of Directors

The election of the Board of Directors of the Bank was held on 27th May, 2024 and the shareholders elected nine (9) Directors for a period of three years.

Casual Vacancies on the Board of Directors

During the year 2025, no casual vacancies occurred on the Board of Directors.

Directors’ Orientation

Directors’ Orientation refers to the process of helping new Directors contribute fully, and as early as possible in their tenure, to the governing work of the Board. The objective of the orientation is to enable the Directors to:

- Understand their roles, responsibilities and time commitment to governance work around the Board and Committees;
- Be aware of the current goals, opportunities and challenges facing the organisation;
- Be aware of who the organisation's main stakeholders are, including clients, partners, public, as well as the staff;
- Develop an understanding of how their own background, knowledge, experience and skills will contribute to the current work of the Board, and the goals of the organisation;
- Appreciate the background, knowledge, experience and skills of other Directors;
- Gain knowledge of how the Board meetings are run, decisions are made, and what formal governing policies and practices exist; and
- Understand how the Board functions similarly or differently from other boards they have served on, or are serving on.

Directors' Training Programme

The Bank is fully compliant with the criteria and requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (CCG-2019).

The Bank arranged Directors' Training Programme named 'Corporate Governance Leadership Skills (CGLC) – Directors Education Programme' as per the SECP's approved criteria from the Pakistan Institute of Corporate Governance (PICG) for its Board Members as well as Executives. The following Board Members have undertaken the said training:

Board Members:

- Dr. Ayesha Khan
- Mr. Khalid Qurashi
- Dr. Gyorgy Tamas Ladics
- Mr. Atif Aslam Bajwa

The other Directors, with a minimum of 14 years of education and 15 years of experience on the Board of a listed company, local and/or foreign, stand exempted from the Directors' Training Programme as allowed under Code of Corporate Governance (CCG), 2019.

Executives of the Bank who attended the training:

In addition to the Directors, the following Key Management Personnel attended the training:

- Chief Financial Officer,
- Group Head Audit and Inspection,
- Group Head Operations and Corporate Services,
- Chief Information Officer,
- Chief Digital Officer,
- Group Head Islamic Banking,
- Group Head Global Markets and Treasury,
- Chief Human Resource Officer,
- Chief Risk Officer,
- Group Head Compliance and Business Solutions.

Related Party Transactions

Bank Alfalah Limited enters into transactions with its related parties in its daily operations.

The Bank enters into such transactions to meet its business objectives, and at the same time the Bank recognise the need to maintain transparency and to fulfil the obligations towards the stakeholders, including shareholders, regulators, employees, etc. The Bank believes that there must not be any conflicts of interest or non-disclosure of such transactions.

To meet this objective, the Bank has a Related Party Transactions Policy, which aims at ensuring that it follows transparent and compliant procedures and guidelines to enter into such transactions. This policy is subject to guidance from the SECP and/or actions taken by the Company's Board of Directors or the Board Audit Committee. The purpose of this policy is to ensure that Bank Alfalah meets its obligations under:

- The Companies Act, 2017;
- The Banking Companies Ordinance, 1962;
- The Corporate Governance Framework / Prudential Regulations of State Bank of Pakistan;
- The Code of Corporate Governance;
- Pakistan Stock Exchange (PSX) Rule Book; and
- Applicable International Financial Reporting Standards.

Names of related parties in Pakistan and outside Pakistan, with whom the Bank had entered into transactions or had agreements and/or arrangements in place during the financial year, along with the basis of relationship, including common directorship and percentage of shareholding, have been disclosed as part of the

- Organisational Review (subsection: Group Ownership Structure),
- Governance (subsection: Board of Directors – details and shareholding), and
- Financial Statements of the Bank (Related Party Transactions).

Such disclosures are in line with regulatory requirements.

Conflicts of Interest

The Directors have the ultimate responsibility for managing the affairs of the Bank and, accordingly, hold fiduciary duties of care and loyalty to the Bank and its shareholders. One of the key duties that Directors owe to the Bank is the duty to avoid conflicts of interest. This includes not placing one's self in a position where the Director's personal interest could possibly conflict with their duty to the Bank.

Conflicts may arise in several situations. Typical scenarios are:

- Where the Directors have a direct or indirect material interest in a transaction that the Bank enters into;
- Where the Directors hold positions or offices or possess a property that may result in conflicting duties; and
- Where the Directors stand to benefit from information received by them, or opportunities made available to them in their capacity as Directors or officers.

The Bank has a conflict-of-interest policy and exercises particular care in monitoring whether it is placed in a position of actual or potential conflicts.

In dealing with conflicts of interest, the Bank pays close attention to the:

- Provision of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019;
- SBP's Corporate Governance Regulatory Framework; and
- Article of Associations of the Bank;
- Conflict of Interest Policy of the Bank.

Managing and monitoring conflicts of interest:

- The Directors are well-versed in their responsibilities to act in the best interests of the Bank and investors and to refrain from any conduct that may be considered adverse or contrary to the interests of the Bank and investors;
- The Directors are required to disclose their (along with family members) interests to the Bank before entering into any such transaction as per the manner prescribed in the applicable laws and regulations; The concerned Director, if any, does not participate in any deliberation, decision-making, proceeding, or investigation action by the Board of Directors in case of a conflict of interest.
- Insider Trading is prohibited, and the records of persons having access to sensitive information are maintained in an insider register.

The ultimate objective of procedures to deal with conflicts is the protection of the Bank's interest and the promotion of transparency for the benefit of the shareholders.

Governance of Risk and Internal Controls

The Board oversees matters relating to risks, compliance and internal control matters through its committees. These committees include Board Risk Management Committee, Board Strategy and Finance Committee, Board Audit Committee and Board Crisis Management Committee.

For the governance of risk, please refer to 'Risk and Opportunities' section of this Annual Report.

For governance of internal controls, please see 'Statement of Internal Controls' within this section of this Annual Report.

External Oversight and Measures Taken to Enhance Credibility of Internal Controls

In alignment with its commitment to safeguarding operational integrity and security, the Bank ensures that its systems and controls are periodically reviewed by regulators and independent auditors. Additionally, where required by regulatory standards or internal policies, the Bank undertakes internal assessments to confirm that its control environment remains robust and effective.

The Compliance Group's Internal Control Division (ICD), through its regular onsite visits and offsite thematic reviews, facilitates the Management in timely identification and resolution of key control/compliance risk exposures, which can affect the Bank adversely. Besides ICD, other units of Compliance Group, vis-à-vis Customer Due Diligence (CDD) Department and Compliance Risk Management Unit are also integral parts of the Bank's framework, helping the Bank improve controls. The Bank has an online Internal Controls Dashboard (ICD Dashboard) for centralised monitoring of controls. It serves as a tool to enhance the entity wide coverage of control risk exposure through timely identification of operational and regulatory risks, including control breaches at the branches and other functions.

Please refer to the Bank's 'Statement of Internal Controls' within this section for specific measure taken to improve internal controls.

Please refer IT Governance and Cybersecurity section for updates on Bank's actions towards internal controls enhancement and oversight actions.

Board's Policy on Diversity

The Bank recognises and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include, and makes good use of, differences in the knowledge & skills, competencies, regional and industry experience, background, gender, race, caste, creed and other distinctions between Directors. These differences determine the optimum composition of the Board, and should be balanced appropriately, when possible. All Board appointments are merit-based, in the context of the skills, experience, independence and knowledge, which the Board as a whole requires to be effective.

Anti-harassment Policy to safeguard the rights and well-being of employees

Bank Alfalah believes in providing its employees, irrespective of gender and without prejudices, a working environment where they feel completely secured and satisfied to perform at the optimum level. The Bank, being an equal opportunity employer, provides a progressive environment for all its employees where their rights and well-being are safeguarded irrespective of their cast, creed, religion or gender.

Female employees form a formidable work force of the Bank and essentially deserve complete protection. They are mutually respected and protected by the fellow employees and the complaints of mistreatment, bias or prejudices are rare. However, in order to benefit them from Country's commitment to effectively safeguard them from perpetrators, the Bank has adopted and enforced provisions of 'The Protection Against Harassment of Women at the Workplace Act 2010' bank-wide.

Although the provisions of The Protection against Harassment of Women at the Workplace Act 2010 place no discrimination between male and female; however, because in overwhelming cases sexual harassment is faced by women, the female employees have been particularly focused for the purpose of providing protection under the said enactment. The sexual harassment as defined by the Act means any unwelcoming sexual advance, request for sexual favors or other verbal or written communication or physical conduct of a sexual nature or sexually demeaning attitudes, causing interference with work performance or creating an intimidating, hostile or offensive work environment, or the attempt to punish the complainant for refusal to comply with such a request or is made a condition for employment.

Under the Act, the Management has been made responsible to follow Code in letter & spirit for implementation of provisions and ensure that each complaint of sexual harassment is addressed responsibly through fair, impartial and just Inquiry process without any retaliation or victimisation towards the complainant or the witness of the incident.

An inquiry committee has been constituted at Bank's level to handle cases relating to sexual harassment. With a view to run the process smoothly and efficiently, Inquiry Committee shall function under Chairman or Co-Chairman, as the case may be, comprising of three members, one necessarily being a woman whereas the other being a senior representative from the employees. In case a complaint of sexual harassment is received against any of the members of Inquiry Committee replacement of member shall be made for that specific case.

Informal and formal procedure regarding complaint handling has been devised and defined in the Human Capital Group policy document for expeditious and meaningful resolution.

Policy for Remuneration of Non-Executive Directors including Independent Directors

The Bank has a policy for remuneration of non-executive Directors duly approved by the shareholders in the 28th Annual General Meeting held on 27th March, 2020 and amended on 29th Mar 2022 in the 30th Annual General Meeting. The policy sets out the methodology and scale of remuneration for non-executive Directors, including independent Directors. It ensures that Board Members are adequately and fairly compensated in line with their responsibilities, experience and skillset. The remuneration policy is in compliance with all laws and regulations, including the SBP guidelines.

Please refer to the Remuneration Framework within this section for further details. The meeting fee is disclosed as part of administrative expenses, and compensation of Directors and key management personnel notes to the financial statements.

Policy for Fee Earned by the Executive Directors

The Executive Director of the Bank serves as a non-executive Director on the Board of some other companies. The Director, may or may not, depending upon the remuneration policy of such companies, receive fee for attending the meetings.

Foreign Directors' Security Clearance

Foreign Directors elected on the Board of the Bank require security clearance from the relevant Ministry. All legal formalities and requirements in this regard are met.

Details of Board Meetings held outside Pakistan

During 2025, four Board meetings were held outside Pakistan; all the meetings included a web link/video conference facility.

Human Resource Management Policy and Succession Planning

Bank Alfalah is committed to cultivating a culture that keeps its human capital motivated, engaged, and content, facilitating the achievement of strategic objectives through a consistent focus on capacity building, alongside competitive rewards. The Human

Capital Group (HCG) is entrusted with the responsibility of ensuring employee happiness and well-being, fostering a values-driven culture.

Seamless succession planning ensures a thriving future by cultivating and empowering a pipeline of capable leaders. Emphasising Succession Planning, the Bank aims to nurture existing talent into capable, satisfied, and engaged individuals prepared to assume future strategic roles. To ensure the same, the Bank diligently assesses and manages talent to identify, develop, and strategically place individuals to ensure a smooth transition of leadership roles.

The detailed procedures and approaches toward employee engagement and management are elaborated in the 'Stakeholder Relationship and Engagement' section within this Annual Report.

Social and Environmental Responsibility Policy

Bank Alfalah places a strong emphasis on its social and environmental responsibilities, viewing them as integral aspects of its operational ethos. The Bank is unwavering in its commitment to comprehending, monitoring, and effectively managing its social, environmental, and economic impacts. This commitment aligns with broader sustainable development goals, embodying the Bank's dedication to contributing positively to society.

The following guiding principles underscore the Bank's approach:

- Instil the vision for a secure, eco-friendly, and socially responsible culture throughout the organisation.
- Manage the activities effectively to minimise environmental impact.
- Support local employment and entrepreneurship initiatives.
- Collaborate with the community to contribute to the development of infrastructure, health, education, training, and cultural activities.
- Ensure compliance with both local and international social and environmental laws.
- Increase the frequency of social welfare activities. Introduce cutting-edge products that encourage environmentally friendly procurement.
- Maintain a continuous focus on safe and environmentally conscious building designs.
- Collaborate with employees, customers, and all stakeholders for mutual benefits.
- Develop mechanisms and processes for the preservation of natural capital.
- Implement comprehensive policies for managing and reporting on procurement, waste, and emissions.
- Bank Alfalah has a comprehensive Green Procurement Policy in place, which addresses the

effective and responsive procurement practices.

- Responsible waste management is implemented in BAFL main building to handle wet, dry and hazardous waste in a safe and responsible manner
- Reduce GHG emissions by installation of Solar Panel System and transitioning from conventional products to Energy Star products.

This comprehensive set of principles reflects Bank Alfalah's holistic and proactive approach to social, environmental, and economic sustainability, reinforcing the commitment to create a positive impact.

For more details, please refer to the 'Sustainability and Corporate Social Responsibility' section of this Annual Report.

Stakeholder Engagement and communication Policy and Procedures

Stakeholder engagement is an integral part of developing an understanding of the stakeholders' needs, interests and expectations, assisting the Bank with strategic and sustainable decision-making. Stakeholders are those individuals, groups of individuals, or organisations that impact and/or could be impacted by the Bank's activities or services, and associated performance.

Bank Alfalah identifies its stakeholders and monitors its relationships through a multitude of communication channels, including regular dialogue. The Bank's primary stakeholders are the employees, customers, shareholders / institutional investors, suppliers / vendors, analysis and rating agencies, regulatory bodies and society / community and Media.

The Bank's stakeholder engagement principles state that:

- The Bank is committed to engage with its stakeholders in a respectful and constructive manner, listening to concerns and suggestions with an open mind;
- The Bank strives to be reasonably accessible to its stakeholders, responsive to legitimate stakeholder concerns and transparent in its stakeholder engagements; and
- All business functions are primarily responsible for managing engagement with their material stakeholders in line with relevant standards, policies and guidelines.

For more details on policies and procedures adopted by the Bank for communicating with various stakeholders, please refer to 'Stakeholder Relationship and Engagement' section of this Annual Report.

Investors Engagement and Grievance Management Policy

The Bank has a two-pronged strategy for investor engagement and grievance management.

A fully functional Investor Relations (IR) Department ensures that all material developments are communicated to investors via statutory announcements and quarterly result briefings, and the presentation material of these briefings is readily available on the website and can be accessed by investors. In addition, designated personnel in the IR Department are available to meet all the stakeholders, including investors, and address their queries. Also, the Bank's IR team regularly participates in both domestic and international conferences and roadshows to engage with all the stakeholders. It seeks their feedback to ensure that feedback from international investors is also sought on a timely basis.

The other part of the strategy pertains to operational logistics where the Bank's in-house staff and contracted third parties (Share Registrar, etc.) strive for timely dissemination of dispatch material to shareholders. However, in the event of any grievances registered by shareholders, there is dedicated staff in the Company Secretariat to address all such concerns. The contact details of the designated people are prominently displayed in the relevant section of the Bank's website, and shareholders can reach out with their complaints electronically, over the phone or in writing. All grievances/complaints of shareholders are addressed promptly by the Bank.

The investors or shareholders can visit the Investor Relations page of the Bank's official website at <https://www.bankalfalah.com/investor-relations> for guidance and resolution of their grievances relating to shares. For general queries, investors/customers can visit <https://www.bankalfalah.com/contact-us/>.

For details on investor engagement, please refer to the 'Stakeholder Engagement and Relationship' section of this Annual Report.

Employee Health, Safety and Protection

Bank Alfalah is committed towards the health, safety and protection of its employees. It has an established and dedicated unit to implement and monitor health & safety related matter. For more details, please refer to 'Sustainability and Corporate Social Responsibility' section of this Annual Report.

Whistleblowing Policy and Procedures

Overview

In line with the goal of maintaining the highest standards of ethical, moral and legal business conduct, the Bank has established a Whistleblowing Policy to ensure that any concerns raised in relation to unethical practices, corruption and/or fraudulent activities that may cause damage to the Bank's assets/reputation, are duly addressed.

This reinforces focus and commitment to create an environment of trust and transparency, which subsequently nurtures a culture based on honesty and the highest ethical standards.

Purpose

The core purpose of the Whistleblowing Policy is to provide a safe and secure channel to internal as well as external stakeholders (i.e. the staff or any other person) with genuine suspicions about any wrongdoing/irregularity, to raise concerns/complaints without any fear of reprisal or adverse consequences. The objective of this policy is to encourage everyone to come forward and register concerns through a secure and confidential channel for the redressal of complaints and concerns or for further detection or prevention of any impropriety or malpractice in order to safeguard the interests and reputation of the Bank. It remains an ethical responsibility of all Directors, Senior Management and employees to report violations in accordance with the approved Whistleblowing Policy.

Scope

The policy encompasses voluntary disclosures by a person about any type of actual or suspected wrongdoings/improprieties at the individual /organisational level, including unethical or fraudulent activities and misconducts that may pose serious threats to the Bank's operations, financial performance or reputation.

Process of the Whistleblowing

Any person with the intention to disclose any wrongdoing/impropriety, whether actual or suspected, with reasonable evidence, should report it in writing to the Group Head, Audit and Inspection Group. This can be done either through email at whistleblowing@bankalfalah.com, surface mail, calling the whistleblower landline number, or interoffice mail at the official address of CIA/Head of Internal Audit by marking the envelope as 'Confidential'. Keeping in view the nature, materiality and seriousness of the allegation, CIA/Head of Internal Audit decides whether it requires immediate investigation/audit. All complaints are

subject to review by Chairman BAC without any exception.

Protection for Whistleblower

The identity of the whistleblower is kept confidential, and it remains the Management's responsibility to ensure that no harm comes to the whistleblower by virtue of his act of blowing the whistle in good faith.

Number of Instances during the Year and Reporting to Audit Committee

Reported instances are presented through the Group Head, Audit and Inspection, for oversight of the Board Audit Committee (BAC) in BAC meetings. The instructions from BAC (if any) are immediately circulated to the concerned departments for enforcement of actions required in real-time. 111 whistles were blown during the year 2025 and details thereof were duly submitted to BAC.

Policy for Safety of Records

Effective records management is fundamental to delivering services with efficiency and accountability. It ensures timely access to accurate information, enabling informed decision-making while safeguarding the interests of employees, regulators, and customers. Records also serve as essential evidence of operations and help fulfil regulatory, legal, and business obligations.

The Bank acknowledges the importance of managing records throughout their lifecycle to support core functions and maintain compliance with applicable requirements. The Bank strive to balance transparency with the responsibilities as a financial institution by systematically creating, managing, storing, and securely disposing of records. To achieve this, the Bank has implemented a comprehensive Document Management System supported by a dedicated team that ensures records are maintained in accordance with established procedures.

In addition, all digital records are protected through automated, scheduled backups using industry-standard tools. The Bank conducts regular resilience testing to validate recovery strategies for critical systems. The Bank maintain PCI-DSS compliance, apply encryption to safeguard sensitive data, and have successfully deployed a Data Loss Prevention (DLP) framework to strengthen information security.

Opportunity to shareholders for participation in AGM

Any general meeting called on by the Bank is informed to all shareholders through proper notice in line with regulatory instructions. Further, public awareness message is also sent through newspaper and stock exchange notices. Through this manner, the Bank

ensures that each and every shareholder has an opportunity to become aware about the meeting and make for participation in the meeting.

Business Resilience (Business Continuity Plan) and Disaster Recovery Planning

The Bank has established a robust business resilience framework designed to ensure uninterrupted access to services, even during crises or unforeseen disruptions. The Business Continuity Plan (BCP) serves as a structured guide for the resilience team and relevant stakeholders, enabling a coordinated and timely response to unexpected events.

By integrating Business Continuity Management (BCM) across people, facilities, systems, and key third-party dependencies, the Bank fosters a culture of adaptability and preparedness. This approach is supported through proactive planning, regular maintenance, and comprehensive testing.

To safeguard critical operations, the Board of Directors has endorsed well-defined procedures that enable essential business functions to resume promptly and continue with minimal disruption in the event of an emergency.

A cornerstone of the continuity strategy is ongoing training and testing of critical functions. These exercises ensure teams remain fully aware of their roles and responsibilities during emergencies and validate departmental recovery plans against established benchmarks, including Recovery Time Objective (RTO), Recovery Point Objective (RPO), and Maximum Tolerable Downtime (MTD) as defined below;

Recovery Time Objective (RTO): The period of time within which the process should be recovered after an outage.

Recovery Point Objective (RPO): The point in time when the data must be restored in order to perform the process. RPO is the basis on which a data backup strategy is developed.

Maximum Tolerable Downtime (MTD): The period of time within which the process should be recovered after an outage.

Business Ethics and Anti-Corruption

Bank Alfalah has a zero-tolerance policy regarding corruption and bribery. The Bank expects all employees to conduct themselves in accordance with the highest standards of personal and professional integrity, and to comply with all laws, regulations and corporate policies and procedures. The employees are, therefore, required

to comply with the rules and regulations of the Bank. Any deviation may lead to strict disciplinary action. The following Committees, comprising of senior executives, full their responsibilities to ensure adherence to policies, rules and regulations:

- Disciplinary Action Committee
- Anti-sexual Harassment Committee
- Grievance Handling Committee

The Bank’s Disciplinary Action Committee decides the action to be taken against a staff member in the event that the Bank and/or its clients sustain any losses, damages and/or claims due to any illegal activity or any actions/inactions of the employee in breach of the Code of Conduct, and/or any other policy of the Bank.

Our Anti-Corruption Policy as well as other policies relating to Business Ethics are described in the Employee Code of Conduct and Vendors/Suppliers Enlistment Process. These policies are applicable to all employees, in all the operations, as well as to all the Board Members. Top-level commitment is essential in ensuring dedication, focus and compliance with the anti-corruption framework. The work within anti-corruption and related policies is authorised, endorsed and supported by the Board of Directors, and President and CEO.

IT Governance Policy

Please refer to the section ‘IT Governance and Cybersecurity’ of this Annual Report.

Sustainability and CSR Policy

Sustainability values are woven into everything the Bank does. The Bank is committed to constantly serving the community with the greatest dedication in line with its philosophy.

Bank Alfalah has established a management committee named ‘Sustainability Committee (SC)’ which is governed by and delegated by Central Management Committee (CMC). The primary objective of the SC is to ensure the following:

- Overseeing the Sustainability or Environmental, Social and Governance (ESG) related framework, strategy, priorities, targets, matters, policies and practices of the Bank to ensure that the initiatives undertaken by the management pertaining to sustainability/ESG are aligned with, promote and encourage the Bank’s commitment towards sustainability.
- SC provides regular updates and comprehensive reports

to the Board of Directors, outlining progress on sustainability/ESG initiatives, key performance metrics, compliance with applicable international/local reporting standards, and strategic recommendations. These reports ensure alignment with the Bank’s sustainability/ESG objectives, foster transparency, and informed decision-making.

For details, please refer to the ‘Sustainability and Corporate Social Responsibility’ section of this Annual Report.

Compliance with the Best Practices of Corporate Governance

The Board of Directors has, throughout the year 2025, complied with the requirements of the Code of Corporate Governance, PSX Rule Book, Banking Companies Ordinance, Companies Act, Securities & Exchange Commission of Pakistan’s directives, and Financial Reporting Framework.

The Statement of Compliance by the Chairman of the Bank along with the Code of Corporate Governance and Review Report by the Bank’s Auditor are part of this Annual Report.

Shares held by Sponsors, Directors, Executives and Major Shareholders

Shares held by the sponsors (Abu Dhabi Group), Directors and Executives are given below. Detailed categories of shareholding and pattern of shareholding are annexed to this Annual Report.

31st December, 2025	Number of shares held	% holding
Sponsors		
Abu Dhabi Group and Directors	877,066,732	55.61%
Executives (as per clause 5.6.4 of PSX Rule Book)	1,784,799	0.11%
All other Shareholders (Mutual Funds, NBFCs, Fis, DFI and Individuals)	698,313,588	44.28%
Total	1,577,165,119	100.00%

Particulars of major foreign shareholders, other than natural persons, holding more than 5% of paid-up capital

Particulars of foreign shareholders, other than natural persons	31st December, 2025 % holding
Electro Mechanical Co. LLC	6.13%

Beneficial Ownership and Group Structure



For group structure, please refer to the section 'Organisational Review'.

Board's Statement on Internal Controls including IT Controls

The Board of Directors acknowledges its overall responsibility for maintaining a sound and effective system of internal controls as mentioned in the 'Statement of Internal Controls' as well as the Directors' Report in this Annual Report. To institute a robust governance and controls framework, an effective and reliable structure of underlying information systems is crucial to safeguard the Company's assets, ensure the integrity and reliability of financial and operational information, safekeeping of confidential customer data and ensure full compliance with applicable laws and regulations.

With respect to such technology level controls, the Board oversees the adequacy of controls relating to system security, data integrity, access management, change management, business continuity, and disaster recovery. The Bank has implemented measures to protect information assets and customer data, including controls aligned with data privacy and cybersecurity requirements prescribed under applicable laws and regulatory guidelines.

The effectiveness of the internal control system, including IT controls, is regularly reviewed and monitored. Any material weaknesses or control deficiencies identified are promptly communicated to the Board, along with management's remediation plans. The Board also engages with management to ensure timely corrective actions are taken in the event of control lapses or security breaches.

For Board's statement of internal controls, please see 'Statement of Internal Controls' within this section of

this Annual Report.

Board's Authorisation of Financial Statements

The financial statements for the year ended 31st December 2025 were authorised for issuance by the Board of Directors of the Bank on 13th February 2026.

Presence of Chairman of Audit Committee at the AGM

The Chairman of the Board Audit Committee was present at the AGM to respond to questions on the Audit Committee's activities and matters within the scope of the Committee's responsibilities.

Appointment of Chairman and Non-Executive Director through an External Search Consultancy

Non-executive Directors are appointed/elected through election of directors at a General Meeting. The elected Board appoints a Chairman from among the non-executive Directors. The last election was held on 27th May 2024. No external consultant was engaged for appointment of the Chairman or non-executive Directors.

Chairman's Significant Commitments

The Chairman is a prominent member of the ruling family of Abu Dhabi, and is significantly involved in various state and government level commitments. Currently, His Excellency is a UAE Cabinet Member and the Minister of Tolerance and Co-existence. He is the Chairman and Director or Board Member of various other entities, as explained in more detail in this section. The Chairman, being a non-executive Director, oversees the Bank's performance, and provides an independent and outside view to the Board.

Government of Pakistan's Policies impacting Banking Business

Please refer to the Directors' report for the impacts of government policies on banking business.

Report from the Board Audit Committee

The Board Audit Committee (BAC) performs its functions in compliance with regulatory requirements, Code of Corporate Governance (CCG), and its own Terms of Reference (TORs).

BAC Composition

The BAC comprises of five (5) non-executive Directors with financial, banking, strategic and relevant knowledge. Names and detailed profiles of BAC's Members are set out in the relevant section of this Annual Report. In accordance with the requirements of Code of Corporate Governance, the Committee is chaired by an Independent Director with diversified banking experience, and exposure to key management positions.

BAC Meetings

The meetings of the Committee are designed to facilitate and encourage communication among the Committee Members, Senior Management, the Internal Audit Function and the Bank's External Auditors. The Committee held six (6) meetings during the year 2025. Members' attendance records are disclosed in the Remuneration Framework disclosed within this section of the Annual Report.

The BAC, in accordance with the requirements of COCG, met with Internal and External Auditors with and without the presence of the Management, for discussions on the results of auditors' examinations/evaluation of internal controls, and the overall quality of the Bank's financial reporting. The Chairman of the Audit Committee reports to the Board after each meeting on the activities of the Committee.

Oversight Function

BAC discharged its oversight responsibilities as mandated by the Board in accordance with the

requirements of Code of Corporate Governance, listing regulations and applicable laws/directives issued by the respective regulators for local and overseas locations. The considerations of Board Audit Committee during the year include:

- Review of 'Statement of Compliance with the Code of Corporate Governance' prior to its approval and publication in the Annual Report;
- Review of the Bank's financial reporting framework and periodic financial statements, including details and disclosures of all related party transactions prior to their approval by the Board of Directors (BOD);
- Review and evaluation of effectiveness of the Bank's Internal Control Framework, overall control environment and systems, including compliance with applicable laws and regulations, adherence to accounting and reporting standards, information technology security controls, and the contingency planning process;
- Review of effectiveness of implementation of ICFR Framework along with reported gaps;
- Review of significant/high risk issues highlighted by internal audit during audits/reviews of branches and other functions of the Bank (including overseas operations) along with the compliance status thereof;
- Review quarterly Statement on Internal Controls and internal control systems of the Bank as per regulatory requirement;
- Review analysis related to fraud and forgery incidents in the Bank along with associated root causes and remedial measures to be taken to curb such instances in the future;
- Evaluate the effectiveness of the Bank's overall management of compliance risk (AML/CFT/Proliferation Financing (PF)/Targeted Financial Sanctions (TFS) related risk factors), in line with domestic and international regulatory

requirements;

- Monitor compliance with observations highlighted in State Bank of Pakistan's inspection reports;
- Evaluate Internal Audit Function's conformance with International Standards for the Professional Practice of Internal Auditors, issued by the Institute of Internal Auditors, USA (IIA), regulatory instructions for both local and overseas operations, and best international practices;
- Evaluate that no unjustified restrictions / scope limitations on work of Internal Audit Function exists;
- Review, approve and recommend to the Board (where applicable) amendments to relevant control documents, including Internal Audit Policy, Credit Risk Review Policy, Whistleblowing Policy, Internal Audit Manual, and TORs of BAC;
- Review effectiveness of whistleblowing procedures for receiving (through internal or external sources) complaints/concerns regarding business ethics/conduct practices, governance and risk management practices, controls over financial reporting, and auditing practices;
- Review the results of the Bank's Internal Risk Assessment report in accordance with revised SBP AML/CFT/CPF regulations;
- Review the status of complaints lodged under the Bank's Whistleblowing Policy along with resolutions thereof;
- Review and recommend the Internal Audit strategy for approval of the Board;
- Review, approve and oversee the Risk Based Audit Plan along with any revisions/deviations in the plan, Annual Audit Budget along with its utilisation, and resource requirements for Internal Audit;
- Review of annual compliance plan and compliance performance report on bi-annual basis as per regulatory requirements;
- Review the performance of Chief Internal Auditor, Internal Audit Function and External Auditors in terms of adding value and strengthening internal controls of the Bank through identification of and recommendations for key control issues;
- Approve promotions, increments and rewards for

Chief Internal Auditor (CIA)/Head of Internal Audit;

- In consultation with Chief Internal Auditor (CIA)/Head of Internal Audit, ensure that Internal Audit staff is equipped with relevant auditing skills, knowledge, tools, methodologies, technique and competencies to perform their respective roles and responsibilities with sufficient budget for training and development activities along with periodic review of the same;
- Review the implementation of instructions of the Committee along with follow-up; Review issues/exceptions pointed out by the External Auditors in the Management Letter furnished in accordance with the requirement of Code of Corporate Governance;
- Ensure strong coordination among Internal Auditors, External Auditors and the Management and act as an arbitrator in case of any conflict/disagreement; and
- Ensure separate meetings with CIA/Head of Internal Audit and External Auditors of the Bank in the absence of the Management, at least on an annual basis.

Significant Matters in Relation to the Financial Statements

The BAC deliberated over issues raised by External Auditors of the Bank in the Management Letter, Key Audit Matters and Shariah Audit report, along with rigorous follow-up for unresolved issues as per the prescribed frequency.

Review of Risk Management and Internal Control Systems

The BAC reviewed the effectiveness of the Bank's policies and procedures regarding Internal Control systems (including the financial, operational, IT, risk management, information security, outsourcing, legal, compliance, Shariah, and those controls designed to detect material weaknesses), leveraging the work of the

Bank's Internal and External Auditors, and regular reports from the Management, including those on risk management, regulatory compliance and legal matters.

BAC reviewed and concurred with Management's confirmation that for the year ended 31st December, 2025, the Bank's Risk Management and Internal Control systems worked effectively. BAC is satisfied that the Management has adopted necessary control mechanisms to monitor and reduce non-compliance.

Committee's Overall Approach to Risk Management and Internal Controls

BAC reviews and reports control weaknesses in the Bank's processes and systems. This includes review of KYC/AML/CFT, customer experience, IT/systems, operations, foreign trade and trade based money laundering, governance, HR, etc. BAC discussed and deliberated at length, and identified control breaches and strategies to overcome control weaknesses along with timelines, as part of the BAC meeting agenda.

Internal Audit and Effective Implementation of Internal Controls

The independence of the Internal Audit Function has been ensured via direct reporting of CIA/Head of Internal Audit to the Board Audit Committee (BAC). The scope of work of Internal Audit Function is finalised in accordance with BAC/regulatory instructions to ensure that all significant activities of the Bank are subject to Internal Audit review in line with risk based strategy/ IIA standards and best practices. Further, the performance of Internal Audit is gauged through reports presented at regular intervals, including summary of key audit findings during the period. The Head of Internal Audit has direct access to the Chairman of the Audit Committee, and the Committee meets with the Head of Internal Audit on a regular basis with and without the presence of the Management. Head of Internal Audit provides an independent assessment/opinion, to BAC on an annual basis on the state of Internal Controls on the

basis of audits conducted during the period supported by specific observations/conclusions. The Audit Committee Charter/TORs are updated periodically vis-à-vis changes in local laws/regulatory directives/statute.

BAC ensured that there were no restrictions on Internal Auditors' access to people, information, processes, properties, records, and systems, to allow them to perform their audit activities with objectivity.

Review of Whistles Blown

BAC reviewed the whistles blown during the year 2025 from time to time, including the action taken along with remedial action to resolve the issue permanently, and measures taken to protect the complainant in accordance with Whistle Blowing Policy as disclosed in Governance section of this Annual Report.

External Audit

BAC recommends appointment of external auditors of the Bank (including appointment of external auditors for overseas operations and Shariah Auditors) after careful selection based on various qualitative factors, including the firm's profile, reputation, independence, capabilities, technical expertise and knowledge of the Bank's operations and industry. BAC also finalises the scope of audit and remuneration of the auditors.

The Bank has received an unqualified audit report for the year ended 31st December, 2025, from its external auditors, (M/S A. F. Ferguson & Co. / PWC), Chartered Accountants. The existing auditors of the Bank have given consent to continue to act as auditors of the Bank for the year 2026, if so appointed.

The firm of auditors 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 that the firm and all their partners are compliant with the International Federation of Accountants' (IFAC) Guidelines on Code of Ethics, as adopted by the Institute of Chartered Accountants of Pakistan and meet the requirements for appointment under all applicable laws.

The committee concluded that it was satisfied with the external auditors' (A. F. Ferguson & Co., a member firm of the PWC network) performance on audit and other assurance or agreed upon procedures assignments performed for the year ended December 31, 2025. Accordingly, the BAC has recommended the appointment of A. F. Ferguson & Co. for the year ending 31st December, 2026 to the Board. This will be approved by the shareholders in the upcoming Annual General Meeting. There have been no changes in external auditor appointment in the overseas regions of the Bank, other than retiring external auditors in Bangladesh as per local auditor rotation guidelines.

Mr. Khalid Mana Saeed Al Otaiba - Director
Mr. Efstratios-Georgios Arapoglou – Director
Dr. Ayesha Khalid Khan – Director

Khalid Qurashi
BAC Chairman

Abu Dhabi
February 12, 2026

Annual Report for the Year

The Committee is of the view that the Annual Report of the Bank is fair, balanced and understandable, and provides necessary information to shareholders to assess the Company's position and performance, business model and strategy.

Self-evaluation of the Committee

The Committee evaluates its own performance on annual basis thereby assessing the targets achieved and performance initiatives. The committee submits the report to the Board of Directors.

Conclusion

In addition to the committee's key responsibilities, the committee has and will continue to pay attention to the ongoing and long-term impacts on the financial reporting of the Bank. Based on the reviews and aforementioned discussions, the Committee recommended to the Board of Directors, and the Board, approved the audited financial statements along with regulatory statements, to be included in the Annual Report for the year ended 31st December, 2025.

BOARD AUDIT COMMITTEE

Mr. Khalid Qurashi – Chairman BAC
Mr. Abdulla Khalil Al Mutawa – Director

Profile of Shariah Board Members

Dr. Mufti Khalil Ahmad Aazami, Chairperson

Dr. Mufti Khalil Ahmad Aazami is a renowned Shariah scholar with over 23 years of experience in Islamic finance and banking. He currently serves as the Chairperson of the Shariah Board at Bank Alfalah and is also a member of the Shariah Boards of Faysal Bank and National Bank of Pakistan – Islamic Banking. Alongside these roles, he is the Shariah Advisor of Alfalah Insurance – Window Takaful Operations.

Dr. Aazami plays an active role in shaping the Islamic financial industry in Pakistan. He is a member of Shariah Advisory Committee of State Bank of Pakistan along with various committees and sub-committees of the State Bank of Pakistan and the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), where he contributes to the research and the development of Shariah standards and guidelines.

Over the years, he has worked with several financial institutions, including Bank Alfalah, Takaful Pakistan, and Alfalah GHP, offering his expertise to ensure their operations align with Shariah principles.

Beyond his professional engagements, Dr. Aazami is involved in academic and educational initiatives. As a faculty member at Jamia Darul Uloom Karachi, he teaches Hadith and Fiqh, and he frequently conducts training sessions at institutions such as the Centre for Islamic Economics (CIE), the National Institute of Banking and Finance (NIBAF), and the Institute of Business Administration (IBA). He has also written extensively on various Islamic topics, including Waqf.

Dr. Aazami earned his Ph.D. in Islamic Jurisprudence from Karachi University and completed his Takhassus fil-Iftaa' (Specialisation in Islamic Jurisprudence and Fatwa) from Jamia Darul Uloom Karachi.

Mufti Muhammad Mohib ul Haq Siddiqui, Member

Mufti Muhammad Mohib-ul-Haq Siddiqui is a distinguished Shariah scholar with extensive experience spanning over two decades in the Islamic finance industry. He has been serving Faysal Islamic Banking since 2011, initially as the Shariah Advisor and later as the Chairman of the Shariah Board. He is also a key member of the Shariah Boards of Bank Alfalah Limited and Bank Al Habib Limited.

Throughout his career, Mufti Mohib ul Haq has provided his Shariah expertise to several financial institutions, including Takaful Pakistan Limited, the Royal Bank of Scotland Berhad in Malaysia, and JS Islamic Mutual Fund. He has contributed significantly to the development of Shariah-compliant frameworks and processes, ensuring alignment with Islamic principles.

He is actively involved in the regulatory landscape of Islamic finance in Pakistan as a member of various committees formed by the State Bank of Pakistan. His work includes reviewing and standardising Islamic financial products and processes and contributing to the adoption of the Accounting & Auditing Organisation for Islamic Financial Institutions (AAOIFI) Shariah standards within the banking sector.

Alongside his professional engagements, Mufti Mohib ul Haq is dedicated to academia and capacity building. He regularly delivers lectures and conducts training sessions on Islamic finance, Fiqh, and Islamic financial laws at renowned institutions such as Jamia Darul Uloom Karachi, the Centre for Islamic Economics (CIE), the National Institute of Banking and Finance (NIBAF), the Institute of Cost and Management Accountants of Pakistan (ICMA), and the Institute of Business Administration – Centre for Excellence in Islamic Finance (CEIF).

Mufti Mohib ul Haq earned his Shahadat-ul-Aalamia (Master's in Arabic and Islamic Studies) and Al-Takhassus fil-Iftaa' (Specialisation in Islamic Jurisprudence and Fatwa) from Jamia Darul Uloom Karachi.

**Mufti Aqeel Akhtar,
Member**

Mufti Aqeel Akhtar is a Shariah scholar having more than 12 years of blending varied experience and expertise in Islamic banking and Finance, particularly in Shariah structuring for Investment and Corporate Banking. He has been with Bank Alfalah since 2014 as the Unit Head of Business Support and Training at Shariah Compliance Department. Alongside his professional work, Mufti Aqeel teaches Islamic law (Fiqh) at various seminars and serves as a visiting faculty member at the National Institute of Banking and Finance (NIBAF). He is also actively involved in researching the emerging challenges within Islamic banking, working to address them with innovative solutions.

Mufti Aqeel has earned numerous certifications in Islamic finance from respected institutions such as NIBAF and AAOIFI, where he holds the title of Certified Shariah Advisor and Auditor (CSAA). Academically, he holds M/S in Islamic Banking and Finance from the University of Management and Technology. Furthermore, he completed a Shahadat-ul-Aalamia (Master's in Arabic and Islamic Studies) from Jamia Darul Uloom Al-Islamia Lahore and Takhassus fil-Iftaa (Specialisation in Islamic Jurisprudence and Fatwa) from Jamia Darul Uloom Karachi.

**Mufti Usama Ehsan,
Member**

Mufti Usama Ehsan brings a wealth of experience of around a decade in Islamic banking and finance, having worked across various areas such as Shariah compliance, product development, and digital Islamic finance. Before joining the Shariah Board at Bank Alfalah, he was associated with United Bank Limited and Bank Alfalah in Shariah Compliance and Product Development departments. Mufti Usama also serves as a Shariah Advisor and Shariah Supervisory Board Member for various fintech companies in Pakistan and internationally.

In addition to his work in the financial sector, Mufti Usama is deeply committed to academic pursuits. He teaches Tafseer and Fiqh at Jamia Muhammadiyah Islamabad and regularly conducts training programs at country's prestigious institutions such as the National Institute of Banking and Finance (NIBAF), the Centres for Excellence in Islamic Finance (CEIF) at Institute of Business Administration (IBA) and IMSciences, Peshawar.

Mufti Usama holds Master in Business Administration (MBA) from the Karachi School of Business and Leadership (KSBL). He is also a Certified Shariah Advisor and Auditor (CSAA) from AAOIFI, Bahrain and holds Shahadat-ul-Aalamia (Master's in Arabic and Islamic Studies) and a Takhassus fil-Iftaa (Specialisation in Islamic Jurisprudence and Fatwa) from Jamia Darul Uloom Karachi.

**Mufti Ovais Ahmed Qazi,
Resident Member**

Mufti Ovais Ahmed Qazi is an experienced Shariah scholar with around 14 years of experience in Islamic finance. For more than a decade, he has been an integral part of Bank Alfalah as a Resident Member of the Shariah Board, where he actively oversees the bank's day-to-day Shariah compliance matters, ensuring alignment with Islamic principles.

Beyond his role at the bank, Mufti Ovais contributes actively through education and training. He regularly conducts lectures and training sessions at renowned institutions such as the Centre for Islamic Economics (CIE) and the Institute of Business Administration – Centre for Excellence in Islamic Finance (IBA-CEIF), helping to spread awareness and understanding of Islamic finance.

His commitment to continuous learning is reflected in the prestigious certifications he has earned in Islamic banking and finance. These include the Certified Shariah Advisor and Auditor (CSAA) and Certified Islamic Professional Accountant (CIPA) from the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain, as well as the Certified Islamic Finance Executive (CIFE) from ETHICA, UAE.

Mufti Ovais obtained his Takhassus fil-Iftaa (Specialisation in Islamic Jurisprudence and Fatwa) from Jamia Darul Uloom Karachi and he holds a Master in Business Administration from the Institute of Business Management (IoBM), Karachi.

Terms of Reference of Shariah Board

Shariah Board

- To perform such functions as stipulated under para 3(b) of the Revised Framework issued by the State Bank of Pakistan vide its Islamic Finance Policy Department (IFPD) Circular No. 08 dated November 22, 2024 .
- To consider, decide and supervise all Shariah related matters.
- To be responsible and accountable for all decisions made by the Shariah Board (SB).
- To develop a comprehensive Shariah governance/compliance framework for all areas of operations of the BAFL-IBG.
- To meet at least on a quarterly basis and to rigorously deliberate on proposals before giving any decisions/fatwa.
- To meet BOD on a half-yearly basis for a detailed briefing on the Shariah compliance environment, issues/weaknesses, if any, and submit recommendations to improve Shariah compliance environment, and to ensure timely and effective enforcement of the SB's decisions/observations/recommendations.
- To review and approve all products/services and related agreements/contracts, structures, process flows, product manuals, marketing advertisements, sales illustrations, brochures and training plans, etc. to ensure that all such matters comply with the rules and regulations of Shariah.
- To review all Internal Shariah Audits, External Shariah Audit, SBP assessment and Shariah compliance review reports, which are presented to the SB for prescribing appropriate enforcement action.
- To call explanations from the Executive Management for not getting approval of SB for any products/services and related agreements/contracts, structure, process flows, product manuals, marketing advertisements, sales illustrations and brochures.
- To take up unresolved issues, including appropriate enforcement action prescribed in Internal Shariah Audits, External Shariah Audit, SBP assessment and Shariah compliance review reports, with the Executive Management.
- To issue a report on the Shariah compliance environment and conditions. This report includes open issues and is published in the annual accounts and presented to the BOD.
- To discuss all significant and unresolved issues with SBP assessment team during assessment, if required.

Committee Members

Dr. Mufti Khalil Ahmad
Aazami

Chairperson

Mufti Muhammad Mohib Ul
Haq Siddiqui
Member

Mufti Aqeel Akhtar
Member

Mufti Usama Ehsan
Member

Mufti Ovais Ahmed Qazi
Resident Member

Mr. Moiez Ahmed Usmani
Secretary

Meetings held during the year

- 21st January, 2025
- 7th May, 2025
- 17th July, 2025
- 16th October, 2025

Meetings attended during the year

Refer to the table in remuneration framework on coming pages within this section for Shariah Board's participation in the meetings.

Report of Shariah Board for the year ended December 31, 2025

الحمد لله رب العالمين والعاقبة للمتقين والصلوة والسلام على سيد الرسل وخاتم النبيين وعلى آله وصحبه اجمعين وبعد

By the grace of Almighty Allah, the year under review was the 22nd year of Islamic Banking Operations of Bank Alfalah Limited (herein referred as 'the Bank'). The Board of Directors and Executive Management are solely responsible to ensure that Islamic Banking operations of the Bank are conducted in a manner that complies with Shariah principles at all times. The scope of this report is to cover the affairs of the Islamic Banking operations of Pakistan from Shariah perspective as described under Shariah Governance Framework (SGF) of State Bank of Pakistan.

The Bank continued to update and revamp the Product Program Guidelines, manuals and relevant documents that pertain to existing asset and liability products during the year. Shariah Board reviewed and approved all such documents which have an impact on Islamic Banking operations.

In the year 2025, the Bank continued the expansion of its Islamic Banking network in light of the strategic plan regarding the growth of Islamic Banking stated by the State Bank of Pakistan. The bank opened a total of 29 new branches during the year, bringing the network of dedicated Islamic Banking branches to 454 across Pakistan. The total Islamic Banking deposit has reached the figure of PKR 454 Billion.

For SME and Corporate customers seeking Islamic financing, the Bank continued to offer Murabaha, Musawamah, Salam, Istisna, Tijarah and Running Musharakah for their short-term financing needs and Ijarah and Diminishing Musharakah for their long-term financing needs. In order to meet the needs of Consumer financing customers, the Bank provided Ijarah for car financing and Diminishing Musharakah for solar and house financing.

During the year, the Bank developed and launched, through Product Development Department, different products along with their variants with the approval of Shariah Board such as launch of FCY Special Pool in USD, GBP & EUR.

The Bank remains committed towards providing its customers the Shariah compliant digital banking solutions. In this regard, the bank launched Cash on Delivery Financing under Tijarah, Fan Replacement Program under Musawamah for bank's digital banking

customers. The Bank also launched Instant Solar Financing under Diminishing Musharakah and Instant Auto Financing under Ijarah through the Alfa App through which customers can easily apply, get finance approval, and track their financing process directly through the app, making the experience quick, simple, and transparent. These are among the first digital Islamic financing solutions of their kind in Pakistan. The bank played its role in nation building as a member of the Joint Financial Advisor to the Ministry of Finance of the Government of Pakistan by providing its advisory services for the launch of local currency Sukuk of PKR 2.05 Trillion. Additionally, the Bank participated and provided Shariah Advisory services for several syndicate finance transactions.

The SGF empowers and strengthens the Shariah Compliance Department (SCD) and Internal Shariah Audit Unit as key organs for the Shariah compliance environment in the bank. In this regard, SCD of the Bank continued to perform its role effectively and maintain a satisfactory Shariah compliance level in the Bank. Shariah Compliance Department reviewed 150 Islamic branches and 11 departments and centralised functions under its Shariah Review function, whereas Internal Shariah Audit Unit audited 20 IBG Area Office / Area Operation Office and 12 management and centralised functions. These review and audits were performed in light of PPGs and guidelines approved by the Shariah Board. To further strengthen the internal Shariah audit mechanism, Internal Shariah Audit Unit continued the audit rating mechanism for centralised functions. The Bank remains committed to offering Shariah-compliant financial solutions to its customers while maintaining a robust and effective Shariah compliance environment. In recognition of these efforts, the Global Islamic Finance Awards (GIFA) honored the Bank with the title of "Best Bank for Shariah Assurance" for the year 2025.

Shariah Compliance Department under its business support function facilitated the business units in obtaining approvals of various transactions and their process flows from the Shariah Board. During the year, Shariah Compliance Department and IBG Product Development Department performed customer visits to understand their business mechanism for effective development of Shariah process flows of various financing products.

Product Development Department lent its support for Shariah structuring and development of modalities for different products and processes. Moreover, Shariah Compliance Department reviewed various process flows of Corporate, Commercial & SME clients in light of their business processes and sought approvals from Shariah Board. As part of its responsibilities, Shariah Compliance Department verified mechanism of profit and loss to the depositors prior to distribution on monthly basis.

Opinion:

To form our opinion as expressed in this report, we studied reports of the reviews carried out by Shariah Compliance Department, Internal Shariah Audit Unit and External Shariah Audit on test check basis of each class of transactions and the relevant documentation and process flows. Based on above, we are of the view that:

- i) Business affairs of the Bank especially with reference to the transactions, relevant documentation and procedures performed and executed during the year 2025 are, by and large, in compliance with Fatwas/opinions/advices issued by the Shariah Board.
- ii) The Bank has complied with directives, regulations, instructions and guidelines related to Shariah compliance issued by the SBP in accordance with the rulings of SBP's Shariah Advisory Committee.
- iii) To ensure Shariah compliance in its operations, the Bank has an effective mechanism in place through Shariah Compliance Department and Internal Shariah Audit Unit.
- iv) The Bank has a well-defined system in place in form of Internal Shariah Audit and Shariah Compliance Review to ensure that earnings realised from sources or means prohibited by Shariah are credited to the Charity Account to warrant that the income distributed among stakeholders remains Halal and pure. During the year, no transaction was classified as Shariah non-compliant.

During the year, PKR 115.267 Million was recovered from the customers as charity on account of delayed payments. A substantial amount of PKR 171.7 Million was granted to various charitable institutions from previous year balances and current year collection.

- v) The allocation of profit and losses to Mudarabah based remunerative depositors is generally in conformity with Shariah rules & principles and Pool Management Guidelines of State Bank of Pakistan. The allocation is reviewed on a monthly basis.
- vi) Learning & Development Department has conducted sessions to enhance the capacity building of the Islamic banking staff through physical, online and e-learning trainings. The bank under the guidance of State Bank of Pakistan and Banking Services Corporation with the support of Shariah Board members conducted awareness sessions in different chambers of commerce, and different universities across the country. The Bank in collaboration with National Institute of Banking & Finance conducted the third series of an in-house Islamic Banking Certification Program which is a flagship program. This program provided foundational and comprehensive training in Islamic banking to senior officers from both Islamic and conventional banking.
- vii) Management continued to provide resources and support to Shariah Compliance Department in line with the growth of the business on the directives of the Shariah Board.

In the end, we pray to Almighty Allah that He may forgive our shortcomings and accept our efforts for Islamic banking and grant us success in this world and the next, and on the Day of Judgment.

وَصَلَّى اللّٰهُ عَلٰى نَبِيِّنَا مُحَمَّدٍ وَبَارَكَ وَسَلَّم

Mufti Usama Ehsan
Member Shariah Board

Mufti Aqeel Akhtar
Member Shariah Board

Mufti Ovais Ahmed Qazi
Resident Shariah Board Member

Mufti Muhammad Mohib ul Haq Siddiqui
Member Shariah Board

Dr. Mufti Khalil Ahmad Aazami
Chairperson Shariah Board

January 20, 2026
Rajab 30, 1447

ہو۔ سال 2025 کے دوران کوئی بھی ٹرانزیکشن شریعت کے خلاف قرار نہیں دی گئی۔

سال کے دوران 115.267 ملین روپے کسٹمرز سے ادائیگی میں تاخیر کے نتیجہ میں چیریٹی کے طور پر وصول کئے گئے۔ 171.7 ملین روپے کی خطیر رقم گذشتہ اور رواں سال کے دوران حاصل شدہ رقم کی مد سے مختلف خیراتی اداروں کو دی گئی ہے۔

غرض سے کسٹمرز کے دورے کیے۔

پراڈکٹ ڈیولپمنٹ ڈیپارٹمنٹ نے مختلف پراڈکٹس اور پراسسز کی شریعہ اسٹرکچرنگ اور ان کے طریقہ کار وضع کرنے میں اپنا تعاون فراہم کیا۔ شریعہ کمپلائنس ڈیپارٹمنٹ نے کارپوریٹ، کمرشل، اور SME کلائنٹس کے کاروباری طریقہ کار کی روشنی میں مختلف پراسس فلووز کا جائزہ لیا اور شریعہ بورڈ سے منظوری حاصل کی۔ اپنے فرائض کی سرانجامی کے دوران شریعہ کمپلائنس ڈیپارٹمنٹ نے کھاتہ داروں کو نفع کی تقسیم سے پہلے نفع و نقصان کے حساب کی تصدیق مابانہ بنیاد پر کی۔

5. مضاربت کی بنیاد پر کھاتوں میں نفع و نقصان مجموعی طور پر شرعی اصول و ضوابط اور اسٹیٹ بینک کی Pool Management Guidelines کے مطابق ہے۔ اس تعین کا جائزہ مابانہ بنیادوں پر لیا جاتا ہے۔

6. اسلامک بینکنگ کے ملازمین کی استعداد میں اضافہ کے لیے بینک کے شعبہ تعلیم و تربیت (Learning & Development Department) نے فزیکل، آن لائن، اور ای لرننگ ٹریننگ سیشنز کروائے۔ بینک نے اسٹیٹ بینک اور بینکنگ سروسز کارپوریشن (BSC) کی راہنمائی میں شریعہ بورڈ ممبرز کے ساتھ پورے ملک میں مختلف چیمبرز آف کامرس اور مختلف یونیورسٹیز میں اسلامی بینکاری کی آگاہی کے سیشنز بھی کروائے۔ بینک نے نیشنل انسٹیٹیوٹ آف بینکنگ اینڈ فنانانس (NIBAF) کے تعاون سے اندرونی اسلامی بینکنگ سرٹیفیکیشن پروگرام (IBCC) کی تیسری سیریز منعقد کی جو کہ نیاف کا اعلیٰ ترین پروگرام ہے۔ اس پروگرام نے اسلامی اور کنونشنل بینکنگ دونوں کے سینئر افسران کو اسلامی بینکنگ کی بنیادی اور جامع تربیت فراہم کی۔

7. انتظامیہ کی جانب سے بینک کی کاروباری ترقی اور شریعہ بورڈ کی ہدایات کے مطابق شریعہ کمپلائنس ڈیپارٹمنٹ کو مزید وسائل اور معاونت کی فراہمی جاری رکھی۔

ہم اللہ تعالیٰ سے دعا کرتے ہیں کہ وہ ہماری لغزشوں سے درگزر فرمائیں، اسلامک بینکنگ کے لیے کی جانے والی ہماری محنت کو قبول فرمائیں اور ہمیں دنیا و آخرت کی کامیابی سے نوازیں اور بروز قیامت ہم سب کی دستگیری فرمائیں۔ آمین۔

وَصَلَّى اللہ علیٰ نبینا محمد و بارک و سلم

مفتی اویس احمد قاضی
ریزیڈنٹ شریعہ بورڈ ممبر
ڈاکٹر مفتی خلیل احمد اعظمی
چیئر پرسن شریعہ بورڈ

مفتی عقیل اختر
ممبر شریعہ بورڈ

مفتی اسامہ احسان
ممبر شریعہ بورڈ

مفتی محمد محب الحق صدیقی
ممبر شریعہ بورڈ

20 جنوری، 2026

30 رجب، 1447

بسم اللہ الرحمن الرحیم

شریعہ بورڈ رپورٹ برائے سال 2025

الحمد لله رب العالمين والعاقبة للمتقين والصلوة والسلام على سيد الرسل وخاتم النبيين وعلى آله وصحبه اجمعين وبعد

اللہ تعالیٰ کے فضل و کرم سے زیر نظر رپورٹ بینک الفلاح - اسلامک بینکنگ (جو آئندہ "بینک" کے نام سے مذکور ہے) کے آپریشنز کے بائیسویں سال کی سالانہ رپورٹ ہے۔ بینک کے تمام معاملات کی شریعت کے اصولوں کے عین مطابق انجام دی کی مکمل ذمہ داری بورڈ آف ڈائریکٹرز اور اعلیٰ انتظامیہ (Executive Management) پر ہے۔ اس رپورٹ کا مقصد اسٹیٹ بینک آف پاکستان کے شریعہ گورننس فریم ورک (SGF) کی ہدایات کے مطابق پاکستان میں بینک کے آپریشنز کی شرعی اعتبار سے صورتحال بیان کرنا ہے۔

کرنے کے لیے پر عزم ہے۔ اس سلسلے میں بینک نے اپنے ڈیجیٹل بینکنگ کے صارفین کے لیے تجارت کے تحت "کیش آن ڈیلیوری" اور مساومہ کے تحت "فین ریلیسمنٹ (تبدیلی) پروگرام" لانچ کئے۔ بینک نے الفایپ کے ذریعے شرکت متناقصہ کے تحت "انسٹنٹ سولر فنانسنگ" اور اجارہ کے تحت "انسٹنٹ آٹو فنانسنگ" کا آغاز بھی کیا، جس کے ذریعے صارفین آسانی سے درخواست دے سکتے ہیں، فنانسنگ کی منظوری حاصل کر سکتے ہیں اور اپنے فنانسنگ کے عمل کو براہ راست ایپ کے ذریعے ٹریک کر سکتے ہیں۔ یہ پورا عمل نہایت تین آسان اور شفاف بنایا گیا ہے۔ یہ پاکستان میں اپنی نوعیت کا پہلا ڈیجیٹل اسلامی فنانسنگ سولوشن ہے۔

اس سال کے دوران بینک نے اثاثوں (Assets) اور ذمہ داریوں (Liabilities) سے متعلق موجودہ پراڈکٹز کے پروگرام گائیڈ لائنیں مینولز (Manuals)، اور متعلقہ دستاویزات کی تجدید کا عمل جاری رکھا۔ شریعہ بورڈ نے مذکورہ تمام ایسے دستاویزات کا جائزہ لینے کے بعد ان کی منظوری دی جن کا اثر اسلامک بینکنگ آپریشنز پر پڑتا ہے۔

بینک نے منسٹری آف فنانس کے جوائنٹ فنانشل ایڈوائزر کے طور پر قومی تعمیر میں اپنا کردار ادا کرتے ہوئے لوکل کرنسی کے 2.05 کھرب کے صکوک کے اجراء میں اپنی ایڈوائزری کی خدمات فراہم کیں۔ اس کے علاوہ بینک نے متعدد سنڈیکیٹ فنانس ٹرانزیکشنز میں بھی حصہ لیا اور انہیں شریعہ ایڈوائزری کی خدمات فراہم کیں۔

سال 2025 کے دوران بینک نے اسٹیٹ بینک کی طرف سے اسلامک بینکنگ کی ترقی کے لیے طے کردہ حکمت عملی کے ہدف کی تکمیل کے لیے اسلامک بینکنگ نیٹ ورک کی ترقی کو جاری رکھا۔ رواں سال کے دوران بینک نے کل 29 نئی شاخیں کھولیں جس کے نتیجے میں پاکستان بھر میں اسلامک بینکنگ کا نیٹ ورک 454 شاخوں تک پہنچ گیا۔ اسلامک بینکنگ کا ٹوٹل ڈیپازٹ 454 بلین روپے تک پہنچ گیا۔

شریعہ گورننس فریم ورک شریعہ کمپلائنس ڈیپارٹمنٹ اور داخلی شریعہ آڈٹ یونٹ کو بینک میں شریعہ کمپلائنس کے ماحول کے لیے اہم عناصر کے طور پر مضبوط اور باختیار بنانا ہے۔ اس تناظر میں بینک کے شریعہ کمپلائنس ڈیپارٹمنٹ نے اپنا کردار مؤثر انداز میں ادا کیا اور بینک میں شریعہ کمپلائنس کا ایک اطمینان بخش معیار برقرار رکھا۔ دوران سال شریعہ کمپلائنس ڈیپارٹمنٹ نے اپنے شریعہ جائزے کی ذمہ داری کے تحت 150 اسلامک شاخوں اور 11 شعبوں اور مرکزی افعال کا جائزہ لیا جبکہ داخلی شریعہ آڈٹ یونٹ نے کل 20 اسلامک بینکنگ گروپ کے ایریا آفس اور ایریا آپریشن آفس اور 12 شعبوں اور مرکزی افعال کا آڈٹ کیا۔ یہ آڈٹ اور ریویوز شریعہ بورڈ سے منظور شدہ PPGs، پالیسیوں، اور گائیڈ لائنیں کی روشنی میں کیے گئے۔ داخلی شریعہ آڈٹ کے نظام کو مزید مضبوط کرنے کے لیے، اندرونی شریعہ آڈٹ یونٹ نے شریعہ بورڈ سے منظور شدہ آڈٹ ریٹنگ کے طریقہ کار کو مرکزی شعبوں کے لیے اندرونی شریعہ آڈٹ رپورٹس میں شامل کیا۔ بینک اپنے صارفین کو شریعت کے مطابق مالی حل فراہم کرنے اور ایک مضبوط اور مؤثر شریعہ کمپلائنس ماحول قائم رکھنے کے لیے پُر عزم ہے۔ انہی کوششوں کے اعتراف میں، گلوبل اسلامک فنانس ایوارڈز (GIFA) نے سال 2025 کے لیے بینک کو "بیسٹ بینک فار شریعہ ایشورنس" کے اعزاز سے نوازا۔

اسلامک فنانسنگ کے خواہاں اسمال میڈیم انٹرپرائزز (SME) اور کارپوریٹ کسٹمرز کی قلیل المیعاد فنانسنگ کی ضرورت پوری کرنے کے لیے 'مراجہ'، 'مساومہ'، 'سلم'، 'استصناع'، 'تجارہ' اور 'رنگ مشارکہ' جبکہ طویل المیعاد فنانسنگ کی ضرورت پوری کرنے کے لیے 'اجارہ' اور 'شرکت متناقصہ' (Diminishing Musharakah) کے طریقہ ہائے تمویل اختیار کئے۔ کنزیومر فنانس کے کسٹمرز کی کار فنانسنگ کی ضرورت پوری کرنے کے لیے 'اجارہ' اور شمسی توانائی (سولر) اور ہوم فنانسنگ کی ضرورت پوری کرنے کے لیے 'شرکت متناقصہ' (Diminishing Musharakah) کے طریقہ ہائے تمویل اختیار کئے۔

شریعہ کمپلائنس ڈیپارٹمنٹ نے اپنے بزنس سپورٹ یونٹ کے ذریعہ مختلف ٹرانزیکشنز اور ان کے پراسس فلووز کی منظوری شریعہ بورڈ سے حاصل کرنے میں بزنس یونٹ کی معاونت کی۔ دوران سال شریعہ کمپلائنس ڈیپارٹمنٹ اور پراڈکٹ ڈیولپمنٹ ڈیپارٹمنٹ نے کسٹمرز کے کاروباری نظام کو سمجھ کر مختلف فنانسنگ پروڈکٹس کے شریعہ پروسیس فلووز کو مؤثر انداز سے تیار کرنے کی

سال کے دوران بینک نے پراڈکٹ ڈیولپمنٹ ڈیپارٹمنٹ کے ذریعہ مختلف پراڈکٹس اور ان کی مختلف انواع تیار کیں اور شریعہ بورڈ کی منظوری کے ساتھ ان کو لانچ کیا۔ جیسے غیر ملکی کرنسی USD، GBP اور EUR میں اسپیشل پول لانچ کیا۔

بینک اپنے کسٹمرز کو شریعہ کمپلائنس ڈیجیٹل سہولیات اور پراڈکٹس مہیا

Remuneration Framework

With an intention to make Directors and Senior Management more accountable for their governance and performance vis-à-vis determination and payment of compensation, and to develop a fair, transparent and sound compensation policy that is aligned with risks and responsibilities, the SBP issued Corporate Governance Regulatory Framework and other guidelines through various circulars. The following disclosures are given in compliance with the said framework.

Corporate Governance Culture and Standards followed by the Bank

The Bank observes Corporate Governance standards as stipulated in the Code of Corporate Governance and other relevant regulations, which are updated in accordance with the changing dynamics of corporate environment, culture and regulatory regime.

Directors - Appointment and Profiles

The process of appointment/nomination of the Directors of the Bank is in accordance with the applicable laws and regulations, and is governed by the Bank's Governance Policy. Profiles of Directors, including their qualifications, expertise and past work experience are disclosed as part of the 'Governance' Section of this Annual Report.

Board Committees - TORs and Meetings

Terms of Reference of the Board Committees, their composition and membership, number of meetings held, and number of meetings attended by the members are disclosed as part of the 'Governance' Section of this Annual Report.

Shariah Board - Appointment, Profiles, TORs, Meetings

Appointment of Shariah Board members and Chairperson is subject to the Board's approval, and prior approval of the State Bank of Pakistan. Profiles of the Shariah Board members and their membership on other boards are disclosed as part of the 'Governance' Section of this Annual Report. Terms of Reference (TORs) of Shariah Board, and number of meetings held and attended by each member are also disclosed as part of the 'Governance' Section of this Annual Report.

Key Management Personnel - Appointment and Profiles

The Bank, when appointing the key executives follows an internal operating procedure duly approved by Board of Directors, that assesses the best fit for eligibility,

integrity, track record, reputation, financial credibility, conflict of interest, qualification and experience of the potential management personnel. This has been developed in line with State Bank of Pakistan's Corporate Regulatory Governance Framework.

Key achievements of Board Committees during the year

- **Board Risk Management Committee (BRMC)**

The Board of the Bank is ultimately responsible for development, implementation and maintenance of a robust and dynamic ERM (Enterprise Risk Management) Framework in the Bank. However, to increase efficiency and effectiveness, the Board has delegated its risk oversight responsibilities to the Board Risk Management Committee (BRMC). The BRMC ensures that the Bank has a robust Enterprise Risk Management Framework (policies, processes and people). The BRMC also recommends the delegation of authorities to the Management Committees and approves the Terms of Reference of the Bank's Central Credit Committee (CCC).

During 2025, the BRMC reviewed and recommended to the Board, the Bank's overall risk appetite and risk tolerance in relation to all risk areas, including credit, market, liquidity, operational, trade-based money laundering and information security risks etc. It recommended approval of exposure limits to Board in relation to Risk Management strategies, and reviewed compliance with these limits. Additionally, the Committee carried out a comprehensive review of the Bank's policies for onward recommendation to the Board of Directors. In the year 2025, the BRMC continued to assess the adequacy of the Bank's capital level in lieu of Pillar 1 and Pillar 2 risks along with the resilience of the Bank's capital base under adverse economic environment. It also reviewed the liquidity position of the Bank in terms of Basel III liquidity ratios (LCR and NSFR). The predictive powers of Obligor Risk Rating models were also reviewed.

During the year, the BRMC reviewed the reports presented to it, and effectively performed the risk oversight function. Based on submissions, it guided the Management for the actions required to manage the risks highlighted in a timely manner. The BRMC regularly informed the Board about its activities, performance, and risk related issues of the Bank.

- **Board Audit Committee (BAC)**

The Board Audit Committee (BAC) plays a significant role in enhancing the credibility of financial statements, quality of internal controls, governance, and risk management practices of the Bank by performing its oversight responsibilities of reviewing financial reporting, internal controls, and risk management processes, and ensuring the execution of quality audits. BAC also evaluates the effectiveness of the Bank's overall management of compliance risk keeping in view domestic and international regulatory requirements.

During the year 2025, the BAC, in accordance with the BoD approved mandate, has reviewed and made recommendations to the BoD on various policies, related party transactions and the control weaknesses pointed out by the regulator during inspections, annual plans/performance review for Internal Audit/Compliance function along with various other agenda items and ensured that Internal Audit Function has adequate resources and is appropriately placed within the organisation structure to maintain its independence.

The BAC also reviewed the analysis of fraud incidents in the Bank along with identifying root causes and steps/remedial measures to curb such instances in the future. The BAC played a significant role in securing stakeholders' interests with establishment of a robust Whistleblowing Mechanism along with follow-ups, where all complaints were subject to review by the Chairman BAC without exception.

Besides performing the responsibilities entrusted by the BOD as per approved TORs, the BAC has followed a proactive approach, and has taken/supervised actions, including the alignment of the Internal Audit (IA) approach and revamping of IA processes and documentation as per IIA standards, best practices and regulatory guidelines, automation of complete audit life cycle through implementation of audit management solutions in accordance with regulatory advice, and review of risk assessment methodology for incorporation in the upcoming annual audit plan, thus accelerating the journey of Internal Audit function towards its vision.

- **Board Strategy and Finance Committee (BSFC)**

The Board Strategy and Finance Committee ("BSFC") assists the Board of Directors of the Bank in performing its functions and responsibilities with a focus on policy making, general direction, oversight, supervision etc. BSFC has played its role through extensive strategic decision making and

recommendations, which contributed towards the growth and progress of the Bank. BSFC reviews and recommends all matters involving financial and strategic issues (other than periodical financial statements, which are mandated to be reviewed by the Board Audit Committee). The Committee also reviews on a regular basis a comparison of the Bank's performance versus peer banks.

During the year 2025, the BSFC oversaw the divestment of Bank's entire shareholding in its former subsidiary, Alfalah Securities Pvt. Ltd. ("ASL"), in accordance with applicable legal and regulatory requirements. Accordingly, ASL has ceased to be a subsidiary of the Bank as of 30th April 2025. The BSFC also considered the matters related to the sale of the Bank's Bangladesh operations and during the year approved the start of the process for the sale of Bank's Afghanistan Operations. The Committee also reviewed and ratified the charitable donations granted by the Bank during the year 2025. It also reviewed various policies pertaining to its domain and recommended the same to the Board for approval. During the year, the Bank also won the award for "Best Bank for Customer Engagement" for 2024 and this was awarded by the prestigious Pakistan Banking Awards. The Bank has won this award seven times in the last ten years.

BSFC also reviewed and discussed the Annual Business Plan/Budget for the year 2026 of all business groups, including the overseas operations of the Bank and recommended the same for approval by the Board. It also reviewed the quarterly updates of the entire business segments of the Bank along with the group companies and overseas operations. The Committee met, twice a year, with the Shariah Board of the Bank to review the Islamic Banking Group's performance, profit & loss distribution/pool management, various policies of the Bank etc. and recommend the same to the Board for approval.

The Bank remains committed to building sustainable and impactful Corporate Social Responsibility (CSR) programs aligned with its responsible business practices. BSFC assists the Board in the CSR initiatives and reviews the Bank's contributions/donations and recommends to the Board for approval. The Committee also reviews the performance of the Central Management Committee (CMC) and regularly reviews its synopsis of the minutes of the meetings of CMC.

- **Board Information Technology Committee (BITC)**

The Board Information Technology Committee ("BITC") plays a critical role in enhancing the

capabilities of key departments and functions within its domain i.e. IT, Information Security and Digital Banking and is responsible for advising and reporting to the Board on the status of technology and digital related activities as well initiatives. The BITC closely monitors the overall performance of the Digital Banking Group (DBG), Information Technology Group and the Information Security Department of the Bank and provides strategic guidance to serve the customers more efficiently in a secure manner and enhance the Bank's market share in the digital banking arena.

During the year 2025, the Bank won the prestigious Pakistan Banking Award (PBA) for "the Best Bank for Digital Excellence", for the fourth year in a row. Similarly, Alfa Mall continues to lead and elevate Pakistan's digital ecommerce ecosystem and won the best E-Commerce platform at the Global Digital Awards. The BITC has made a significant contribution in shaping the digital strategy and guiding the Management team towards the way forward.

The Committee reviewed the progress the IT Group's initiatives for the year 2025 in alignment with the 2024-2028 Strategy. It has also reviewed the summary of IT Projects and Change Requests during 2025. The Committee also reviewed various policies/frameworks along with monitoring and supervision of the IT Steering Committee and Digital Banking Council of the Bank.

The BITC is very sensitive on all information security and cyber security related issues and acts proactively for mitigation of risks by Management on a priority and timely basis. On the guidance of the BITC, a cyber security roadmap has been developed by management in the light of the cyber threat landscape. The continuous improvement journey required to enhance the Bank's cyber security state and build a resilient cybersecurity culture with the Bank. The Committee also monitors and reviews the reports and recommendations of external consultants in order to strengthen the cyber security state of the Bank.

The banking transactions through digital means is increasing day by day, which is reducing the over-the-counter transactions in branches. The Committee encourages the relevant teams to endeavour to shift the branch transactions to digital channels and educate and facilitate customers, as this saves time and enhances customer convenience, and it is also cheaper for the bank to serve its customers through digital channels. The Bank has one of Pakistan's largest digital networks of 24/7 CDMs, ATMs and extensive payment acceptance points.

• **Board Human Resources, Remuneration and Nomination Committee (BHR&NC)**

The Board Human Resources, Remuneration and Nomination Committee ("BHR&NC") has extended valued contributions towards the development of human resources in Bank Alfalah Limited ("the Bank"). During the year 2025, the Board of Directors, upon recommendation of BHR&NC, approved the size, structure and composition of the Board of Directors of the Bank, for the election of directors of the Bank by the shareholders.

BHR&NC has been instrumental in guiding the Management and HCG in various human resources related matters including Employee Well Being, Culture, DEI initiatives and approved various initiatives during the year, as follows:

- Considering the drastic impact on take home salaries of employees due to significant tax changes, an index-based tax relief has been continued for employees to alleviate the financial burden on employees,
- Amendments made in the Bank Maintained Car Policy, buy back condition has been improved,
- Improvements in Maternity Leave Policy and Child Care Allowance Policy; allowance limit and coverage has been revised,
- Promote diversity, equality and inclusion (DE&I); encouraging gender equality and participation of women on the Board, Management and workforce of the Bank,
- Reviewed and recommended succession plan for management team-2025
- Conducted happiness survey – 2025
- Overseeing the work culture, including the implementation and assessment of initiatives in order to gauge their impact across the Bank.

BHR&NC reviewed and recommended to the Board, Bank's compensation strategies with a view to ensure that compensation and benefit levels are maintained and aligned with that of other comparable size organisations.

The Bank won all 15 Best Practices Award from Global Diversity, Equity and Inclusion Benchmark (GDEIB) Awards being recognised as Most Inclusive Organisation and winner for Top 10 Employer of Choice Awards for Gender Diversity from Pakistan Business Council and International Finance Corporation (IFC).

• **Board Crisis Management Committee (BCMC)**

The Board Crisis Management Committee ("BCMC") of Bank Alfalah Limited ("the Bank") deals with the crisis situation arises, whether natural or otherwise,

which cannot be foreseen and causes disruption of the normal/routine operations of the Bank. The crisis may include, but not limited to the following:

- pandemic;
- civil unrest;
- terrorism;
- war or war like situation;
- cyberattack or any technological disaster;
- natural disaster/calamity;
- any other unforeseen act/situation ("the Crisis")

During the year 2025, BCMC had several meetings to assess the potential risk keeping in view the country wide floods and war initiated by India. The Committee kept on monitoring the political as well as economic situations of Pakistan in the backdrop of war and floods to assess and potential adverse impact on the interest rate, rupee devaluation, credit risk, market and liquidity risks, operational risk and/or any other potential bearing on the economy; which, in result, may also impact the Bank.

BCMC also monitored the initiatives taken by the Bank for its employees and other people affected by the rains/flood. The Committee has been reviewing, throughout the year, the impact of flood on its operations and different portfolios. The Committee, for the purpose of supporting the flood relief initiatives, recommended a funding of USD 5 Million by the Bank to the Board for approval, which was duly approved by the Board.

- **Board Real Estate Committee (BREC)**

The Board Real Estate Committee ("BREC") was formed to review/consider and recommend to the Board for approval of real estate related proposals of Bank Alfalah Limited ("the Bank") and relevant policies and/or any amendments therein. The Committee meetings are held at least once in a quarter or as and when need arises. BREC also review the real estate strategy of the Bank from time to time and advise management necessary update therein to keep the same effective and align with the real estate market. The Committee also review and

recommend the real estate development projects of the Bank within Pakistan as well as for the overseas operations of the Bank.

The Bank's real estate portfolio continues to grow with the expansion in the distribution network and BAFL focuses on acquisition of strategic locations only and is aligned with industry trend.

During the year 2025, BREC reviewed/recommended to the Board various proposals of acquisition, development/renovation/relocation and sale of properties for the Bank. BREC exercised its powers and responsibilities in accordance with its Term of Reference, relevant prevailing laws & regulations and market practices.

Formulation and Implementation of Remuneration Policy and Assessment of Board Performance

During the year 2020, A. F. Fergusons & Co., a member firm of PriceWaterhouseCoopers (PWC) was engaged to assist the Bank in implementation of the Remuneration Policy Guidelines issued by the State Bank of Pakistan (SBP). The scope included drafting the mechanism for identification of Material Risk Takers and Material Risk Controllers, review of their existing scorecards and preparation of risk-adjusted scorecards, drafting the Remuneration Policy for the Bank, including deferral mechanism, and assisting the Bank in implementation of the policy.

Information on Overall Remuneration Policy of the Bank

The primary objective is to define a competitive remuneration system, balancing strategic business targets and correctly rewarding employees.

To ensure alignment of remuneration practices with international standards and best practices, the State Bank of Pakistan (SBP) has issued Guidelines on Remuneration Practices (Guidelines). Accordingly, the Remuneration Framework (Framework) was developed as part of the Bank's initiative to implement the Guidelines.

Following are the objectives of the Framework:

1. To promote and be consistent with sound and effective risk management, and not encourage risk-taking that exceeds the risk thresholds of the Bank;
2. To ensure that the remuneration practice is in line with the Bank's objectives, taking into consideration all major risks that the Bank may face, and promotes and supports long-term performance;
3. To align remuneration with risk appetite and with conduct expectations of the Bank, regulators and stakeholders; and
4. To attract, retain and motivate highly qualified employees, but also reward those who promote corporate values correlated with long-term value generation.

• Governance Framework

The Bank's Governance Framework, with respect to these guidelines, aims at ensuring appropriate control oversight on remuneration practices, ensuring that decisions are taken with sufficient independence and in an informed way, by the authorities and functions to which different responsibilities are delegated.

The BoD has the overall responsibility for reviewing, approving and monitoring implementation of the bank-wide Remuneration Framework, based on the recommendations of Board Human Resources Remuneration and Nominations Committee (BHR&NC). In addition, the Board, through BHR&NC, reviews on periodic basis, reports on remuneration structure, including the composition of fixed and variable remuneration of the President and CEO and the Management Team (direct reportees of the President and CEO and Board/Board Committees).

The Board remains responsible for determining compensation and benefits for certain corporate roles, including the President and CEO, CFO, Head of Audit and Inspection, and Company Secretary.

• Features of total compensation

The Bank offers a compensation structure with a balanced mix of fixed and variable elements. The compensation mix is periodically reviewed by Human

Capital Group (HCG) to ensure external competitiveness and internal adequacy. The review also takes into account the results of performance evaluations, and assigned roles and responsibilities. The objective of maintaining a balanced pay mix is to encourage behaviours focused on the achievement of long-term sustainable results.

This Framework, the Bank's HCG policies and frameworks, and general incentive structures focus on ensuring sound and effective risk management through the following:

1. A robust governance structure for setting goals (including risk adjustments), communicating these goals to employees, and performance measurement to ensure assigned goals are achieved without any excessive or undue risk-taking;
2. Alignment with the Bank's business strategy, values, key priorities and long-term goals;
3. Alignment with the principles of protecting of customers, investors, regulators, and other stakeholders; and
4. Restricting employees, including Material Risk Takers (MRTs) and Material Risk Controllers (MRCs), from undertaking hedging, pledging or insurance strategies for their remuneration, or for any other aspect that might alter, or undermine the risk alignment effects inherent in the Bank's remuneration mechanisms.

• Factors Considered for Differentiating Variable Pays Across Employees or Group of Employees

The compensation structures for MRTs and MRCs is determined and proposed by the HCG, which ensures an appropriate balance between fixed and variable pay, while considering various factors, including the following:

1. Whether the individual is an MRT or MRC;
2. Position within the organisation;
3. Roles and responsibilities;
4. Risk alignment (i.e. the higher the risks undertaken the more shall be the variable remuneration); and
5. Performance against financial as well as non-financial objectives and KPIs, including risk-adjusting factors.

The inclusion criteria have been developed in accordance with the guidelines and applicable best practices, and are subject to approval by the BHR&NC. The inclusion criteria comprise of two sections; namely the qualitative and quantitative MRT/MRC inclusion criteria.

Qualitative Inclusion Criteria

The following qualitative criteria shall be applied for identification of MRTs and MRCs:

1. President and CEO, or any other equivalent position;
2. Members of the Management Team, i.e. reporting directly to the President and CEO, and the BoD or any Board Committee;
3. Members of critical Management Committees;
4. Heads of critical functions responsible for managing

- business, risks and controls, that may subject the Bank to significant risks; and
5. Country Heads of overseas branches, unless the related branch is subject to similar remuneration regulations in the host countries.

Quantitative Inclusion Criteria

Quantitative inclusion criteria include:

1. Credit Risk;
2. Market Risk;
3. Operational Risk; and
4. Liquidity Risk.

- **Implementing the remuneration measures, and their alignment with current and future risks and performance.**

This is done through the following steps:

1. Introduction of risk-adjusted balanced scorecards for performance evaluation of MRTs/MRCs;
2. Inclusion of another value driver in balanced scorecard categories, i.e. risk adjusting factors;
3. Identification of relevant Key Performance Indicators against each category;
4. Identification of risk adjustments (ex-ante risk adjustments);
5. Assignment of weightages;
6. Periodic review and update of risk-adjusted balanced scorecard;
7. Ratings mechanism; and
8. Application of overrides.

- **Responsibility levels of the key executives and Directors**

Compensations provided to non-executive Directors:

In accordance with regulatory requirements, the Policy on Directors' Remuneration was unanimously approved by the shareholders of the Bank in the 28th Annual General Meeting held on 27th March, 2020 and was further amended to align with the SBP's Corporate Governance Regulatory Framework on 29th Mar 2022 in the 30th Annual General Meeting of Shareholders. The basis of compensation provided to non-executive Directors is covered in the said policy.

Remuneration provided to the Shariah Board Members and its components:

The remuneration of the Shariah Board is governed under the compensation policy approved by the Board of Directors.

Fixed and variable pay provided to senior executives, including CEO, MRCs and MRTs:

Fixed Pay

For fixed pay, Human Capital Group annually derive an appropriate benchmark with external market data, in order to ensure the appropriateness of the fixed remuneration for the Bank to be able to attract and retain the relevant resources, particularly in relation to the MRTs/ MRCs.

Variable Pay

Variable remuneration takes into account performance of the Bank's, the Group, business unit /product and

individuals. Achievement/ underachievement of financial performance, excessive or undue risks, customer experience, audit/internal controls/compliance issues, etc. are generally considered for determining risk-adjusted variable remuneration. Performance-based remuneration in the form of annual or periodic bonuses and sales incentives are disbursed in cash and/or share options, in accordance with relevant HR policies and frameworks.

Basis for payment of bonuses and awards to CEO, senior executives and MRTs/MRCs.

The basis for payment of bonuses is determined keeping in view the achievement of KPIs in all value drivers.

The Bank ensures that Risk Control Function employees are remunerated independently of the functions they oversee:

1. The Bank ensures provision of adequate feedback on relevant risk adjustments in the risk-adjusted balanced scorecards of MRTs/MRCs;
2. The Bank reviews the targets and measurement benchmarks against relevant risk adjustments, assigned within the risk-adjusted balanced scorecards to ensure alignment with the risk profile and risk appetite of the Bank; and
3. The Bank ensures timely provision of information/feedback to assist in performance evaluation against risk adjustments of MRTs/ MRCs.

Policy on vesting and deferral of variable remuneration.

A certain portion of variable compensation of the CEO, key executives, MRTs/MRCs are subject to mandatory deferrals for a defined period, thus creating alignment between the employees' and stakeholders' interests, and reinforcing that compensation is appropriately linked to longer-term sustainable performance. Deferred remuneration, especially with risk adjustments, is a useful tool for improving risk-taking incentives because the amount ultimately received by employees can be made to depend on risk outcomes.

The deferral amount shall be withheld for a period of three years whereas remaining portion of the variable compensation shall be paid upfront to the CEO, key executives and MRTs/MRCs. The deferred remuneration shall vest proportionately over the deferral period following the year of the variable remuneration award.

The deferred portion of the variable remuneration shall be paid to the CEO, key executives, and MRTs/MRCs proportionally through yearly instalments, during the deferred period, in case no malus triggers are applicable. In case of malus, and where accountability has been determined in accordance with the conduct and accountability framework of the Bank, the entire or certain portion of the deferred remuneration shall be withheld and not paid to the CEO, key executives and MRTs/ MRCs on becoming due, and will be recorded back as income in the books of accounts of the Bank.

Board of Directors - Details

S.No.	Name of Directors	Date of Joining/ Leaving the Board	Status of Director (Independent, Non-Executive, Executive)	Member of Board Committees	Board Memberships in other Companies and Institutions
1	H. E. Sheikh Nahayan Mabarak Al Nahayan	From 07-Jul-1997 to 03-Nov-2002 (resigned) and co-opted on 15-Jan-2017	Chairman/Non-Executive Director	None	- Chairman, Alfalah Insurance Company Limited - Chairman, Taavun (Pvt) Limited - Proprietor, Dhabi Group - Chairman, Dhabi One Investment Services LLC - Chairman, Dhabi Holdings PJSC - Chairman, MAB Investment INC - Raseen Technologies LLC - Chairman, Salsal Petroleum LLC - Chairman, Warid Telecom Pakistan LLC - Chairman, JSC TeraBank, Georgia - Chairman, Wincom Services Pakistan LLC and Wincom Pvt Ltd - Chairman, Wateen Telecom Limited - Sole Proprietorship, Wateen Digital Solutions LLC - Kawn Foundation Other entities (Ministries / NGO etc.) - UAE Cabinet Member and Minister of Tolerance and Coexistence - Honorary President, Future Rehabilitation Center, Abu Dhabi - Patron, Emirates Natural History Group - Patron, Abu Dhabi Cricket & Sports Hub - Chairman, Emirates Cricket Board - Chairman, Sandoog Al Watan
2	Mr. Abdulla Nasser Hawaileel Al Mansoori	07-Jul-1997	Non-Executive Director	None	Chairman of the Board, Al Nasser Holdings and Group Companies (as follows): - Al Nasser Holdings LLC - Al Nasser Investments LLC
3	Mr. Abdulla Khalil Al Mutawa	07-Jul-1997	Non-Executive Director	- Board Strategy and Finance Committee - Board Audit Committee - Board Risk Management Committee - Board Information Technology Committee - Board Human Resources, Remuneration and Nominations Committee - Board Crisis Management Committee - Board Real Estate Committee	- Advisor to Private Office of H.E. Sheikh Suroor Bin Mohammad Al Nahyan - Chairman, Makhazen Investment Company - Non-Executive Board Member, EFG Hermes Holding S.A.E - Board Member, Atlas Group Company - UAE

S.No.	Name of Directors	Date of Joining/ Leaving the Board	Status of Director (Independent, Non-Executive, Executive)	Member of Board Committees	Board Memberships in other Companies and Institutions
4	Mr. Khalid Mana Saeed Al Otaiba	08-Mar-2003	Non-Executive Director	- Board Risk Management Committee - Board Audit Committee - Board Strategy and Finance Committee - Board Information Technology Committee - Board Human Resource, Remuneration & Nomination Committee - Board Crisis Management Committee - Board Real Estate Committee	- Office Manager of H.E. Dr. Mana Saeed Al Otaiba (Personal Advisor to His Highness the President of UAE). - Director, Alfalah Insurance Company Limited - Chairman, Liwa International Investment Tourism - Chairman, Royal Mirage Hotel & Resorts Ltd, Morocco - Director, Ghantout International - Director, EFG Hermes Holding S. A. E.
5	Dr. Ayesha Khan	27-May-2018	Female/Non-Executive Director	- Board Human Resource, Remuneration & Nomination Committee - Board Audit Committee - Board Strategy and Finance Committee - Board Crisis Management Committee - Board Risk Management Committee	- CEO and Regional Managing Director at Acumen Pakistan - Director, NRSP Microfinance Bank - Independent Director, Bulley Shah Packaging.(Pvt.) Ltd. - Director, Wafi Energy Pakistan Limited (formerly Shell Pakistan Limited)
6	Dr. Gyorgy Tamas Ladics	27-May-2018	Independent Director	- Board Information Technology Committee - Board Human Resource, Remuneration & Nomination Committee - Board Crisis Management Committee - Board Strategy and Finance Committee	Chief Executive Officer and Director, Silverlake Symmetri (various legal entities Singapore, Malaysia, Pakistan)
7	Mr. Khalid Qurashi	From 27-May-2015 to 26-Feb-2018 and co-opted on 14-May-2020	Independent Director	- Board Audit Committee - Board Strategy and Finance Committee - Board Risk Management Committee - Board Human Resource, Remuneration & Nomination Committee - Board Crisis Management Committee - Board Real Estate Committee - Board Information Technology Committee	Independent Director, HBL Bank UK Limited
8	Mr. Efstratios Georgios Arapoglou	27 May 2024 (he was associated as Non-Executive Director with the Bank from 27- May-2015 to 26-May-2021)	Independent Director	- Board Audit Committee - Board Strategy and Finance Committee - Board Information Technology Committee - Board Human Resource, Remuneration & Nomination Committee - Board Risk Management Committee	- Chairman of Board, Bank of Cyprus – Cyprus - Board Member, EFG Hermes – Egypt - Evdimon Ltd. (50% ownership company) - Non-exec Chairman, TEN – Tsakos Energy Navigation (shipping)

S.No.	Name of Directors	Date of Joining / Leaving the Board	Status of Director (Independent, Non-Executive, Executive)	Member of Board Committees	Board Memberships in other Companies and Institutions
9	Mr. Atif Aslam Bajwa	From 25-Oct-2011 to 15-Jul-2017 and co-opted on 19-Feb-2020	CEO/Executive Director	- Board Strategy and Finance Committee - Board Risk Management Committee - Board Information Technology Committee - Board Crisis Management Committee - Board Real Estate Committee	- Board Member, Alfalah Insurance Company Limited - Chairman, Alfalah Asset Management Limited - Board Member of PIA Investments Limited and its below subsidiaries: - Roosevelt Hotel Corporation N. V. - Minhal France S. A. - Avant Hotels (Pvt) Limited - Board Member, Karachi Education Initiative - Board Member, Packages Limited - Member Executive Committee, Pakistan Banks Association - Board Member, Acamas Ventures Holding Limited - Aga Khan Development Network, Mr. Atif Bajwa is Chairman, AKU Corporate Committee for University Advancement (an independent committee working under the ambit of the Aga Khan University which is the agency of Aga Khan Development Network)

Directors' Participation in Board and Board Committees Meetings

2025									
Name of Directors		Board of Directors Meetings	Board Audit Committee Meetings	Board Strategy and Finance Committee Meetings	Board Human Resource, Remuneration and Nomination Committee Meetings	Board Risk Management Committee Meetings	Board Information Technology Committee Meetings	Board Crisis Management Committee Meetings	Board Real Estate Committee Meetings
No. of Meetings held during the year		4	6	6	2	4	4	5	5
1.	H.E. Sheikh Nahayan Mabarak Al Nahayan	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2.	Mr. Abdulla Nasser Hawaileel Al Mansoori	4	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3.	Mr. Abdulla Khalil Al Mutawa	4	6	6	2	4	4	5	5
4.	Mr. Khalid Mana Saeed Al Otaiba	4	6	6	2	4	4	5	5
5.	Dr. Ayesha Khan	4	6	6	2	4	N/A	5	N/A
6.	Dr. Gyorgy Tamas Ladics	4	N/A	6	2	N/A	4	5	N/A
7.	Mr. Khalid Qurashi	4	6	6	2	4	4	5	5
8.	Mr. Efstratios Georgios Arapoglou	4	6	6	2	2*	4	N/A	N/A
9.	Mr. Atif Aslam Bajwa	4	N/A	6	N/A	4	4	4	5

* Become member on June 13, 2025

2024									
Name of Directors		Board of Directors Meetings	Board Audit Committee Meetings	Board Strategy and Finance Committee Meetings	Board Human Resource Remuneration and Nomination Committee Meetings	Board Risk Management Committee Meetings	Board Information Technology Committee Meetings	Board Crisis Management Committee Meetings	Board Real Estate Committee Meetings
No. of Meetings held during the year		7	6	8	3	5	4	1	10
1.	H.E. Sheikh Nahayan Mabarak Al Nahayan	7	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2.	Mr. Abdulla Nasser Hawaileel Al Mansoori	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3.	Mr. Abdulla Khalil Al Mutawa	6	6	8	3	5	4	1	10
4.	Mr. Khalid Mana Saeed Al Otaiba	7	6	8	3	5	4	1	10
5.	Dr. Ayesha Khan	7	6	8	3	2	N/A	1	N/A
6.	Dr. Gyorgy Tamas Ladics	6	N/A	8	2	N/A	4	1	N/A
7.	Mr. Khalid Qurashi	7	6	8	3	5	1	1	3
8.	Mr. Efstratios Georgios Arapoglou	2	2	1	2	N/A	1	N/A	N/A
9.	Mr. Atif Aslam Bajwa	7	N/A	8	N/A	5	4	1	10

Shariah Board Members - Details

S.No.	Name of Shariah Board Members	Date of Joining/ Leaving the Board	Designation	Relationship with other Banks
1	Dr. Mufti Khalil Ahmad Aazami	01-Oct-2015	Chairperson, Shariah Board	- Member, Shariah Board, Faysal Bank Limited - Member, Shariah Board, National Bank Limited
2	Mufti Muhammad Mohib ul Haq Siddiqui	01-Oct-2015	Member, Shariah Board	- Chairman, Shariah Board, Faysal Bank Limited - Member, Shariah Board, Bank AL Habib Limited
3	Mufti Aqeel Akhtar	01-Jul-2021	Member, Shariah Board	None
4	Mufti Usama Ehsan	01-Jul-2021	Member, Shariah Board	None
5	Mufti Ovais Ahmed	01-Oct-2015	Resident Shariah Board Member	None

Shariah Board Committee Meetings

S.No.	Name of Director	Meetings held / attended
Total meetings held		4
1	Dr. Mufti Khalil Ahmad Aazami	4
2	Mufti Muhammad Mohib ul Haq Siddiqui	4
3	Mufti Aqeel Akhtar	4
4	Mufti Usama Ehsan	4
5	Mufti Ovais Ahmed	4

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

Name of Company: **Bank Alfalah Limited ("the Bank")**
 Year ended: **December 31, 2025**

The Bank has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("Code/Regulations") in the following manner: -

1. The total number of directors are nine as per the following:
 - a. Male: Eight
 - b. Female: One
2. The composition of the Board is as follows:
 - i Independent Directors: Three
 - ii Non-Executive Directors: Four
 - iii Executive Directors: One
 - iv Female Directors: One
3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this 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 updating is maintained by the Bank;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of 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 these Regulations;
9. The Bank had arranged Directors' Training program for its Directors. Four Directors of the Bank have already attained certification of the Director's Training Program while the other Directors stand exempted, as per criteria mentioned in the Code;
10. The Board had approved 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/reconstituted committees comprising of members given below:
 - A) **Board Audit Committee**
 1. Mr. Khalid Qurashi, Chairman
 2. Mr. Abdulla Khalil Al Mutawa, Member
 3. Mr. Khalid Mana Saeed Al Otaiba, Member
 4. Dr. Ayesha Khan, Member
 5. Mr. Efstratios Georgios Arapoglou, Member
 - B) **Board Strategy and Finance Committee**
 1. Mr. Abdulla Khalil Al Mutawa, Chairman
 2. Mr. Khalid Mana Saeed Al Otaiba, Member
 3. Dr. Ayesha Khan, Member
 4. Dr. Gyorgy Tamas Ladics, Member
 5. Mr. Khalid Qurashi, Member
 6. Mr. Efstratios Georgios Arapoglou, Member
 7. Mr. Atif Aslam Bajwa, Member
 - C) **Board Risk Management Committee**
 1. Mr. Khalid Mana Saeed Al Otaiba, Chairman
 2. Mr. Abdulla Khalil Al Mutawa, Member
 3. Mr. Khalid Qurashi, Member
 4. Dr. Ayesha Khan, Member
 5. Mr. Efstratios Georgios Arapoglou, Member
 6. Mr. Atif Aslam Bajwa, Member
 - D) **Board Information Technology Committee**
 1. Dr. Gyorgy Tamas Ladics, Chairman
 2. Mr. Abdulla Khalil Al Mutawa, Member
 3. Mr. Khalid Mana Saeed Al Otaiba, Member
 4. Mr. Khalid Qurashi, Member

5. Mr. Efstratios Georgios Arapoglou, Member
6. Mr. Atif Aslam Bajwa, Member

E) Board Human Resources, Remuneration & Nomination Committee

1. Mr. Efstratios Georgios Arapoglou, Chairman
2. Mr. Abdulla Khalil Al Mutawa, Member
3. Mr. Khalid Mana Saeed Al Otaiba, Member
4. Dr. Gyorgy Tamas Ladics, Member
5. Mr. Khalid Qurashi, Member
6. Dr. Ayesha Khan, Member

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

With regard to the requirements under Regulation 29 of the Code, Bank Alfalah Limited does not require to constitute a separate Nomination Committee, as the Board Human Resources, Remuneration & Nomination Committee undertakes all responsibilities assigned to Nomination

F) Board Crisis Management Committee

1. Mr. Abdulla Khalil Al Mutawa, Chairman
2. Mr. Khalid Mana Saeed Al Otaiba, Member
3. Dr. Ayesha Khan, Member
4. Dr. Gyorgy Tamas Ladics, Member
5. Mr. Khalid Qurashi, Member
6. Mr. Atif Aslam Bajwa, Member

G) Board Real Estate Committee

1. Mr. Abdulla Khalil Al Mutawa, Chairman
2. Mr. Khalid Mana Saeed Al Otaiba, Member
3. Mr. Khalid Qurashi, Member
4. Mr. Atif Aslam Bajwa, Member

Committee as stipulated in the Code, which includes monitoring, evaluating, and implementing any changes required in the Board or its committees. Therefore, a separate nomination committee is not required to be constituted.

14. The number of meetings held during the year are as follows. The meetings of the Audit Committee were held at least once in every quarter prior to approval of interim and final results of the Bank;

Name of Committee	No. of Meetings held during the year, 2025
Board Audit Committee	6
Board Strategy and Finance Committee	6
Board Risk Management Committee	4
Board Information Technology Committee	4
Board Human Resources, Remuneration & Nomination Committee	2
Board Crisis Management Committee	5
Board Real Estate Committee	5

15. The Board has established an effective internal audit function, the staff at which considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank;

other partners of the firm involved in the audit are close relatives (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director(s) 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 are registered with the Audit Oversight Board of Pakistan; and that they and all their partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan. Further, none of them and

17. The statutory auditors or the persons associated with them have not been appointed to provide any 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. Compliance status with respect to the requirements of Diversity, Equity and Inclusion (DE&I) and Sustainability Committee under Regulations 10 and 10A:

Pursuant to the SECP's Notification (S.R.O. (I)/2024) dated June 12, 2024 (amended up to March 20, 2025), introducing a new Regulation 10A and amendments to Regulations 10 and 35, the Bank has continued to strengthen its oversight of environmental, social and governance matters. During the year, a dedicated Sustainability Committee was constituted, reporting to the Central Management Committee (CMC) and the Board Strategy and Finance Committee (BSFC).

Further, the BSFC has also been assigned additional responsibilities with respect to Diversity, Equity and Inclusion (DE&I) and sustainability-related risks and opportunities. In parallel, a separate management DE&I Committee has been constituted reporting to Board Human Resources, Remuneration & Nomination Committee which remains responsible for decision making and providing recommendations on matters pertaining to diversity, equity and inclusion. The management is in the process of complying with the requirements pertaining to sustainability and climate-related risks and opportunities.

Atif Aslam Bajwa
President and Chief Executive Officer

Nahayan Mabarak Al Nahayan
Chairman

Abu Dhabi
February 13, 2026

Independent Auditor's Review Report

To the members of Bank Alfalah 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 Bank Alfalah 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
Karachi
Dated: March 3, 2026
UDIN: CR202510061TICRGM0sg

Statement of Internal Controls

This Statement of Internal Controls is based upon an ongoing process designed to identify the significant risks in achieving the Bank's policies, aims and objectives, and to evaluate nature and extent of those risks, and to manage them efficiently, effectively and economically. This process remained in place throughout the year 2025.

The Board of Directors (Board) considers a sound control framework as the key to sustainable growth and value creation. The Board is ultimately responsible for the internal controls system of the Bank. Further, the Board has defined role of the Board's Audit Committee (BAC) and Senior Management to establish and maintain an adequate and effective system of Internal Controls. Every endeavor is made to implement sound control procedures and to maintain a robust control environment.

The Bank's Internal Control Policy outlines the overall Control Objectives, the Bank's Controls Framework as well as the Bank's approach towards implementation of the framework. Bank Alfalah Control Framework is structured on the lines of globally recognised "Three Line of Defense Model" in which Business/Support Unit serves as First Line of Defense, various Risk, Controls & Compliance oversight functions are serving as Second Line of Defense, while independent assurance is the Third (Audit and Inspection Group). The framework focuses on devising policies and procedures that outline control activities so that process owners perform their functions without any risk exposure. This aspect is further evaluated and monitored through various organisational functions, such as Risk Management, Compliance & Internal Controls etc.

The Board of Directors has instituted an effective Audit function (Audit & Inspection Group), reporting to the Board through the Board Audit Committee, which not only monitors compliance with the Bank's policies, procedures, controls and reports significant deviations regularly to the Board Audit Committee, but also regularly reviews the adequacy of the overall internal control system. Furthermore, observations and weaknesses regarding control health pointed out by the Bank's external and internal auditors are also addressed promptly and necessary steps are taken by the management to eradicate such weaknesses. Remedial actions against control breaches are advised and followed up by the Board Audit

Committee as well. The BoD of the Bank has also formulated a Shairah Board to establish and monitor the Shariah Governance / Compliance Framework at the Bank for its Islamic Banking business. To assist with this mechanism, a Shariah Compliance department has been set-up which is responsible to keep a continuous watch on the Bank's Shariah compliance environment through different mechanisms regarding application of Shariah principles in line with the Shariah Board's rulings/ advices, Shariah Standards and Regulations while proposing recommendations / action plans to strengthen the internal Shariah Controls structure. The Bank's Compliance & Controls Committee, which comprises of CEO & senior executives of the Bank has been entrusted with enhanced governance and monitoring as part of the overall Control Environment. Besides, there is a Process Improvement Committee (PIC), comprising of senior executives, which, as part of regular periodic evaluations, considers improvements and changes required in the policies and procedures. Recommendations from the stakeholders, such as Risk, Operations, Compliance, Shariah, Finance and Internal Audit are sought as part of such exercises.

The Bank, through its Compliance & Business Solutions Group, maintains a dedicated Internal Controls Division (ICD). Through regular onsite inspections and offsite thematic reviews, the ICD supports management in the timely identification and resolution of key control weaknesses and compliance risk exposures that could adversely impact the Bank. These reviews assist management in ensuring that operations are conducted in accordance with established procedures, transactions are recorded promptly, and financial and management reporting remains accurate, reliable, and complete, while ensuring compliance with applicable laws, regulations, and internal policies. In addition to the ICD, other units within the Compliance & Business Solutions Group—including the Customer Due Diligence (CDD) Department and the Compliance Risk Management Unit—form integral components of the Bank's overall control framework and play a vital role in strengthening the control environment.

The Bank has implemented an online Internal Controls Dashboard (ICD Dashboard) to enable centralised and continuous monitoring of selected critical controls. The dashboard enhances

enterprise-wide visibility of control risk exposures by facilitating the timely identification of operational and regulatory risks, including control breaches across branches and other functional units. It enables prompt rectification and closure of issues, thereby mitigating potential financial and reputational risks. The ICD Dashboard also supports the analysis of significant control gaps, development of corrective action plans, and identification of staff training requirements. This initiative has transformed the control and compliance monitoring approach from periodic, sample-based reviews to continuous monitoring of key risk areas with coverage across the entire population. Comprehensive reviews of AML/CFT and other critical regulatory areas are conducted based on alerts and exceptions generated through the dashboard. Identified anomalies are communicated to relevant stakeholders for appropriate remedial action, resulting in a measurable strengthening of the Bank's control environment. During 2025, the scope of the ICD Dashboard was further expanded to cover additional critical business and operational functions, including Trade-Based Money Laundering (TBML) and remittances, enabling more timely risk monitoring and mitigation. In recognition of its effectiveness, the ICD Dashboard has also been rolled out to international operations, including the UAE, in addition to Bangladesh.

Furthermore, material issues identified during onsite ICD reviews were escalated to senior management to support improvements in the operational health of branches and units.

The Bank follows SBP guidelines on Internal Controls including guidelines pertaining to Internal Control over Financial Reporting (ICFR). The Bank's ICFR exercise is conducted annually with an objective to review the processes and operating effectiveness of controls over key areas of the Bank's operations, which affect financial reporting. ICFR unit, under Finance Division, is responsible for implementation of the stage-wise ICFR Framework and to perform tests of controls for the management functions. In line with SBP exemption from the requirement of external auditors' Long Form Report (LFR), Audit and Inspection Group of the Bank reviewed the Bank's ICFR function for the year 2024 and submitted an Assessment Report to the Board Audit Committee (BAC). The ICFR review for 2025 is in progress and an Assessment Report will be submitted to BAC during first quarter of 2026 in line with regulatory requirements.

Management's Evaluation on Effectiveness of Control Framework

The Bank's system of Internal Controls is designed to manage rather than eliminate the risk of failure to achieve its business strategies and objectives. It can, therefore, only provide reasonable and not absolute assurance against material misstatement and losses.

In accordance with Board's vision along with SBP and SECP guidelines, the management has implemented a comprehensive governance and control framework to ensure efficiency and effectiveness of operations, compliance with legal requirements and reliability of financial reporting. Adequate systems, processes and controls have been put in place to identify and mitigate the risk of failure to achieve the overall objectives of the Bank. All significant and material issues notified by the internal and external audit, along with the observations (if any) notified by the regulators are timely addressed with adequate remediation plans on high exigency, implementation of which are duly tracked by the Board, through its sub-committees and the management committees as part of their agenda.

The management believes that the Bank's existing system of Internal Controls is considered reasonable in design and is functioning effectively and constantly monitored. There is a continuous improvement in the Bank's Control Environment including technological solutions. Based upon the work performed, the management keeps on identifying areas for process improvements as well as implement additional controls required for strengthening existing controls. The management takes all necessary steps to ensure that the timelines and priorities assigned to the same are adhered to.

The Bank shall continue in its endeavor to further enhance its internal control design and assessment process in accordance with the industry best practices.

The Board of Directors has duly endorsed management's evaluation of internal controls, including ICFR.

For and behalf of the Board,

Atif Aslam Bajwa

President and Chief Executive Officer
Abu Dhabi
February 13, 2026

Management's Responsibility towards Financial Statements and Directors' Compliance Statement

The Bank's Management is aware of its responsibility towards the preparation and presentation of financial statements. The Directors of the Bank confirm that:

- The financial statements fairly represent the state of affairs of the Bank, the result of its operations, comprehensive income, cash flows, and changes in equity.
- Proper books of accounts of the Bank have been maintained.
- Appropriate accounting policies have consistently been applied in the preparation of financial statements and accounting estimates and are based on reasonable and prudent business judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan and to the banks in Pakistan, have been followed in preparation of financial statements, and any departures therefrom have been adequately disclosed and explained.
- The system of Internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts regarding the Bank's ability to continue as a going concern.
- There is no material departure from the best practices of corporate governance.

Adoption and Statement of Adherence with the International Integrated Reporting Framework

Scope and Purpose

The primary purpose of this report is to establish a communication with the stakeholders about how the Bank's strategy, governance, performance and prospects, in the context of external environment, lead to the creation of value to achieve short, medium and long-term strategic objectives.

Responsibility of the Report

The preparation, presentation and integrity of the Integrated Report is the Management's responsibility. The report has been presented in accordance with the International Integrated Reporting Framework.

The Value Creation Process

The Board has created an appropriate oversight structure to support the ability of the Management to create value through core business activities. Value is created through organisation's business model, which takes inputs from the capitals, and transforms them through business activities and interactions to produce outputs and outcomes, that, over the short, medium and long-term, create value for the organisation, its stakeholders, society and environment. The capitals, from which the business model takes inputs, are identified as financial, manufactured, intellectual, human, social and relationship, and natural capitals.

Content Elements incorporated in the Annual Report

- **Organisational Overview, Business Model and External Environment**

Bank Alfalah Limited (BAFL) is incorporated as a commercial bank with operations in Pakistan, Middle East and Asia Pacific. The Bank is listed on the Pakistan Stock Exchange (PSX). It operates under the directives issued by the State Bank of Pakistan (SBP), Securities and Exchange Commission of Pakistan (SECP) and Pakistan Stock Exchange (PSX).

- **Governance**

The Board of Directors (BoD) governs and sets out the strategic objectives for the Bank. BoD has assigned responsibilities for daily operations to the Senior Management.

- **Stakeholder Relationship and Engagement**

The Bank effectively manages the expectations of its stakeholders and considers this a key priority.

- **Sustainability and Corporate Social Responsibility**

Besides focusing on business objectives, the Bank focuses on establishing a sustainable, safe and healthy environment. The Bank also considers caring for the community its prime responsibility.

- **Risks and Opportunities**

The Bank operates in an environment where it is subject to Market Risk, Credit Risk, Liquidity Risk, Operational Risk and Environmental Risk. The Bank has mitigating strategies in place to address these risks and effectively protects the capitals against the odds of these risks.

- **Strategy and Resource Allocation**

The Bank has short, medium and long-term strategic objectives in place. These are to maximise shareholders' value, sustainable returns, and exceed shareholders' expectations. The Bank allocates its resources to achieve these objectives.

- **Information Technology Governance and Cybersecurity**

The Bank has an established IT governance policy and a cybersecurity programme. The Bank performs on a regular basis, security assessment of its technological environment and has advanced technological infrastructure to provide secure customer service. Further, the Bank has state of the art core banking and surround systems to assist it in daily operations.

- **Performance and Position**

Bank Alfalah measures its performance and position against Key Performance Indicators (KPIs). The Bank has been performing impressively in terms of year-on-year growth.

- **Outlook**

Challenges and uncertainties to which the Bank may be exposed include the Government's fiscal measures, including monetary policy, geo-political situation, law and order situation, inflation and taxation. The Bank tracks key metrics, which might affect its performance and take corrective measures to maintain its market standing, protecting the capitals, and providing maximum returns to its shareholders.

- **Excellence in Corporate Reporting**

The Corporate Reporting Framework comprises of International Financial Reporting Standards (IFRS), Islamic Financial Accounting Standards (IFAS), Companies Act, 2017, Banking Companies Ordinance, 1962, and the directives issued by the SBP and the SECP. The reporting calendar of the Bank and its subsidiaries is January to December. The External Auditor of the Bank is M/s A.F.Ferguson & Co. Key matters relating to the current year have been disclosed in the External Auditors' Report. The period for which this report is prepared is year ended 31st December 2025.

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Outlook



Forward Looking Statement

Narrative Statement

The global economy continues to face heightened uncertainty as evolving trade policies, protectionist tendencies, and geopolitical developments reshape growth prospects and global interconnectedness. While some resilience was observed in the near term, this momentum has moderated amid slowing economic activity, softer labour market conditions, and uneven inflation trends. Global trade expansion remains subdued, reflecting fragmentation and ongoing policy uncertainty. Against this backdrop, the global environment remains exposed to downside risks arising from prolonged uncertainty, supply chain disruptions, commodity price volatility, and broader fiscal and financial vulnerabilities.

Pakistan's economy has shown signs of stabilisation following the implementation of prudent monetary and fiscal measures, supported by favourable external conditions and continued multilateral engagement. Improvements have been observed in macroeconomic balances, inflation moderation, and currency stability, contributing to a gradual recovery in economic activity. Nevertheless, structural challenges including low savings, fiscal constraints, climate related risks, and regulatory complexities continue to weigh on medium to long term growth prospects. While confidence has improved, the economic outlook remains sensitive to external shocks and domestic vulnerabilities, underscoring the need for sustained policy discipline and reform momentum.

Against this complex global and domestic backdrop, the Bank continues to strengthen its operating foundations while advancing its long-term strategic priorities. Disciplined risk management, balance sheet optimisation, and a continued focus on sustainable growth enables the Bank to navigate a challenging operating environment while maintaining momentum across its core businesses.

In line with the Bank's strategic direction, focus will remain on strengthening transaction banking, expanding asset side growth across consumer, SME and agriculture segments, deepening digital banking capabilities, and reinforcing leadership in trade, cash management, remittances, and supply chain finance. Bank will pursue measured growth in its asset portfolio while maintaining prudent underwriting

standards. Continued investments in digital platforms, advanced analytics, and process automation are expected to support operational efficiency, enhancing customer experience, and enables scalable growth across retail and corporate franchises.

The Bank will diversify revenue streams through innovation, cost discipline, treasury optimisation, and selective new initiatives. At the same time, strong emphasis placed on culture, human capital development, ESG integration, and corporate responsibility will support institutional resilience and long-term value creation. Collectively on the way forward, these efforts position the Bank to pursue steady and sustainable growth while remaining responsive to evolving global and domestic risks.

Quantitative Projections

The Bank is projecting to maintain its bottom line despite significant pressures on earnings owing to lower interest rates.

The Bank's net interest income is projected to grow modestly, driven primarily by volumetric growth. The rates have already declined by 1,150 bps in last 18 months, falling from a peak of 22.0% in June 2024 to 10.5% in December 2025 and is expected to remain broadly at the same level in 2026. This volumetric growth will offset the full impact of rate cuts on the asset portfolio, given the lag in asset repricing. Fee and commission, and foreign exchange income are also expected to improve, supported by higher business volumes and transaction throughput. Additionally, capital gains realised through selective and timely opportunities will support the Bank's total revenue.

Operating costs in 2025 were elevated due to remittance related marketing expenses, reflecting temporary market distortions as Bank protected its 2nd highest market share to support trade business. With conditions normalising as witnessed in 4Q'25 results, remittance related marketing costs are expected to stabilise. The cost-to-income ratio will be slightly lower than last year. While, revenue will increase and the Bank's expenses will also grow due to network expansion, ongoing technology enhancements, and the continued evolution of the

business model which places significant emphasis on consumer and digital segments. These initiatives align with the Bank's long-term strategy to strengthen market share across key performance drivers.

On the funding side, the Bank will maintain its focus on average deposit growth, emphasising low-cost and sticky core current deposits. Growth of 15–20% YoY is targeted, with disciplined management of deposit costs across both Conventional and Islamic segments.

Similarly, Lending is also expected to expand by 15–20%, supported by an improving macroeconomic environment and Bank's continued commitment to the SME and consumer sectors.

Uncertainties that Could Affect the Bank's Resource, Revenues and Operations

All forward looking statements are by nature, subject to risks and uncertainties, and some of these are beyond our control. The impacts could vary from short term to medium and long term. Factors that may potentially affect the Bank's resources, revenues and operations are as follows:

- Economic decisions on discount rate/monetary policy;
- Geopolitical risks and uncertainties across the geographies where we operate in;
- Global macroeconomic conditions impacting overall economic activity;
- Impact of climate conditions on economic activity and business operations;
- Law and order situation/political environment within the country;
- Local government rules and regulations;
- Changing priorities at the regulators' end;

- Global AML/CFT compliance in accordance with FATF;
- Trade policies of trade partner countries;
- Changes in fiscal policy and corporate taxation measures;
- Inflation, fuel and general commodity prices;
- Market forces impacting the product pricing and the cost of doing business;
- Emergence of disruptive technologies;
- Increased competition from emerging FinTechs and digital banks; and
- Cybersecurity.

The Bank's strong financial position, processes and controls make it resilient to these changes, many of which were tested in 2025. The results of these stress tests were presented to the Management Committees and the Board Committees for information and forward guidance.

External Environment

Please refer to the sub-section on the following pages within this section.

The Bank’s Performance against Last Year’s Forward Looking Statement

Forward-looking statement disclosed last year	The Bank’s performance in 2025
Bank Alfalah is well-positioned for sustainable growth and building long-term shareholders’ value.	The Bank’s profit after tax stood at PKR 28.34 billion. Advances (gross) almost remained at the same level as last year and closed at PKR 1.153 trillion. Bank at Dec’24 had extended some advances on negative spreads, owing industry factor due to ADR tax. Those loans have been replaced with commercially better priced arrangements. Deposits closed at PKR 2.496 trillion as against PKR 2.137 trillion at the close of last year, representing an increase of 17%. CAR stood at 15.87% at the close of the year. The Bank has declared a final cash dividend of PKR 3.00, in addition to interim cash dividend of PKR 7.50. While the Bank’s share price as at 31st December 2025 was PKR 109.05.
In line with the Bank’s strategy, it aspires to be the most customer-centric and innovative bank in the country with a caring culture. To cope with changing business dynamics, it will accelerate digital transformation and focus on business process re-engineering.	For the fourth year in a row, the Bank has been awarded Best Bank for Digital Excellence 2025 by the Pakistan Banking Awards. This honor signifies our deep commitment to shaping the future of banking in Pakistan. We are proud of the positive impact our digital initiatives have had on our customers and the broader financial landscape. Additionally, the Bank was awarded Best Bank for Customer Engagement 2025 by the Pakistan Banking Awards for the seventh consecutive year, reflecting our continued dedication to fostering meaningful connections with our customers and delivering exceptional service experiences. The Alfa App, now featuring a revamped interface for improved convenience and accessibility, provides seamless access to core offerings such as instant loans and investment options. These enhancements emphasise user-friendly design while maintaining the app’s robust financial tools. Similarly, the Bank offers an e-commerce marketplace, relaunched in recent years as AlfaMall 2.0 and available on both app and web platforms, enabling BAFL and other banks’ customers to purchase a wide range of goods on instalments. To continue catering to our customers’ advanced digital needs, the Bank has made the onboarding of both existing and new customers effortless through RAPID, a seamless onboarding journey available via the Alfa App and web. RAPID offers a range of account types, including both conventional and Islamic options. Under the Cashless Economy Initiative, the Bank has also introduced a merchant-friendly product suite, relaunching the Alfa Business App while supporting a digital acquiring and issuing ecosystem through integration with payment schemes and RAAST. Merchants can integrate their commerce through QR acquiring, prepaid cards, the Alfa Payment Gateway, POS machines, and AlfaMall, supported on ground by the Bank’s unique Digital Payments Sales and Service Centers. The Bank also strategically utilises the Sales Management System (SMS) internally to empower its sales teams. This application supports sales performance improvement, progress tracking, and service enhancement through advanced configuration and customisation features, including lead management and email management. To strengthen customer engagement and loyalty, the Orbit Rewards program was strategically redesigned for deposit products. The framework shifted from transaction-based incentives - focused mainly on activity frequency - to a model that recognises and rewards customers for maintaining higher average balances and demonstrating consistent balance growth. This evolution aligns the program with long-term relationship value, fostering sustained deposit retention, enhancing portfolio stability, and deepening customer engagement. By reinforcing behaviors that drive balance sheet growth, the program creates a more durable foundation for both customer loyalty and institutional performance.

**Forward-looking statement
disclosed last year**

The Bank's performance in 2025

The Bank will work hard to regain and grow its market share in low cost deposits, consumer products and SME financing.

With a great emphasis on building a low cost deposit base, our total deposits stand at PKR 2.496 trillion and current deposits at PKR 955 billion as at Dec'25 end, reflecting a 17% increase in CA deposits over Dec'24. These numbers were achieved through a segmented sales approach based on ideal customer personas and selective branch expansion in key areas.

The Bank continues to strengthen its position in the consumer banking segment. Credit card volumes maintained an upward trajectory in 2025, with the closing balance reaching PKR 47.54 billion (Dec'24: PKR 32.46 billion). In addition, the Bank issued over 95,000 credit cards during the year, marking a substantial increase compared to the previous year. Credit card spending also recorded strong growth, with throughput increasing by 49% to PKR 340.5 billion (Dec'24: PKR 228.5 billion).

Auto finance gross volume in 2025 increased to PKR 21.5 billion, while the personal loan closing balance stood at PKR 10.3 billion (Dec'24: PKR 6.9 billion).

The Bank further strengthened its leadership position in the SME sector (bank-wide), with lending exposure recording a notable 35% year-to-date growth to reach PKR 75.2 billion by December 2025. The Agri segment (bank-wide) also delivered strong performance, expanding by 25% year-to-date to PKR 24.5 billion.

Supply Chain Financing also registered progress, with throughput increasing by 27% year-to-date to PKR 68.6 billion in 2025. Portfolio utilisation stood at 92%, with infection ratio contained at 1.1%, underscoring the resilience and stability of the Bank's lending portfolio. Retail trade throughput reached USD 2.5 billion, further highlighting the Bank's ability to consistently surpass industry benchmarks.

In alignment with national priorities, the Prime Minister's Youth Business Loan (PMYBL) initiative and the SAAF scheme contributed meaningfully, with CY 2025 disbursements amounting to PKR 7.69 billion and PKR 2.96 billion, respectively.

Under Karandaaz and SBP's Innovation Challenge Funds, the Bank has been working closely with Karandaaz, SBP, and DigiServ on the development of credit scoring models for SME credit evaluation. These models enable the Bank to leverage SME customer data, including deposit history and psychometric assessments, to calculate creditworthiness scores.

During the year, Bank Alfalah launched the Digital Agri Financing Initiative via the Alfa App, enabling farmers to apply for loans under "Zarkhez-e Financing." In 2025, 1,369 applications were received, with a total volume of PKR 434 million. This end-to-end digital process ensures swift credit assessment, approval, and disbursement without the need for branch visits.

The Bank's financial inclusion and literacy initiatives are closely aligned with its collaborations and partnerships with leading institutions such as SMEDA, UN Women, CIRCLE, PITB, and others. These engagements have strengthened outreach to underserved segments, particularly women-led enterprises and aspiring entrepreneurs. In parallel, the revamp of the SME Toolkit has further enhanced advisory support by equipping businesses with improved resources to drive sustainable growth.

In recognition of its commitment to advancing gender equity in finance, the Bank has formally entered the WE Finance Code, an initiative of the Asian Development Bank (ADB) and the State Bank of Pakistan (SBP). This milestone underscores the Bank's dedication to reducing gender disparities in access to finance and reinforces its role as a catalyst for inclusive economic development.

Forward-looking statement disclosed last year	The Bank's performance in 2025
	During the year, under its Pehchaan product suite, the Bank launched a dedicated SME financing programme for women Mera Kaam, Meri Pehchaan, designed to empower women-led enterprises through enhanced access to working capital and expansion financing. In addition, the Bank extended discounted pricing on Car and Home Finance facilities to Pehchaan account holders, further advancing its commitment to inclusive and accessible financial solutions. Overall, this performance reflects Bank Alfalah's strategic focus on innovation, prudent risk management, and client diversification, positioning it as a leader in advancing SME, Agri, and trade financing in Pakistan.
The Bank looks forward to expanding its branch network to widen its reach and serve its customers.	Bank Alfalah has accelerated its strategic focus on expanding its network to 1,186 branches in 2025, to enhance market coverage through increased customer touchpoints. To grow our conventional network, the Bank added 10 new branches during 2025. Furthermore, as of Dec'25, our Premier footprint spans 76 locations across the country through our Premier Conventional Lounges. To grow the Islamic outreach, the Bank opened over 25 new Islamic branches. Over 40 Islamic Premier Lounges are also strategically located across major cities offering exclusive services to our valued customers.
The Bank's focus will be on harnessing technology to ensure that customers' banking needs are fully met in a technologically advanced, secure and convenient manner.	To meet the digital expectations of our customers in today's technology-driven world, the Bank remains committed to continuously developing and delivering enhanced products and services. ALFA, the Bank's digital banking app, has been revamped with an improved UI/UX, streamlining the user experience through the introduction of new features such as Tap & Pay, split payments, wealth management, prepaid cards, and more. These enhancements support a wide range of lifestyle banking needs, including digital account opening, money transfers, bill payments, QR payments, mutual fund investments, digital insurance, Roshan Digital Accounts, Alfa wallets, digital term deposits, and digital financing offerings such as personal loans, auto loans, agri financing, pledge financing, and overdraft facilities, along with instant issuance of credit cards and comprehensive account and card management features. The Alfa Business App, featuring merchant onboarding, in-app QR generation, an e-shop catalogue, cash management, and a digital supply chain solution, along with the Proximity QR merchant network, Alfa Payment Gateway (offering digital merchant onboarding, pay-via-link, and BNPL features), AlfaMall (providing both Islamic and conventional BNPL and COD solutions), and AlfaPay, the Bank's proprietary agent network, collectively serve as payment channels catering to consumer and SMME banking needs. The Bank operates the largest network of Cash Deposit Machines (CDMs/CCDMs) in Pakistan, with over 750 CDMs/ CCDMs nationwide as of December 2025. Furthermore, the Bank's digital transactions have expanded significantly, with a substantial migration of over-the-counter transactions to digital platforms, generating a throughput of PKR 9.0 trillion during the year.

**Forward-looking statement
disclosed last year**

The Bank's performance in 2025

	The Bank also offers debit and credit card management services, including card activation, deactivation, PIN generation and changes, through digital channels. To encourage customers to transition from branch visits to digital platforms, the Bank has introduced the ability to request banker's cheques, account statements, and cheque books conveniently via both Internet Banking and the Mobile Banking App. Additionally, several new products and services have been introduced to further enhance the user experience. The Bank serves over 4.3 million G2P beneficiaries under mandates from national and provincial government programmes. Key initiatives include the Benazir Income Support Programme (BISP), EOBI Pension, and the Sindh People's Housing for Flood Affectees programme. Furthermore, the Bank delivered on its commitment of advancing analytics and machine learning capabilities to foster a data-driven and automated culture. It emphasised data-led decision-making, predictive modelling, and personalised services, with performance improvements achieved through the implementation of Robotic Process Automation (RPA) and Generative Artificial Intelligence (Gen-AI).
Greater emphasis will be on boosting trade volumes, increasing penetration in cash management with the focus on SME/commercial clients.	During 2025, Bank Alfalah sustained its strategic focus on expanding trade flows and strengthening its position in cash management. The Bank generated total trade business of PKR 9.4 trillion by year-end, delivering a solid 19% year-on-year growth. This performance was driven by a customer-centric service model, competitive pricing structures, streamlined processing times, and a disciplined acquisition strategy targeting high-potential clients. As part of its broader transaction banking transformation agenda, the Bank continued to enhance its digital capabilities through sustained investment in modern technology infrastructure. Its proprietary platform, Bank Alfalah Transact (BAT), built on Oracle architecture and purpose-designed for corporate and institutional customers, has transformed the execution of Trade Finance, Supply Chain Finance, and Cash Management activities by enabling faster, secure, and fully integrated processing. The platform supports comprehensive digital trade enablement by promoting paperless workflows, improving operational efficiency, and reducing reliance on physical branch interactions, thereby lowering costs and turnaround times for customers. Adoption has expanded across a wide spectrum of industries, including corporates, mid- and large-sized enterprises, educational institutions, and multinational companies. Furthermore, during the year, the Bank extended these digital solutions to its Islamic Banking portfolio, particularly across trade and cash management. This expansion resulted in aggregate transaction throughput of approximately PKR 8 trillion, representing a notable 86% increase over the prior year. By consistently leveraging innovation and technology-driven solutions, Bank Alfalah remains focused on delivering scalable, efficient, and value-accretive transaction banking services that address the evolving needs of businesses across Pakistan.

Forward-looking statement disclosed last year

Investing in human capital and creating a caring culture will be a priority.

As Bank Alfalah continues to evolve and progress, HRLG will direct its efforts to ensure that the Bank becomes an employer of choice. Its key focus will be on building a happy workforce along with a value-driven culture, ensuring conscious hiring, development, and merit-based elevation of female employees.

As HRLG evolves to be the Voice of Employees for Bank Alfalah, the team is committed to strengthen the Business Partners platform to ease accessibility, while simultaneously devoting itself to be the employer of choice by constantly introducing new and digitised initiatives for its existing employees and potential candidates.

The Bank's performance in 2025

In 2025, the Human Capital Group (HCG) continued its focus on enhancing employee happiness, diversity, and development in alignment with the Bank's strategic objectives. Several initiatives were undertaken to empower employees and enrich their experience, including:

- A comprehensive Employee Happiness Survey to assess engagement and satisfaction across the Bank.
- Enhancement of the Leadership Development Program, which was extended to cover multiple levels across the Bank to better align behaviours with cultural values.
- Continuation of Thankful Thursdays, promoting a culture of appreciation and recognition.

The Bank maintained its commitment to Diversity, Equity and Inclusion (DE&I) by launching and expanding several initiatives to support gender and disability inclusion. The DE&I framework continued to focus on Colleagues, Customers, and Communities through initiatives such as:

- Ignite Sponsorship Program, providing mentorship opportunities for women employees.
- SHELEAD, designed to empower women by strengthening leadership capabilities and self-awareness.
- Uraan, tailored to support women's career advancement through a structured development roadmap.
- Inclusive Leadership Training, aimed at developing gender- and disability-inclusive leaders.
- Sensitisation Programs, including in-person sessions and e-learning modules, to promote awareness and inclusivity.

In recognition of these efforts, the Bank received several prestigious awards in 2025, including:

1. Achieving Best Practice levels across all 15 categories of the Global Diversity, Equity and Inclusion Benchmark (GDEIB).
2. Recognised as Top 10 Employer of Choice by Pakistan Business Council & IFC.
3. Received Runner up Gender Diversity at the Workplace Award 2025 at the CFA Society Pakistan 22nd Annual Excellence Awards.

HCG also played a pivotal role in supporting business units by strengthening the Business Partners platform and introducing digital learning solutions. Training programs were conducted in key areas such as anti-money laundering, trade-based money laundering, and cybersecurity, ensuring regulatory compliance and capacity building across all functions.

In line with the Bank's commitment to employee growth, 2025 saw the continuation of the Alfa Lead Management Trainee Programs, with over 3,000 applicants assessed, as well as the expansion of digital learning platforms, providing employees with access to a wide range of professional development opportunities.

Status of Key Projects

Projects and their Details	Status
Major Construction Works	
Ramps for Disabled Persons- 854 branches (as per SBP directives)	Completed
Branch vouchers archiving Phase II- 611 branches	Completed
88 renovations, redesigning, and relocation projects	Completed
81 sales and service center, priority lounge, and currency exchange booth projects	Completed
Payment Schemes	
Tokenisation of debit and credit cards	Completed
Auto Loan Stage-II Documentation integration on Auto Loan RAPID Portal	In Progress
Auto Loan RAPID activation for Branch Channel and Auto Dealers	In Progress
Major IT Projects as per ITG Strategic Pillars	
Governance Compliance Risk Information and Security	
Alfa Notification	Completed
UPI 3DS Certification	Completed
PCI DSS Pakistan Certification	Completed
Bahrain-Secured Overnight Financing Rate (SOFR)/Risk-Free Rates (RFR) Implementation	Completed
Swift ISO 20022 Phase II (MT to MX)	Completed
Technology Innovation Digital Advancements	
Credit Initiation & Internal Risk Rating System-CIIRS 3.0 (CRIMS)	Completed
Google Pay Wallet	Completed
E-KYC Block Chain Pilot Launch	Completed
KYC Update via Alfa App (exnome)	Completed
Alfa Mall – WhatsApp Banking	Completed
Launch of Supply Chain Financing via OBDX	Completed
Alfa Web Revamp	Completed
Automated Transfer System (Real-Time Gross Settlement-RTGS)	Completed
Prevention Model / AI Implementation (IB/Alfa)	Completed
AI Based Walk-In Customer Verification Report	Completed
Digital Cheque Clearing (CDK) (Pilot Phase)	Completed
AI Personalised Recommendation Next Best Offer (NBO)	Completed
AI Based Predictive Analysis – Deposit Trend Prediction	Completed
Alfa Services Integration – SMS Subscription and E statement Subscription	Completed
WhatsApp Ai/ML bot – Dosti Bot	Completed
EIR Automated Solutions	Final UAT in progress

Continuous Improvement	
RAAST- Remittex Integration	Completed
Multi-Currency ATM	Completed
Sole Proprietor Digitalised visit report	Completed
Reimagining Service Requests In Branches	Completed
Temenos Collection Work System to New In-House Solution	Completed
Safewatch Pakistan & Overseas Operations	Completed
24x7 Tech Operation Monitoring Center	Completed
Rapid X - IT Initiative (Pilot Launch)	Completed
Data Domain Expansion	Completed
New SBP Branchless Framework	Completed
E-Smart Backoffice	Completed
Upgrade Cisco Collaboration System	Completed
Enterprise Messaging Platform Upgrade	Completed
Replacement of Cooling System of primary Data Center	Completed
Private Cloud Enhancement and Upgrade	Completed
Business Value	
Card BPM & OMNI Integration	Completed
Instant Credit Card via Alfa (ICC-NTB)	Completed
Cost Saving Initiative: Transactions SMS Revamping	Completed
Food App Eatsy	Completed

Sources of Information and Assumptions used for Projections and Forecasts

The Bank bases its projections on internal and external factors. External factors include discount rate, inflation rate, external account position, industry analysis, GDP growth, and other macroeconomic indicators, while internal factors comprise strategic objectives, financial performance and competitive edge. Such indicators, along with certain assumptions for the forecasted period are incorporated into programmed models to get a desired level of growth outcome.

Assumptions

Economic Position

During CY2025, Pakistan's macroeconomic conditions continued to stabilise amid ongoing reforms under the IMF Extended Fund Facility (EFF) program with continued support from multilateral and bilateral partners. The SBP maintained prudential monetary policy and worked on rebuilding foreign exchange reserves, which recorded a moderate uptick with reserves around USD 21 billion in Dec 2025, up from earlier levels of USD 15.9 billion in Dec 2024, suggesting improved external buffers.

Further, SBP also managed to purchase USD 4.2 billion from the interbank market in the first 9 months of 2025. On the current account side, there was no major change in exports while imports increased by around USD 6 billion in 2025. The increase in imports was offset by an increase in remittance by USD 5 billion in CY 2025. Looking ahead, with two major Eid events in the first 4 months of 2026 and bearish oil outlook, a disciplined external balance is expected to sustain external stability, alongside targeted fiscal and structural reforms.

Policy Rate

State Bank of Pakistan decreased the policy rate in 2025 by 250 bps from 13% to 10.5% in response to substantial decline in inflationary pressures. The Bank expects the policy rate to be in the range of 10.0-10.5% in 2026.

Inflation

The CPI Inflation remained contained during the year due to high base effect and stable exchange rate. The year end reading came at 5.6% in December 2025 as compared to 4.1% in December 2024, despite the floods situation during the outgoing year. Going forward, SBP expects inflation to rise above its target range of 5-7% for a few months before reverting to the target range in FY27.

Overall Outlook

Pakistan's economy continues to stabilise on the back of fiscal consolidation, prudent monetary policy and reforms under the IMF EFF program. The improvement in foreign exchange reserves, stable exchange rate and moderation in inflationary pressures indicate strengthening macroeconomic fundamentals. Real GDP growth is estimated to be around 4.25% in FY26 as per State Bank of Pakistan.

The ongoing easing cycle by the State Bank of Pakistan is expected to support private sector activity and credit growth, while stable remittance inflows and improved external buffers should bolster confidence in the financial system. However, the outlook remains vulnerable to global commodity price volatility, energy cost pressures, geopolitical uncertainty and climate related risks, underscoring the need for sustained fiscal discipline and policy continuity.

Sources

The information is obtained from external sources such as regulatory publications including SBP's reports, analyst reports, IMF/World Bank reports and internal sources such as the Bank's own forecasting models, business plans and projections.

Assistance by External Consultant

Internal teams (relevant departments) in the bank are responsible for managing external and internal assumptions. They carry out the task by gathering external data, integrating it with internal data, conducting data analysis and business assessments, entering this information into data models, and generating outputs in the form of projections/forecasts.

The consultant engaged by the Bank validates the external data and assumptions wherever required. They bring an element of objectivity, neutrality, expertise and global perspective in formulating strategies for the business to find ways to realise the projections through regular banking activities. Additionally, ongoing monitoring is done by relevant departments in relation to projections and forecasts made by the external consultant.

Significant External Factors and the Bank's Response

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

Macroeconomic Environment

CY2025 was another year of economic consolidation for Pakistan, building on the stabilisation achieved in 2024. Consumer Price Index (CPI) inflation recorded at 5.6% year-on-year in December 2025, which is within the SBP target range of 5-7%. Considering the same, the State Bank of Pakistan (SBP) further eased the policy rate to 10.5% as compared to 13% at the end of last year. This marked a continuation of the easing cycle that began in 2024.

Economic growth in FY2025 remained modest, with real GDP growth expected to be around 3.1% compared to 2.63% in FY2024. The improvement was mainly led by better services sector growth, while agriculture and manufacturing growth remained lower than prior year. For FY26, SBP expects GDP growth to be around 4.25%.

On the fiscal front, the government sustained prudent management. The fiscal deficit continued to narrow, with outturns for FY2025 among the lowest in recent years, supported by buoyant revenue collection. Primary balances recorded a surplus of 2.4% of GDP as compared to 0.9% of GDP in FY2024, underscoring disciplined expenditure control and improved revenue mobilisation. Tax and non-tax receipts expanded strongly, reflecting broadening of the tax base and better compliance. Continued fiscal consolidation helped anchor macroeconomic confidence and underpinned progress toward medium-term sustainability.

The external sector remained a key anchor of stability in 2025. Worker remittances reached record highs, with annual receipts for FY2025 surpassing USD 38 billion, the highest on record, driven by strong inflows from Gulf and Western markets. Exports remained modest, although the pace varied across product categories, while imports rose in response to stronger economic activity and demand. Overall, the current account swung into surplus of USD 1.9 billion in FY25 as compared to a deficit of USD 2.1

billion during FY2024. Foreign exchange reserves increased substantially relative to recent years, buoyed by remittances, export receipts and policy-oriented external financing.

Financial and capital markets reflected improving sentiment. The equity market maintained positive momentum, with the benchmark KSE-100 Index continuing at elevated levels supported by lower interest rates and liquidity shift from other asset classes.

Looking ahead, market expectations are for continued macroeconomic stability, with inflation projected to remain relatively contained on average basis. The impact of monetary easing so far is yet to be fully incorporated, while policymakers remain vigilant to core inflation stickiness.

Nonetheless, challenges persist. The pace of structural reforms, particularly to bolster export competitiveness and spur private investment, is critical to transition from stabilisation to stronger, inclusive growth. In addition, external risks including global commodity price shocks and geopolitical developments warrant close monitoring, as do fiscal policy choices that balance growth support with long-term sustainability. Continued engagement with multilateral partners and disciplined macroeconomic management will be central to sustaining gains achieved thus far.

Bank's Response

The Bank remains proactive in responding to evolving macroeconomic conditions, recognising that movements in inflation, interest rates, exchange rates and external sector dynamics directly influence its financial performance and stock valuation. A comprehensive framework is in place to continuously monitor key economic indicators and market trends, enabling timely assessment of risks and opportunities. Through disciplined risk management, dynamic portfolio rebalancing and close alignment of business strategy with prevailing economic conditions, the Bank seeks to sustain profitability, preserve franchise value and remain resilient against potential macroeconomic shocks.

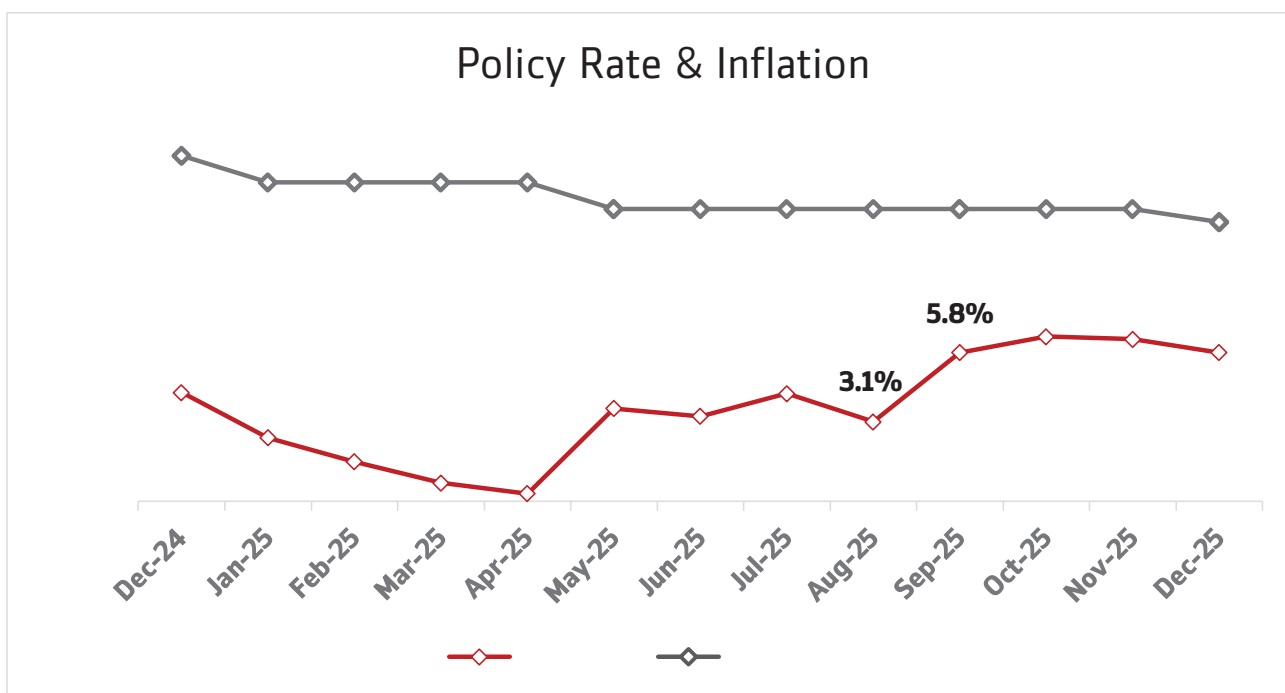
Policy Changes

Any change in monetary policy reshapes the operating environment of the banking sector and has a material impact on the Bank's financial performance. Movements in SBP monetary policy rate influence both earning assets and interest-bearing liabilities thereby impacting profitability. Some regulatory initiatives taken by SBP last year including changes in minimum profit rate on deposits and sector specific schemes have adversely impacted the revenues and profitability of the banking sector.

Monetary Policy Adjustments in 2025 were data-driven and calibrated to maintain inflation within the SBP's target band while supporting economic activity. The cumulative policy easing from peak 22% in mid-2024 to 10.5% by end-2025 represents a strategic transition from stabilisation to growth facilitation.

Bank is pursuing duration management to optimise interest income and capital gains while safeguarding the portfolio from any potential mark-to-market volatility arising from movements in interest rates and the yield curve. The Bank also continues to strengthen its forecasting and planning frameworks to remain closely aligned with evolving economic conditions and to support timely strategic decision-making, thereby preserving profitability and balance sheet strength.

Considering the ongoing monetary easing cycle and improving macroeconomic stability, the Bank has actively realigned its balance sheet to optimise asset-liability mix, while protecting the Bank's earnings at risk and strengthening liquidity buffers. Strategic adjustments to the interest rate, credit and funding profiles are undertaken to capture emerging growth opportunities while safeguarding asset quality and capital adequacy.



Bank's Response

Despite improving macroeconomic stability, a number of risks continue to require vigilant oversight, including persistent core inflation, fluctuations in global commodity prices—particularly crude oil—and elevated geopolitical uncertainties. These factors may exert pressure on inflation trends, external sector performance and financial market conditions. Accordingly, the Bank is reinforcing its risk management practices through enhanced credit monitoring, comprehensive stress testing under alternative macroeconomic scenarios and a prudent approach to market risk management. In parallel, the

Investor and Market Sentiment

While difficult to quantify in numeric terms, a change in the sentiments regarding the investment climate in general or the stock market in particular can have an impact on the Bank's stock price, even if there is no fundamental development or change in the Bank's investment or business case.

KSE-100 posted 51% return during 2025, making it the third consecutive year with a return above 50%. To highlight, KSE-100 recorded 84% return in 2024 and 55% in 2023. Pakistan's macro landscape improved with rise in FX reserves, fall in interest

rates, rating upgrades, and contained inflation. IMF also continued to support the country through successful tranche disbursements under Extended Fund Facility (EFF) program and approval of a Resilience and Sustainability Facility (RSF). The trading activity increased substantially, with average daily volumes at 332 million shares as compared to 252 million shares during corresponding year, while average daily traded value jumped to PKR 25.6 billion as compared to PKR 14.9 billion in 2024. The foreign investors remained net sellers with net outflow of USD 364 million during the period.

Bank's Response

The Bank has a dedicated Investor Relations unit that responds timely to the queries / concerns of shareholders and potential investors. This helps the Bank to be transparent and share up-to-date information with various stakeholders.

Legal and Regulatory Environment

Major challenges faced by the banking sector include money laundering, and cybercrime, etc. Legal environment also encompasses the restrictions and constraints set by FATF, IMF and other international bodies. Additionally, with the growing use of digital channels, there is an even greater threat to financial security.

Bank's Response:

Bank Alfalah worked towards enhancing customer experience and increasing business activity, while abiding by the standards and guidelines set by FATF, the SBP and other regulatory bodies on AML/CFT/CPF, Trade AML, information security threats including identity theft etc. The Bank also complies with the UNSC Targeted Financial Sanctions on Designated Persons and Proscribed Persons. This is done by making the best use of Regulatory Technology Tools and skilled human resources.

Social Environment

The year 2025, saw the demand for digital banking solutions continue to accelerate, with Bank Alfalah expanding its innovative portfolio through enhanced virtual debit cards, smarter payment features, and more tailored Buy Now, Pay Later (BNPL) solutions. As customers increasingly prioritised convenience, speed, and accessibility, the shift toward digital-first services remained central to the Bank's strategy.

During the year, Pakistan once again faced significant climate-related challenges as the 2025 floods affected several regions, intensifying socio-economic pressures already present in the country. The

disruptions to infrastructure, agriculture, and supply chains placed renewed strain on communities and businesses. In response, the government initiated relief and rehabilitation efforts, alongside targeted economic measures to stabilise essential supplies and support affected provinces, including Sindh, Balochistan, and Khyber Pakhtunkhwa.

Bank's Response

It is in the Bank's DNA and branch philosophy to serve its customers, colleagues, community and country. As part of this purpose, the bank has been at the forefront to respond to any social challenges faced in 2025.

Following the flood disasters in 2022 and 2025, the Bank has been at the lead in supporting communities through its sustained efforts of comprehensive flood relief and rehabilitation work with pledge amounting to PKR 1.4 billion, equivalent to USD 5 million. Further, the Bank carried out its CSR activities in collaboration with the following partners aligned with 17 UN Sustainable Development Goals with the purpose of impacting Social, Economic, and Environment Capital of people in Pakistan.

For detailed CSR activities and sustainability efforts, kindly refer to the sustainability and CSR section of this annual report.

Political Environment

Pakistan's operating environment in 2025 continued to be influenced by geopolitical and security developments with implications for economic activity and market sentiment. Periodic regional tensions, including short-term disruptions to airspace connectivity following cross-border developments, contributed to elevated external uncertainty during the year. Domestic security challenges also persisted in certain regions, underscoring ongoing structural vulnerabilities within the broader operating environment.

During the year, Pakistan also undertook steps to recalibrate its external economic engagement through trade-related initiatives aimed at supporting export activity and strengthening bilateral economic relations. These measures signal efforts to enhance market access and diversify trade flows amid a global environment characterised by increasing fragmentation and protectionist tendencies. The full impact of such initiatives is expected to materialise gradually and remains subject to external demand conditions.

Despite episodic geopolitical and security-related developments, domestic financial markets demonstrated resilience. The Pakistan Stock Exchange recorded strong performance during the year, reflecting improving investor confidence, enhanced liquidity conditions, and greater optimism around macroeconomic stabilisation. This performance supported overall market sentiment and contributed positively to financial system stability.

Collectively, these political and external developments shaped the macro-financial landscape in which the banking sector operated. While opportunities emerged from improving market confidence and external engagement, the environment remained fluid and required continued vigilance, prudent risk management, and adaptive strategic responses.

Bank's Response

With the evolving political risks, the Bank emphasises on following actionable steps to curtail its exposure and address the financial and strategic implications of these risks:

- **Through Risk Assessment:** Extensive and exhaustive risk framework with improved integration and understanding of political risk.
- **Scenario Analysis and Contingency Planning:** Conduct scenario analyses to anticipate potential political events and their impact on the bank. Develop contingency plans for various scenarios to ensure preparedness and the ability to respond swiftly.
- **Diversified Operations:** The Bank strategically diversifies its operation across countries and various segments, products and industries to minimise exposure to political risks in any single location.
- **Stakeholder Management:** The bank consistently fosters positive relationships with regulatory authorities, governmental bodies, and peer banks, allowing it to navigate political challenges more effectively.

Technological Environment

The rapid advancement of digital and AI technologies has transformed the country's technological landscape. Rising customer expectations and government-led digitisation initiatives have driven the need for enhanced customer experience, stronger data governance, and more robust security and privacy measures.

As technology evolves, the risks of threats like unauthorised access to financial data, theft, data breaches, and system disruptions have grown significantly. In response, regulatory frameworks governing technology have become more comprehensive and stringent.

Bank's Response

At Bank Alfalah, our early adoption of innovative technologies has positioned us as a top choice for customers, transforming how we design and deliver solutions. Our technology decisions are always aligned with our "YOU" philosophy, with a strong focus on customer confidence and security. While these advancements have expanded potential cyber threats, our Information Security team is committed to meeting regulatory requirements, managing IT security risks, and safeguarding evolving threats. The team ensures robust risk management through continuous monitoring, risk assessments, and security incident investigations. Additionally, our Resilience Plan is designed to maintain critical services during disruptions, such as cyber-attacks or pandemics, with a focus on long-term infrastructure continuity. Bank Alfalah continues to strengthen its security posture by investing in cutting-edge technologies and adopting global best practices to fortify cyber defenses. We also prioritise ongoing training and customer communication to reduce security risks. As we progress with our digital transformation, we remain committed to maintaining the trust of our customers in our security and privacy measures.

Environmental Scenario

Globally, organisations and governments continue to align their agendas with the United Nations' Sustainable Development Goals (SDGs), integrating specific priorities such as SDG 5: Gender Equality and SDG 9: Industry, Innovation and Infrastructure into national and corporate strategies. These goals serve as guiding frameworks for promoting inclusive growth and sustainable industrial development.

Pakistan remains highly vulnerable to climate change due to its geographic exposure, dependence on fossil fuels, and increasing environmental pressures. Urban centres such as Lahore and Karachi continue to face deteriorating air quality; water scarcity and contamination persist across regions; and deforestation and inefficient land-use practices contribute to further ecological stress. These challenges require coordinated action from both public and private institutions to support a more sustainable environmental pathway.

The Climate Change Performance Index (CCPI) 2026 ranks Pakistan 15th globally, reflecting relatively strong performance in emissions management and energy use efficiency, while highlighting weaknesses in climate policy implementation and renewable energy adoption. The ranking underscores the ongoing need for structured and long-term climate action.

In this environment, the financial sector plays an important role in integrating climate considerations into lending, investment, and operational decision-making, and in supporting national efforts toward environmental sustainability.

Bank's Response

Bank Alfalah continued to strengthen its climate and sustainability governance frameworks in line with evolving national and international expectations. During the year, the Bank actively engaged with the State Bank of Pakistan (SBP) in the development of draft Principles for Effective Management of Climate-Related Financial Risks and Climate Stress Testing Guidelines, contributing technical insights to support the regulator's work in this area.

To complement these regulatory developments, the Bank advanced several policy and disclosure initiatives. This included the implementation of a Board-approved Green Banking Policy and CSR & Sustainability Investment Policy Guidelines, aligning the Bank's sustainability priorities with the UN Sustainable Development Goals while promoting the creation of social, environmental, and economic value. The Bank continued to apply the GRI Standards as guidance for sustainability reporting, ensuring transparency, consistency, and comparability in external disclosures.

During 2025, the Bank also initiated readiness activities for compliance with IFRS S1 (sustainability-related disclosures) and IFRS S2 (climate-related disclosures) in line with SECP's direction. Foundational work is underway to build internal processes that support future reporting requirements and strengthen alignment with emerging global ESG standards.

At the sector level, the Bank participated in the Pakistan Green Taxonomy Working Group and continued its early adoption of SBP's Environmental and Social Risk Management (ESRM) Manual. These efforts reinforce the Bank's commitment to building a more consistent and robust approach to managing environmental and social risks within financing and investment decisions.

In accordance with SBP's Green Banking Guidelines, the Bank continued to embed sustainability considerations across its operations, including regular reporting on environmental and social risk management, the integration of environmental responsibility into credit assessment processes, and ongoing efforts to reduce the Bank's environmental footprint.

Through these measures, Bank Alfalah remains committed to responsible banking and environmental stewardship, supporting broader national and global efforts to address climate challenges and promote sustainable development. Please refer to the Sustainability section of this Annual Report for further details.

Commercial Environment

Pakistan's banking sector underwent significant evolution in the last two years, aligning the industry as a whole with the increasing demand for digital-first solutions and comprehensive customer experiences. Banks introduced innovative products catering to diverse customer needs, fostering healthy competition and driving sector-wide growth.

Key priorities included advancing financial inclusion, empowering women, and simplifying processes such as online account openings. The Fair Treatment of Customers (FTC) remained central, emphasising transparency and customer-first approaches.

Pakistan's digital banking sector is poised to transition from basic transactions to a holistic, lifestyle-oriented model. Historically, bankers guided customers through major life milestones like wedding plans, home purchases, and retirement, building trust and addressing needs in savings, borrowing, and wealth management. In the way forward, digital banking must adopt this role through event-based solutions powered by AI and data analytics, offering personalised services such as mortgages, savings goals, and investment advice via apps. These innovations aim to enhance customer engagement and redefine financial empowerment.

Bank's Response:

Bank Alfalah is reshaping Pakistan's banking sector by moving beyond conventional services to deliver tailored, event-driven experiences. The Alfa App, redesigned with a more intuitive interface, offers streamlined access to lifestyle essentials like instant loans and investment opportunities, combining ease of use with powerful financial tools.

AlfaMall, now available on both app and web, strengthens this shift with an expanded Buy Now, Pay Later program and a wider product selection, creating a smooth, customer-focused e-commerce journey. Alfa Business App revamped and restyled provides a comprehensive suite of financial transactions and bookkeeping to SME clients and merchants.

As the first bank in Pakistan to implement Voice Biometrics Authentication in call centers, Bank Alfalah has raised the bar for security by verifying customers through unique voice signatures. By integrating advanced technology with customer-centric solutions, Bank Alfalah continues to lead the digital evolution of Pakistan's financial industry.

Conclusion

The Bank meticulously monitors key metrics that may impact its performance, anticipates potential developments and proactively adjusts its internal strategy accordingly. This forward-thinking approach ensures the Bank remains agile and adaptable to market conditions.

The Bank's dedicated Risk Management Group conducts rigorous stress tests against various predetermined scenarios. These simulations analyse potential losses and confirm the Bank's capital adequacy to withstand the impact of adverse economic fluctuations. The consistently positive results of these tests demonstrate that the Bank possesses sufficient capital, liquidity, and profitability to absorb such losses and maintain its financial stability.

Bank's Response to Critical Challenges and Uncertainties

By leveraging the Bank's stable funding structure, substantial liquidity buffers, robust capital base, and practical business strategy, the Bank remains well-positioned to respond to any significant challenges and uncertainties arising from the realisation of various systematic and idiosyncratic risks.

For information on the Bank's capacity and readiness to address pressing issues, risk and uncertainties, the Board Crisis Management Committee continues to oversee

situations requiring constant monitoring and it provides oversight to the management for strategies to cope. It also monitors impacts on the Bank, employees, customers, society, and shareholders.

Please refer to uncertainties and significant external factors portions within this section of this Annual Report for more information.

Competitive Landscape and Market Positioning

Competitive Landscape

Threat of New Competition and Substitute Products or Services

There are significant barriers to entry for new competition due to the need for considerable capital to set up a bank, compliance with strict regulations of the banking sector, and the time required to establish a strong brand identity, and, in turn, loyalty of customers. However, the emergence of Fintech entities with their innovative digital solutions and focus on transactional services has added greater depth to the domestic financial landscape and the customers' banking experience.

Bank's Response:

Bank Alfalah exercised the following strategies to cater to the threat of new competition:

- Enhancing customer loyalty through excellence in customer service
- Focusing on digital platforms to improve customer convenience
- Introducing innovative products and services to facilitate diversified customer needs
- Partnerships and collaboration with Fintech start-ups

Bargaining Power of Customers

The bargaining power of customers mainly rests with the Bank's deposit holders, and since they are the Bank's primary source of liquidity, their bargaining power ranges from medium to high. This is because of low differentiation in the industry, making it easier for depositors to switch to other banks in pursuit of incentives such as greater saving rates and better service offerings.

However, the bargaining power of High-Net-Worth individuals, corporate clients and other large groups has greater bearing due to their high price sensitivity arising from strong competition amongst banks. Hence, the loss of key accounts like these, which are important sources of revenue, has a substantial impact on the Bank's profitability.

Bank's Response:

Customers incur negligible costs while switching to other banks partly or completely. The Bank's bottom line is minimally affected due to such shifts.

To mitigate possible concerns arising from the customers' bargaining power, the following strategies are exercised:

- Creating innovative services and products that are tailor-made for different segments of customers
- Implementing new ideas to provide customers with better service and enhanced customer experience
- Efficient complaint management and high security standards

Bargaining Power of Suppliers

Suppliers mainly represent service providers of various administrative facilities such as supply of equipment and their periodic maintenance, development/construction of bank's physical premises, security services, repairs and site maintenance, printing, deliveries to customers, clearing of cheques, brokerage, etc. They have an important bearing on the Bank's operations and have considerable bargaining power based on the services provided to the Bank.

Bank's Response:

While service providers play an important role in enabling the Bank to perform its operations on a daily basis, the Bank has superior bargaining position, due to size of operations and goodwill attached to working with our brand name.

Bank Alfalah applies the following strategies to strengthen its relationship with suppliers:

- Extending a collaborative work environment to build long-term relationships
- Treating our suppliers as partners to create a win-win situation
- Avoiding concentration of services

Relative Strengths and Weaknesses of Competitors and Customer Demand

The industry experiences technological advancements, customer behaviour shifts, and various other technological shifts, which have their own strengths and weaknesses as listed below:

Strengths:

- Keeping pace with the technological shifts ensures that the Bank is updated and providing optimal technological solutions
- We remain alert to customer security
- We remain cognisant of customers' demands

Weaknesses:

- Shift in transactions from branches to digital channels has seen exponential growth. Customers now seek high-end, cashless solutions
- Moving traffic to digital channels requires upgrade in technology and change in customer mind-set
- IT security standards are rising due to enhanced digitisation and new banking channels
- Regulations for Electronic Money Institutions (EMIs) by the Central Bank gave momentum to rising Fintechs catering to the evolving demands of the discerning customers. Telco led microfinance banks are proving to be catalysts of new and innovative ways to leverage data and introduce new products to tap the untapped market
- Change in customer behaviour requires that our online and offline operating model is realigned.

How the bank responds to it:

The Bank continually realigns its strategies to adapt to the changing needs of customers and remain ahead of the competition by introducing new products and services. Furthermore, various internal processes are reengineered to remain ahead of the curve.

Intensity of Competitive Rivalry

The focus of banks on developing asset and liability products offered at competitive rates to acquire more customers and grow their market shares indicates high intensity of competition amongst banks.

Bank's Response:

- Improving the product offerings and services to align with the technological advancements
- Offering low-cost banking solutions that increase the opportunity cost of switching from one bank to another
- Launching innovative digital services in the Alfa App to gain competitive advantage
- Run an effective marketing campaigns to highlight the products and services amongst competitors

Regulatory Environment

Regulatory environment is getting more vigilant with increased regulatory push to drive down charges on customers. More frequent and thematic SBP audits are taking place to safeguard customers interest.

Bank's Response:

- Maintaining regulatory compliance across the Bank
- Implementing rigorous internal controls and adhering to a Risk Management Framework
- Determining the effects of new regulation on existing strategies and business models
- Training employees to comply with the updated regulations
- Committees tracking different aspects of changing dynamics and implications.
- Stress test on profit and CAR

Market Positioning

Bank Alfalah is one of the leading banks in the country, signified by:

Market Share:

- 2nd highest in terms of growth of gross advances and 4th largest private bank in terms of gross advances (based on Sep '25 published results).
- Highest in Auto & Home loan acquisitions with market leadership in wallet share.
- Achieved highest acquisition of credit cards with 25% growth among peers.
- 2nd highest acquisition and wallet size in respect of personal loans.
- 7th largest private bank in terms of deposits (based on Sep '25 published results). The Bank's market share in domestic deposits as at Dec '25 is expected to be 6.4%.
- The Bank's share in home remittances is 14.7% for the year 2025 as per data published by SBP and was awarded 2nd Largest Remittance Bank by PRI.
- The Bank's trade market share expected to improved to 9.6%.
- AlfaMall App is the 2nd largest pre-payment shopping platform in Pakistan.

Bank Alfalah's mobile banking app, Alfa App and website Alfa Web, caters to both the banking and lifestyle needs of its customers with vast suite of products and services, distinguishes the Bank. The Bank also provides a differentiated service offering for both its conventional and Islamic banking customers depending on their preferences.

Bank Alfalah is a pioneer in Supply Chain Financing in the banking industry. The Bank commands better market standing as compared to its competitors and has been flexible in molding its Small and Medium Enterprise (SME) business over time to better cater to its customers.

The Bank aspires to become a technology-centric organisation, which drives innovation across the industry. This passion is what enables it to stand out from the competition and deliver superior customer experience. Some of the Bank's noteworthy initiatives are Robotic Process and Business Process Automation, Data Lake/Big Data Initiatives, Sophisticated Networking and Infrastructure and Smart POS.

Bank Alfalah has been powering women through its product offerings under the female account propositions to encourage women to enter the banking segment, the Bank introduced several initiatives under the Pehchaan Account initiatives.

The Bank has a complete suite of consumer products. The Bank is a key player in the consumer finance segment.

Bank Alfalah launched a self-service digital banking platform for corporate customers.

Bank Alfalah is recognised as one of the top banks to have the largest customer base on "Raast" (SBP initiative).

The Bank has been awarded the Pakistan's largest mandate for BISP, approximating 47% of the total BISP portfolio and serving over 4.3 million beneficiaries (including beneficiaries served via a joint venture).

Awards and Recognition:

The success of the Bank's efforts to distinguish itself from the competition is evident from the following recognition:

- Ranked amongst the Top 10 Companies on the Pakistan Stock Exchange (PSX)'s Top 25 Listed Companies award announced in 2025.
- Winner of 'Best Bank for Digital Excellence' for the fourth successive time and 'Best Bank for Customer Engagement' for the seventh time in Pakistan Banking Awards 2025. Further, Bank Alfalah was awarded 'Best Bank' in 2017 and 2019, and 'Best Bank in Home Finance' in 2022 by PBA.

- Winner of 'Best Bank for Islamic Window Business' and 'Best Bank for Shariah Assurance' at Global Islamic Finance Awards (GIFA).
- Annual Excellence Awards by CFA Society Pakistan: Winner of 'Best Investor Relations' (12th year running), 'Best Reporting in Environment, Social and Governance' (3rd successive year), and 'Transaction of the Year for FY 2024'. While Runner-up of 'Best Digital Banking Services for FY 2024' and 'Gender Diversity in FI's'.
- Awarded Gold award 'across South Asia' for the 'Best Presented Annual Report' and winner of 'Gold SAARC Anniversary Award for Corporate Governance' by the South Asian Federation of Accountants (SAFA).
- Winner of the Best Annual Report 'in the Banking sector' and 'across industries' by the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP).
- Merit Certificate in Sustainability Reporting by the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP) for the third successive year.
- Winner of Most Inclusive Organisation award and won Best Practices in all 15 categories– Global Diversity, Equity and Inclusion Awards (GDEIB) Benchmarks.
- Awarded '2nd Largest Bank in Pakistan Remittance Market 2025' by the Pakistan Remittance Initiative/ Pakistan Remittance Summit 2025.
- Ranked 6th among the Top 10 organisations by the Pakistan Business Council (PBC) and the International Finance Corporation (IFC) Employer Choice Gender Diversity Awards.
- Pakistan Digital Awards for 'Best Payment Solution Provider', and 'Best Global Reach'.
- Received Shaukat Khanum Social Responsibility Award for Collaboration and CSR Initiatives.
- Dragon Awards- Silver Dragon Winner for 'Best Product Launch/ Relaunch- Bank Alfalah Tap & Pay'.
- Bank Alfalah Head Office certified as 'Green Office Building' by WWF.
- Winner of Diamond Award by Employee Federation of Pakistan (EFP)- Women Empowerment & Gender Equality Recognition Awards.
- Winner of 'Digital Innovation in Financial Inclusion Award' by SBP Pakistan Financial Literacy Week 2025.
- Winner in the following categories at the 14th Annual Corporate Social Responsibility Awards:
 - Crisis Disaster Assistance
 - Community Impact
 - Sustainability Initiatives
 - Employee Health & Safety Programme
 - Green Environment Stewardship
- Winner of 'Trade Deal of the Year- Issuing Bank' at Annual Trade and Supply Chain Finance Program (TSCFP) Awards
- Winner of 'Best E-Commerce Platform- AlfaMall' at Global Digital Awards
- Winner of 'Best Digital Banking Platform- AlfaMall' at OPPO Annual Sales Conference.
- Winner of 'Annual Environmental Excellence Award efforts for stewardship in sustainable future' at National Forum for Environment & Health.
- Winner of 'Institutional Cash & Trade Finance 2024' at Deutsche Bank Client Excellence Award.
- Bank Alfalah recognised at the 11th International Environment, Health & Safety Awards by The Professional Network in collaboration with UNEP and UNGC.



AI Adoption and Its Impact on the Long-Term Outlook

The year 2025 marked a transformative chapter in Bank's AI and automation journey, laying the foundation for a future-ready digital banking ecosystem. The Bank embedded intelligence across operations, customer engagement, and compliance, making systems more efficient, secure, and resilient.

Key milestones included:

- On-premises LLM (Large Language Model) deployment for secure, compliant innovation and domain-specific intelligence.
- Hyper-automation in transaction monitoring to strengthen AML and enable real-time alerts.
- AI-powered chatbots on WhatsApp for 24/7 customer support.
- AI-driven cheque processing for real-time clearance.
- LLM-enabled RPA (Robotic Process Automation) workflows for compliance alert discounting.
- Automated test case generation to accelerate QA cycles.
- Face-liveness detection and CNIC-selfie matching for secure digital onboarding.
- ML-based debit prediction to improve branch financial planning.
- OCR/NLP CNIC data extraction to enhance KYC accuracy.
- CNIC deregistration automation for faster compliance.
- Next Best Offer engine for personalised customer engagement.
- Name similarity engine to improve KYC/AML matching.
- Securities Postings on the State Bank portal in real time via RPA

These initiatives strengthened operational efficiency, compliance, and customer experience, positioning the bank as a leader in secure, AI-driven financial services.

Future Strategy of the Bank includes:

- Establishing AI governance frameworks for ethical, transparent, and compliant deployment.
- Expanding on-prem LLM enterprise intelligence for contextual insights and automation.
- Scaling Intelligent Process Automation (IPA) to streamline KYC, onboarding, and reporting.
- Enhancing customer engagement through predictive analytics and intelligent assistants.
- Strengthening fraud and risk prevention with anomaly detection and risk scoring.
- Driving paperless banking with OCR, e-signatures, and workflow automation.
- Embedding AI deeper into financial management for forecasting, capital optimisation, and automated reporting.

Collectively, these advancements redefine the Bank's operating model, driving efficiency, resilience, compliance, and customer-centric innovation ensuring the Bank remains competitive and future-ready.

SWOT Analysis

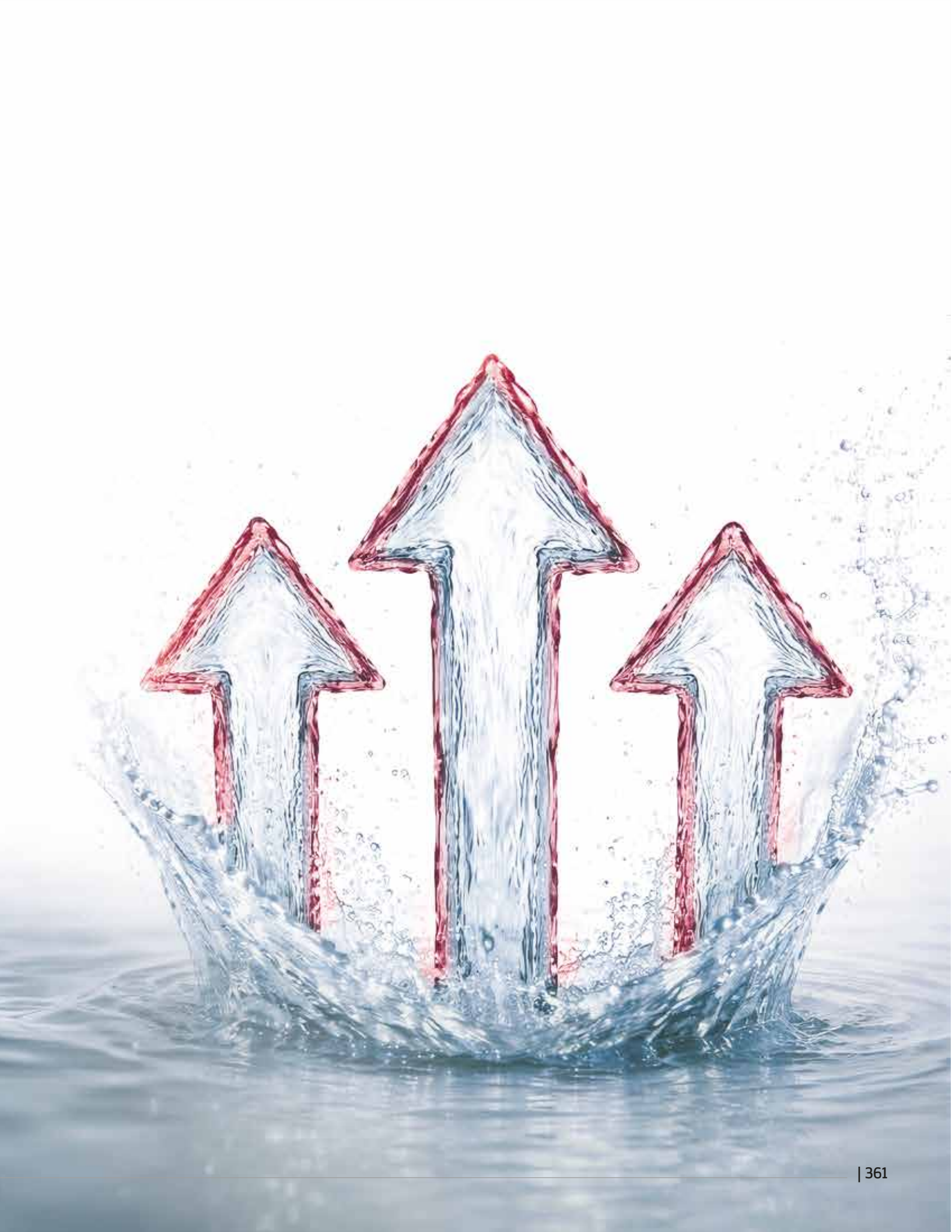
A SWOT analysis of a bank formally evaluates the financial institution's strengths, weaknesses, opportunities, and threats. This analysis identifies these four main elements to help management better leverage its strengths to take advantage of future business opportunities while better understanding its operational weaknesses to combat threats to potential growth. A SWOT analysis can also

address many other scenarios, such as new business initiatives, marketing budgets or even advertising campaigns, and is a valuable tool in bank management.

The Bank analyses and monitors its 'Strengths Weaknesses, Threats, and Opportunities' on a regular basis.



Performance and Position



Credit Rating

ENTITY RATING
LONG TERM

AAA

ENTITY RATING
SHORT TERM

A1+

ENTITY
OUTLOOK

STABLE

RATING OF DEBT
INSTRUMENT-
TFC VI (ADT 1)

AA+

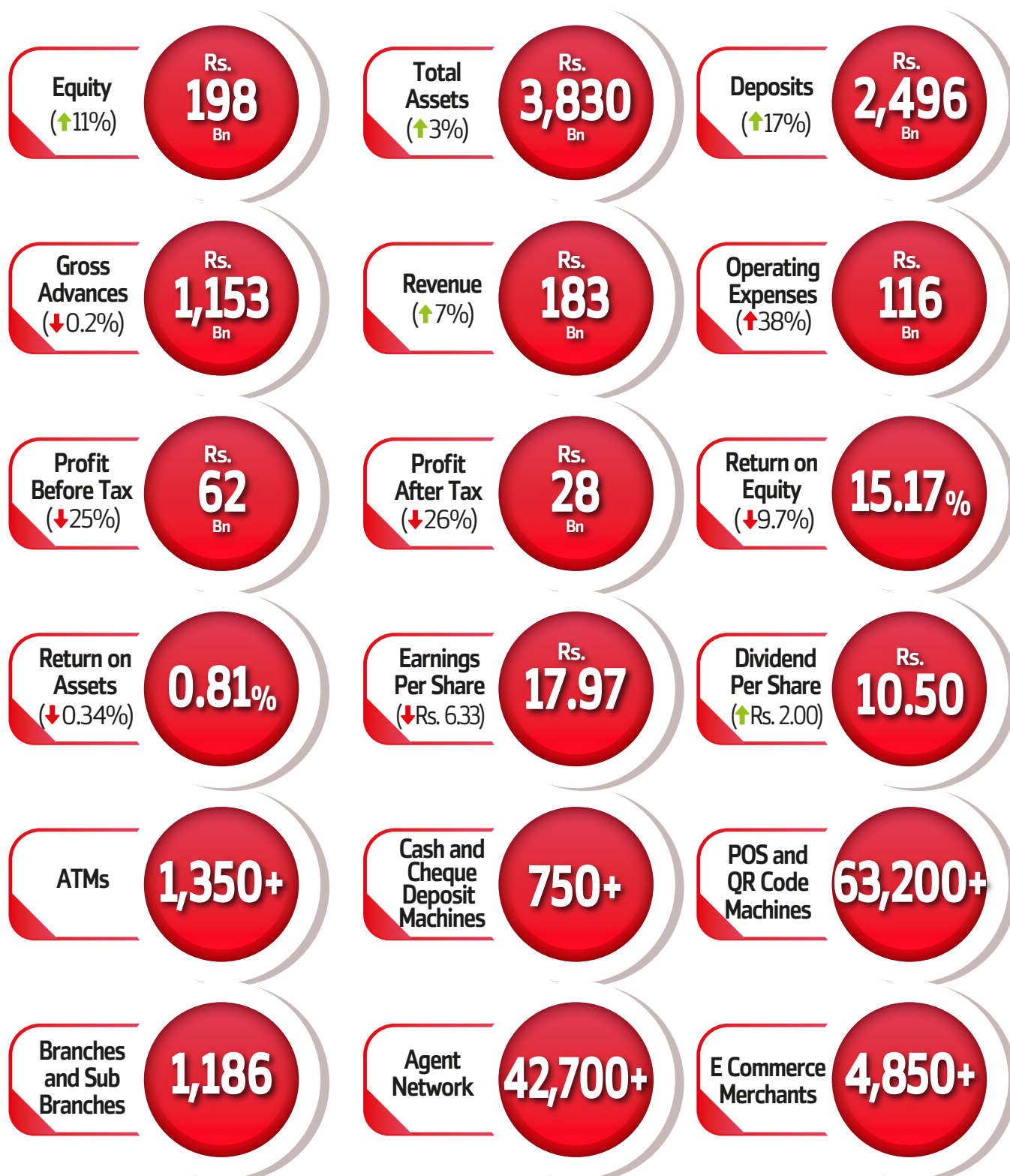
RATING OF DEBT
INSTRUMENT-
TFC VIII (ADT 1)

AA+

These ratings are assigned by the Pakistan Credit Rating Agency Limited (PACRA).

Highlights

Value (Growth %)



Analysis of Financial and Non-Financial Performance

Prospects of the Entity including Financial and Non-Financial Measures

Bank Alfalah stands among the fastest-growing banks in Pakistan, spearheading innovation in digital banking. With a strong commitment to expanding its distribution network, modernising customer-facing channels, and streamlining back-end operations, the Bank continues to strengthen its presence. At the core of its strategy lies a focus on developing human capital through comprehensive training programs and dynamic growth initiatives, fostering continuous excellence and advancement.

Financial Measures

The Bank integrates key financial indicators into its planning process when developing future projections. Performance targets are established with reference to the following broad financial parameters:

- **Deposits:** The Bank continuously evaluates the composition of its deposit base, with particular emphasis on maintaining a low-cost Current Account and Savings Account (CASA) mix and focus maintaining average CA deposit. In addition to deposit composition, pricing and the associated spread remain critical factors in the origination process.
- **Advances:** Sustainable and measured growth in advances is a primary driver of profitability, as advances represent one of the Bank's core sources of earnings. Credit quality and portfolio diversification across segments are given significant importance. Effective management of advances is essential, as it directly influences credit risk; hence, a robust risk assessment framework is maintained to safeguard portfolio quality.
- **Investments:** The Bank manages its portfolio of short- and long-term bonds in line with interest rate forecasts to optimise returns. A balanced approach is adopted to generate strong profits while ensuring sustainable earnings.
- **Business Volume:** Business volumes are driven by contributions from various business units through product and service offerings. This includes new-to-business customer deposits and advances, trade volumes, advisory services, over-the-counter transactions, and throughput from digital platform services. Integrated solutions and cross-sell initiatives have significantly enhanced growth in business volumes.
- **Cost to Income Ratio:** Cost efficiency remains a priority. Centralisation of expenses, digitalisation, integration, and elimination of redundancies continue to play a pivotal role in achieving effective cost control. Cost to income ratio is a factor of Bank's strategic decision to operate across all business segments, continued expansion and innovations, which all collectively lead to future growth of the Bank.
- **Returns on Earning Assets (ROEA):** ROEA reflects the ability of the Bank's earning assets to generate income. This measure is influenced by strategic asset management and market share capture. A strong ROEA demonstrates efficient deployment of assets to drive revenue.
- **Net Spread:** Net spread serves as a key measure of core profitability, representing the difference between mark-up earned on interest-bearing assets and mark-up paid on interest-bearing liabilities. Effective management of both sources and uses of funds is critical to optimising net spread and ensuring sustainable profitability.
- **Return on Equity (ROE):** ROE remains a fundamental measure of shareholder value, assessing the returns generated for the Bank's equity holders.

Refer the following pages within this section for financial position, financial performance analysis and financial and non financial ratios.

Non-Financial Measures

Non-financial measures hold equal importance in shaping the Bank's strategic direction. Performance evaluated against these parameters demonstrates the Bank's commitment to maintaining sound and transparent operations while fulfilling its role as a responsible corporate citizen. Although qualitative in nature, these standards have contributed substantially to business growth in recent years. The principal non-financial measures include:

- Adherence to regulatory frameworks
- Corporate image and reputation
- Stakeholders' engagement
- Brand preference
- Relationship with customers and business partners
- Employee satisfaction and well-being
- Social responsibility
- Environmental sustainability
- Digital channel utilisation
- SBP inspection rating and robust internal control

Refer the following pages within this section for qualitative performance analysis.

Performance versus Budget

The Bank successfully achieved its key profitability and business volume targets. Deposit momentum was restored after a pause due to ADR tax last year; however the growth is focused on averages instead of period end hot deposits. The Bank's performance was significantly impacted by unanticipated market distortion in home remittance business (HRB) which resulted in higher marketing expenses and reduced fee income. However, despite challenges, Bank was able to achieve its profitability targets.

- Pressure on Net Interest Income (NII) was already projected with reduction in interest rates. Nevertheless, higher than budget volumes especially of average current account deposits enabled the Bank to surpass its NII target.
- Moreover, strong contributions from capital gains,

and exchange income resulted in higher than budget Non-Funded Income (NFI).

- Costs exceeded budget mainly due to unanticipated factor of market effecting remittance related marketing costs; the impact on BAFL's P&L was significantly higher as the management decided to protect Bank's 2nd highest market share for trade financing.
- Operating profit target met mainly through higher revenue which absorbed the incremental remittance related marketing costs.
- Net provision cost remained under control and Bank was successful in achieving its profit before tax (PBT) and profit after tax (PAT) targets.

Performance versus last year

The Bank's performance compared to the last year is included in the Directors' Report. Additionally, a detailed analysis of both qualitative and quantitative performance, along with a breakdown of performance by business segment, is provided in the following pages of this section.

Future prospects about the profitability

The Bank's future profit prospects are covered in Outlook section of the Annual Report.

Significant Transactions and Events

During 2025, in accordance with the SBP circulars, the Bank has applied IFRS 9 'Financial Instruments' for Bangladesh Operations and measured unquoted equity securities at fair value. The cumulative impact of application amounting to Rs. 1,422.820 million net of tax has been recorded as an adjustment to equity at the beginning of the current accounting period (refer note 4.1 of the unconsolidated financial statements).

The shareholders of the Bank in annual general meeting held on March 20, 2025 approved to sell the entire shareholding in its subsidiary, Alfalah Securities (Private) Limited. The sale transaction was completed during the year in accordance with the applicable legal and regulatory requirements against a consideration of Rs. 396.857 million (refer note 8.1.1.1 of the unconsolidated financial statements).

The Bank has made a further investment of Rs. 300 million in its wholly owned subsidiary Alfalah Currency Exchange (Private) Limited.

Quantitative Performance Analysis

Financial Position Analysis

	2025	2024
	Rupees in Million	
ASSETS		
Cash and balances with treasury banks	227,463	227,824
Balances with other banks	24,110	18,470
Lendings to financial institutions	19,674	100,998
Investments	2,173,447	1,991,232
Advances	1,104,924	1,109,376
Property and equipment	71,100	63,543
Right-of-use assets	26,378	25,291
Intangible assets	1,724	1,543
Deferred tax assets	-	-
Other assets	181,108	171,928
Total assets	3,829,927	3,710,206
LIABILITIES		
Bills payable	56,958	41,768
Borrowings	832,128	1,141,886
Deposits and other accounts	2,496,208	2,136,913
Lease liabilities	32,471	29,482
Subordinated debt	14,000	14,000
Deferred tax liabilities	24,345	16,516
Other liabilities	176,305	151,529
Total liabilities	3,632,415	3,532,094
NET ASSETS	197,512	178,112

Lendings to financial institutions:
Decrease is mainly due to run-off of leverage position.

Investments:
Investment mix adjusted in response to decline in interest rates, the Bank focused on utilising on deposit growth.

Advances:
Advances remain constant with adjustment in advances mix. The Bank diversified its credit stake from commodity sector to corporate, consumer and SME sectors.

Property and equipment:
The increase in property and equipment is due to branch expansion and investment in technological advancement that reflects growth oriented strategy.

Borrowings:
Decreased in borrowings mainly due to run-off of leverage position based on interest rate view.

Deposits:
Deposits increased by 16.8% reflecting the bank's strategic focus on optimising deposit mix; by avoiding high cost deposits and prioritising current accounts in a low-interest rate environment.

Other liabilities:
16% increase in other liabilities is mainly due to increase in acceptances and security deposits against leases.

Net Interest income:
Net interest income increased due to volumetric growth (mainly CA averages) and long term investment book positions taken to support revenue in a declining interest rate cycle.

Non Mark-up income:
The growth is primarily attributed to increase in foreign exchange income, dividend income and one-off other income as a result of refund of deposit protection fund by central bank of Afghanistan partially offset by decline in fee income particularly from remittance business.

Operating Expenses:
The increase in Opex was primarily driven by higher home remittance marketing cost, growth initiatives including opening of new branches, compensation costs including staff loans notional cost (under IFRS-9 having no impact on P&L), hiring and inflationary impact on administrative costs.

Credit loss allowance / provisions and write offs - net:
The increase is primarily due to reserve kept against cross border risk and provision charge against certain other assets.

Financial Performance Analysis

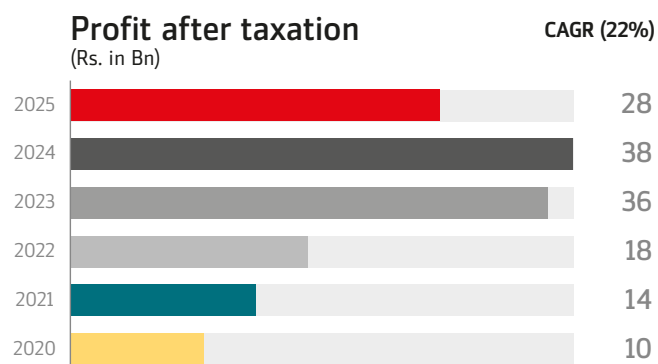
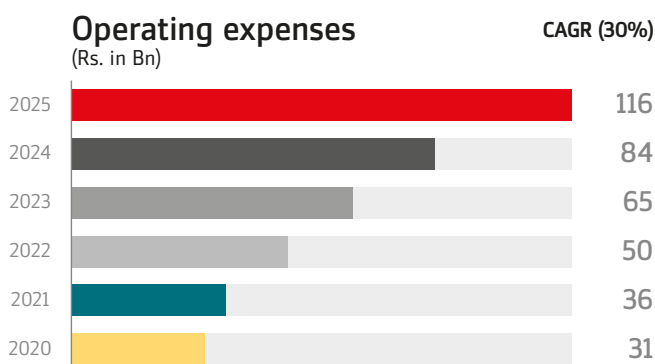
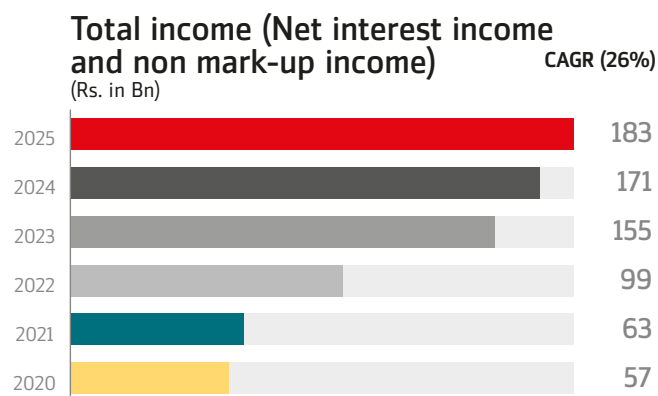
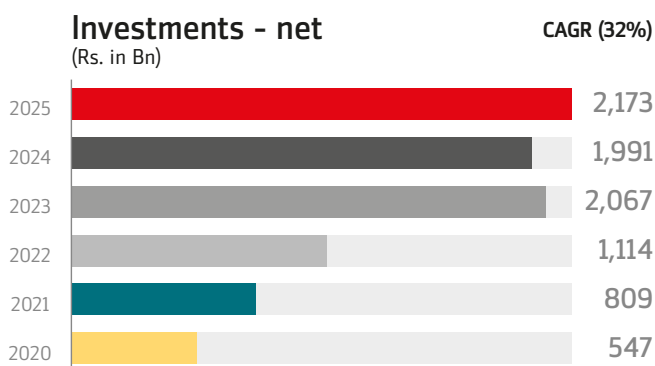
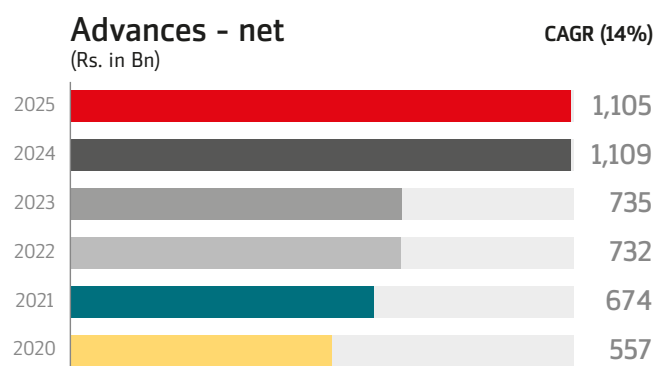
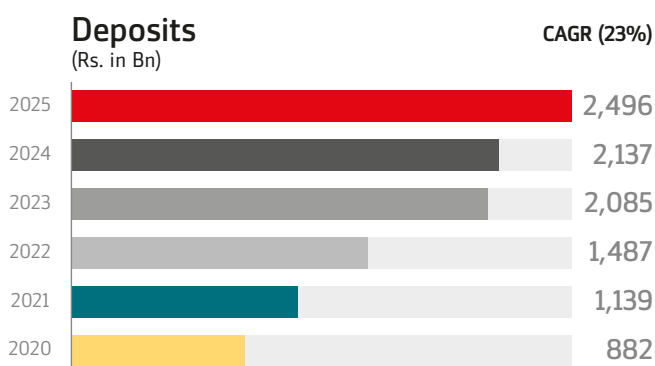
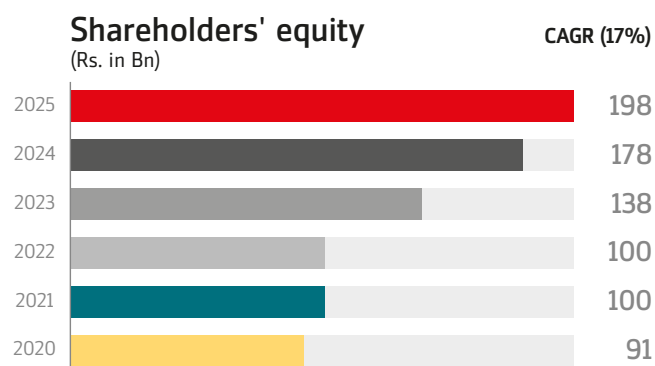
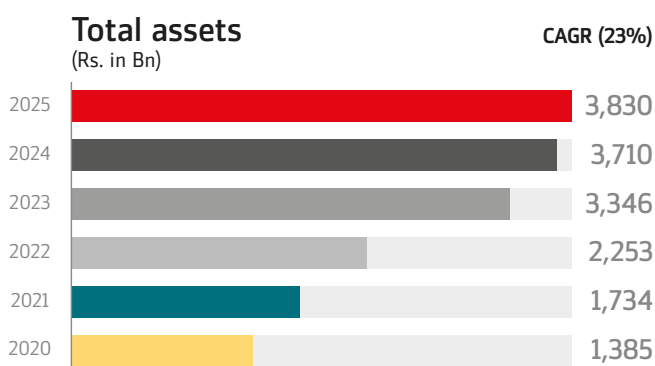
	2025	2024
	Rupees in Million	
MARK-UP / INTEREST INCOME		
Mark-up / return / interest earned	356,932	506,898
Mark-up / return / interest expensed	221,082	380,081
Net mark-up / return / interest income (NMR)	135,850	126,818
NON MARK-UP / INTEREST INCOME		
Fee and commission income	16,409	17,530
Dividend income	3,928	1,761
Foreign exchange income	11,970	9,533
Income from derivatives	864	1,368
Gain on securities	13,262	13,901
Other income	1,079	321
Total non-mark-up / interest income	47,513	44,414
Total income	183,362	171,232
NON MARK-UP / INTEREST EXPENSES		
Operating expenses	116,243	84,369
Workers' welfare fund	1,384	1,696
Other charges	89	223
Total non-mark-up / interest expenses	117,717	86,288
Profit before credit loss allowance / provisions	65,646	84,944
Credit loss allowance / provisions and write offs - net	3,310	1,849
Profit before taxation	62,336	83,095
Taxation	33,998	44,777
Profit after taxation	28,337	38,318

Qualitative Performance Analysis

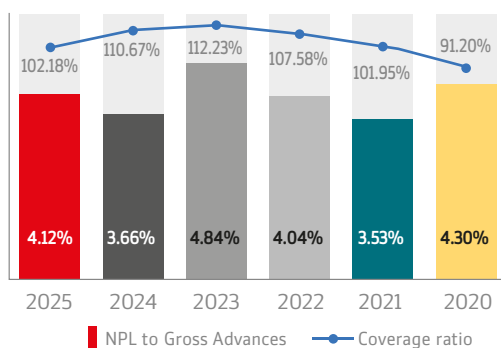
The Bank assesses its qualitative performance on the following factors, including but not limited to:

	2025	2024
Deposits:		
Deposits per branch (Rs in Mn)	2,105	1,853
Deposits per employee (Rs in Mn)	144	130
Market share in deposits (domestic) (%)	6.4%	6.4%
Loans and advances:		
New acquisitions - auto loans (count)	15,679	7,878
New acquisitions - personal loans (count)	24,946	17,450
New acquisitions - house loans (count)	1,117	860
New acquisitions - SME loans (count)	3,087	2,500
New acquisitions - credit cards (count)	95,246	76,333
Market share in advances (domestic) (%)	7.8%	6.9%
Remittances:		
Home Remittance volume (USD in Mn)	5,888	5,416
Number of transactions (count in Mn)	18.02	15.68
Market share in home remittances (%)	14.7%	15.6%
Corporate Social Responsibility (CSR):		
CSR activities spend (Rs. in Mn)	487	551
CSR activities spend as a % of PBT (%)	0.8%	0.7%
Human Resource and Related Activities:		
Compensation costs per employee (Rs. in Mn)	2.61	2.25
Training costs per employee (Rs. in Mn)	0.02	0.02
Profit per employee (Rs. in Mn)	1.63	2.34
Customers		
Number of customers (count in Mn)	9.50	8.65
Number of internet banking users (count in Mn)	0.73	0.67
Number of Alfa app users (count in Mn)	2.69	2.09
Number of credit card holders (count in Mn)	0.47	0.42
Branch performance		
Revenue per branch (Rs. in Mn)	155	149
Profit per branch (Rs. in Mn)	24	33
Cash Management		
Cash Management collection volume (Rs in Mn)	1,999,763	1,250,324
Bancassurance		
Bancassurance volume (Rs. in Mn)	2,022	1,413
Bancassurance per branch (Rs. in Mn)	1.70	1.23
Market share (approximate %)	11.0%	10.0%
Wealth Management		
Wealth Management volume (Rs. in Mn)	102,903	107,593
Wealth Management per branch (Rs. in Mn)	87	93
Market share (approximate %)	21.0%	19.0%
Trade		
Trade volume - domestic (Rs. in Mn)	2,522,749	2,095,809
Market Share - domestic (%)	9.46%	8.40%

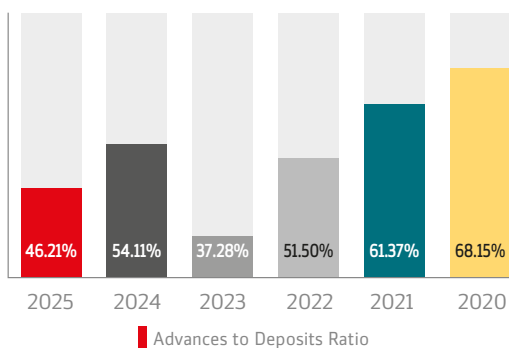
Graphical Presentation



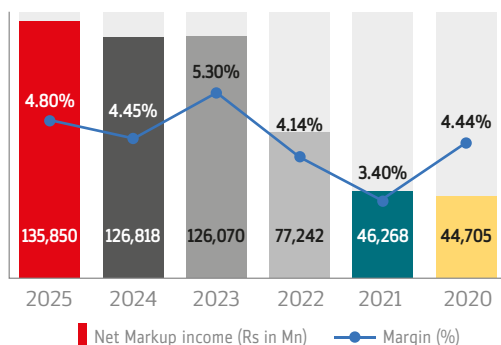
NPL Ratios (Percentage)



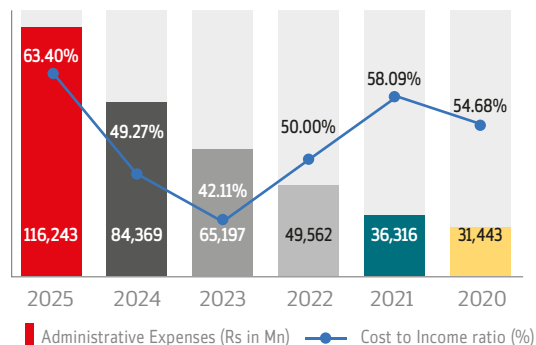
Advances to Deposits Ratio (Percentage)



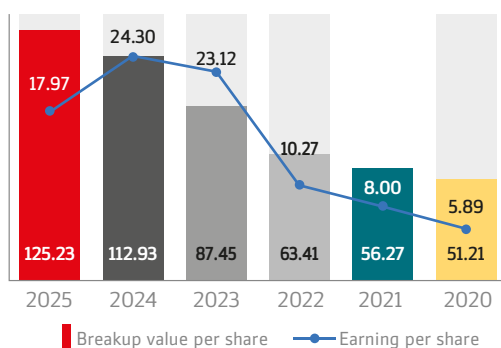
Net Markup Income and Margin



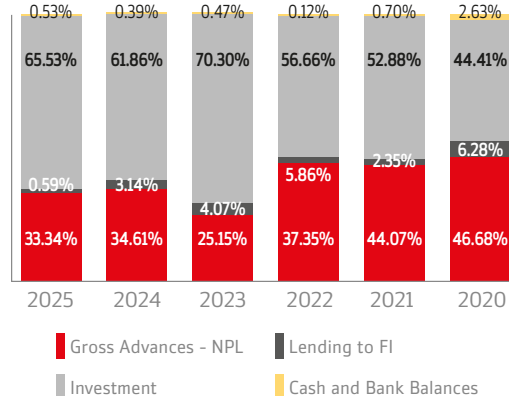
Operating Expenses and Cost to Income Ratio



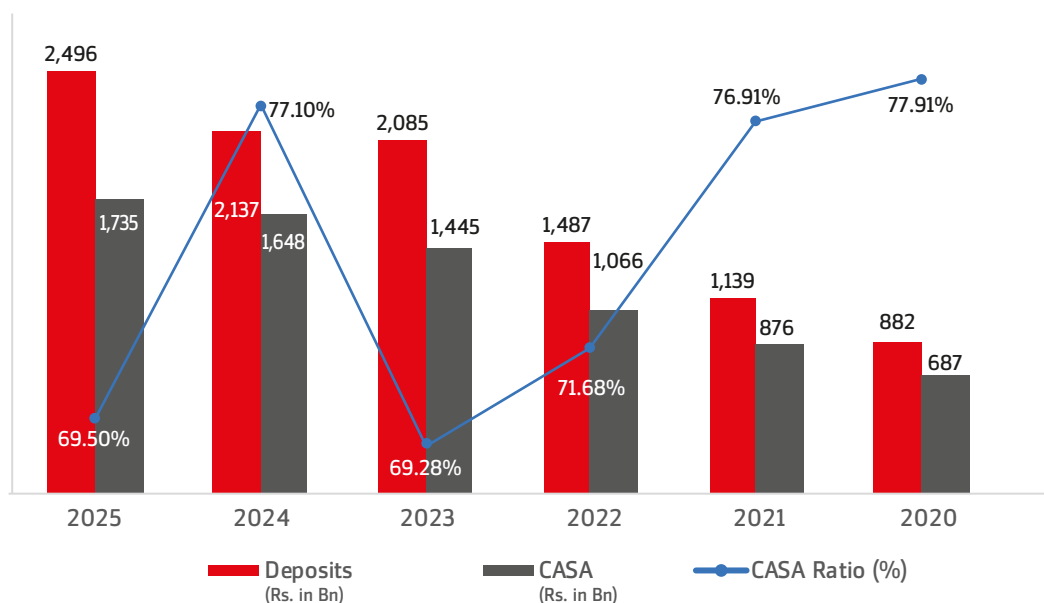
Earnings and Breakup Value Per Share (Rupees)



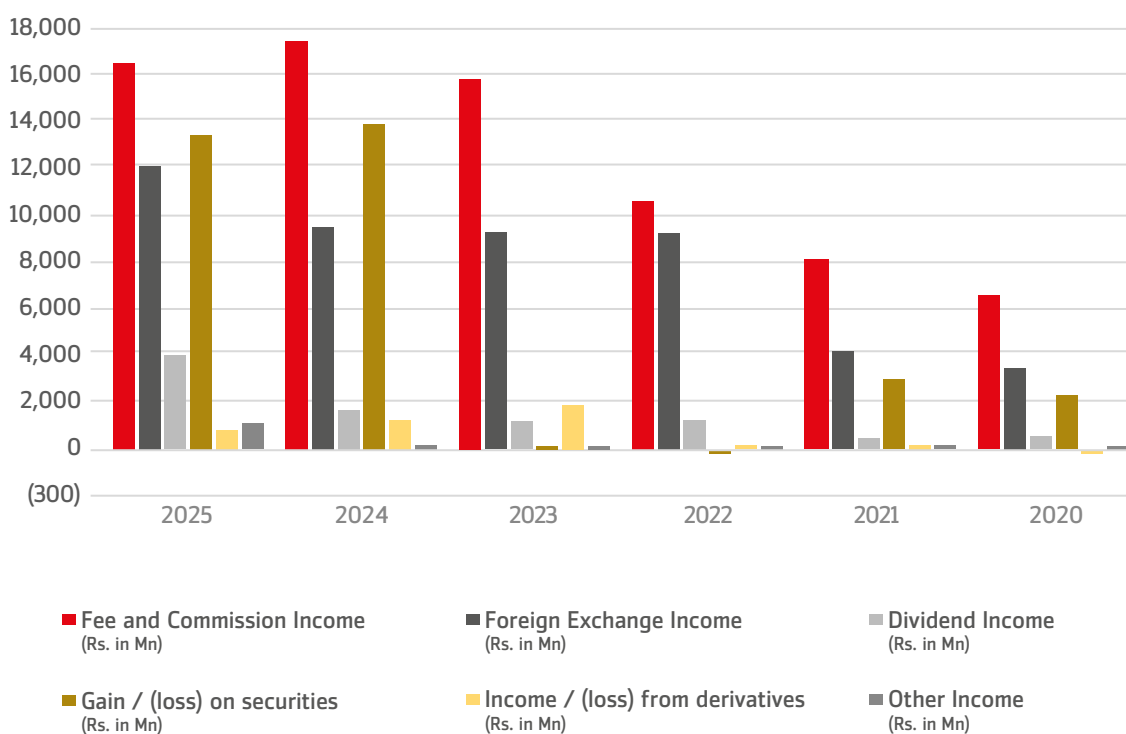
Earning Assets Mix (Percentage)



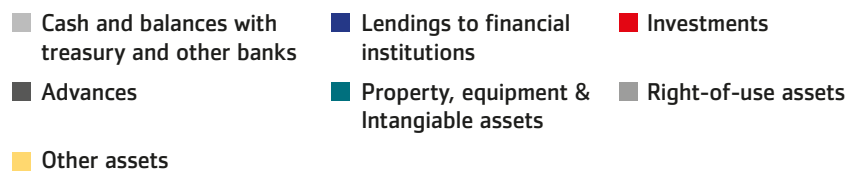
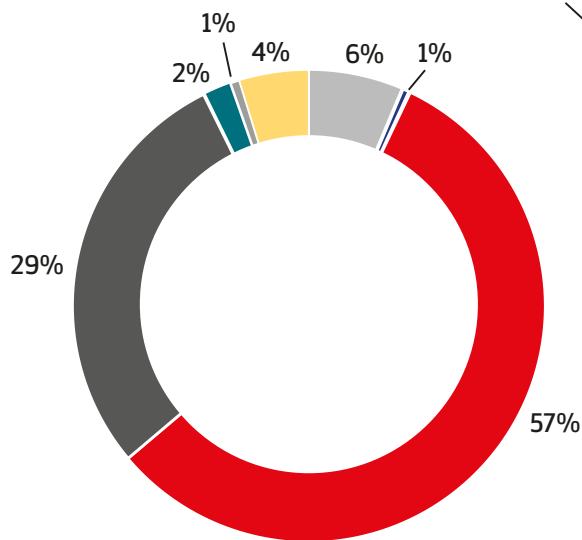
CASA to Deposits Ratio



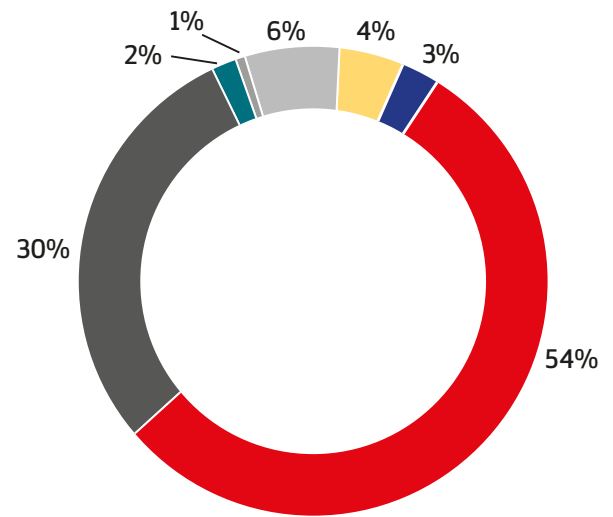
Non Markup Income



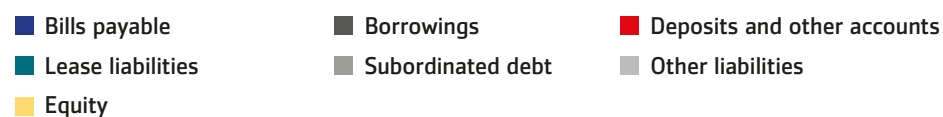
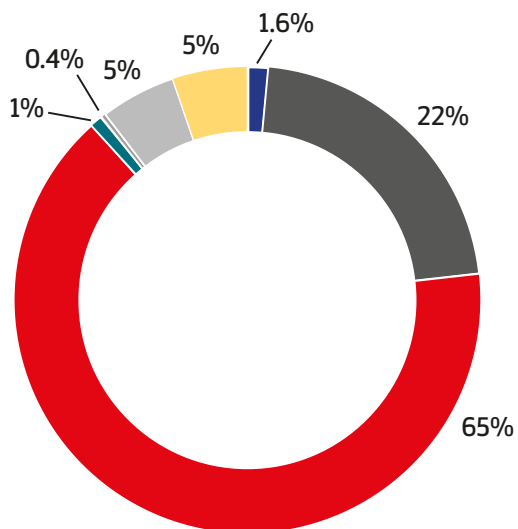
Total Assets - 2025



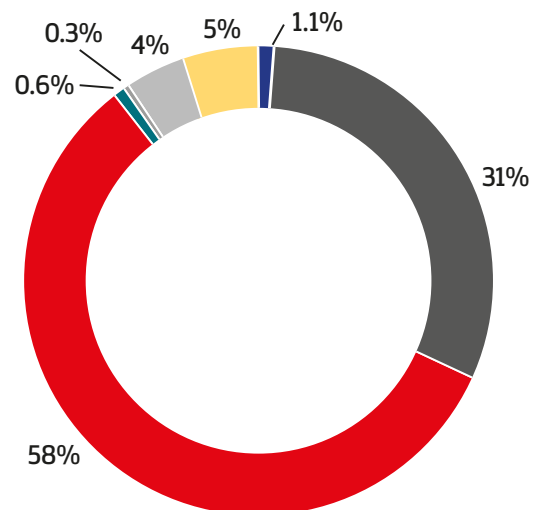
Total Assets - 2024



Total Liabilities and Equity - 2025



Total Liabilities and Equity - 2024



Six Years Financial and Non-Financials Summaries

		2025	2024	2023	2022	2021	2020
Profit & Loss Account							
Mark-up / return / interest earned	Rs. Mn	356,932	506,898	411,948	214,054	100,402	92,616
Mark-up / return / interest expensed	Rs. Mn	221,082	380,081	285,877	136,812	54,134	47,911
Non mark-up / interest income	Rs. Mn	47,513	44,414	28,758	21,883	16,254	12,795
Total Income	Rs. Mn	183,362	171,232	154,828	99,126	62,522	57,499
Non mark-up / interest expenses	Rs. Mn	117,717	86,288	67,191	50,497	36,840	32,032
Profit before tax and credit loss allowance / provision	Rs. Mn	65,646	84,944	87,637	48,629	25,682	25,468
Credit loss allowance / provision and write-offs - net	Rs. Mn	3,310	1,849	9,462	12,468	2,312	7,589
Profit before taxation	Rs. Mn	62,336	83,095	78,175	36,160	23,370	17,878
Profit after taxation	Rs. Mn	28,337	38,318	36,456	18,206	14,217	10,475
Statement of Financial Position							
Authorised capital	Rs. Mn	23,000	23,000	23,000	23,000	23,000	23,000
Paid up capital	Rs. Mn	15,772	15,772	15,772	15,772	17,772	17,772
Reserves	Rs. Mn	42,366	43,467	41,401	34,283	29,954	27,680
Unappropriated profit	Rs. Mn	96,170	85,095	69,482	45,101	40,836	35,057
Surplus on revaluation of assets - net of tax	Rs. Mn	43,204	33,779	11,268	4,859	11,441	10,509
Shareholders' fund	Rs. Mn	154,308	144,334	126,654	95,156	88,562	80,508
Shareholders' equity	Rs. Mn	197,512	178,112	137,923	100,015	100,003	91,017
Total assets	Rs. Mn	3,829,927	3,710,206	3,345,917	2,253,197	1,734,321	1,384,874
Earning assets	Rs. Mn	3,316,795	3,218,813	2,940,428	1,966,878	1,530,207	1,231,771
Gross advances	Rs. Mn	1,153,494	1,156,258	777,287	765,693	699,073	600,899
Advances - net of credit loss allowance / provision	Rs. Mn	1,104,924	1,109,376	735,052	732,375	673,881	577,316
Non performing loans	Rs. Mn	47,536	42,360	37,633	30,971	24,710	25,860
Investments - at cost	Rs. Mn	2,122,939	1,961,263	2,076,592	1,135,624	812,307	541,819
Investments - net	Rs. Mn	2,173,447	1,991,232	2,067,263	1,114,407	809,214	547,090
Total liabilities	Rs. Mn	3,632,415	3,532,094	3,207,994	2,153,182	1,634,319	1,293,856
Deposits and other accounts	Rs. Mn	2,496,208	2,136,913	2,084,997	1,486,845	1,139,045	881,767
Borrowings	Rs. Mn	832,128	1,141,886	909,543	491,180	383,809	314,960
Cash Flow Summary							
Cash and cash equivalents at the beginning of the year	Rs. Mn	231,950	247,900	185,488	134,593	118,455	135,054
Cash flow generated from / (used in) operating activities	Rs. Mn	177,578	(74,418)	756,441	470,461	268,659	204,046
Cash flow (used in) / generated from investing activities	Rs. Mn	(133,427)	87,807	(681,700)	(413,326)	(242,190)	(205,800)
Cash flow used in financing activities	Rs. Mn	(22,504)	(29,316)	(12,329)	(6,240)	(10,330)	(14,845)
Increase / (decrease) in cash and cash equivalents	Rs. Mn	21,647	(15,928)	62,412	50,895	16,138	(16,600)
Cash and cash equivalents at the end of the year	Rs. Mn	253,562	231,950	247,900	185,488	134,593	118,455
Consolidated Position							
Total assets	Rs. Mn	3,835,085	3,717,056	3,349,668	2,256,720	1,736,773	1,387,674
Net assets	Rs. Mn	200,211	181,387	139,623	102,063	101,874	92,661
Profit before taxation	Rs. Mn	61,963	85,247	78,738	36,677	23,909	18,443
Profit after taxation	Rs. Mn	27,800	39,863	36,086	18,397	14,460	10,843
Trade							
Imports - Volume	Rs. Mn	2,005,926	1,617,799	1,366,387	1,176,596	892,545	570,337
Exports - Volume	Rs. Mn	642,544	599,046	684,129	557,435	367,941	251,140
Others							
Number of branches	Count	1,186	1,153	1,024	894	790	730
Number of Permanent employees	Count	17,326	16,334	14,662	13,790	12,034	10,653

Six Years Vertical Analysis

	2025		2024		2023		2022		2021		2020	
	Rs in Mn	%	Rs in Mn	%	Rs in Mn	%	Rs in Mn	%	Rs in Mn	%	Rs in Mn	%
Statement of Financial Position												
Assets												
Cash and balances with treasury banks	227,463	6%	227,824	6%	202,692	6%	140,613	6%	105,606	6%	99,348	7%
Balances with other banks	24,110	1%	18,470	0%	16,618	0%	9,485	0%	9,783	1%	6,234	0%
Lendings to financial institutions	19,674	1%	100,998	3%	119,554	4%	115,354	5%	35,982	2%	77,306	6%
Investments	2,173,447	57%	1,991,232	54%	2,067,263	62%	1,114,407	49%	809,214	47%	547,090	40%
Advances	1,104,924	29%	1,109,376	30%	735,052	22%	732,375	33%	673,881	39%	577,316	42%
Property and equipment	71,100	1%	63,543	2%	41,816	1%	33,035	1%	27,684	2%	21,434	2%
Right-of-use assets	26,378	1%	25,291	1%	19,952	1%	15,390	1%	11,815	1%	9,543	1%
Intangible assets	1,724	0%	1,543	0%	1,370	0%	1,296	0%	1,116	0%	1,285	0%
Deferred tax assets	-	0%	-	0%	6,008	0%	9,013	0%	2,304	0%	-	0%
Other assets	181,108	4%	171,928	4%	135,593	4%	82,229	5%	56,936	2%	45,319	2%
Total assets	3,829,927	100%	3,710,206	100%	3,345,917	100%	2,253,197	100%	1,734,321	100%	1,384,874	100%
Liabilities												
Bills payable	56,958	1%	41,768	1%	26,005	1%	40,034	2%	22,826	1%	22,571	2%
Borrowings	832,128	22%	1,141,886	31%	909,543	27%	491,180	22%	383,809	22%	314,960	23%
Deposits and other accounts	2,496,208	65%	2,136,913	58%	2,084,997	62%	1,486,845	66%	1,139,045	66%	881,767	64%
Lease liabilities	32,471	1%	29,482	1%	22,895	1%	17,496	1%	13,190	1%	10,456	1%
Subordinated debt	14,000	0%	14,000	0%	14,000	0%	14,000	1%	7,000	0%	7,000	1%
Deferred tax liabilities	24,345	1%	16,516	0%	-	0%	-	0%	-	0%	1,361	0%
Other liabilities	176,305	5%	151,529	4%	150,554	4%	103,628	5%	68,450	4%	55,741	4%
Total liabilities	3,632,415	95%	3,532,094	95%	3,207,994	96%	2,153,182	96%	1,634,319	94%	1,293,856	93%
Net Assets	197,512	5%	178,112	5%	137,923	4%	100,015	4%	100,003	6%	91,017	7%
Represented By:												
Authorised capital	23,000		23,000		23,000		23,000		23,000		23,000	
Share capital	15,772	0%	15,772	0%	15,772	0%	15,772	1%	17,772	1%	17,772	1%
Reserves	42,366	1%	43,467	1%	41,401	1%	34,283	2%	29,954	2%	27,680	2%
Unappropriated profit	96,170	3%	85,095	2%	69,482	2%	45,101	2%	40,836	2%	35,057	3%
Surplus on revaluation of assets	43,204	1%	33,779	1%	11,268	0%	4,859	0%	11,441	1%	10,509	1%
	197,512	5%	178,112	5%	137,923	4%	100,015	4%	100,003	6%	91,017	7%

Profit & Loss Account

Mark-up / return / interest earned	a	356,932	88%	506,898	92%	411,948	93%	214,054	91%	100,402	86%	92,616	88%
Mark-up / return / interest expensed		(221,082)	-55%	(380,081)	-69%	(285,877)	-65%	(136,812)	-58%	(54,134)	-46%	(47,911)	-45%
Net mark-up / return / interest income		135,850	34%	126,818	23%	126,070	29%	77,242	33%	46,268	40%	44,705	42%
	b	47,513	12%	44,414	8%	28,758	7%	21,883	9%	16,254	14%	12,795	12%
Total income		183,362	45%	171,232	31%	154,828	35%	99,126	42%	62,522	54%	57,499	55%
Non mark-up / interest expenses		(117,717)	-29%	(86,288)	-16%	(67,191)	-15%	(50,497)	-21%	(36,840)	-32%	(32,032)	-30%
Profit before credit loss allowance / provisions		65,646	16%	84,944	15%	87,637	20%	48,629	21%	25,682	22%	25,468	24%
Credit loss allowance / provisions and write offs - net		(3,310)	-1%	(1,849)	0%	(9,462)	-2%	(12,468)	-5%	(2,312)	-2%	(7,589)	-7%
Profit before taxation		62,336	15%	83,095	15%	78,175	18%	36,160	15%	23,370	20%	17,878	17%
Taxation		(33,998)	-8%	(44,777)	-8%	(41,719)	-9%	(17,954)	-8%	(9,154)	-8%	(7,403)	-7%
Profit after taxation		28,337	7%	38,318	7%	36,456	8%	18,206	8%	14,217	12%	10,475	10%
Earning per share - Rupees		17.97		24.30		23.12		10.27		8.00		5.89	

Note:

- For vertical analysis, variance percentage on financial position is calculated based on total assets and for profit & loss account, it is calculated based on gross revenue which is the sum of markup earned and non-markup income (a+b).
- The graphical presentation of vertical analysis is presented within this section.

Six Years Horizontal Analysis

	2025	%	2024	%	2023	%	2022	%	2021	%	2020
	Rs in Mn		Rs in Mn		Rs in Mn		Rs in Mn		Rs in Mn		Rs in Mn

Statement of Financial Position

Assets

Cash and balances with treasury banks	227,463	0%	227,824	12%	202,692	44%	140,613	33%	105,606	6%	99,348
Balances with other banks	24,110	31%	18,470	11%	16,618	75%	9,485	-3%	9,783	57%	6,234
Lendings to financial institutions	19,674	-81%	100,998	-16%	119,554	4%	115,354	221%	35,982	-53%	77,306
Investments	2,173,447	9%	1,991,232	-4%	2,067,263	86%	1,114,407	38%	809,214	48%	547,090
Advances	1,104,924	0%	1,109,376	51%	735,052	0%	732,375	9%	673,881	17%	577,316
Property and equipment	71,100	12%	63,543	52%	41,816	27%	33,035	19%	27,684	29%	21,434
Right-of-use assets	26,378	4%	25,291	27%	19,952	30%	15,390	30%	11,815	24%	9,543
Intangible assets	1,724	12%	1,543	13%	1,370	6%	1,296	16%	1,116	-13%	1,285
Deferred tax assets	-	0%	-	-100%	6,008	-33%	9,013	291%	2,304	100%	-
Other assets	181,108	5%	171,928	27%	135,593	65%	82,229	44%	56,936	26%	45,319
Total assets	3,829,927	3%	3,710,206	11%	3,345,917	48%	2,253,197	30%	1,734,321	25%	1,384,874

Liabilities

Bills payable	56,958	36%	41,768	61%	26,005	-35%	40,034	75%	22,826	1%	22,571
Borrowings	832,128	-27%	1,141,886	26%	909,543	85%	491,180	28%	383,809	22%	314,960
Deposits and other accounts	2,496,208	17%	2,136,913	2%	2,084,997	40%	1,486,845	31%	1,139,045	29%	881,767
Lease liabilities	32,471	10%	29,482	29%	22,895	31%	17,496	33%	13,190	26%	10,456
Subordinated debt	14,000	0%	14,000	0%	14,000	0%	14,000	100%	7,000	0%	7,000
Deferred tax liabilities	24,345	47%	16,516	0%	-	0%	-	0%	-	-100%	1,361
Other liabilities	176,305	16%	151,529	1%	150,554	45%	103,628	51%	68,450	23%	55,741
Total liabilities	3,632,415	3%	3,532,094	10%	3,207,994	49%	2,153,182	32%	1,634,319	26%	1,293,856

Net Assets

197,512	11%	178,112	29%	137,923	38%	100,015	0%	100,003	10%	91,017

Represented By:

Authorised Capital	23,000		23,000		23,000		23,000		23,000		23,000
Share capital	15,772	0%	15,772	0%	15,772	0%	15,772	-11%	17,772	0%	17,772
Reserves	42,366	-3%	43,467	5%	41,401	21%	34,283	14%	29,954	8%	27,680
Unappropriated profit	96,170	13%	85,095	22%	69,482	54%	45,101	10%	40,836	16%	35,057
Surplus on revaluation of assets	43,204	28%	33,779	200%	11,268	132%	4,859	-58%	11,441	9%	10,509
	197,512	11%	178,112	29%	137,923	38%	100,015	0%	100,003	10%	91,017

Profit & Loss Account

Mark-up / return / interest earned	356,932	-30%	506,898	23%	411,948	92%	214,054	113%	100,402	8%	92,616
Mark-up / return / interest expensed	(221,082)	-42%	(380,081)	33%	(285,877)	109%	(136,812)	153%	(54,134)	13%	(47,911)
Net mark-up / return / interest income	135,850	7%	126,818	1%	126,070	63%	77,242	67%	46,268	3%	44,705
Non mark-up / interest Income	47,513	7%	44,414	54%	28,758	31%	21,883	35%	16,254	27%	12,795
Total income	183,362	7%	171,232	11%	154,828	56%	99,126	59%	62,522	9%	57,499
Non mark-up / interest expenses	(117,717)	36%	(86,288)	28%	(67,191)	33%	(50,497)	37%	(36,840)	15%	(32,032)
Profit before credit loss allowance / provisions	65,646	-23%	84,944	-3%	87,637	80%	48,629	89%	25,682	1%	25,468
Credit loss allowance / provisions and write offs - net	(3,310)	79%	(1,849)	-80%	(9,462)	-24%	(12,468)	439%	(2,312)	-70%	(7,589)
Profit before taxation	62,336	-25%	83,095	6%	78,175	116%	36,160	55%	23,370	31%	17,878
Taxation	(33,998)	-24%	(44,777)	7%	(41,719)	132%	(17,954)	96%	(9,154)	24%	(7,403)
Profit after taxation	28,337	-26%	38,318	5%	36,456	100%	18,206	28%	14,217	36%	10,475
Earning per share - Rupees	17.97	-26%	24.30	5%	23.12	125%	10.27	28%	8.00	36%	5.89

Note:

- The graphical presentation of horizontal analysis is presented within this section.

Six Years Review of Business Performance

Balance Sheet

Total Assets

Over the past six years, the Bank has demonstrated sustained and substantial growth in its asset base, which increased from Rs. 1,384.874 billion as of December 2020 to Rs. 3,829.927 billion by December 2025. This expansion corresponds to a Compound Annual Growth Rate (CAGR) of 22.56 percent. The principal avenues of asset deployment have comprised investments and advances, as elaborated in the subsequent sections. In pursuing this trajectory, the Bank has consistently adhered to a strategic framework designed to optimise the composition of assets, thereby enhancing stakeholder value, while exercising rigorous discipline in the management of risk-weighted assets (RWA).

Advances

The Bank's Advance-to-Deposit Ratio (ADR) currently stands at 46.21 percent. Over the years, net advances have registered a CAGR of 13.86 percent. Concurrently, the Bank has undertaken significant enhancements to its risk management framework, with particular emphasis on the automation and optimisation of the credit approval process. These measures reflect the institution's continued commitment to strengthening operational resilience and ensuring sound credit practices.

Non-performing Loans

Through its branch-focused operating model and stringent credit underwriting standards, the Bank has consistently sustained one of the lowest infection ratios among top-tier institutions, notwithstanding the application of prudent subjective classifications. Over the past six years, the infection ratio has exhibited improvement, declining from 4.30 percent in 2020 to 4.12 percent in 2025, thereby reaffirming the Bank's unwavering commitment to safeguarding asset quality. The Special Assets Management Group has played a pivotal role in driving substantial recoveries during this period. As of year-end, the Bank's coverage ratio stood at 102.18 percent (inclusive of general provisions), underscoring the strength of its risk management framework and disciplined approach to asset protection.

Investments

Over the years, the Bank's investment portfolio has expanded substantially in line with the deposit and balance sheet growth, with a pronounced emphasis on high-yielding Government Securities. Portfolio positions have been established in accordance with

interest rate projections and the Bank's hedging strategy, ensuring both stability and optimised returns. The total investment base has grown from Rs. 547.090 billion in 2020 to Rs. 2,173.447 billion by the close of 2025, reflecting disciplined execution of the Bank's investment strategy. In addition, the equity portfolio comprises investments in companies with strong fundamentals, designed to generate consistent dividend income and further diversify returns.

Deposits

The Bank's deposit base has exhibited sustained growth, contributing materially to the overall balance sheet expansion outlined above. Effective execution of strategy, coupled with a diversified product offering, has enabled Bank Alfalah to achieve a Compound Annual Growth Rate (CAGR) of 23.14 percent, rising from Rs. 881.767 billion in 2020 to Rs. 2,496.205 billion in 2025. As of December 2025, the Bank's CASA (Current Account, Savings Account) ratio stood at 69.50 percent, compared to 77.91 percent in 2020. The Bank's continued focus has been directed toward strengthening the deposit profile by increasing the proportion of current accounts and building profitable deposits. A broad range of tailored products is offered to meet the diverse needs of customers, while the Bank remains committed to maintaining service excellence and delivering competitive returns to depositors. Seamless transactional convenience is ensured through the ongoing expansion of Digital Banking and Alternate Delivery Channels.

Equity

Over the past six years, the Bank's net equity has increased by Rs. 106.495 billion, primarily attributable to retained earnings and revaluation surpluses on assets. During this period, the Bank's paid-up capital declined from Rs. 17.772 billion in 2020 to Rs. 15.772 billion in 2022, following the buyback of 200 million ordinary shares under the approved buyback scheme. This capital restructuring reflects the Bank's proactive approach to optimising shareholder value while maintaining a strong equity base.

Tier-1 Capital (ADT 1)

The Bank has issued Tier-1 Capital amounting to Rs. 14 billion. The first issuance of Additional Tier-1 Capital was undertaken in 2018 in the form of listed, perpetual, unsecured, subordinated, non-cumulative, and contingent convertible debt instruments. In 2022, the Bank further strengthened its capital base through the

issuance of an additional Rs. 7 billion in Tier-1 Capital, thereby supporting future expansion initiatives. Both instruments carry an "AA+" rating from PACRA, reflecting their strong credit quality and the Bank's prudent approach to capital management.

Dividends

Over the years, the Bank has maintained a steadily increasing dividend payout, striking a balance between risk absorption capacity and the objective of delivering enhanced returns over the medium to long term. The Bank's Capital Adequacy Ratio continues to exceed the regulatory requirement, inclusive of the capital conservation buffer, thereby underscoring the institution's strong capital position. For the year ended December 2025, the Board has recommended a final dividend payout of 30 percent (Rs. 3 per share). In addition, an interim cash dividend of Rs. 7.50 per share was declared and paid during the year, bringing the total cash dividend to Rs. 10.50 per share, equivalent to 105 percent, as compared to Rs. 8.50 per share (85 percent) in the previous year.

Profit and Loss Account

Income

The composition of mark-up income has evolved in recent years, reflecting changes in the Bank's earning asset base. Over the past six years, net mark-up income has registered significant growth, primarily driven by the expansion of core deposits, particularly current accounts, notwithstanding variations in spreads. The development of a high-quality advances portfolio, led by the consumer and commercial segments, has contributed to an improved net interest margin.

In parallel, the Bank's investment strategy has complemented non-funded income, thereby bolstering overall profitability. Core fee and commission income, foreign exchange income, and capital gains from both capital and money markets have all demonstrated growth, further strengthening non-funded income streams. Additionally, key enhancements to the technology platform, cross-selling initiatives, and branch transformation programs have delivered greater transactional convenience to customers, while simultaneously driving growth in non-fund-based income.

Operating Expenses

Over the years, the Bank has undergone significant transformation, with growth in administrative expenses primarily attributable to branch network expansion in line with the Bank's strategic objectives, compensation costs (including staff loan notional costs, new hiring, and employee-focused remuneration initiatives), and marketing expenditures. Rising rentals, utility expenses, substantial investments in information technology for upgrading the core banking system and digital banking platform, together with inflationary pressures and the depreciation of the rupee impacting foreign currency costs, have further contributed to the increase.

Despite these factors, the Bank has actively managed its cost base by instituting strict cost discipline measures, with a continued emphasis on improving the cost-to-income ratio. These initiatives reflect the institution's commitment to operational efficiency, prudent expense management, and sustainable growth.

Cash Flow Statement

Cash Flow from Operating Activities

Cash flow from operating activities has shown a positive trend throughout the years from 2020 to 2023, primarily driven by consistent profitability growth, along with stable deposits and advances. However, in 2024, increase in the loan book mainly resulted in, cash flow from operating activities part of which are funded from borrowing turning negative. In 2025, Cash flow from operating activities resulted in positive mainly due to increase in deposit portfolio.

Cash Flow from Investing Activities

The Bank's investment strategy is guided by the treasury's outlook, which determines the deployment of surplus liquidity. At times, the treasury also assumes borrowing positions for book-building purposes. Following the allocation of funds to loans and advances, surplus liquidity is invested across a range of investment avenues.

Over the years, the Bank has consistently expanded its investment portfolio, with the exception of 2024, when inflows were redirected toward advances in response to prevailing interest rate dynamics and ADR tax considerations applicable during that year. In 2024, the Bank made strategic investments of Rs. 1 billion in its wholly owned subsidiary, Alfalah Currency Exchange (Private) Limited, and Rs. 1.2 billion in Alfalah Securities (Private) Limited which was later sold in 2025. Additionally, a further investment of Rs. 300 million was made in Alfalah Exchange (Private) Limited in year 2025, reinforcing the Bank's commitment to strengthening its presence in the financial services sector.

In 2025, the Bank effectively managed its repositioned asset base while making further contributions toward government securities, thereby ensuring a balanced and resilient investment portfolio aligned with long-term strategic objectives.

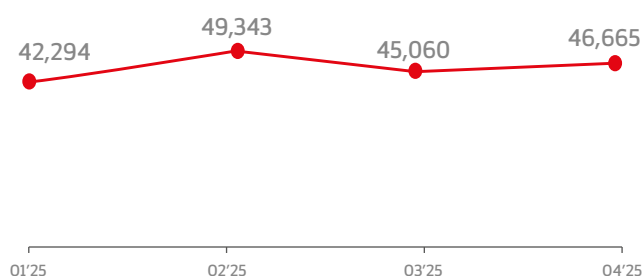
Cash Flow from Financing Activities

The primary transactions under this category pertain to capital and dividend distributions. Bank Alfalah has consistently maintained a track record of dividend payments over the years, reflecting its commitment to delivering sustainable shareholder returns while balancing capital requirements and growth objectives.

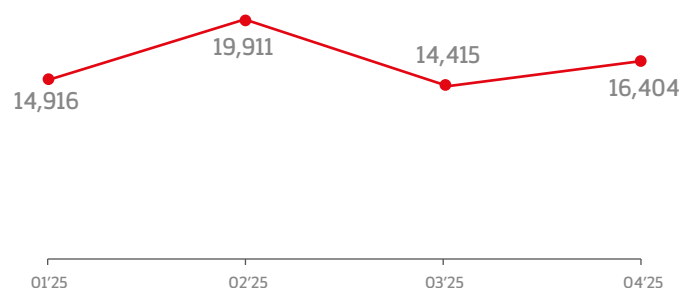
Quarterly Performance Review

	Q1 '25	Q2 '25	Q3 '25	Q4 '25	Total
----- Rupees in Million -----					
Net interest income	33,128	34,299	34,049	34,374	135,850
Non-interest income	9,166	15,044	11,011	12,291	47,512
Total income	42,294	49,343	45,060	46,665	183,362
Less: Operating expenses	26,974	29,005	30,376	29,888	116,243
Less: Other charges and WWF	404	427	269	373	1,473
Profit before credit loss allowance / provisions	14,916	19,911	14,415	16,404	65,646
(Reversal of) / credit loss allowance / provisions and write offs - net	(468)	1,365	1,051	1,362	3,310
Profit before taxation	15,384	18,546	13,364	15,042	62,336

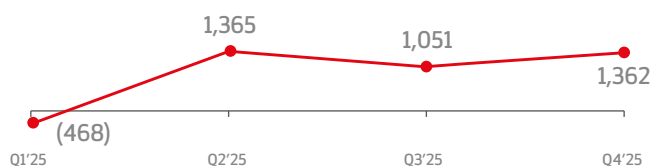
Total income (Rs. in Mn)



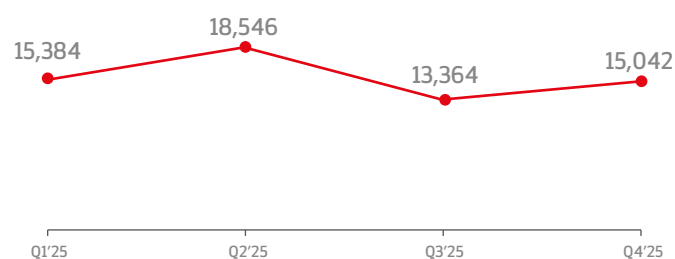
Profit before credit loss allowance / provisions (Rs. in Mn)



(Reversal of) / Credit loss allowance / provisions and write offs - net (Rs. in Mn)



Profit before taxation (Rs. in Mn)



Analysis of the Quarterly Performance

Quarter 1	Quarter 2	Quarter 3	Quarter 4
• Net interest income Up by 11% than Q4 2024 due to volumetric growth in current account balances. Besides, Q4 2024 NII was adversely impacted by negative spreads due to ADR related lending. • Non interest income Down by 18% due to higher capital gain realised on government securities and shares in Q4 2024 partly offset by one-off other income as a result of refund of deposit protection fund by central bank of Afghanistan in Q1 2025. • Operating expenses Up by 13% compared to Q4 2024, mainly due to higher home remittance marketing cost. • Credit loss allowance / provision Down by 554% over Q4 2024 mainly due to recoveries against non performing advances in Q1 2025.	• Net interest income Up by 4% over Q1 2025 as impact of rate cuts on assets is visible with a lag as compared to cost of deposits and borrowings. Further, volumetric growth specially higher average current account balances supported income. • Non interest income Up by 64% over Q1 2025 due to increase in capital gain realised on government securities and increase in card related fee in Q2 2025. • Operating expenses Up by 8% over Q1 2025 due to home remittance marketing cost and increase in staff loan notional cost. • Credit loss allowance / provision Up by 392% over Q1 2025 due to additional expected credit loss allowance on NPL and subjective provisioning.	• Net interest income Marginally lower compared to Q2 2025, reflecting proactive balance sheet optimisation to mitigate the impact of rate cuts in first half of 2025, supported by growth in average current account (CA) deposits. • Non interest income Down by 27% mainly due to higher capital gain realised on government securities in Q2 2025 partly offset by increase in income from derivatives in Q3 2025. • Operating expenses Higher by 5% over Q2 2025, due to higher compensation cost, opening of new branches and general inflation. • Credit loss allowance / provision Down by 23% due to higher subjective provisioning against non performing loans in Q2 2025 partly offset by provision charge against other assets.	• Net interest income Marginally higher from Q3 2025 with interest rates remaining broadly at same levels. • Non interest income Up by 12% over Q3 2025 mainly due to increase in dividend income. • Operating expenses Down by 2% over Q3 2025, due to strategically controlled home remittance marketing cost partly offset by compensation cost, cost of new branches. • Credit loss allowance / provision Up by 30% over Q3 2025 mainly due to higher subjective provisioning on non performing loans partly offset by reversal of credit loss allowance on foreign bonds.

Segmental Review of Business Performance

Retail Banking Group

The Retail Banking Group remained at the heart of the Bank's strategy in 2025, driving customer engagement, revenue growth, market expansion, and sustainable performance. Retail business strengthened its industry position by delivering an enhanced customer experience and upholding its legacy of excellence in financial services. With a continued emphasis on digital transformation and customer centricity, Retail business expanded its market presence, reinforcing the Bank's reputation as a progressive financial institution.

Key progress was achieved across Deposits Mix, SME Commercial, Agri financing, and Wealth Management. The launch of Infinite Banking provides exclusive services for High Net Worth (HNW) clients and consolidating our leadership in this space. Our strong customer engagement was also recognised with the "Best Customer Engagement Award" at the PBA, reaffirming its position as a leader in delivering superior banking experiences.

Deposits

Retail Banking maintained a stable and well managed deposit base, closing 2025 at Rs. 1.53 trillion. This reflects a disciplined approach to deposit mobilisation, ensuring long term stability and financial resilience. Average current deposits grew steadily, rising by Rs. 105 billion - a 23% year on year increase. By focusing on a balanced deposit mix, prudent liquidity management, and stronger collaboration across channels, Retail banking group built a diversified and resilient portfolio that enhanced the Bank's liquidity position and laid a solid foundation for sustainable profitability and growth.

Through innovation, operational efficiency, and deeper customer relationships, Retail Banking continues to serve as a cornerstone of the Bank's overall strategy and long term success.

Bancassurance & Investment Services

In 2025, Bank Alfalah introduced a range of new third-party Bancassurance and Investment products aimed at strengthening financial inclusion and enhancing customer convenience, supporting the Bank's aspiration to become the preferred transactional partner. These product offerings were thoughtfully designed to address the diverse needs of multiple customer segments, enabling greater outreach across previously untapped financial sectors.

During the year, the Bank achieved a historic milestone by surpassing Rs. 2 billion in Bancassurance new business premium for the first time, while maintaining its position as the 3rd largest per-branch business contributor in the industry. In 2025, the Investment Services (IS) business delivered robust growth, with Gross Assets Under Management, reaching Rs. 103 billion and elevating the overall IS portfolio to PKR 107 billion. This growth was supported by sustained retail and HNW acquisition, strengthened advisory capabilities and sophisticated product initiatives that deepened client relationships and drove long-term value.

Premier Banking

Bank Alfalah Premier is committed to meet customer needs by providing both conventional and Shariah-compliant banking solutions, tailored to the preferences of each client. This enables them to be recognised as a leading brand in the affluent banking sector, consistently distinguished by its comprehensive offerings. Our extensive network of Premier Lounges, thoughtfully designed to meet the exclusive standards of high-net-worth individuals (HNWIs), reflects our unwavering commitment to excellence. We proudly achieved a footprint of 124 Premier Lounges across 28 cities nationwide.

As we move into 2026, we are firmly on track to surpass the milestone of 130+ lounges, further cementing our position as the undisputed market leader in this space.

Bank Alfalah Infinite

Bank Alfalah Infinite represents the gateway to limitless possibilities, offering exceptional privileges where every engagement embodies exclusivity and enriches both wealth and value. Introduced in 2024 as the country's first Ultra High Net Worth segment, Infinite has swiftly become a hallmark of prestige and distinction.

Infinite sets a new benchmark in banking by seamlessly integrating conventional offerings with Shariah-compliant solutions. With a clear focus on elevating client experience, Infinite delivers highly customized wealth services tailored to the individual priorities of each client.

In 2025, we grew our customer base by 46% and expanded Wealth portfolio by 38%. Furthermore, to elevate client lifestyle, Infinite has established partnerships with global leaders such as Audi, BMW, KPMG, and Savills, while introducing innovative tools like a Tax Calculator, Market Outlook Report and a pioneering REIT Fund.

Commercial Banking, SME Lending, Agricultural Financing and Trade

The SME, Agri, and Commercial Division at Bank Alfalah is dedicated to increasing its portfolio by providing exceptional services to both existing and prospective clients.

In 2025, Bank Alfalah delivered outstanding performance across its SME, Agri, and Trade segments, reflecting its commitment to driving inclusive growth and sectoral resilience. SME lending exposure rose by 38% year-to-date, increasing from Rs. 52.3 billion in December 2024 to Rs. 72.1 billion in December 2025. The Agri segment also exceeded expectations, expanding by 25% year-to-date from Rs. 25.9 billion to Rs. 32.5 billion over the same period. Retail trade throughput reached USD 2.5 billion, underscoring the Bank's ability to consistently surpass industry benchmarks.

Supply Chain Financing registered remarkable progress, with throughput growing by 62% year-to-date to Rs. 102 billion in 2025, compared to Rs. 63 billion in 2024. The segment achieved its highest-ever outstanding balance of Rs.13.56 billion, representing a 49% year-on-year increase. Notably, the Bank ensured 100% recovery from flood-affected areas, demonstrating resilience and effective risk management. Furthermore, 372 new-to-bank clients were successfully on-boarded. Utilisation levels stood at 92%, with infection contained at 1.1%, highlighting the strength and stability of the portfolio.

This performance reflects Bank Alfalah's strategic focus on innovation, risk management, and client diversification, positioning it as a leader in advancing SME, Agri, and trade financing in Pakistan.

Consumer Finance

Bank Alfalah's Consumer Finance achieved notable growth and milestones among its various product categories in the year 2025. Bank Alfalah Credit Cards segment's ENR reached to Rs. 47.4 billion in 2025, which is the highest ever. Cards spend volume reached to Rs. 455 billion in 2025. Similarly, the Personal Loans portfolio attained remarkable growth of Rs. 10 billion+ volume in 2025 with highest ever ENR at 13.59 billion as at the year end with 27% YoY growth.

The Auto Loans segment business including Car Ijarah achieved the No.1 position in the industry of new auto loan acquisitions with the highest ever Rs. 46 billion+ volume and an ENR portfolio of Rs. 46 billion leading to being a market leader with 21% market share. Bank Alfalah Home finance and Home Musharaka are together leading the industry, with highest ever sales

acquisition of Rs. 13.8 billion and ENR has reached to Rs. 31 billion with a substantial ENR growth of 35% amid Industry's growth of 7.5%. These exceptional accomplishments highlight the continued strength and expansion of the Bank's Consumer Finance offerings in the way forward.

Corporate and Investment Banking Group

The Corporate and Investment Banking Group (CIBG – Conventional and Islamic) achieved a compound annual growth rate (CAGR) of 15% over the past five years. Leveraging strong relationships with key businesses, CIBG successfully increased its corporate deposits by 34% (CAGR over 5 years), while current deposits grew by 32% (CAGR over 5 years). The group focused on cross-selling, establishing new relationships, strengthening engagements with financially robust entities, and exploring new revenue streams. In 2025, CIBG's non-funded income (NFI) maintained a stable growth, driven by its reputed brand, strong corporate relationships, and exceptional service quality. Additionally, the contributions of the corporate regions played a key role in advancing the Bank's business goals, particularly in areas such as developer financing.

2025 was a standout year for Bank Alfalah's Investment Banking Division, delivering income growth of over 72% year-on-year, reflecting strong execution momentum and continued expansion of the Bank's advisory and capital markets franchise. During the year, the Division successfully executed several transactions across all sectors, underscoring its robust origination, structuring, and execution capabilities across a broad spectrum of the economy. In recognition of its disciplined execution standards and adherence to global best practices, the Division was awarded the "Transaction of the Year 2024" by CFA Society Pakistan.

The year also marked a significant step forward in advancing the Bank's sustainable finance agenda, with the establishment of a dedicated Green Finance platform, further positioning BAFL as a leading mobiliser of capital towards climate-aligned and low-carbon investments in support of the UN Sustainable Development Goals (SDGs). Entering 2026, the Division is anchored by a strengthened and increasingly recurring income base, expanded sector coverage, and enhanced cross-border and ESG-led execution capabilities, positioning it for sustained growth and continued outperformance.

In 2025, Bank Alfalah sustained its leadership momentum in Cash Management and Digital Trade, reinforcing its position among the top five banks in

Cash Management through the introduction of industry-leading solutions that promote fully digitised transactional ecosystems. The Bank further strengthened its standing in Digital Trade through its advanced electronic platform, Bank Alfalah Transact, which provides corporate and commercial clients with seamless Single Sign-On (SSO) access, enabling enhanced efficiency and optimisation of their Cash Management and Digital Trade activities.

In line with the State Bank of Pakistan's (SBP) directives on Supply Chain Finance (SCF) and financial inclusion, the Bank enhanced its SCF infrastructure to better support SMEs and contribute to sustainable economic development. Emphasising its strategic commitment to Islamic Banking, Bank Alfalah broadened its Shariah-compliant SCF portfolio, including Islamic Payables Finance, to address rising market demand. During 2025, the Bank successfully facilitated SCF transactions across both dealer and supplier finance segments, reaffirming its dedication to innovation, inclusion, and long-term economic growth.

During 2025, the Financial Institutions (FI) team, leveraging its relationships with its partner banks, was able to facilitate the Bank's customers to meet their trade and other banking needs. Along with providing franchise liquidity support via trade loans, FI offers traditional trade (LC Advising, Confirmation, Negotiation, Discounting, and Letter of Guarantees) as well as structured trade solutions, i.e., Swift Trade Loans, UPAS LCs, and secondary market trade transactions. As of today, FI maintains 65+ NOSTRO accounts in various currencies as well as 600+ unique Relationship Management Applications (RMA) with banks globally. Despite global economic challenges and domestic financial constraints, Bank Alfalah remained one of the primary crude oil confirming banks in Pakistan, enabling transactions worth approximately USD 850 million. The Bank's efforts resulted in acknowledgement from various international outlets including Asian Development Bank, JP Morgan Chase and Deutsche Bank; these accolades reflect the Bank's commitment to operational excellence and the highest client servicing standards.

The Home Remittance Business (HRB) of the Bank has grown exponentially over the last couple of years. Bank Alfalah's market share has strengthened and the Bank's efforts have also seen it acknowledged as Pakistan's second largest remittance bank at the PRI Awards in 2025. The growth in the remittance space is driven by superior IT platforms and dedicated customer service which have made the Bank a partner of choice for major financial technology companies, banks, money transfer operators and exchange houses. The Bank's spending on strategic marketing and remittance campaigns in international and local markets increased over the year, reflecting Bank

Alfalah's commitment to contributing more towards this national cause. The Bank will continue to invest in its capacity, infrastructure technology and human capital to ensure overseas Pakistanis and beneficiaries continue to get best in class remittance solutions to further grow the overall remittance flows into Pakistan through formal channels. The Bank continues to work closely with the SBP's Pakistan Remittance Initiative (PRI) desk to promote legal remittance channels in both traditional and non-traditional markets.

Overseas Businesses

Banks overseas operations at UAE, Bahrain, Bangladesh & Afghanistan are performing successfully and maintaining solid business performance. The total asset size of overseas operations increased to Rs. 270 billion i.e., 5% YoY whereas average deposits increased by 7% YoY and average advances increased by 10% YoY.

UAE Operations continued profitability growth of 14% despite falling interest rate environment by booking of assets at favorable spreads, increasing non-funded income (NFI) and capital gains. Post relocation of branch at Sheikh Zayed Road, UAE operations has also worked upon increasing client base, optimise operations through centralisation of various functions and digitisation to enhance customer experience. Branch is focused on increasing the book size, enhancing customer experience and maximising profitability by focusing on high quality and high yielding assets and a push on increasing NFI by trade business and other avenues while adhering to compliance framework.

Bahrain Operations maintained a sustainable growth, demonstrating steady improvement in operating performance alongside a strengthened financial position. The business recorded growth in profitability, deposits, and investment, while maintaining a strong focus on system enhancements, regulatory compliance, and robust internal controls. These initiatives have effectively positioned the operations for sustained future progress.

Bangladesh Operations maintained sustained operational and financial efficiency despite political and macroeconomic challenges. The Bank ensured continued compliance with Bangladesh Bank's regulatory requirements, including focus on agricultural and CMSME financing, and attention on sustainability. It succeeded in optimised deployment of liquidity & achieved sustained profitability through corporate loans and investments in Government Securities. The Bank remained steadfast on process and system improvements, regulatory compliance and internal control.

Afghanistan Operations delivered exceptional results, with key focus areas remain system enhancements, regulatory compliance, and the strengthening of internal controls.

Overall, entire overseas operations illustrated a proactive approach across regions, managing to maintain strong financial growth while focusing on strategic improvements for long-term sustainability.

Islamic Banking Group

Bank Alfalah Islamic offers comprehensive solutions to customers' rising demand for Islamic banking products and services. With a network of 454 branches including 4 sub-branches and 48 state of the art Islamic Premier Lounges, it is one of the leading Islamic Banking institutions in the country.

During 2025 the growth strategy of Bank Alfalah Islamic business was focused on building low-cost deposit book. As a result, average current deposit of the group increased by 33% while CASA mix increased to 76%. On the assets side, Bank Alfalah Islamic focused on enhancing its financing exposure which resultantly increased Islamic SME/Commercial advances by 43% and Gross Consumer Finance portfolio by 61% capitalising on the opportunities offered by a reducing policy rate environment.

Bank Alfalah Islamic has won 'Best Bank for Islamic Window Business 2025' and 'Excellence in Shariah Assurance Award 2025' at Global Islamic Finance Award (GIFA). These global recognitions reflect the consistent growth, innovation, and a strong commitment to Shari'ah compliance, placing the franchise among the leaders of the Islamic banking industry.

Bank Alfalah Islamic offers a comprehensive and diversified suite of products on both the asset and liability sides, designed to serve the needs of individuals, businesses, and institutions across all segments of society. Further, in response to evolving customer preferences and to enhance customer convenience, Bank Alfalah Islamic has developed and launched a fully digital Auto Finance & Solar Finance journeys through its Alfa App. With this initiative, customers can digitally apply for Auto & Solar financing, track their application, and receive disbursement without the need for physical interaction. This innovation ensures greater speed, convenience, and accessibility for Bank's customers.

Moreover, as the sole Islamic banking window acting as Joint Financial Advisor to the Ministry of Finance, Bank Alfalah Islamic successfully facilitated the issuance of GOP Ijarah Sukuk totaling Rs. 2.05 trillion in 2025.

Digital Banking Group

The Bank's digital banking portfolio has demonstrated consistent growth, driven by increasing customer adoption across its comprehensive suite of digital platforms and services. The Bank has rolled out an omni-channel experience, offering a range of products and services to individuals, corporates, merchants, and SMEs.

The flagship mobile banking app Alfa which was relaunched in 2024 with a refreshed design, enhanced features, and stronger security gained further traction in 2025 bringing the monthly active customer base to over 1.3 Mn.

25% of new accounts are now opened solely through digital channels, and over 90% of overall account openings are paperless. Digital Lending products—including digital personal loans, digital credit cards, overdrafts, auto loans, agri loans, pledge financing and agent financing—are also being acquired digitally via Alfa, the Alfa Business App, and the agent network.

The Roshan Digital Account continues to attract overseas Pakistanis, enabling remittances, spending, and investments. To support entrepreneurs and merchants, the Bank now operates with a network of Digital Payments Sales and Service Centers in different market locations of the country. The Bank's Cash deposit machine network has grown to around 700+ nationwide, offering 24/7 deposits into any bank account, alongside more than 1,350 ATMs.

The Bank's e-commerce marketplace AlfaMall was relaunched with a brand new App, with a range of categories such as technology, gadgets, fashion, Handi-craft (Hunarmand) etc. Other innovations launched and scaled up during the year include:

- Eatsy App – For restaurant payments.
- Worklee App – Remote HR App (Staff on-boarding).
- New digital lending variants of Solar, Pledge, Cash on Delivery and Agri Financing.
- Revamp of Bank's website model to Acquisition based.
- FCY Suite: Digital TDRs, FCY ATMs and FCY Debit cards.
- Voice biometrics for secure customer verification.
- RAAST prepaid cards issued seamlessly at merchant locations.

Digital payments overall grew by 107% year-on-year. This has been a result of Bank Alfalah leading the national cause of Cashless Pakistan in the industry through its relaunch of digital business payments product suite, in the form of Alfa Business App, QR Acquiring, Billers supporting RAAST P2M, Alfa Payment Gateway, AlfaMall, prepaid cards, serviced through the network of Digital Payments Sales and Service Centers. The Alfa Payroll Solution now processes over Rs. 5 billion monthly, digitising salary disbursements for blue-collar staff.

Additionally, Bank Alfalah continues to serve the G2P mandates of BISP, EOBI, SSPA (Sindh Social Protection Authority) and SPHFA (Sindh People's Housing for Flood Affectees), accumulating a combined annual throughput of Rs. 316 Bn to around 5 Million customers. Overall, the digital segment expanded by 64% in 2025, with total throughput reaching Rs. 9 trillion.

Global Markets and Treasury Group

CY2025 was another year of economic consolidation for Pakistan, building on the stabilisation achieved in 2024. Consumer Price Index (CPI) inflation recorded at 5.6% year-on-year in December 2025, which is within the SBP target range of 5-7%. Considering the same, the State Bank of Pakistan (SBP) further eased the policy rate to 10.5% as compared to 13% at the end of last year. This marked a continuation of the easing cycle that began in 2024. Interest rate positions taken by Treasury supported the Bank in protecting the Bank's Net Interest Income in a falling interest rate scenario. In 2025, Bank was able to book realised capital gain of Rs. 9.8 billion on government debt securities. As of December 31, 2025, unrealised gains on the FVOCI PKR government securities portfolio stood at Rs. 31.97 billion.

Throughout the year, with a client-centric approach and the efforts of Institutional Sales, the Bank was ranked in the top three Primary Dealer (PD) for the fourth consecutive year by the SBP. This recognition enabled institutional and retail investors to transact in government securities through the Bank's online trading platform.

The Bank remained vigilant in managing risks while dealing in foreign currencies and took measures to mitigate any unwarranted exposures. It also remained one of the key participants in the onshore foreign currency markets. Despite a challenging environment, Bank remained committed to its customer franchise,

further strengthening its presence in the client space, resulting in a foreign exchange income of Rs. 11.96 billion during the year.

KSE-100 posted 51% return during 2025, making it the third consecutive year with a return above 50%. Given the strong market momentum, the capital markets team delivered strong results in both dividend income and realised capital gains. The capital markets desk generated a total income of Rs. 4.9 billion from dividends and capital gains during the year.

Bank Alfalah's Investor Relations team remained actively engaged with stakeholders, ensuring fair and transparent communication about the Bank's affairs. These efforts were recognised as the Bank received the "Best Investor Relations" award from the CFA Society Pakistan for the twelfth consecutive year.

Operations and Corporate Services Group

Corporate Services Division (CSD) took pivotal initiatives for business support during the current year. Aligned with the Bank's expansion strategy, the branch network continued to grow throughout the financial year, with 39 new branches added across Pakistan. This expansion increased the Bank's footprint to 1,175 branches nationwide. In addition, 88 projects encompassing key renovations, redesigns, and relocations have been completed. Notably, 81 of these projects focused on the delivery of priority lounges, currency exchange booths, and sales and service centers.

As part of its sustainability strategy, Bank Alfalah has installed Grid-Tied Solar Systems at 36 premises, with 184 ATMs powered by solar panels, offsetting 283 tons of CO2 equivalent. Bank remains committed to energy-saving initiatives including UPS systems with Super Capacitor batteries, inverter AC units, LED lighting, and solar panels, reflecting its commitment to responsible, environmentally conscious banking operations. Electrical rehab/upgrade remained at the heart of workplace safety and upgradation of electrical infrastructure executed at 20 branches in 2025. These upgrades not only improved electrical systems but also reduced fire and short-circuit risks associated with unstable power supply in several regions of the country.

The disposal of obsolete assets and unused materials from branches and office spaces was aggressively pursued. This initiative optimised space utilisation, enhanced aesthetics, and reinforced eco-friendly practices.

Bank Alfalah places strong emphasis on the wellbeing of both its customers and employees, with the Health, Safety, and Environment (HSE) team leading initiatives throughout the year to ensure a safe and healthy workplace. As part of these efforts, a comprehensive Health and Safety Month was organised, featuring more than 16 different activities dedicated to employee wellbeing, mental health, safety awareness, emergency preparedness, and social responsibility. Key highlights included first aid training for selected staff, blood donation drives, vaccination camps, safety reviews of premises and controls, safety training sessions, evacuation drills, ergonomic awareness, stress relief through hypnosis, lactation awareness, free medical camps, and defensive driving program, all designed to develop a culture of safety, care, and resilience across the organisation.

The Bank also has a robust Business Resilience Framework in place to ensure the continuity of critical business operations in the event of any major disruption. To maintain continuous improvement and readiness, regular exercises and testing of BCP (Business Continuity Plans) are carried out. These efforts include cross-border arrangements, dedicated BCP sites, and satellite backups for climate-prone areas such as Balochistan, N+ 3 BCP arrangements for branches, pandemic planning, extended crisis preparations and ongoing training to ensure operational preparedness.

The Green Operations team is dedicated to fostering a sustainable environment and reducing the Bank's carbon footprint. Key initiatives include the installation of solar panels, mangrove plantation drives, reclaiming and recycling used oil, responsible waste management and disposal, the use of LED lighting and energy efficient inverter air conditioners, long backup UPS systems, and the integration of plant placement into interior design. Regular awareness campaigns and in house training sessions are conducted to promote sustainable practices across the organisation. Bank Alfalah's Head Office has earned the prestigious Green Office Certification from the World Wide Fund for Nature (WWF), recognising its commitment to sustainability, and the Bank has also developed its first green branch by implementing a state of the art Solar PV Hybrid System at the Shaikh Bhirkio Branch. This facility operates without reliance on generators and with minimal dependence on the national grid, significantly reducing its carbon footprint while advancing sustainable energy practices.

The Centralised Remittance Department (CRD) launched outward remittance platforms via Internet Banking, the ALFA App, and OBDX. These platforms empowered FCY and ESFCA account holders, as well as corporate entities, to initiate transactions seamlessly at any time, fostering paperless processing and faster execution.

The Centralised Account Opening Department (CAOD) achieved major milestones in digitisation and operational efficiency. It pioneered the launch of the first-ever Union Account without a formal checklist and transitioned Corporate Payroll account openings from manual BPM to the digital Rapid Portal, thereby enhancing transparency, efficiency, and auditability.

Information Technology Group

Throughout 2025, the Information Technology Group (ITG) upheld prudent financial management, reinforced operational stability, and accelerated digital transformation initiatives aligned with the 2023–2028 IT Strategy. The Group successfully managed operating expenses under budget, maintained high system availability while fostering a strong compliance and people-focused culture.

Project throughput remained robust across Business Value, Digital Innovation, Governance/Compliance, and Continuous Improvement. International operations achieved key milestones, strengthening the Bank's regional technology footprint.

Technology Innovation & Digital Achievements

- 1. Google Pay Wallet:** Bank Alfalah has become one of the first bank in Pakistan to launch Google Pay, enabling customers to make secured global contactless payments by Tap & Pay through their Android devices.
- 2. E KYC Blockchain - Pilot Launch:** The Bank, alongside four partner banks, was among the founding members to collectively introduce Pakistan's first blockchain-based KYC platform. This industry-wide initiative enables secure, consent-driven sharing and timely updating of customer records
- 3. Alfa Mall – WhatsApp Banking:** Bank Alfalah is the first in the industry to launch a marketplace (Alfa Mall) through the WhatsApp banking channel. This fully integrated solution combines a comprehensive product catalog with a seamless payment experience, setting a new benchmark for digital convenience.
- 4. Supply Chain Financing via OBDX:** The Bank introduced a digital portal for corporate and SME clients to access Supply Chain Financing (SCF) through Oracle Banking Digital Experience (OBDX).

This pioneering initiative, later adopted as a regulatory benchmark, enhances liquidity and streamlines buyer–supplier payments through innovative digital capabilities.

5. Alfa Web Architectural & Digital Transformation:

Alfa Web represents a significant advancement in Bank Alfalah's internet banking capabilities, delivering a complete architectural and technological transformation. Developed on a scalable, service-driven three-tier architecture, it enhances performance, strengthens security, ensures high system availability & setting a new benchmark in user convenience.

6. AI Based Walk-In Customer Verification Report:

Automated verification of walk-in customer data within Branch Banking Operations has been introduced to strengthen regulatory compliance and enhance data accuracy. Leveraging AI-based CNIC OCR and Name Consistency validation, the solution eliminates manual errors, mitigates regulatory risk, and ensures end-to-end data integrity.

7. AI Personalised Recommendation Next Best Offer (NBO):

A next-generation strategy enabling the bank to deliver hyper-personalised product recommendations such as credit cards, loans and investment solutions driven by real-time customer behavior, preferences, and life-event insights.

8. AI Based Predictive Analysis - Deposit Trend Prediction:

Deposit prediction leverages historical data and advanced statistical models to forecast future customer deposit behavior. By analysing patterns such as trends, seasonality and broader economic indicators, the bank can proactively anticipate shifts in deposit volumes and make informed planning and liquidity decisions.

9. Prevention Model / AI Implementation (IB/Alfa):

Enhanced the eSentinel v2 Prevention Model for IB and Alfa, delivering stronger real-time fraud detection and automated transaction blocking through advanced rules and behavioral AI. The upgrade further improved security, optimised system performance, elevated user experience, and reduced end-of-day processing times.

10. QR cash withdrawal at Branches via Alfa App:

The QR Cash Withdrawal via ALFA App initiative enables customers to generate a secure QR code within the app and withdraw cash instantly at any branch, eliminating cheques and manual forms.

11. KYC Update via Alfa (exneme):

KYC updates facilitated seamlessly through the Alfa app, enhancing customer experience by offering faster, branch free digital verification and greater convenience.

12. Unified Help Desk Unison - Pilot Launch:

Multiple applications have been consolidated into the Unison platform to establish a unified, one-window solution for the Service Desk. The following functions have now been integrated into Unison IT Services: Marketing and ATM/CCDM Whistle.

13. Automated Transfer System (Real-Time Gross Settlement-RTGS):

Successfully launched PRISM+, modernising Pakistan's real-time interbank settlement and digital payments infrastructure. Built on ISO 20022, it enables API-driven, data-rich communication to enhance transparency, interoperability, and efficiency across the ecosystem.

Governance, Compliance & Security:

1. FCCM (Domestic/International):

The Financial Crime & Compliance Management (FCCM) framework has been deployed across both international and domestic operations, strengthening the Bank's financial crime prevention capabilities through enhanced surveillance and rigorous adherence to regulatory standards.

2. Safewatch (Domestic/International):

BAFL Safewatch, the Bank's AML and sanctions screening platform, screens domestic and international customer profiles and transactions against global, local, and regulatory watchlists to identify and block high-risk or sanctioned entities. The capability now extends to Remittex UAE, Remittex Pakistan, and VISA Money Transfer channels, further strengthening the Bank's compliance posture.

3. SWIFT ISO 20022 Phase II (MT-MX):

The ISO 20022 migration positions BALF to meet evolving global regulatory and market demands, while delivering richer data, stronger compliance, greater interoperability, higher processing efficiency and a future-ready payments infrastructure.

4. Alfa Notification:

Successfully executed the SBP-mandated optimisation by migrating debit transaction alerts for free Alfa app users from SMS to in-app notifications.

5. **UPI 3DS Certification:** Implemented a mandated authentication protocol to elevate the security of online card transactions, significantly reducing fraud and chargebacks. This enhancement reinforces regulatory compliance, protects revenue, and strengthens customer confidence in our digital payment ecosystem.
6. **PCI DSS Certification – Pakistan & Bangladesh:** Successfully transitioned from version 4.0 to 4.0.1 across Pakistan and Bangladesh, completing control validation, updating documentation, and reaffirming compliance with the latest standards. This upgrade enhances payment security, ensures global regulatory alignment, strengthens customer trust, and reduces fraud risk in card-based transactions.
7. **SBP Branchless Framework:** The State Bank of Pakistan (SBP) has issued enhanced regulatory requirements for digital wallet onboarding to strengthen financial inclusion, security, and compliance. This initiative ensures our wallet onboarding systems are fully aligned with the revised SBP framework, improving verification processes, documentation controls, transaction and balance limits, turnaround time (TAT), and overall customer experience while maintaining strict regulatory compliance.
8. **Accuity Trade – UAE:** The Bank implemented the Accuity platform in UAE operations, enhancing trade transaction reliability and strengthening compliance. With vessel tracking, high risk country monitoring, and improved alert handling, the solution has reduced false positives and improved efficiency.
9. **AI-Module Integration with ESentinel:** The Bank integrated advanced AI capabilities with ESentinel, establishing machine learning baselines for each customer to enable real time anomaly detection. This innovation has significantly strengthened fraud prevention by delivering high fidelity, actionable intelligence, seamlessly complementing rule based detection with AI driven risk assessment.
- accelerating turnaround time and delivering an intuitive user experience, CRIMS strengthens risk governance and equips the Bank with a future ready credit risk management capability, aligned with industry best practices.
2. **Multi-currency ATM:** The Bank launched Multi Currency ATMs offering biometric withdrawals in USD, GBP, and PKR, providing customers with 24/7 access and higher transaction limits of up to USD 2,000 or equivalent. This initiative strengthens FCY deposit growth and opens potential non-funded income opportunities.
3. **Cheque Pre-Confirmation via ALFA:** Cheque Pre-Confirmation via ALFA enables customers to validate issued cheques in advance through the ALFA app, replacing manual call-back verification for high-value cheques and significantly improving processing speed, operational efficiency, security, and customer convenience.
4. **Card BPM & OMNI Integration:** Successfully integrated the Credit Card BPM with OMNI v6, eliminating RPA dependency and reducing processing turnaround time by at least one day. This integration streamlines operations and reduces human intervention, significantly enhancing overall efficiency.
5. **RAAST - Remittex Integration:** Successfully integrated RAAST Remittex in line with the State Bank's directive, completing the transition from 1LINK to RAAST to enhance efficiency and enable future cost savings.
6. **Instant Credit Card via Alfa (ICC NTB):** Expanded digital lending to New-to-Bank customers through the Alfa App, enabling real-time Instant Credit Card approval with customer-selected limits and rapid fulfilment. Implemented a data-driven decision engine to support seamless, fully end-to-end mobile credit card issuance.
7. **Revamping of SMS - Cost Saving:** The SMS notification template has been revamped to ensure SBP compliance and eliminate duplicate customer alerts. All SMS delivery is now streamlined through T24, removing parallel triggers from Alfa.

Business Value:

1. **CRIMS (CIIRS) – Credit Risk Initiation & Management System:** The Bank revamped its in house CIIRS platform into the modernised Credit Risk Initiation & Management System (CRIMS). This next generation, web based solution brings together a comprehensive Loan Origination System and streamlined Credit Approval process, seamlessly integrated with the Core Banking System. By

Continuous Improvement:

11. **Enterprise Project Management:** The rollout of an Enterprise Project Management (EPM) enables Bank Alfalah to exercise more rigorous governance over its project portfolio, optimise resource allocation, and

strengthen cross-functional coordination. Moreover, it facilitates a more strategic and disciplined approach to project prioritisation and execution, thereby contributing to higher project success rates, enhanced operational efficiency, and improved overall organisational performance.

- 2. In house Temenos Collection Work System Solution:** BALF has designed and deployed a proprietary Collection System that streamlines the management of delinquent loans, overdue accounts, card payments, and end-to-end recovery operations. Compared to Temenos CWX, the solution delivers significant advantages, including zero external licensing costs, high configurability, ongoing functional enhancements, scalability to support future growth, and an overall lower total cost of ownership
- 3. Rapid X (Pilot):** An enterprise IT initiative is underway to introduce Single Sign-On (SSO) across internal banking systems. The program is currently in its pilot phase, with initial integrations implemented for two platforms: Sales Management System (SMS) 2.5 and Customer 360 (C360).
- 4. 24*7 Tech Ops Monitoring Center:** A 24/7 Centralised Support Center has been established to oversee critical applications, infrastructure, databases, and core services. The center delivers round-the-clock assistance, proactive incident management, and streamlined operational oversight, enhancing system performance, improving service efficiency, minimising downtime, accelerating response times, and strengthening overall operational reliability
- 5. Reimagining Service Requests in Branches:** Introduced a fully paperless transaction journey through the Rapid Portal, significantly reducing branch-level paper usage and lowering operational costs and more efficient service completion.
- 6. Data Domain expansion:** The Bank upgraded the backup environment from DD6,900 to DD94,000, boosting performance, resilience, and scalability with support for up to 50 PB. This shift to an enterprise-grade platform strengthens mission-critical workloads, maximises Data Domain investment, and delivers substantial cost and operational efficiencies.
- 7. E Smart Backoffice:** Successfully completed the ITG initiative to rebuild the E-Smart Backoffice platform from the ground up, significantly enhancing security, compliance, and control standards in alignment with industry best practices.

- 8. Cisco Collaboration Upgrade:** The Cisco Collaboration System has been successfully upgraded with zero operational disruption. This enhancement strengthens security, improves performance, and positions the platform for future scalability, all completed seamlessly in the background without impacting daily operations
- 9. Enterprise Messaging Platform Upgrade:** Successfully migrated from Exchange Server 2019 to the Exchange Server Subscription platform with zero business disruption. The upgrade significantly enhances security, elevates the end-user experience, ensures full compliance alignment, and positions the organisation on a modern, future-ready messaging infrastructure.
- 10. Private Cloud enhancement:** The Bank's cloud enhancement is a strategic initiative designed to modernise and strengthen the bank's cloud ecosystem, delivering greater scalability, resilience, security, and operational efficiency to support future growth and accelerate digital transformation.
- 11. Sole Proprietor digitised visit report:** Successfully digitalised the sole-proprietor account opening journey through a fully paperless, on-premises tablet solution, enhancing customer experience and improving data accuracy. This initiative also delivers substantial cost savings by eliminating printing, storage, and logistics expenses.

International Operations:

- 1. T24 Upgrade International Operations (UAE, Afghanistan, Bangladesh & Bahrain):** Bank Alfalah has successfully transitioned its Core Banking System for International Operations from T20/TAFJ to T24/TAFJ, marking a significant milestone in the bank's technology-modernisation journey. The upgrade was executed entirely in-house by the IT team with minimal support from Temenos XPS, demonstrating strong technical expertise and strategic delivery capability.
- 2. T24 Upgrade-Secured Overnight Financing Rate (SOFR)/ Risk-Free Rates (RFR):** Implemented the Central Bank of Bahrain's regulatory requirements following the Temenos R24 upgrade, ensuring continued adherence to global financial compliance standards.
- 3. Business Process Management (BPM) UAE Implementation:** Successfully deployed a BPM solution in the UAE to automate and streamline key workflows, enhancing operational efficiency, governance, and control. The implementation integrates critical processes, including CURAM, Trade, and Outward Remittances.

- 4. UAE Safewatch Screening via OBDX:** Safewatch Screening has been extended to IBFT transactions (AED-to-AED) initiated by clients through the OBDX platform. The enhanced screening framework now also covers Cross-Currency IBFT and Outward Remittances processed via OBDX, further strengthening compliance and transaction monitoring.
- 5. Commercial Remittances via Remittex:** UAE Commercial inward remittances have been launched through Remittex, the Bank in house solution and fully operational under the Centralisation of Operations initiative.
- 6. Launch of Alfalah Transact Core System (Cash Management Solution) - UAE:** Core Transact is a proprietary cash-management platform designed for the UAE market, enabling secure fund transfers and outward remittance processing with embedded operational and compliance controls. The platform currently supports IBFT transactions, with upcoming enhancements to include outward remittances and cross-currency IBFT capabilities.
- 7. Price IQ - UAE:** The standalone Price IQ system has been successfully deployed in the UAE, marking a key milestone in the Trade Pricing Centralisation initiative.
- 8. RPA Implementation - UAE:** RPA has been implemented in the UAE across the CCMS and IEMS platforms to automate the regulatory identification of non-compliant the Bank's UAE account holders, enabling timely detection and facilitating prompt corrective action.

With scalable platforms, strong governance, and a people-centric operating model, the ITG remains fully aligned with business growth and regulatory priorities, positioning it to sustain and accelerate performance momentum through 2026 and beyond.

Audit and Inspection Group

The Audit and Inspection Group (AIG) at Bank Alfalah operates as an independent assurance function, playing a pivotal role in strengthening the Bank's governance, risk management and internal control framework. Through objective assurance, advisory services, and strategic insights, AIG contributes to operational excellence and sustainable business growth.

The Group's independence is reinforced through the direct reporting line of the Chief Internal Auditor (CIA)/Head of Internal Audit to the Board Audit Committee (BAC). This reporting structure ensures the integrity of audit activities, free from undue influence. AIG employs a risk-based audit methodology, focusing on high-risk areas to enhance oversight effectiveness.

Additionally, it aligns its practices with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA) and adheres to regulatory requirements to maintain robust and best-in-class assurance practices.

AIG's scope of work encompasses a diverse range of audits, including:

- Branch Banking Audits and reviews of branch operations.
- Credit Risk Reviews evaluating credit risk.
- Management Audits assessing operations of Head Office functions.
- Technology Audits focusing on IT governance and cybersecurity.
- Shariah Audits to ensure compliance with Islamic Banking principles.
- Overseas Audits ensuring compliance across international operations.

In 2025, AIG successfully executed its audit plan as approved by the BAC, emphasising policy enhancements to align with evolving regulatory requirements and internal operational needs. A key focus remained on proactive follow-up of audit observations, ensuring timely remediation of open observations.

To enhance audit effectiveness, AIG continues to invest in human capital development and technological innovation. The Group comprises highly skilled professionals, with a strong emphasis on continuous professional development through specialised training and certifications. Collaborating with the Bank's Learning & Development team, AIG introduced interactive training sessions on IIA standards, reinforcing adherence to international best practices.

AIG has also made significant strides in leveraging technology, ensuring a fully digitised end-to-end audit cycle and utilising advanced data analytics tools to drive insights. A dedicated Quality Assurance and Improvement Program ensures periodic reviews and continuous enhancements, reinforcing AIG's commitment to excellence.

For further details, please refer to the Audit Committee Report and the Key Achievements of the BAC in the 'Governance' section of this Annual Report.

Special Assets Management Group

The Special Assets Management Group (SAMG) plays a pivotal role in the effective management of Bank's Non-Performing Loan (NPL) portfolio, working in close

coordination with Risk and Business Teams to ensure timely and sustainable resolution strategies. During 2025, NPL remediation efforts were undertaken amid a challenging operating environment characterised by subdued private-sector credit demand, heightened borrower stress, particularly across the energy, textile, and SME sectors and an elevated reported NPL ratio, partly reflecting contraction in the overall loan book. Additionally, the Bank navigated pressures arising from monetary policy easing, persistent legacy NPLs, and broader fiscal and liquidity risks. Commodity price volatility, most notably the wheat market disruption emerged as a significant sectoral challenge.

Despite these headwinds and prevailing macroeconomic constraints, the Bank's disciplined remedial management framework, proactive recovery initiatives, and prudent credit risk controls enabled it to contain asset quality deterioration, resulting in a controlled infection ratio to 4.1% 2025.

SAMG's mandate extends beyond conventional restructuring, settlements, and debt-asset swaps, encompassing tailored business revival strategies designed to restore borrower viability and generate sustainable value for both the Bank and the broader economy. In parallel with legal recovery avenues, the Group emphasises collaborative and customer-centric recovery solutions, supporting clients in returning to financial stability and contributing to national economic growth.

Compliance and Business Solutions Group

Compliance and Business Solutions Group is largely focused on further enhancement of its regulatory technology and AML/CFT/CPF Monitoring tools by use of new technologies and AI capabilities to have maximum risk coverage with best operational efficiency level. The Compliance Function at Bank Alfalah has put in place effective policies, procedures and practices to address the key risk areas. Further it provides advisories in many areas like high-risk transactions and relationships including foreign trade, various products offered by the Bank, policy & procedures, correspondent banking, and overall compliance risks across the organisation. Building on initiative of reorganising and renaming the group to Compliance and Business Solutions, the team has generated significant positive momentum in delivering customer-centric business solutions to the front office by partnering with them, while maintaining focus on key risk areas and ensuring strict compliance of the relevant regulatory regime. This change signifies a paradigm shift towards proactive problem-solving and aligning compliance efforts with broader business objectives.

Financial Crime Compliance Division

The Financial Crime Compliance Division has implemented the case scoring mechanism and 2 new scenarios on its transactions monitoring system in Pakistan. In 2025, the Bank continued to enhance its transaction monitoring and sanction screening systems, including creation of new monitoring scenarios for trade and remittances on ICD Dashboard and migration of various channels of onboarding and transactions on its new screening system. The division is also working on various AI driven tools and process automation tasks to bring more efficiency in its monitoring and control processes.

In response to the increased focus on growth in the UAE market, the Bank has also concluded the action plan on the roadmap of control enhancement launched in 2024 to strengthen its compliance function and tools within its UAE operations to commensurate with requirements of CBUAE.

Moreover, in order to ensure and inculcate strong compliance culture including but not limited to AML, CFT, CPF, TBAML and CDD across all business activities/functions, the training programs and E-Learnings were developed and updated to upgrade the skillset of Bank employees in these critical areas.

Regulatory Compliance, Control & Fraud Risk Division (RCC&FRD)

RCC&FRD, within the Compliance & Business Solutions Group, has focused on excellence, innovation, and aligning with business goals, establishing itself as a key contributor to our success. The introduction of the 'Policies to Prots' initiative showcases the group's commitment to not only meeting regulatory requirements but also leveraging compliance efforts to create business value.

In line with our commitment to continuous improvement and regulatory compliance, the department led the implementation of the innovative IRAR project. This initiative has simplified Account Opening & KYC Review process, reflecting Bank's pursuit of excellence in an ever-evolving financial landscape.

The initiation of Onsite & Offsite Analytical Reviews has proven to be a strategic move, providing a deeper understanding of operational nuances and enabling the swift identification of potential issues.

The addition of new alerts in the ICD Dashboard is a testament to the group's adaptability and responsiveness. These enhancements have fortified our ability to monitor, analyse, and respond to emerging risks in real-time, fostering a more robust compliance infrastructure.

Compliance and Business Solutions Group is engaged in performing review of policies & procedures, products of the Bank and other communications, dissemination of

regulatory instructions, facilitation of SBP Inspection Teams, and implementation of Compliance Risk Management Framework across the Bank.

Fraud Risk Management Department (FRMD)

The Fraud Risk Management Department (FRMD) operates within the framework of Fraud Risk Management, focusing on Consumer Finance and Digital Banking Products/Channels, including Branchless Banking Portfolios. To ensure robust anti-fraud measures, the department's strategy is centered around core pillars: prevention, detection, deterrence, education and investigation of fraud incidents originating from various bank products and processes. Bank Alfalah's Fraud Detection Unit (FDU) operates 24/7 to mitigate fraud risks and protect the institute from both -financial and reputational harm. This is achieved through the proactive monitoring of consumer and digital product transactions, utilising state-of-the-art fraud detection tools.

Complementing its real-time detection capabilities, FRMD strengthened the Bank's fraud risk posture through the implementation and enhancement of an Enterprise-level fraud prevention solution (EFM), enabling proactive, risk-based controls across digital channels and reinforcing preventive mechanisms alongside monitoring systems.

Since last 02 years FTDH has been successfully managed by 24/7 FDU team and coordination of Investigation Team with member banks for resolutions of disputes has been exceptional, safeguarding the interest of customers and bank.

In response to the evolving threat landscape, particularly social engineering frauds and digital scams, the Bank enhanced customer authentication and transaction security controls, including Multi-Factor Authentication (MFA) for ALFA transactions, device binding, cooling-off controls, auto-fetch/auto-sense OTP functionality, biometric verification (BVS) for device change requests, and mandatory transaction PIN for transaction execution. These layered controls significantly safeguarded against unauthorised access and fraudulent fund transfers.

Recognising customer awareness as a critical line of defense, the Bank actively leveraged multiple communication platforms to educate customers on emerging fraud risks and mitigating controls. Awareness initiatives were disseminated through social media, push notifications, ATM and vertical screen messaging, WhatsApp communications, registered email alerts and the Bank's corporate website.

FRMD has implemented Analytical Set-up in FRMD framework which is being enhanced. This platform performed analysis of transactional, behavioral and portfolio data to uncover hidden fraud patterns,

emerging threats, and control gaps helped as early warning signals to preempt fraud incidents.

Our proactive engagement with the Visa CEMEA Risk Team and the dedicated efforts of fraud monitoring and reporting has been outstanding in the industry.

Legal and Corporate Affairs

The Legal and Corporate Affairs Group at Bank Alfalah plays an active and key role in all aspects of operations of the Bank. The Group comprises of a Corporate Affairs Division and a Legal Affairs Division.

Corporate Affairs Division

The Corporate Affairs Division (CA Division) ensures secretarial and corporate compliances and manages the Bank's affairs in accordance with its Memorandum and Articles of Association and various laws/regulations including the Companies Act, 2017, the Banking Companies Ordinance, 1962, SBP's Prudential Regulations, the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Listing Regulations/Rule Book of the Pakistan Stock Exchange etc. and the rules/regulations made there-under. The CA Division is also responsible for all arrangements of meetings of Board, Board Committees, General meetings including preparation of the agenda, resolutions along with all logistic and administrative support and timely circulation of minutes of meetings to Board/Committee members. The Company Secretary and the staff of the CA Division ensure proper recording of minutes of each meeting, coordinate with the management/relevant stakeholders to communicate the decisions made in the meetings and to update the Board/Committee(s) accordingly.

The CA Division keeps the Board abreast regarding the changes made in the existing corporate laws/regulations and/or introduction of any new law/regulation applicable to public limited and listed companies. It also ensures compliance with all disclosures/communication, as per the domain of CA Division, with relevant stakeholders including shareholders/regulators and also ensures updating corporate website of the Bank. This Division remains watchful of the share trading data/pattern and share price fluctuations. It also tracks sponsor shareholdings and manages dissemination of share trading information by the Sponsors/Directors/Executives of the Bank to all concerned. It ensures compliance with all applicable legal and procedural requirements regarding payment of cash dividends, issuance of bonus and right shares and issuance of shares under Employees Stock Option Scheme, when applicable. Disclosure of closed period, sharing of all material/price sensitive information and financial results to Pakistan Stock Exchange (PSX), the Securities Exchange & Commission of Pakistan (SECP) within the stipulated time is also taken care of by the CA Division.

The filing of statutory returns with the regulators and circulation of quarterly/annual financial statements to the shareholders and regulators is also made by CA Division. The CA Division also ensures to maintain a cordial relationship with the shareholders of the Bank and resolve their problems/concerns on priority in an efficient manner to their full satisfaction.

During the year 2025, CA Division arranged 36 meetings of the Board and Board Committees as well as an Annual General Meeting. The CA Division also arranged disbursement of four cash dividends to the entitled shareholders as well as done all statutory reporting/filing within the stipulated time and required manners.

Legal Affairs Division

The Legal Affairs Division (LAD) of Bank Alfalah provides legal advice and support to all departments and businesses of the Bank. Its dedicated team of highly qualified and experienced lawyers works towards enabling the departments and businesses of the Bank to carry out their business and transactions while being compliant with applicable legal requirements and ensuring that maximum legal work is carried out in-house, thereby saving considerable costs in legal fees.

In the year 2025 LAD achieved noteworthy milestones, showcasing its commitment to excellence and legal acumen. A total of 22,701 assignments were carried out by LAD in-house, thereby saving considerable cost for the Bank; this is assessed by having regard to the minimum approximate cost that the Bank would have incurred had all this work been carried out by external legal counsel.

LAD played a vital role in supporting and advising the various department of the Bank on diversified issues, enabling businesses/departments to carry out their work and introduce new products and ideas while being in compliance with applicable regulatory and legal requirements for both Conventional and Islamic banking.

In matters of international engagement, LAD has also showcased its expertise by assisting / advising on various matters, including facilities and guarantees of various nature and assisting in all legal matters pertaining to the international business of the Bank.

Other strategic accomplishments have been the rendering of advice and assistance by LAD to various Businesses and Functions of the Bank to successfully launch and implement progressive e-commerce / digital products through engagement of third parties.

Strategy, Transformation and Customer Experience Group

Strategy

The Strategy Department continued to play a central role in advancing the Bank's strategic priorities and ensuring long term shareholder value. During the year, the team successfully finalised the sale of Alfalah Securities. This decision was undertaken to realign the Bank's focus on its core operations.

On the international front, the Strategy team refined the Bank's international strategy in consultation with external consultants. The Bank plans to enhance its presence in the UAE market having identified it as a key growth market. Additionally, as part of its objective to streamline international operations, the Bank is in the process of exiting non-core international markets. This will help the Bank to reduce operational and compliance complexities and unlock capital for higher-return opportunities.

The Strategy team also ensured effective implementation of the Bank's 5-year Strategic Plan by continuing to track strategic initiatives on a monthly basis. This process included continuous in-depth peer analysis and monitoring of key financial and non-financial KPIs critical to the Bank.

Branch Transformation (BT) Program

Aligned with its strategic ambition to remain one of the fastest growing, value-focused, and innovative banks in Pakistan, Bank Alfalah continued to strengthen and evolve its Branch Transformation (BT) Program in 2025. Conceptualised in collaboration with McKinsey & Company, the program was designed to enhance branch productivity through a best-in-class sales engine, while leveraging advanced analytics to drive sustainable growth and superior customer experience. It simultaneously focuses on driving sales productivity and delivering exceptional customer experience by refining operating models, strengthening governance, and improving execution discipline at the branch level.

In 2025, the program further matured by addressing operational challenges through enhanced performance management, analytics, and process standardisation, ensuring that BT disciplines are embedded as part of Bank Alfalah's operating DNA.

1. **Disengage** the sales staff from operational activities
2. **Formulate a branch strategy**, made by the branch managers and Area Managers based on their own direction and vision and based on ground realities and market potential.
3. **Target markets** should be defined so that each sales role targets a specific customer segment.

4. Through **efficient Portfolio Distribution**, valued accounts should be distributed to the sales staff to ensure better portfolio management.
5. The introduction of a structured **morning huddle** helps review previous day performance & establish a plan for the day.
6. **Training** to be conducted for all sales staff upon onboarding as well as at regular intervals.
7. **Existing customer leads** are provided to all sales staff by analyzing customer profiles and identifying best product for them through data analytics. Additionally, customer birthdays, account anniversaries, and other events are also highlighted which allow sales teams to form a lasting bond with the customers.
8. **New to Bank customer leads** around the catchment area are collected by branch and stored electronically through door-to-door surveys as well as using data analytics and location mapping.
9. **Operations Referral Module** has been developed in the SMS system to assist the Leads generation process from the operations team. The module supports the "Teller become Seller" campaign.
10. **The Premier Module** is developed in the SMS system to streamline the Portfolio management of High-Net-Worth Customers.
11. **The BDO Module** has been developed in the SMS system to record the sales activity of BDOs which will eventually enhance the NTB business for Bank.
12. **The Revenue Module** helps staff to gauge profitable customers and revenue streams generated through various KPIs within the bank.
13. **The Compliance Module** in the SMS system helps sales staff to identify customers with inconsistent volume turnover in order to review and update KYC instantly.
14. **The Consumer Banking Chevron Module** in the SMS system addresses the dormant portfolio and facilitates staff to offer retail banking products to customers.
15. **Service Agenda.** In 2025, BT team expanded its mandate by actively contributing to the service agenda. Service-related aspects were formally embedded into BT branch visits, ensuring balanced focus on growth and service excellence.
16. A monthly sustainability check is conducted for branches through **Physical Visits & SMS Usage** to ensure this discipline is in place and part of Bank Alfalah DNA.

Through rigorous PMS visits and structured quality assurance reviews, service standards across branches have improved measurably. Additionally, the BT team monitors the BSL scores of the top 80% deposit-contributing branches, driving focused interventions to uplift service quality and ensure sustained improvement in BSL performance across high-impact locations.

Sales Management System

Most recently, and in a bid to automate the sales process, the branch transformation along with the banks technology team have developed and launched Bank Alfalah in-house Sales Management System (SMS). This system has automated the following

1. Performance tracking vis-à-vis targets
 2. Pipeline/Funnel visibility and tracking
 3. Better & Granular Budget forecasting
 4. Enhanced Portfolio tracking
 5. Detailed customer profiles and personas
 6. Leads to maturity staging
 7. End-to-End back-end integration
 8. Mobile accessibility for the managers on the go
 9. Customer Level Revenue Model
 10. Portfolio Management Deep Dive with multiple filters
- The Sales Management System has enhanced the execution of the sales process by improving visibility across leads, the sales pipeline, and customer engagement activities. It also provides the sales teams with comprehensive information and tools that are unmatched within the industry.

The Branch Transformation team maintains regular oversight of the sales process and system utilisation through monthly branch scoring results and system usage reports, which are shared with senior management to ensure accountability and continuous improvement.

Customer Experience

The Customer Experience (CE) team continued to advance the Bank's vision of placing customers at the center of every interaction. In 2025, the Bank declared the "Year of Service," a milestone that reinforced its commitment to embedding empathy, responsibility, and professionalism across the organisation. The year was defined by stronger feedback mechanisms, enhanced monitoring frameworks, and significant progress in digital transformation, all of which contributed to raise service standards and deepening customer trust. The collective efforts of the units in Quality Assurance, Process Optimisation, Customer Insights, Complaint Management, Conduct, and Frontline Services ensured that customer satisfaction remained a central priority throughout the year.

Bank Alfalah was once again recognised with its 7th Pakistan Banking Award for Best Customer Engagement, reaffirming its leadership in customer-centric innovation. The Voice of Customer program expanded its reach considerably, capturing insights from approximately 660,000 customers, representing a 17 % increase over the previous year. This growth reflects the Bank's ability to listen more effectively and respond more meaningfully to customer needs. Complementing this achievement, the Live Service Monitoring framework reinforced real-time responsiveness across the branch network, enabling service gaps to be identified and resolved promptly through 24,345 evaluations conducted in 2025.

The Customer Insights unit strengthened its monitoring framework in 2025 by running 46 campaigns across diverse business areas. These campaigns provided a comprehensive view of customer and employee engagement, enabling the Bank to refine its offerings and strengthen service delivery. Research activities included open market studies to assess customer perceptions, sentiment, and competitive positioning, as well as branch field surveys in which customers were interviewed during visits to provide direct feedback on their experiences. In addition, the unit launched a social media monitoring initiative to capture conversations about Bank Alfalah across digital platforms and analyse expressed sentiment. This program provided valuable insights into public perception, enabling the Bank to proactively address concerns, identify emerging trends, and enhance responsiveness in line with customer expectations. Together, these initiatives offered a holistic understanding of customer preferences, competitor strategies, and the factors influencing decision-making, ensuring that the Bank remained agile and customer focused.

The Quality Assurance framework was expanded to encompass 217 Key Service Indicators, including 118 unique measures, ensuring rigorous oversight across digital platforms, branch banking, SME, corporate, and contact centers. This comprehensive monitoring allowed the Bank to proactively identify gaps, reduce turnaround times, and maintain strict compliance with service standards. The Video Mystery Shopping program was conducted nationwide four times during the year, using 79 performance indicators to benchmark service delivery across branches, Premier Lounges, and Consumer Finance Centers, with 5,002 visits conducted in 2025. These evaluations reinforced industry-leading standards and provided actionable insights to further elevate customer care.

The CE Transformation team, through its flagship exNOME initiative, drove organisational efficiency, customer-centricity, and digital innovation by consolidating high-impact projects under a single committee and implementing advanced technologies such as artificial intelligence, robotic process automation (RPA), and analytics. These efforts resulted in paperless workflows, fully digitised transactions and KYC processes, and automated backend operations. Complementing this, the Process Optimisation Unit (POU) enhanced operational efficiency by identifying inefficiencies, redesigning processes, and collaborating with stakeholders. Key achievements included the bank-wide deployment of IP phones, optimisation of BEX for branch visits, and a strategic shift toward paperless, automated solutions that strengthened customer touchpoints and reinforced sustainability.

Meanwhile, the CRM & Digitisation team developed a state-of-the-art in-house CRM system to unify multiple platforms into a single omni-channel interface, empowering frontline staff with advanced tools to

deliver world-class service. The system was built in close collaboration with the technology team and continued to evolve post-launch, further streamlining operations and strengthening customer engagement. Beyond CRM, the team spearheaded broader digital transformation initiatives, including the rollout of digital signatures and the implementation of additional systems that streamlined operations and enhanced organisational agility.

The Complaint Management Unit (CMU) remained a cornerstone of the Bank's customer promise. In 2025, the Bank managed 209,165 complaints, achieving an average resolution time of 3.6 working days. Despite the increase in complaint volumes, the Bank demonstrated its commitment to fairness, transparency, and timely resolution. Customers were offered multiple accessible channels to lodge complaints, including branches, digital service centers, contact centers, email, the website, mobile application, and complaint drop boxes. Regular analysis of complaint trends and root causes was undertaken, with findings reported to senior management to inform strategic decisions and drive continuous improvement across the organisation.

The service culture initiative "At Your Service 2.0" reinforced professionalism and empathy across the workforce. Knowledge initiatives, including the Knowledge Portal AI and monthly Basic Fact Awareness tests were completed by 104,419 staff members, ensured that employees remained equipped with up-to-date product and service knowledge. Together, these programs strengthened the Bank's ability to deliver consistent, high-quality service across all customer touchpoints.

In summary, 2025 was a defining year for Customer Experience, driven by the "Year of Service" vision and strengthened customer-centric initiatives. Enhanced monitoring, expanded research, and digital transformation elevated service standards and deepened trust. Recognition through the Pakistan Banking Award for Best Customer Engagement and the continued growth of the Voice of Customer program reflected the Bank's leadership in customer engagement. With streamlined processes, advanced CRM systems, and efficient complaint management, the Bank reinforced fairness, transparency, and professionalism, positioning Bank Alfalah as a benchmark for innovation and excellence in customer experience.

Human Capital Group

Bank Alfalah remains committed to being an employer of choice, by fostering a dynamic workplace where employees find fulfillment and recognition.

Repeatedly acknowledged for being a leader in the industry, Bank Alfalah continues to invest in a wholesome Culture, and DEI (Diversity, Equity & Inclusion) within the organisation, and beyond. As key

components of its long term strategy, employee wellbeing and engagement remain instrumental to the Bank's performance and success.

Ongoing efforts to inculcate a transformational leadership mindset that champions these values, has encouraged creativity while prompting innovation. By embracing the power of diverse ideas, Bank Alfalah aims to inspire and empower individuals to carve out their unique paths in both life and business.

During the year 2025, HCG took initiatives to enhance benefits for our employees such as:

- Considering the drastic impact on take home salaries of employees due to significant tax changes, index-based task relief benefit has been continued to alleviate the financial burden on employees.
- The Bank introduced Flexible Car Benefit Policy where employees could benefit with regards to flexible car financing options including bank maintained car.
- Improvements in the policies such as Child Care Allowance has been doubled in terms of monetary as well as availment benefits.
- In continuation to the Bank's commitment towards digitisation, HCG processes have been automated on Oracle HCM such as Laptop Buyback, Internal Job Watch, etc.
- Health insurance benefits; improvements in procedural limits such as maternity, cataract and laparoscopic procedures. Additionally, influenza and typhoid vaccination drives were successfully conducted at Bank premises, where facility was extended to family members on discounted rates.
- The Bank has given special consideration the employees affected by the recent flood in 2025 by extending financial assistance to support employees and their families for house re-construction works and to cover damage cost of motor vehicles.

Looking ahead, Bank Alfalah is actively spearheading programs and initiatives to transform the narrative of an inclusive workplace in Pakistan.

Finance Group

Finance group acts as the financial backbone of the bank, guiding decision-making, safeguarding resources and ensuring regulatory compliance which directly contributes to profitability, stability, and long-term sustainability. By leading financial reporting and transparency, conducting performance measurement and profitability analysis and enforcing cost control and

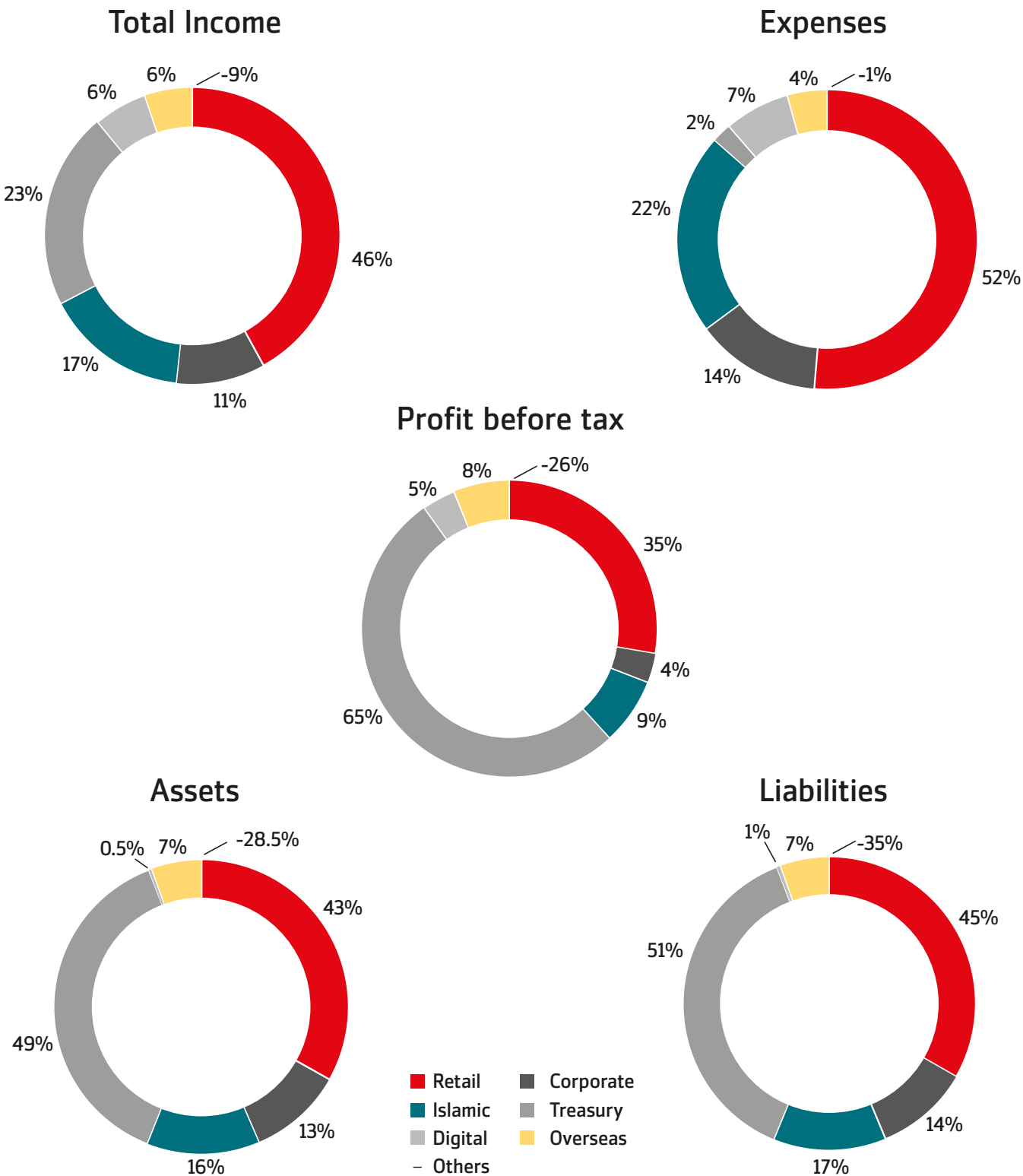
efficiency initiatives, Finance equips management with accurate insights to assess overall performance, implement corrective actions when necessary, and ensure that all strategic initiatives remain financially sound and viable.

Timely submissions of financial deliverables while ensuring compliance with accounting standards is the key strength of Finance which enhances credibility and supports informed decision-making. These deliverables include information for quarterly Board meetings, monthly results for management and business review, committee meeting decks, publication of quarterly financial results and various regulatory submissions. A strong finance function strengthens stakeholder confidence and enhances the bank's competitive position in the market.

Some notable achievements of Finance group during 2025 are as follows:

- Received awards recognising the quality and transparency of reporting:
 - 'Gold' award for Best Presented Annual Report 2024 in private sector banks at regional level from South Asian Federation of Accountants (SAFA).
 - Secured 'First' place for Best Corporate Annual Report 2024 across all industries as well as 'First' in banking industry jointly held by ICAP and ICMA.
 - Merit Certificate for Sustainability Report 2024 jointly held by ICAP and ICMA.
 - Recognised by Pakistan Stock Exchange as one of the 'Top 25 Listed Companies 2024'.
 - Best ESG Reporting at the CFA Society's Annual Excellence Awards for 2024 (third consecutive year).
 - Best Investors Relations 2024 Financial Institutions at the CFA Society's Annual Excellence Awards for 2024 (twelfth consecutive year).
- Finance Group played a pivotal role in the core banking system upgrade project for international operations.
- The Bank has procured specialised software for the calculation of effective interest rates. Finance, in collaboration with IT, has completed key implementation milestones and the system is expected to go live in Q1 2026.
- Ensured effective tax compliance, contributing Rs 40 billion to the government exchequer.
- Successfully completed the SBP requirement of Core Banking System (CBS) based data submission to SBP on monthly basis.

Concentration of Business Segments' Profit and Position



Definitions of Segments

1. Retail Banking

This includes loans, deposits, trade, wealth management and other banking transactions with retail, individual customers, commercial and small and middle sized customers of the Bank. The product suite offered to individual customers includes credit cards, auto loans, housing finance and personal loans.

2. Corporate Banking

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

3. Islamic (Domestic Operations)

This segment pertains to full scale Islamic Banking operations of the Bank.

4. Treasury

This segment includes liquidity management activities carried out through borrowing, lending, money market, capital market, FX and merchant banking operations. The investments of the Bank primarily towards government securities and risk management activities via use of forward contracts & derivatives are reported here.

5. Digital banking

This segment includes the digitalisation initiatives of the Bank catering to Consumer and SME customers' savings, investments, financing and the payments needs through various digital channels such as Mobile App- Alfa, Internet banking, ATM, Cash Deposit Machines, Contact Center, Chat and WhatsApp banking, Agent Network, the e-commerce platform (AlfaMall), QR merchants, Alfa Business App, online Alfa Payment Gateway, Digital Sales and Service Center and Digital branches. This segment also manages Branchless Banking products and G2P Disbursements such as blue collar payroll, EOBI Pension, Benazir Income Support Program (BISP) and other provincial G2P mandates.

6. Overseas

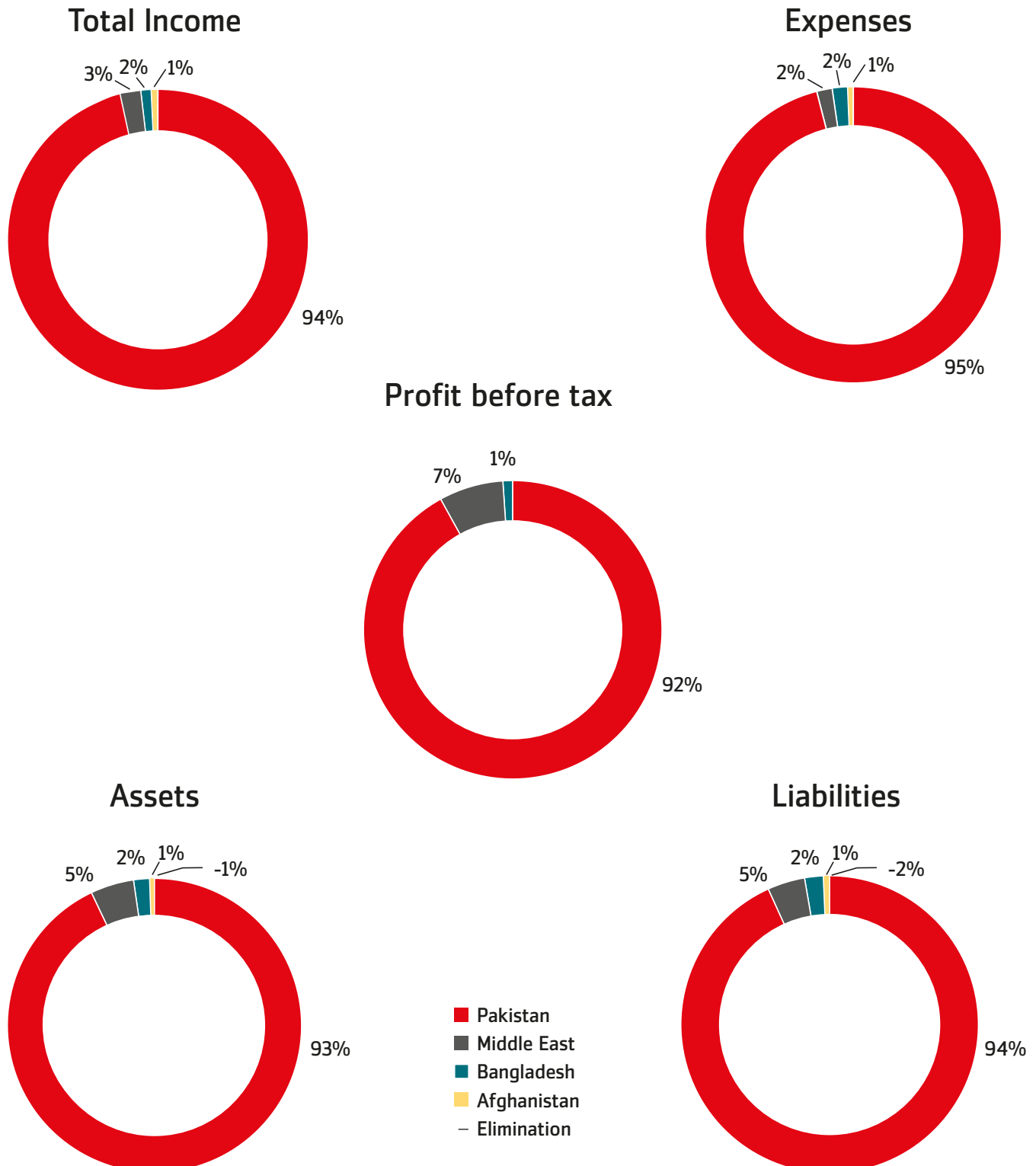
This segment comprises of business activities related to the Bank's overseas operations, namely, banking activities in Bangladesh, Afghanistan, United Arab Emirates and the Kingdom of Bahrain.

7. Others

This includes the head office related activities, and all other activities not directly tagged or allocated to the segments above.

For further details about these businesses, please refer 'Organisational Overview' section of this annual report.

Concentration of Geographical Segments' Profit and Position



Financial and Non Financial Ratios

		2025	2024	2023	2022	2021	2020
Profitability Ratios							
Profit before taxation ratio (PBT / Gross Markup Income)	%	17.46%	16.39%	18.98%	16.89%	23.28%	19.30%
Gross Yield on Earning Assets	%	10.76%	15.75%	14.01%	10.88%	6.56%	7.52%
Gross Yield on Average Earning Assets	%	10.92%	16.46%	16.79%	12.24%	7.27%	8.68%
Gross Spread ratio	%	38.06%	25.02%	30.60%	36.09%	46.08%	48.27%
Cost to Income ratio (Total Operating Expenses / Total Revenue)	%	63.40%	49.27%	42.11%	50.00%	58.09%	54.68%
Return on equity (ROE)	%	15.17%	24.83%	31.67%	19.23%	15.30%	11.55%
Return on Capital Employed (ROCE)	%	14.12%	22.77%	28.23%	17.66%	14.23%	10.51%
Shareholders' fund	Rs. Mn	154,308	144,334	126,654	95,156	88,562	80,508
Return on total eligible capital	%	13.33%	19.07%	22.98%	15.37%	13.15%	10.43%
Return on Shareholders Fund (PAT / Shareholders' Equity)	%	18.36%	26.55%	28.78%	19.13%	16.05%	13.01%
Total Shareholder Return							
(Change in Share Price + Dividend per Share/Opening Share Price)	%	43.47%	89.30%	87.49%	1.56%	9.26%	-13.94%
Non Interest income to total revenue	%	11.75%	8.06%	6.53%	9.28%	13.93%	12.14%
Return on average assets (ROA)	%	0.81%	1.15%	1.36%	1.06%	0.92%	0.87%
Operating Expense to Profit before taxation	%	186.48%	101.53%	83.40%	137.06%	155.39%	175.87%
Assets Quality and Liquidity Ratios							
Gross Advances to Deposits ratio	%	46.21%	54.11%	37.28%	51.50%	61.37%	68.15%
Net Advances to Deposits ratio	%	44.26%	51.91%	35.25%	49.26%	59.16%	65.47%
CASA to total deposits	%	69.50%	77.10%	69.28%	71.68%	76.91%	77.91%
NPL to Shareholder's equity	%	24.07%	23.78%	27.29%	30.97%	24.71%	28.41%
Investments to total asset ratio	%	55.43%	52.86%	62.06%	50.40%	46.84%	39.12%
Cash & cash equivalent to Total Assets	%	6.62%	6.25%	7.41%	8.23%	7.76%	8.55%
Earning assets to interest bearing liabilities	Times	0.98	1.00	1.00	1.01	1.03	1.04
Net Investments to Deposits ratio	%	87.07%	93.18%	99.15%	74.95%	71.04%	62.04%
Cost of fund	%	7.35%	13.11%	12.20%	7.61%	4.09%	4.85%
Cash flow coverage ratio	%	20.99%	-6.44%	81.91%	93.13%	68.74%	63.38%
Net Interest Income to working Funds	%	53.58%	54.67%	50.86%	41.64%	34.38%	37.74%
Non-interest income as a percentage of working funds	%	18.74%	19.15%	11.60%	11.80%	12.08%	10.80%
Credit to Deposit Ratio (Gross lendings plus gross advances / deposits)	%	47.00%	58.84%	43.01%	59.26%	64.53%	76.91%
Gross non performing advances to gross advances	%	4.12%	3.66%	4.84%	4.04%	3.53%	4.30%
Non performing loans to total loans	%	4.30%	3.82%	5.12%	4.23%	3.67%	4.48%
Coverage Ratio (credit loss allowance stage 3 & specific provision / NPLs)	%	88.55%	92.12%	86.03%	82.00%	85.49%	70.83%
Coverage Ratio (credit loss allowance, specific and general provision / NPLs)	%	102.18%	110.67%	112.23%	107.58%	101.95%	91.20%
Deposits to shareholders equity	Times	12.64	12.00	15.12	14.87	11.39	9.69
Assets to Equity	Times	19.39	20.83	24.26	22.53	17.34	15.22
Liquidity Coverage Ratio (LCR) (refer note 1)	%	180%	191%	222%	185%	172%	187%
Net Stable Funding Ratio (NSFR) (refer note 1)	%	140%	126%	161%	150%	135%	136%
Investment Ratios and Market Ratios							
Earnings per share [as reported]	Rs	17.97	24.30	23.12	10.27	8.00	5.89
Earnings per share [before tax]	Rs	39.52	52.69	49.57	20.40	13.18	10.09
Diluted Earnings per share	Rs	17.97	24.30	23.12	10.27	8.00	5.89
Price to earning ratio	Times	6.07	3.43	2.10	2.93	4.33	6.00
Price to book ratio	Times	0.87	0.74	0.55	0.48	0.61	0.69
Dividend Yield ratio (based on cash dividend)	%	9.63%	10.20%	16.49%	16.59%	11.56%	11.32%
Dividend Payout ratio (based on cash dividend)	%	58.44%	34.99%	34.61%	48.68%	50.00%	67.91%
Dividend cover ratio	Times	1.71	2.86	2.89	2.05	2.00	1.47
Cash Dividend - Interim	%	75%	60%	30%	25%	20%	20%
- Final	%	30%	25%	50%	25%	20%	20%
Breakup value / net assets per share - with revaluation on surplus	Rs	125.23	112.93	87.45	63.41	56.27	51.21
Breakup value / net assets per share - without revaluation on surplus	Rs	97.84	91.51	80.31	60.33	49.83	45.30
Breakup value / net assets per share - with revaluation on surplus and Investment in related party at fair value	Rs	242.58	117.92	92.05	66.81	58.03	53.10

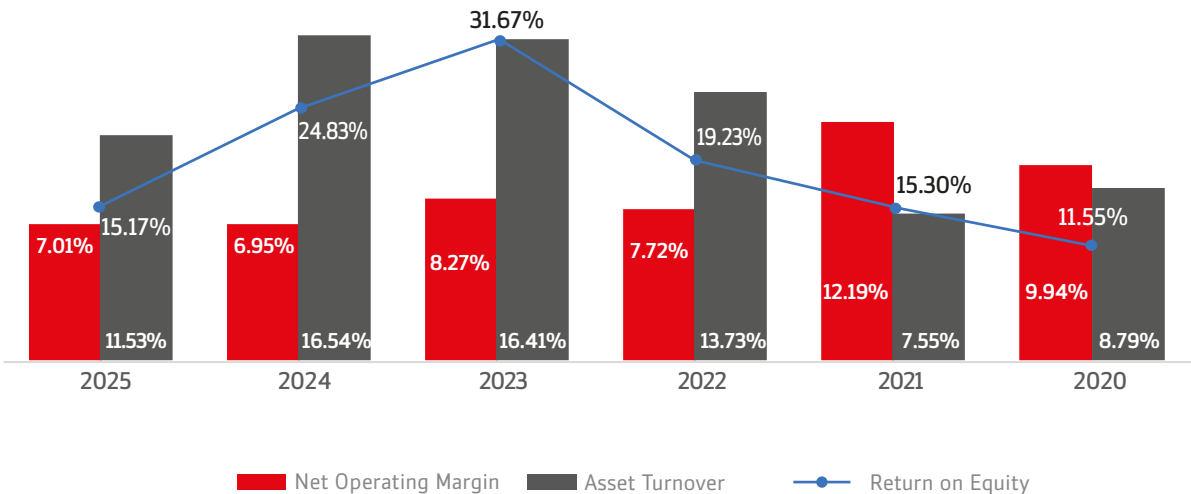
		2025	2024	2023	2022	2021	2020
Share Information							
Market value per share - Dec 31 (Closing Rate)	Rs.	109.05	83.33	48.51	30.14	34.60	35.33
High - during the year (intra day)	Rs.	116.60	86.97	53.19	38.55	38.50	53.00
Low - during the year (intra day)	Rs.	67.49	48.37	45.27	29.60	28.50	28.26
Market Capitalisation - December 31	Rs. Mn	171,990	131,425	76,508	47,536	61,490	62,787
No. of shares outstanding	Mn	1,577	1,577	1,577	1,577	1,777	1,777
Capital Adequacy and Structure							
Tier 1 Capital	Rs. Mn	165,121	157,092	123,871	94,969	83,111	77,211
Total Eligible Capital	Rs. Mn	212,594	200,914	158,673	118,417	108,075	100,422
Risk Weighted Assets (RWA)	Rs. Mn	1,339,698	1,118,937	947,636	856,024	749,050	607,663
RWA to Total Assets	%	34.98%	30.16%	28.32%	37.99%	43.19%	43.88%
Tier 1 to RWA	%	12.33%	14.04%	13.07%	11.09%	11.10%	12.71%
Capital Adequacy Ratio (CAR)	%	15.87%	17.96%	16.74%	13.83%	14.43%	16.53%
Earning assets to total assets ratio	%	86.60%	86.76%	87.88%	87.29%	88.23%	88.94%
Weighted average cost of deposit	%	5.67%	11.18%	10.28%	6.32%	3.25%	4.06%
Statutory Liquidity Reserve (SLR) (refer note 2)							
Net assets per share	%	125.23	112.93	87.45	63.41	56.27	51.21
Debt to equity ratio (as per book value)	%	7.09%	7.86%	10.15%	14.00%	7.00%	7.69%
Debt to equity ratio (as per market value)	%	8.14%	10.65%	18.30%	29.45%	11.38%	11.15%
Consolidated Position							
Breakup value per share	Rs.	126.94	115.01	88.53	64.71	57.25	52.08
Capital Adequacy Ratio	%	15.69%	17.76%	16.44%	13.69%	14.32%	16.37%
Earning per share	Rs.	17.62	25.27	23.15	10.38	8.12	6.10
Non-Financial Ratios							
Staff turnover ratio	%	17.5%	16.8%	17.5%	20.3%	18.7%	13.4%
Customer Satisfaction Index	%	87%	86%	86%	87%	87%	88%
Employee Productivity Rate/ Happiness Score (Out of score 5)		4.02	4.03	4.00	3.90	3.90	3.80
Revenue per employee	Rs. Mn	10.55	10.44	10.51	7.15	5.16	5.35
Customer Retention Ratio	%	88.2%	94.7%	92.6%	94.9%	92.6%	94.0%

Note:

1. Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) can be treated in place of current, quick ratios and liquid asset ratios for banking industry.
2. The bank has met Statutory Liquidity Ratio (SLR) requirement in accordance with SBP guidelines. Investments maintained under SLR requirements are mentioned in note 8.8 of the unconsolidated financial statements.

DuPont Analysis

			2025	2024	2023	2022	2021	2020
Net operating margin	Profit after taxation / Gross income	%	7.01%	6.95%	8.27%	7.72%	12.19%	9.94%
Asset turnover	Gross income / Average assets	%	11.53%	16.53%	16.41%	13.73%	7.55%	8.79%
Equity multiplier	Average Assets / Average equity	Times	18.78	21.61	23.33	18.15	16.63	13.23
Return on equity	Profit after taxation / Average equity	%	15.17%	24.83%	31.67%	19.23%	15.30%	11.55%



The DuPont model analyses Return on Equity (ROE), breaks performance into operating efficiency (net operating margin), asset utilisation efficiency (asset turnover), and financial leverage (equity multiplier).

In 2020, ROE stood at 11.55%, supported by a relatively strong net operating margin of 9.94%, moderate asset turnover of 8.79%, and conservative leverage of 13.23 times, reflecting a cautious capital structure. By contrast, in 2025, ROE increased to 15.17%, with margins stable at 7.01%, asset turnover moderating to 11.53%, and leverage recalibrated to 18.78 times, underscoring prudent capital management. Between these years, ROE peaked at 31.67% in 2023, driven by historical peak in interest rate, robust margins, high asset turnover, and elevated leverage of 23.33 times, before moderating in 2024 and 2025 as the Bank deliberately shifted toward sustainability. Collectively, the six-year trend demonstrates the Bank’s ability to balance profitability, efficiency, and leverage, with early conservative positioning in 2020, exceptional performance in 2023, and a recalibration toward resilience and sustainable growth by 2025.

Economic Value Added Statement (EVA)

		2025	2024
		Rupees in Million	
Profit after taxation	A	28,337	38,318
Credit loss allowance / provisions and write offs - net		3,310	1,849
Tax (53% / 54%)		(1,754)	(999)
Credit loss allowance / provisions and write offs - net of tax	B	1,556	851
Net operating profit after tax	C = A + B	29,893	39,169
Equity at start of the year (excluding surplus)	D	144,334	126,654
Cost of Equity	E	23,572	22,733
Economic Value Added (EVA)	F=C - E	6,321	16,436

Economic value added (EVA) is the economic profit by the Bank in a given period. It measures the Bank's financial performance based on the residual wealth calculated by deducting its cost of capital from its operating profit, adjusted for taxes. A positive EVA reflects that the Bank is increasing its value to its shareholders, whereas a negative EVA indicates that it is diminishing its value to its shareholders. EVA decreased as compared to last year mainly due to absorption of higher expense related to remittances business.

Direct Method Cash Flow Statement

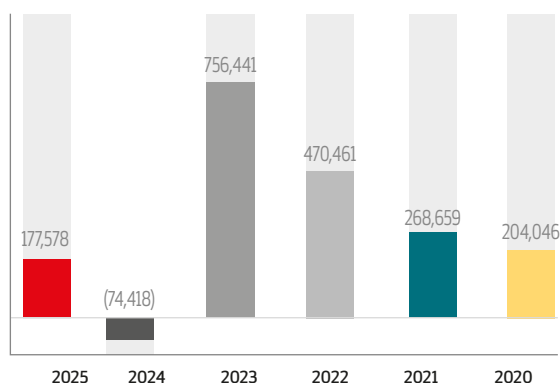
	2025	2024
	Rupees in Million	
Cash flow from operating activities		
Mark-up / return / interest receipts	369,998	500,255
Mark-up / return / interest payments	(221,811)	(377,776)
Commission and other receipts	18,192	18,421
Payments to employees, suppliers and others	(75,347)	(50,904)
	91,032	89,997
Decrease / (increase) in operating assets		
Lendings to financial institutions	84,606	(12,071)
Securities classified as FVPL	(33,389)	8,778
Advances	2,908	(417,018)
Other assets (excluding advance taxation and mark-up receivable)	(30,622)	(10,181)
	23,503	(430,491)
Increase / (decrease) in operating liabilities		
Bills payable	15,190	15,764
Borrowings	(299,603)	235,937
Deposits	359,295	51,915
Other liabilities (excluding current taxation and mark-up payable)	29,068	22,220
	103,950	325,836
	218,485	(14,659)
Contribution made to gratuity fund	(962)	(671)
Zakat paid	(248)	(186)
Income tax paid	(39,697)	(58,902)
Net cash generated from / (used in) operating activities	177,578	(74,418)
Cash flows from Investing activities		
Net investments in securities carried at amortised cost	67,490	3,213
Net (divestments) / investments in securities classified as FVOCI	(191,236)	105,980
Divestment from / (investment in) subsidiaries	97	(2,200)
Dividend received	3,928	1,772
Investments in property and equipment and intangible assets	(13,486)	(19,675)
Proceeds from sale of property and equipment	149	215
Proceeds from sale of non-banking assets	27	268
Effect of translation of net investment in foreign branches	(396)	(1,766)
Net cash (used in) / generated from investing activities	(133,427)	87,807
Cash flows from financing activities		
Payments of lease obligations against right-of-use assets	(6,787)	(6,108)
Dividend paid	(15,717)	(23,208)
Net cash used in financing activities	(22,504)	(29,316)
Increase / (decrease) in cash and cash equivalents	21,647	(15,928)
Cash and cash equivalents at the beginning of the year	230,516	249,843
Effects of exchange rate changes on cash and cash equivalents	1,434	(1,943)
	231,950	247,900
Expected credit loss allowance on cash and cash equivalents - net	(34)	(22)
Cash and cash equivalents at end of the year	253,562	231,950

Free Cash Flows

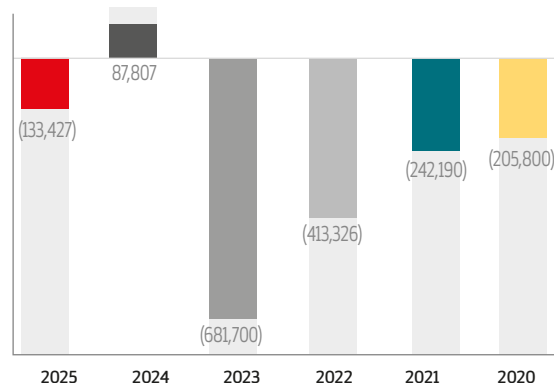
	2025	2024	2023	2022	2021	2020
	Rupees in Million					
Profit before taxation	62,336	83,095	78,175	36,160	23,370	17,878
Adjustments for non cash items and operating assets / liabilities changes	115,243	(157,514)	678,266	434,301	245,288	186,167
Net cash generated from operations	177,578	(74,418)	756,441	470,461	268,659	204,046
Capital Expenditure	(13,486)	(19,675)	(12,781)	(8,688)	(3,851)	(3,595)
Free Cash flows	164,092	(94,094)	743,661	461,774	264,808	200,451

Commentary on cashflows is covered as part of Six Years' Review of Business Performance.

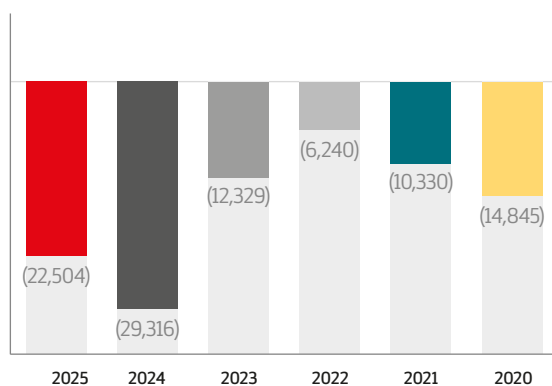
Net cash flows generated from / (used in) operating activities (Rs. in Mn)



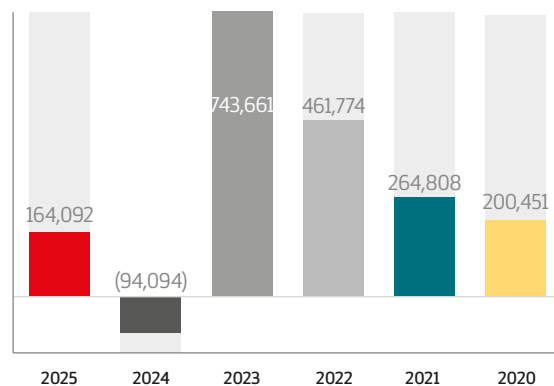
Net cash flows generated from / (used in) investing activities (Rs. in Mn)



Net cash flows used in financing activities (Rs. in Mn)



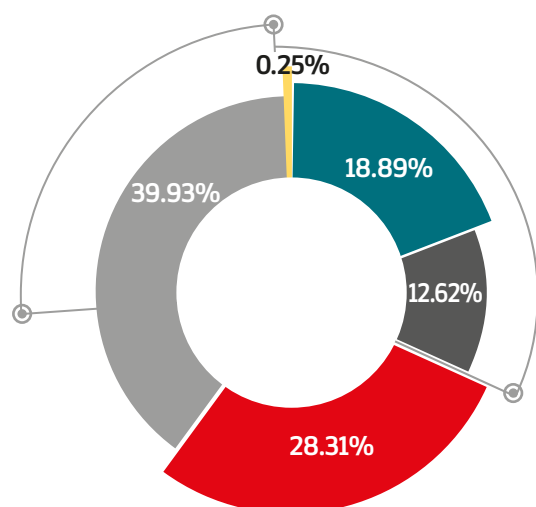
Free cash flows (Rs. in Mn)



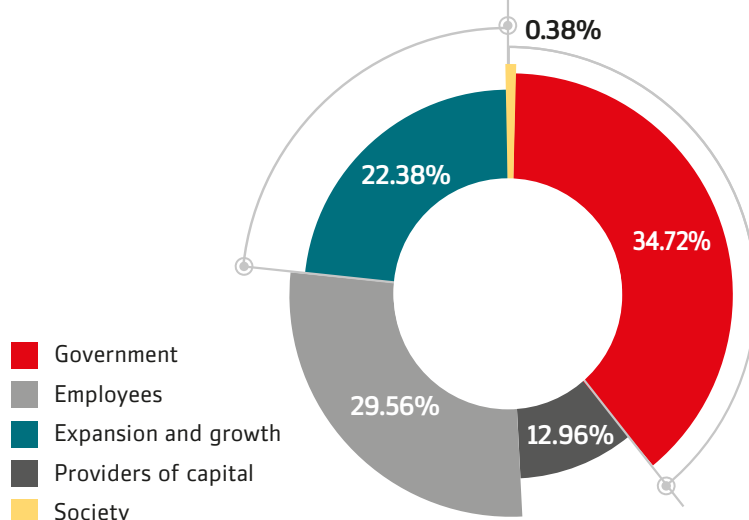
Statement of Value Added

	2025		2024	
	R.s in Million		Rs. in Million	
Value added				
Net interest income	135,850		126,818	
Non interest income	47,513		44,414	
Operating expenses excluding staff costs, depreciation, amortization, donations and WWF	(55,080)		(35,517)	
Credit loss allowance / provision against advances, lendings, investments & others	(3,310)		(1,849)	
Value added available for distribution	<u>124,972</u>		<u>133,866</u>	
Distribution of value added	2025	%	2024	%
	Rs. in Million		Rs. in Million	
To employees				
Remuneration, provident fund and other benefits	49,895	39.93%	39,568	29.56%
To Government				
Worker Welfare Fund	1,384	1.00%	1,696	1.27%
Income Tax	33,998	27.20%	44,777	32.45%
	35,383	28.31%	46,473	34.72%
To providers of capital				
Interim / Final Cash dividends to shareholders	15,772	12.62%	17,349	12.96%
To Society				
Donations	315	0.25%	506	0.38%
To expansion and growth				
Depreciation	10,630	8.51%	8,626	6.44%
Amortisation	413	0.33%	375	0.28%
Retained Earnings	12,565	10.05%	20,969	15.66%
	23,608	18.89%	29,970	22.38%
	<u>124,972</u>	<u>100%</u>	<u>133,866</u>	<u>100%</u>

Year 2025

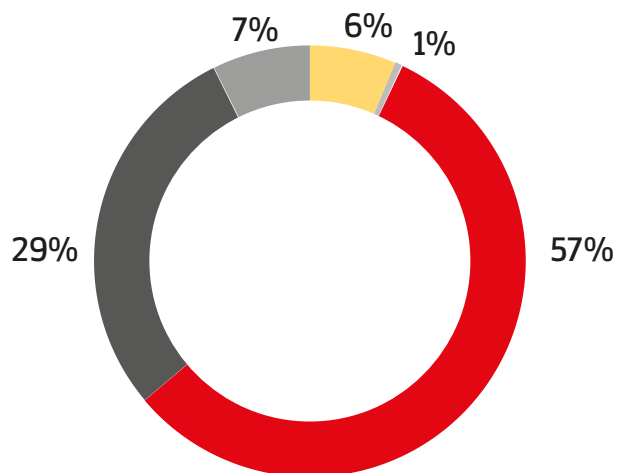


Year 2024



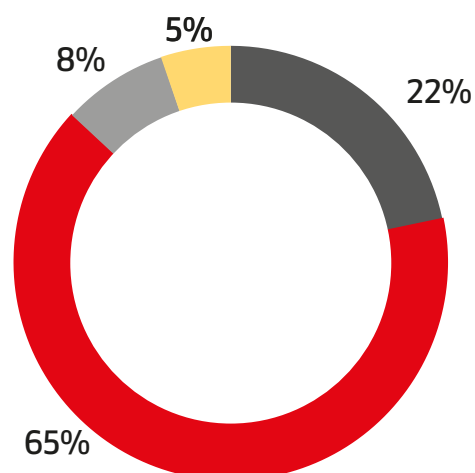
Sources and Uses of Funds

Concentration of Assets - Uses



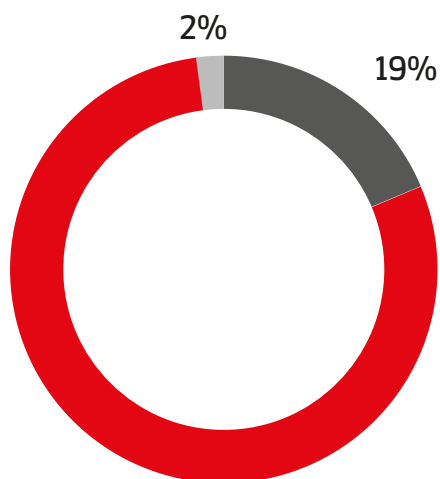
- Investment - net
- Advances - net
- Cash and bank balances
- Other assets
- Lendings to financial institutions

Concentration of Liabilities & Equity - Sources



- Deposits & other accounts
- Borrowings
- Other liabilities & subordinated debt
- Equity

Concentration of Off Balance Sheet Exposure



- Commitments
- Guarantees
- Other contingent liabilities

Share Price Sensitivity Analysis

Share Price							
	High (on closing basis)	Low (on closing basis)	Closing	Daily average volume	Number of trading days	Share Capital	Market Capitalisation Value
	----- Rupees -----			Rs. in Mn		-----Rupees in Million-----	
First Quarter	86.84	73.13	73.13	97.22	61	15,772	115,338
Second Quarter	80.41	67.49	80.24	78.67	59	15,772	126,552
Third Quarter	109.34	82.85	109.34	44.18	65	15,772	172,447
Fourth Quarter	116.6	101.74	109.05	140.69	65	15,772	171,990

KSE 100 Index



Share Price Sensitivity Analysis

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

Market Capitalisation as of December 31, 2025

Rs. 171,990 Mn

Change in share price by

+ 10%

Rs. 17,199 Mn

- 10%

Rs. (17,199) Mn

Factors affecting the Share Price of the Bank

Discount rate / Monetary Policy

Based on different assessment parameters, the State Bank of Pakistan can change the monetary policy rate. Any volatility in the interest rates might impact revenue and profitability of the Bank.

Minimum Rate of Return on Deposits/ Regulatory risk

Any upward revision in the minimum deposit rate will result in compression in net interest margins earned due to increased cost of deposits. Such revision can negatively impact the earning and correspondingly the share price of the scrip.

Inflation

Inflation is considered as a key determinant for policy rate change. Any uptick in the inflation statistics will have a corresponding impact on the monetary policy rate. With higher discount rates, the banks will be able to invest in high yielding investments, thus resulting in increased profitability. This, in turn will have a positive impact on the share price. On the other hand, admin cost increase due to inflation will impact profitability.

Political Stability & Law and order situation

Political stability and stable law & order situation is pre requisite for any economic development. Political stability reduces the uncertainty and urges investors to put their funds in different investment avenue. Politically stable government is expected to adopt policies to facilitate the investors.

Capital and money markets

The Bank's major investments amount to Rs. 2,008 billion as at December 31, 2025, which mainly comprise of those in Government Securities. These funds largely invest in capital and money market. Trends in these markets determine the factors which affect the Bank's financial performance.

Interest rates

With effective and efficient treasury management the Bank has maintained a strong liquidity and interest rate gap position. Bank's assets and liabilities gap is positioned to provide support in case of rate cut.

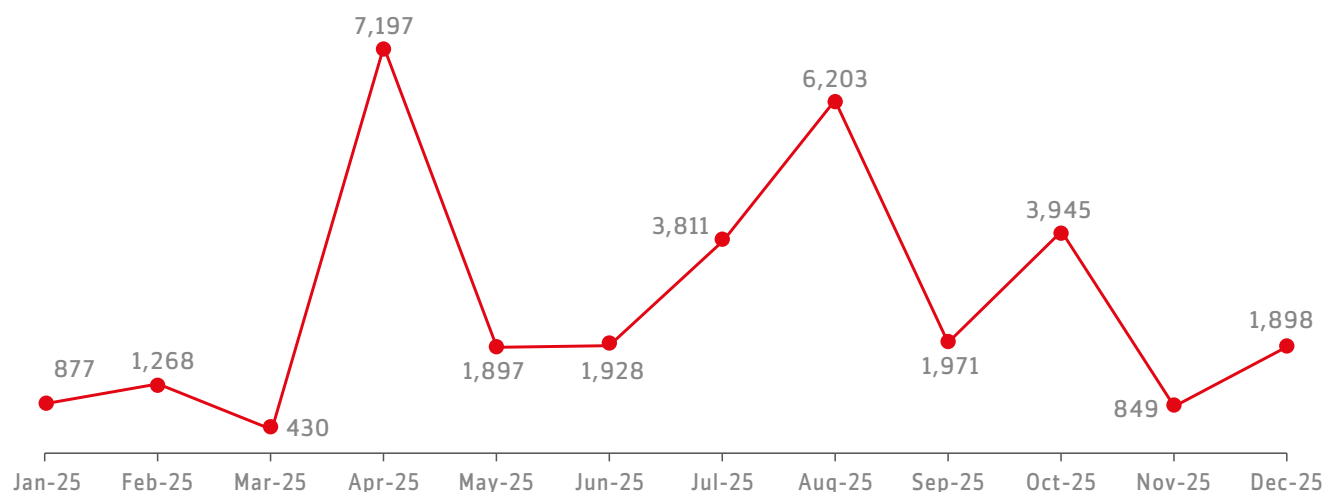
Exchange fluctuations

The Bank is exposed to fluctuations in foreign currency exchange rates owing to the imports and exports. The Bank has to bear currency exchange rate fluctuation risk. Hence, the currency fluctuation also affects the Banking business.

Act of God

Act of God outside the control of the Bank such as natural disasters, floods and pandemics might negatively disrupt the operations of the Bank and ultimately might affect share price of the Bank.

Average Trade Volume (Shares in '000')



Foreign Currency Sensitivity Analysis

For details, please refer to 'Risks and Opportunities' section within this Annual Report and note 48.3 of the unconsolidated financial statements.

Sector and Segment wise Advances and Deposits

Advances portfolio classification (SBP segments)

Advances by segment

	2025	2024
	Rupees in Million	
Corporate	743,272	700,358
SMEs	75,154	55,595
Agriculture	24,449	19,561
Consumer and staff	186,394	130,164
Commodity	123,596	250,048
Others	629	532
	<u>1,153,494</u>	<u>1,156,258</u>

Credit concentration of Advances and Deposits

Deposits By Sector

Concentration of deposits by sector is disclosed in **note 16.1** of the unconsolidated financial statements.

Advances By Sector

Advances credit risk by sector is disclosed in **note 48.1.7** of the unconsolidated financial statements.

Contingency credit risk by sector is disclosed in **note 48.1.8** of the unconsolidated financial statements.

Non-Performing Assets

	2025					
	Investment Asset	Provision / ECL	Advances Asset	Provision / ECL	Other Assets Asset	Provision / ECL
	(Rupees in Million)					
Opening	1,820	1,820	42,360	39,024	3,466	3,466
Impact of adoption of IFRS 9	-	-	-	-	1	1
Exchange adjustment	-	-	(11)	(10)	(5)	(5)
Additions	-	-	15,914	9,985	1,681	1,681
Deletions	(1,545)	(1,545)	(10,727)	(6,904)	(223)	(223)
Closing	<u>275</u>	<u>275</u>	<u>47,536</u>	<u>42,095</u>	<u>4,920</u>	<u>4,920</u>
	2024					
	Investment Asset	Provision / ECL	Advances Asset	Provision / ECL	Other Assets Asset	Provision / ECL
	(Rupees in Million)					
Opening	1,189	1,189	37,633	32,374	2,984	2,984
Impact of adoption of IFRS 9	(438)	(438)	2,363	1,720	370	370
Exchange adjustment	-	-	(12)	(50)	(3)	(3)
Additions	1,200	1,200	14,917	14,358	531	531
Deletions	(131)	(131)	(12,541)	(9,378)	(416)	(416)
Closing	<u>1,820</u>	<u>1,820</u>	<u>42,360</u>	<u>39,024</u>	<u>3,466</u>	<u>3,466</u>

Sector-wise breakup of NPA

Sector wise breakup of non-performing investments is disclosed in **note 48.1.6 of the unconsolidated financial statements.**

Sector wise breakup of non-performing advances is disclosed in **note 48.1.7 of the unconsolidated financial statements.**

Accounts Restructured- Outstanding balance as at Dec 31st :

Business

	2025	2024
	Rs in Million	
Corporate	14,802	13,381
Retail	11,107	11,879
Agri	99	47
Consumer	135	95
	<u>26,143</u>	<u>25,402</u>

Behavioural Maturities of Key Assets and Liabilities

Key Assets

Investments
Advances

Key Liabilities

Borrowings
Deposits and other accounts

2025	Up to 3 months	Over 3 months to 1 year	Over 1 to 3 years	Over 3 to 5 Years	Above 5 years
Rupees in Millions					
2,173,447	239,697	845,364	345,870	285,019	457,496
1,104,924	542,016	157,989	119,938	93,549	191,432
3,278,371	781,713	1,003,353	465,808	378,568	648,929
832,128	739,609	33,569	12,437	14,279	32,233
2,496,208	457,739	504,071	383,197	182,325	968,877
3,328,336	1,197,347	537,640	395,634	196,604	1,001,110

Key Assets

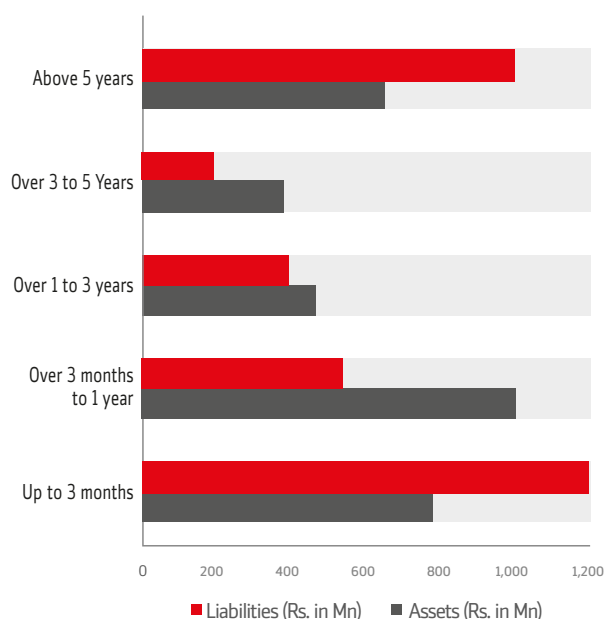
Investments
Advances

Key Liabilities

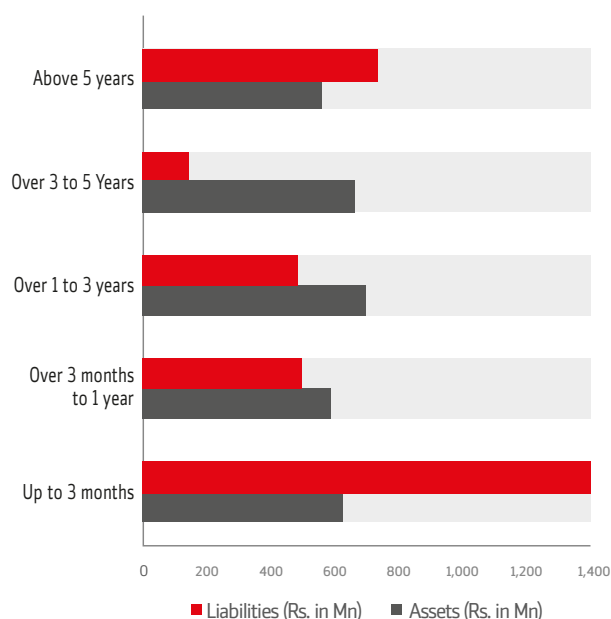
Borrowings
Deposits and other accounts

2024	Up to 3 months	Over 3 months to 1 year	Over 1 to 3 years	Over 3 to 5 Years	Above 5 years
Rupees in Millions					
1,991,232	49,696	342,444	615,940	559,712	423,441
1,109,376	568,719	237,663	73,306	98,270	131,418
3,100,609	618,415	580,106	689,246	657,982	554,859
1,141,886	981,228	94,485	7,581	13,447	45,144
2,136,913	426,723	406,758	477,453	132,182	693,796
3,278,798	1,407,952	501,243	485,034	145,629	738,940

Maturities of key Asset and Liabilities-2025



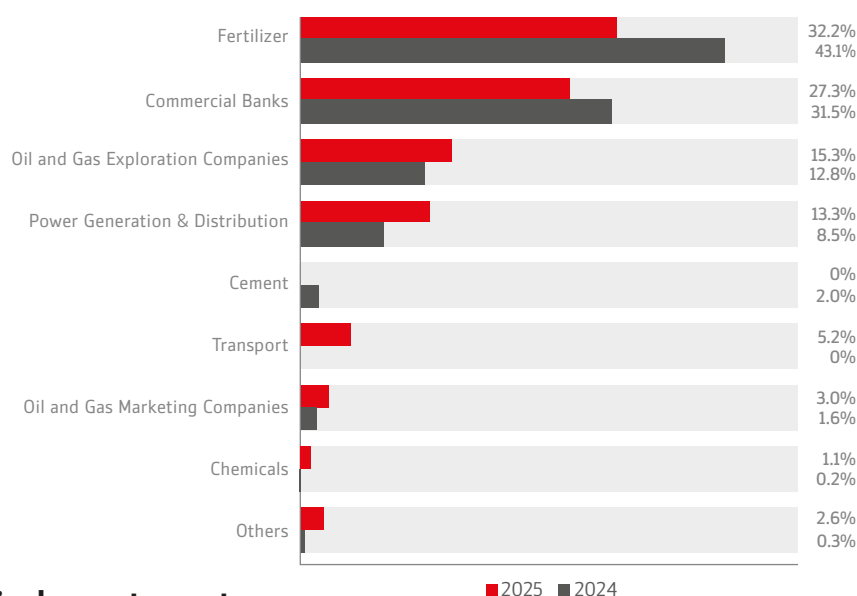
Maturities of key Asset and Liabilities-2024



Classification and valuation of investments

	2025		2024	
	Cost / Amortised cost	Fair Value	Cost / Amortised cost	Fair Value
----- Rupees in Million -----				
Amortised cost				
Government Securities	194,664	194,664	258,791	258,791
Non Government Securities	3,314	3,260	3,834	3,753
Foreign Securities	12,686	12,671	15,601	15,601
	210,664	210,595	278,226	278,145
FVOCI				
Government Securities	1,479,884	1,512,577	1,285,754	1,309,141
Non Government Securities	2,134	1,925	17,686	17,593
Foreign Securities	88,445	87,745	77,745	75,204
Shares	15,249	32,692	11,554	17,794
REIT Fund	1,034	1,040	1,000	1,515
	1,586,746	1,635,980	1,393,739	1,421,247
FVPL				
Government Securities	300,154	301,229	262,354	262,406
Non Government Securities	1,872	1,874	1,872	2,372
Foreign Securities	16,139	16,150	18,957	21,352
Shares	4,885	5,140	2,432	3,532
	323,051	324,394	285,616	289,663
Associates	1,178	1,178	1,178	1,178
Subsidiaries	1,300	1,300	2,505	1,000
	<u>2,122,939</u>	<u>2,173,447</u>	<u>1,961,263</u>	<u>1,991,232</u>

Top 10 Equity Investment by Sectors:



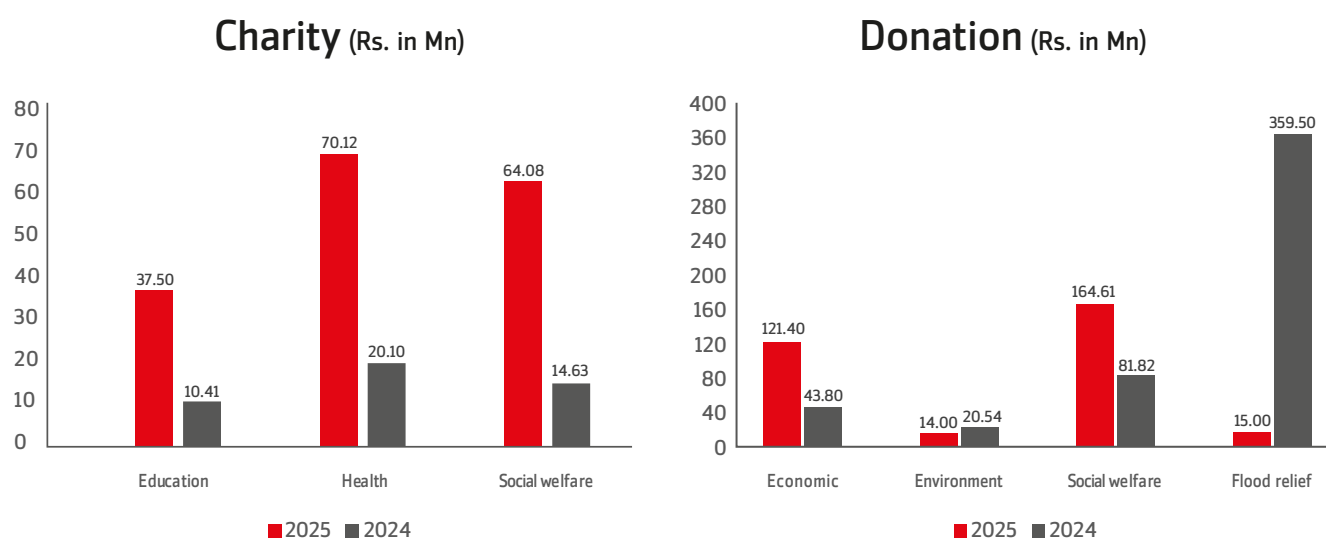
Non Strategic Investments

The Bank also invests in certain unlisted entities. Please refer to note **8.5.2.2** of unconsolidated financial statements.

Statement of Charity and Donation

	2025	2024
	Rupees in Million	
Charity paid (Islamic banking):		
Education	37.50	10.41
Health	70.12	20.10
Social welfare	64.08	14.63
	<u>171.70</u>	<u>45.13</u>
Donations paid (including flood relief):		
Economic	121.40	43.80
Environment	14.00	20.54
Social welfare	164.61	81.82
Flood relief	15.00	359.50
	<u>315.01</u>	<u>505.66</u>
Total charity and donations paid	<u>486.71</u>	<u>550.78</u>

Beneficiary wise details of charity and donation is disclosed in **note 5.1 of Annexure II and note 31.4** of the unconsolidated financial statements.



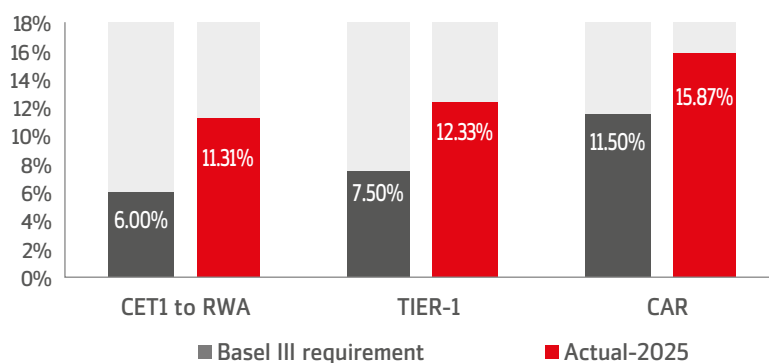
Key Interest Earning Asset and Liabilities

	2025			2024		
	Average Volume	Effective interest rate %	Interest	Average Volume	Effective interest rate %	Interest
----- Rupees in Millions -----						
Interest Earning Assets						
Balances with other banks	20,645	1.43%	295	19,117	1.17%	224
Lendings to financial institutions	84,998	10.34%	8,789	60,493	16.70%	10,103
Advances	1,004,978	11.98%	120,363	855,950	16.07%	137,521
Investments	1,827,713	12.45%	227,485	1,951,353	18.40%	359,050
	2,938,334	12.15%	356,932	2,886,913	17.56%	506,898
Interest Bearing Liabilities						
Deposits and other accounts	2,091,464	5.67%	118,508	2,003,302	11.18%	223,983
Borrowings	871,899	10.63%	92,671	858,810	16.60%	142,543
Subordinated debt	14,000	13.95%	1,953	14,000	22.28%	3,119
Lease liability	30,514	14.13%	4,311	24,323	14.41%	3,504
Swap cost	-	-	3,639	-	-	7,024
	3,007,877	7.35%	221,082	2,900,435	13.11%	380,173
Net Spread		<u>4.80%</u>			<u>4.45%</u>	

Capital Structure

	2025	2024
	Rupees in Million	
Tier 1 Capital		
Shareholder equity / assigned capital	15,772	15,772
Share premium	4,731	4,731
Reserves	37,635	38,736
Unappropriated profits	98,496	88,085
	156,634	147,324
Eligible Additional Tier 1 Capital	13,550	13,550
Deductions:		
Book value of intangible and advances given for intangible	1,724	1,543
Defined benefit pension fund assets- net	2,714	1,332
Other deductions	626	907
	5,063	3,782
Total Tier 1 Capital	165,121	157,092
Tier 2 Capital		
General provisions subject to 1.25% of total risk weighted assets	4,639	10,358
Revaluation reserves	42,835	33,464
Total Tier 2 Capital	47,474	43,822
Total regulatory capital Base	212,594	200,914
Capital Adequacy		
Risk Weighted Assets		
Credit risk	981,244	828,664
Market risk	56,600	47,806
Operational risk	301,855	242,467
Total RWA	1,339,698	1,118,937
Capital Adequacy Ratio		
Total eligible regulatory capital held	212,594	200,914
Total Risk Weighted Assets	1,339,698	1,118,937
Capital Adequacy ratio	15.87%	17.96%

Capital Adequacy Ratio



The Human Capital

Our Human Capital Strength	2025	2024
Head Count (as at 31st December)	17,388	16,400
Pakistan	17,128	16,132
- Sindh	5,768	5,445
- Punjab	8,943	8,369
- Balochistan	366	368
- KPK	829	785
- AJK	48	45
- Gilgit Baltistan	68	59
- Federal Capital	1106	1061
United Arab Emirates	36	28
Bahrain	8	10
Afghanistan	55	56
Bangladesh	161	174

Average Head Count (throughout the year)	17,026	15,407
Female employees (as at 31st December)	3,566 (20.5%)	3,384 (20.6%)
New hiring (during the year)	4,132	4,524
Attritions (during the year)	3,042 (17.5%)	2,753 (16.8%)

Human Resource Accounting

The Bank has Board Human Resources, Remuneration and Nominations Committee which oversee the HR related activities. The Bank has a Human Capital Group (HCG) which operates with various sub-divisions Talent Acquisition & Advisory, Learning & Development, Leadership & Culture, Employee Relations & People Risk and Rewards & Services. These sub-divisions look after day-to-day HR operations including selection, recruitment, training, development, off-boarding, rewards, succession planning, career management, employee welfare, diversity & inclusion like female staff policies, differently abled staff policies and other

allied tasks. For more detail on human resource planning, management and process of identifying and measuring its cost refer 'Stakeholders' and 'Sustainability and CSR' sections within this Annual Report.

Further, the Bank has incurred the following costs on its human resources during the year. Additionally, the Bank also incurred costs to recruit, select, hire, train, develop, allocate, conserve, reward and utilise human assets.

	2025	2024
	Rupees in Million	
Human resource cost		
Total compensation	49,895	39,568
Training and development	300	300
Total human resources costs	<u>50,195</u>	<u>39,868</u>

Breakup of Total Compensation

Managerial Remuneration

i) Fixed	26,424	22,928
ii) Variable:		
a) Cash bonus / awards etc.	8,997	7,168
b) Bonus and awards in shares etc.	1,202	722
Charge for defined benefit plan	650	772
Contribution to defined contribution plan	1,135	879
Medical	2,759	2,058
Conveyance	3,300	1,566
Staff compensated absences	430	416
Staff life insurance	251	199
Staff welfare	115	66
Club subscription	7	9
Sign-on Bonus	34	39
Severance Allowance	156	-
Staff loans - notional cost (IFRS - 9)	4,434	2,744
	<u>49,895</u>	<u>39,568</u>

Additional Disclosures

The following disclosures have been made beyond BCR criteria.

1. Chairman's Message

Refer to the Chairman's Message at the start of this annual report. The message discusses performance and achievements of the Bank during the year.

2. Internal Controls over Financial Reporting (ICFR) and Statement of Internal Controls

The Board, through its Board Audit Committee, is responsible for maintaining and reviewing the effectiveness of risk management and internal control systems, and for determining the aggregate level and types of risks the Bank is willing to take to achieve its strategic objectives.

To meet this requirement and to discharge its obligations under the SBP's regulations, procedures have been designed to safeguard assets against unauthorised use or disposal, to maintain proper accounting records, and to ensure the reliability of controls and usefulness of financial information used within the business or for publication.

These procedures provide reasonable assurance against material misstatement, errors, losses, or fraud. They are designed to provide effective Internal Controls within the Bank. The procedures have been in place throughout the year and up to the date of approval of these Annual Financial Statements of 2025. For further details, refer to the Statement of Internal Controls in the 'Governance' section of this Annual Report.

The Bank has implemented all stages of ICFR Framework as promulgated by the SBP:

Stage I: Process and Control Documentation

Stage II: Identification of Gaps and Recommendations

Stage III: Development of Detailed Remediation/ Implementation Plans

Stage IV: Development of Management Testing Plans

Stage V: Implementations of Project Initiatives Planned

Stage VI: Quality Assurance / Validation on the Completed Initiatives

Stage VII: Conduct of Management Testing of Key Controls and Reporting of Results

Stage VIII: Review by External/Internal Auditors

Pursuant to an exemption received from the SBP for External Auditors' long form report, the Internal Audit function of the Bank issues an Assessment Report on ICFR each year which is submitted to the Board Audit Committee for tracking and information. Further, progress report on ICFR is also submitted by the ICFR Unit to the Control and Compliance Committee and the Board Audit Committee.

3. Long-term Viability and Going Concern

The Management has assessed the Bank's viability to continue as a going concern, taking into account its current financial position, business prospects, and principal risks. As part of this assessment, key factors considered are:

- Long-term business and strategic plans;
- Risk profile and risk management practices, including the processes by which risks are identified and mitigated;
- Results of internal and regulatory stress tests;
- Liquidity and funding profile; and
- Wider political, economic and regulatory environments, including the uncertain geopolitical outlook.

Based on internal assessment, the management is confident that the Bank will be able to continue its operations and meet its obligations.

4. Key Financial and Non-Financial Performance Measures

The Management believes that key performance measures included in this Annual Report provide valuable information to the readers of the financial statements. This enables identification of a more consistent basis for comparing the businesses' performance between financial periods, and provides additional elements of performance, which the managers of these businesses are most directly able to influence, or are relevant for an assessment of the business groups. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by the Management.

Also refer to the 'Performance and Position' section of this Annual Report for segmental performance analysis. Further, refer Directors' Report for additional details.

5. Customer Grievances Handling Mechanism

Customer Grievances Handling Mechanism has been disclosed as part of 'Stakeholder Relationship and Engagement' section of this Annual Report.

6. Green Banking and steps taken for Climate Change

Green Banking and Climate change have been disclosed as part of 'Sustainability and CSR' section of this Annual Report.

7. Material Outsourcing Arrangements

Material outsourcing has been disclosed as part of 'Stakeholder Relationship and Engagement' section of this Annual Report.

8. Remuneration Framework and Related Disclosures

Remuneration Framework has been disclosed as part of 'Governance' section within this Annual Report.

9. Group Structure and Group's Performance

Structure of the Bank, and its subsidiaries and associates, has been disclosed as part of 'Organisational Overview' section within this Annual Report.

The Bank has also disclosed performance of its group companies in the Directors' Report.

10. Jama Punji

Investor Awareness (Jama Punji) has been disclosed at the end of this annual report.

11. Donation and Charities

The 'Statement of Charity and Donation' in this section of the Annual Report provides details on donations and charitable contributions.

12. Financial Performance and Position

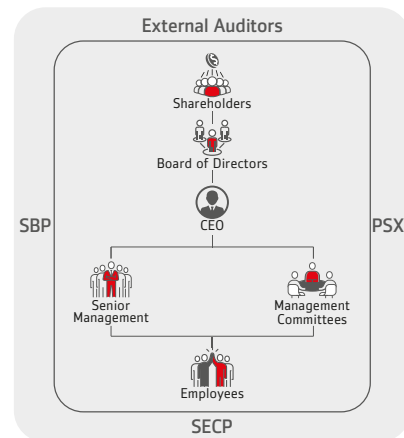
The Bank has disclosed its financial performance and position along with analysis within this section of the Annual Report.

13. Management Committees and sub committees

Management committees and its sub-committees have been disclosed as part of 'Governance' section within this Annual Report.

14. Corporate Governance Structure

The Bank operates through a well structure corporate governance structure as depicted below:



Governance Framework:

The Bank's governance framework is based on excellence through embodying its core values and principles. We model our framework to deliver the highest levels of integrity, resilience and innovation to serve our stakeholders by following the banking industry's best practices. Bank Alfalah's dedication to strict internal controls are evident in the strong emphasis placed by the Board of Directors, the Senior Management, and the Committees.

The Bank follows the guidelines put in place by the Pakistan Stock Exchange Limited (PSX), the State Bank of Pakistan (SBP), and the Securities and Exchange Commission of Pakistan (SECP) in all our management policies. The Board of Directors, Board Committees, Senior Management and Management Committees ensure that integrity and honesty remain at the heart of our business and brand.

15. Sustainability Development Goals

The Bank's contribution against UN's Sustainability Development Goals has been disclosed as part of 'Sustainability and CSR' section within this Annual Report.

16. Global Sustainability Reporting Initiatives

The Bank's contribution against GRI has been disclosed as part of 'Sustainability and CSR' section within this annual report

17. Environment, Social and Governance

The Bank's contribution against ESG has been disclosed as part of 'Sustainability and CSR' section within this annual report.

18. SECP CSR Guidelines

The Bank's voluntary contribution against SECP CSR Guidelines has been disclosed as part of 'Sustainability and CSR' section within this annual report.

Other Information

Business Rationale for Major Capital Expenditure / Projects

During the year the Bank invested Rs. 13.5 billion on purchase of fixed assets and intangibles which includes properties (land & buildings), equipment, fixtures, intangible assets etc. A detailed disclosure of fixed asset is given in the financial statements. All the assets purchased were capitalised as the management intends to take benefit from them over their useful life, which spans over more than a year. These additions are for meeting the business and operational needs of the Bank including but not limited to digital infrastructure, new branches, existing branch / office renovations, strengthening IT infrastructure with an aim to operate within secured environment and with the best customer data protection.

Summary of major projects is disclosed in 'Outlook' section of the annual report.

Information about defaults in payment of any debts and reasons thereof period

No defaults in payments during the year 2025. Also covered in 'Risk and Opportunities' section of this annual report.

Methods and Assumptions in compiling Key Performance Indicators

These have been disclosed as part of 'Strategy Key Performance Indicators and Resource Allocation' and 'Outlook' sections of this annual report.

Any significant change in accounting policies, judgements, estimates and assumptions

Refer note no. 2.5 and 4 of the unconsolidated financial statements for significant change in accounting policies, judgements, estimates and assumptions.

Dividend History

The Bank has been declaring dividend regularly every year, keeping in view regulatory framework and Bank's initiatives. In 2025 the Bank declared interim dividend cumulatively of Rs. 7.50 per share in March, June & September and final dividend of Rs. 3.00 per share in December. The Bank intends to have consistent dividend policy subject to results and approvals from Board and shareholders

Regulatory payments (taxes, duties, levies etc.)

The Bank is regular and on time payer of the taxes, duties and levies.

CEO Review

President/CEO's video on the Bank's business overview, performance, strategy and outlook has been placed on following link:

<https://www.bankalfalah.com/financial-reports/>

Fair Value and Forced Sales Value of properties held under Fixed Assets and Investment Properties

The Bank's land and building are revalued once in three years by the professional evaluators. Latest valuation was done on December 31, 2024. The following are the fair value and force sales value of the owned properties of the Bank as at December 31, 2025:

Fair value: Rs. 40.8 Bn

Forced sale value: Rs. 33.3 Bn

Reconciliation of weighted average number of shares for calculating EPS and diluted EPS

The Bank diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.

Particulars of Significant / Material Assets and Immovable Property including Location

The Bank has the following property, equipment & intangible assets as at December 31, 2025.

Items from the property, equipment & intangible assets	Dec '25 - WDV	% composition
Land - freehold & leasehold	29,046	29.3%
Building on freehold & leasehold land	11,763	11.9%
Office equipment	12,501	12.6%
Vehicles, lease hold improvement, furniture and fixture	13,027	13.1%
Capital work-in-progress	4,764	4.8%
Property & equipment	71,100	71.7%
Right-of-use assets	26,378	26.6%
Intangible assets	1,724	1.7%
Total fixed & intangible assets	99,202	100.0%

Significant immovable properties of the Bank are as follows:

- Civil Line, Karachi, Pakistan;
- BA Building , II Chundrigarh Road, Karachi, Pakistan [Head Office];
- Shahdin Manzil, Lahore, Pakistan;
- 66 Main Boulevard, Gulberg, Lahore, Pakistan;
- 23-H Gulberg, Lahore, Pakistan; and
- Owned and leased premises of branch network and offices across the country and abroad.

Product Revenue and Profitability

The Bank, being a financial intermediary, offers a large menu of lending, deposits and other service. These products and services are offered by different business groups within the bank. The revenue and profitability of these business groups are disclosed in the financial statements. For Segmental disclosure, refer note 44 of the unconsolidated financial statement and business segment wise performance write up within this section.

Status for adoption of Islamic Financial Accounting Standards (IFAS) issued by the ICAP

Refer note 2.2 and Annexure II of unconsolidated financial statements.

Particulars of major foreign shareholders, other than natural person, holding more than 5% of paid up capital in the company in Pattern of Shareholding

These have been disclosed as part of Other Matters relating to 'Governance' sections within this annual report.

Particulars of loans / advances and investments in foreign companies or undertakings

The Bank's overseas branches in Bahrain, UAE, Afghanistan and Bangladesh invest and lend to companies and undertakings operating in their jurisdictions and abroad. As at December 31, 2025, our overseas branches' advances and investments stood at 53.938 bn (2024: Rs. 56.391 bn) and Rs. 131.751 bn (2024: 123.314 bn) respectively.

Effect of Seasonality on the Bank's Performance

The Bank's portfolio exhibits a clear sensitivity to seasonal patterns, largely driven by Pakistan's agriculture cycle and its downstream value chain. Seasonal movements materially affect utilisation trends, short-term liquidity deployment, and working-capital demand across agri, SME, and select commercial segments.

Agriculture-linked financing follows predictable seasonal cycles aligned with the Kharif and Rabi cropping seasons. Utilisation increases during sowing and early cultivation phases, reflecting higher demand for inputs such as seeds, fertilisers, and crop maintenance. This moderates post-harvest as cash flows are realised. While seasonal movement is evident, volatility remains relatively controlled, with the agri segment demonstrating a 18% variance between peak and lowest utilisation months, indicating a stable and well-absorbed seasonal cycle.

Trading and distribution SMEs, particularly those financed under Alfalah Value Chain / Supply Chain facilities, exhibit the most pronounced seasonality within the portfolio. Utilisation spikes sharply during harvest periods due to increased requirements for procurement, storage, logistics, and onward distribution of agricultural produce. These balances decline materially during off-season months, resulting in significant utilisation swings. The segment records a 275% variance between peak and lowest months, making it the most seasonally volatile exposure category.

From a commercial and corporate perspective, millers and food processors - especially rice, wheat, cotton, and allied processors - show strong seasonality tied to raw-material availability. Borrowing peaks during harvest periods to support bulk procurement and processing, while off-season utilisation declines but remains persistent due to inventory holding and operational continuity. Pledge-based and inventory-backed structures therefore display moderate but meaningful seasonal variation.

Overall, seasonality is a structural feature of the Bank's agri-linked portfolio. Volatility is highest in Alfalah Value Chain financing, moderate in pledge-based commercial facilities, and comparatively controlled in the agri segment, as reflected by the respective peak-to-low utilisation variances. These dynamics highlight the need for seasonality-adjusted liquidity planning, proactive portfolio monitoring, and calibrated risk management across peak and off-peak cycles.

Income tax reconciliation as required by IFRS and applicable tax regime for the year

Refer note 35 of unconsolidated financial statements.

Implementation of plans as disclosed in the prospectus/ offering document of debt instrument (debts funds utilisation)

The following debt instruments qualifying as Tier - 1 Capital issued by the Bank are outstanding as at December 31, 2025:

- ADT 1 (TFC VI & VIII): These TFCs were issued to comply with SBP's regulation to maintain the minimum Capital Adequacy Ratio and to support on going business operations of the Bank.

The ADT 1 TFCs utilisation is as per the plans disclosed in the prospectus / offering document of the debt instruments.

Management's assessment of sufficiency of tax

The Bank maintains sufficient provision for taxation as required under the accounting standards and the relevant tax regulations. Contingencies with respect to direct or indirect taxation based on income tax assessments have been disclosed in note 35 of unconsolidated financial statements. Our assessment of sufficiency of tax provision made in financial statements along with comparisons to tax assessment for last three years are satisfactory.

Derivative Instruments

The Bank currently deals in derivative instruments namely interest rate swaps, cross currency swap and futures with the principle view to hedge risks associated with interest rates risk and FX risk. Interest rate swaps and futures are conducted to hedge interest rate risk present in the Bank's foreign currency bond portfolio. Cross currency swap is an agreement to exchange cash flows in one currency for cash flows in another currency to protect against adverse exchange fluctuations.

For detailed disclosure on derivative instruments, refer note 24 of the unconsolidated financial statements.

Disclosures under regulatory requirements / prudential regulations

The Bank has prepared its financial statements in accordance with SBP's prescribed format. The Bank has given additional disclosures in this annual report as required under various regulations.

Branch Network

For the Bank's branch network visit our website:
<https://www.bankalfalah.com/branch-atm-locator/>

Assurance and Other Review

The external auditors of the Bank conducted certain assurance, agreed upon procedure and other reviews. This includes Shariah Governance Audit, Report on Capital Adequacy, Review of Statement of Compliance with Code of Corporate Governance, tax related certification and other regulatory certifications.

Corporate Reporting



Independent Auditor's Report

To the members of Bank Alfalah Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Bank Alfalah 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 65 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 Matters

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 and off-balance sheet obligations: Refer notes 4.3, 4.17, 9, 20.1 and 48.1.3.7 to the unconsolidated financial statements)	
	The Bank records credit loss allowance against advances and off-balance sheet obligations in accordance with the requirements of IFRS 9 as applicable in Pakistan and as per the application instructions issued by the State Bank of Pakistan (SBP). Under IFRS 9, the Bank assesses on a forward-looking basis the Expected Credit Losses ('ECL') associated with advances together with off-balance sheet obligations including letters of credit, guarantees and irrevocable unutilised financing commitments. A lifetime ECL is recognised on advances and off-balance sheet obligations where there have been a Significant Increase in Credit Risk (SICR) from the date of initial recognition and on advances and off-balance sheet obligations which are credit impaired as at the reporting date. A 12 months ECL is recognised for advances and off-balance sheet obligations 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 default occurring on the advances and off-balance sheet obligations 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 charged off / write offs, net of recoveries. The Bank records a charge for Stage 3 based on the higher of provision under the Prudential Regulations or ECL under IFRS 9, as per the application instructions of the SBP. This assessment is conducted at the facility level for corporate, agriculture, and SME advance portfolios and off-balance sheet obligations, and at a segment level for the retail portfolio. If one facility of a counterparty becomes 90+ days past due (DPD) or is otherwise defined as impaired under the 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 allowance recognised / 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 and credit loss allowance against off-balance sheet obligations is reflected under other liabilities.	Our audit procedures to verify credit loss allowance against domestic advances and/or off-balance sheet obligations included, amongst others, the following: We obtained and updated our understanding of the management's assessment of credit loss allowance in respect of advances and off-balance sheet obligations including the Bank's internal rating model, accounting policies, and model methodology as well as any key changes made during the year. We obtained an understanding of the design and evaluated and tested the operating effectiveness of the relevant controls established by the Bank to identify loss events and determine the extent of provisioning required against advances and off-balance sheet obligations. The testing of controls included testing of: • controls over correct classification of customers; • controls over monitoring of customers with higher risk of default having exposure to advances and off-balance sheet obligations and the correct classification of customers based on subjective criteria; • controls over the accurate computation and recording of credit loss allowance; and • controls over the governance and approval process related to credit loss allowance including continuous reassessment by the management. We selected a sample of customers and performed the following substantive procedures: • assessed the reasonableness and accuracy of the data used for credit loss allowance computation based on accounting records and information system of the Bank as well as the related external sources used for this purpose; • checked repayments of advances / mark-up instalments and tested the classification of customer exposure based on the number of days overdue; • tested the staging of advances and off-balance sheet obligations as per the criteria of SICR and in accordance with the application instructions as issued by the SBP for IFRS 9; • evaluated the management's assessment for classification of a customers' exposure as performing or non-performing under the prudential regulations and the application instructions as issued by the SBP for IFRS 9, based on a review of repayment pattern, inspection of credit documentation and discussions with the management; and

S.No.	Key audit matters	How the matter was addressed in our audit
	Provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries and as per the application instructions for IFRS 9 issued by the SBP. The Bank has recognised a net charge of credit loss allowance against advances and off-balance sheet obligations amounting to Rs. 2,875 million and Rs. 248 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 of Rs. 48,570 million and Rs. 1,036 million against advances and off-balance sheet obligations, respectively. The determination of credit loss allowance against advances and off-balance sheet obligations 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 and off-balance sheet obligations relative to the overall unconsolidated financial statements of the Bank, we considered this area as a key audit matter.	assessed the ECL model used by the management to calculate expected credit loss against advances and off-balance sheet obligations balances of the Bank for the 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 management in calculation of ECL; and Assessed the relevant disclosures made in the unconsolidated financial statements to determine whether they comply 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 and off-balance sheet obligations' 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 ensured compliance with the requirements of IFRS 9 as applicable in Pakistan and as per the instructions of the SBP in the unconsolidated financial statements.

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 **Noman Abbas Sheikh**.

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 3, 2026
UDIN: AR2025100611FkHJMcA

Unconsolidated Statement of Financial Position

As at December 31, 2025

	Note	2025	2024
		----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	5	227,463,156	227,823,979
Balances with other banks	6	24,109,552	18,469,608
Lendings to financial institutions	7	19,674,292	100,998,323
Investments	8	2,173,446,680	1,991,232,454
Advances	9	1,104,923,835	1,109,376,154
Property and equipment	10	71,100,467	63,543,484
Right-of-use assets	11	26,377,543	25,290,607
Intangible assets	12	1,723,556	1,543,109
Deferred tax assets		-	-
Other assets	13	181,108,039	171,928,403
Total assets		3,829,927,120	3,710,206,121
LIABILITIES			
Bills payable	14	56,957,969	41,768,326
Borrowings	15	832,127,882	1,141,885,742
Deposits and other accounts	16	2,496,208,099	2,136,912,622
Lease liabilities	17	32,471,152	29,481,938
Subordinated debt	18	14,000,000	14,000,000
Deferred tax liabilities	19	24,345,073	16,515,641
Other liabilities	20	176,304,889	151,529,442
Total liabilities		3,632,415,064	3,532,093,711
NET ASSETS		197,512,056	178,112,410
REPRESENTED BY			
Share capital	21	15,771,651	15,771,651
Reserves		42,366,356	43,466,925
Surplus on revaluation of assets	22	43,203,860	33,778,787
Unappropriated profit		96,170,189	85,095,047
		197,512,056	178,112,410
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes 1 to 53 and annexures I to III form an integral part of these unconsolidated financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Unconsolidated Statement of Profit and Loss Account

For the year ended December 31, 2025

	Note	2025 ------(Rupees in '000)-----	2024
Mark-up / return / interest earned	25	356,931,566	506,898,096
Mark-up / return / interest expensed	26	<u>221,081,834</u>	<u>380,080,506</u>
Net mark-up / return / interest income		135,849,732	126,817,590
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	<u>16,409,160</u>	<u>17,530,448</u>
Dividend income		3,927,863	1,761,125
Foreign exchange income	28	11,969,793	9,533,058
Income from derivatives		864,060	1,368,096
Gain on securities	29	13,262,334	13,900,541
Net gain / (loss) on derecognition of financial assets measured at amortised cost		-	-
Other income	30	<u>1,079,364</u>	<u>321,064</u>
Total non-mark-up / interest income		47,512,574	44,414,332
Total income		<u>183,362,306</u>	<u>171,231,922</u>
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	31	<u>116,243,473</u>	<u>84,369,292</u>
Workers' welfare fund	32	1,384,095	1,695,819
Other charges	33	<u>89,173</u>	<u>222,567</u>
Total non-mark-up / interest expenses		117,716,741	86,287,678
Profit before credit loss allowance / provisions		<u>65,645,565</u>	<u>84,944,244</u>
Credit loss allowance / provisions and write offs - net	34	3,310,023	1,849,109
Other income / unusual items		-	-
PROFIT BEFORE TAXATION		<u>62,335,542</u>	<u>83,095,135</u>
Taxation	35	33,998,485	44,777,004
PROFIT AFTER TAXATION		<u><u>28,337,057</u></u>	<u><u>38,318,131</u></u>
------(Rupees)-----			
Basic and diluted earnings per share	36	<u><u>17.97</u></u>	<u><u>24.30</u></u>

The annexed notes 1 to 53 and annexures I to III form an integral part of these unconsolidated financial statements.

President & Chief Executive Officer

Chief Financial Officer

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	28,337,057	38,318,131

Other comprehensive income / (loss)

Items that may be reclassified to the statement of profit and loss account in subsequent periods:

Effect of translation of net investment in foreign branches	(3,934,275)	(1,766,018)
Movement in surplus on revaluation of investments in debt securities classified as FVOCI - net of tax	7,766,454	10,801,414
Gain on sale of debt securities classified as FVOCI reclassified to profit and loss - net of tax	(3,340,058)	(899,946)
	492,121	8,135,450

Items that will not be reclassified to the statement of profit and loss account in subsequent periods:

Remeasurement gain on defined benefit obligations - net of tax	503,076	456,187
Movement in surplus on revaluation of equity investments classified as FVOCI - net of tax	4,417,103	2,030,719
Movement in surplus on revaluation of property and equipment - net of tax	(73,760)	5,609,282
Movement in surplus on revaluation of non-banking assets - net of tax	72,881	236,629
	4,919,300	8,332,817

Total comprehensive income	33,748,478	54,786,398

The annexed notes 1 to 53 and annexures I to III form an integral part of these unconsolidated financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2025

	Share capital	Capital reserves		Statutory reserve (note 21.3)	Surplus/(deficit) on revaluation of			Unappropriated profit	Total
		Share premium	Exchange translation reserve		Investments	Property and equipment	Non banking assets		
----- (Rupees in '000) -----									
Balance as at December 31, 2023	15,771,651	4,731,049	14,191,974	22,478,107	(906,806)	12,088,444	86,726	69,481,688	137,922,833
Impact of adoption of IFRS 9 - net of tax	-	-	-	-	5,002,695	-	-	(2,250,700)	2,751,995
Opening balance as at January 01, 2024	15,771,651	4,731,049	14,191,974	22,478,107	4,095,889	12,088,444	86,726	67,230,988	140,674,828
Profit after taxation	-	-	-	-	-	-	-	38,318,131	38,318,131
Other comprehensive income / (loss) - net of tax									
Effect of translation of net investment in foreign branches	-	-	(1,766,018)	-	-	-	-	-	(1,766,018)
Movement in surplus on revaluation of investments in debt securities - net of tax	-	-	-	-	10,801,414	-	-	-	10,801,414
Gain on sale of debt securities carried at FVOCI reclassified to profit and loss - net of tax	-	-	-	-	(899,946)	-	-	-	(899,946)
Movement in surplus on revaluation of equity securities classified as FVOCI - net of tax	-	-	-	-	2,030,719	-	-	-	2,030,719
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	456,187	456,187
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	5,609,282	-	-	5,609,282
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	236,629	-	236,629
Total other comprehensive (loss) / income - net of tax	-	-	(1,766,018)	-	11,932,187	5,609,282	236,629	456,187	16,468,267
Transfer to statutory reserve	-	-	-	3,831,813	-	-	-	(3,831,813)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(144,681)	(8,640)	153,321	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit - net of tax	-	-	-	-	(117,049)	-	-	117,049	-
Transactions with owners, recorded directly in equity									
Final cash dividend for the year ended December 31, 2023 - 50%	-	-	-	-	-	-	-	(7,885,826)	(7,885,826)
Interim cash dividend for the quarter ended March 31, 2024 - 20%	-	-	-	-	-	-	-	(3,154,330)	(3,154,330)
Interim cash dividend for the half year ended June 30, 2024 - 20%	-	-	-	-	-	-	-	(3,154,330)	(3,154,330)
Interim cash dividend for the nine months period ended September 30, 2024 - 20%	-	-	-	-	-	-	-	(3,154,330)	(3,154,330)
Balance as at December 31, 2024	15,771,651	4,731,049	12,425,956	26,309,920	15,911,027	17,553,045	314,715	85,095,047	178,112,410
Impact of adoption of IFRS 9 - net of tax (note 4.1)	-	-	-	-	1,503,916	-	-	(81,096)	1,422,820
Balance as at January 01, 2025	15,771,651	4,731,049	12,425,956	26,309,920	17,414,943	17,553,045	314,715	85,013,951	179,535,230
Profit after taxation	-	-	-	-	-	-	-	28,337,057	28,337,057
Other comprehensive income / (loss) - net of tax									
Effect of translation of net investment in foreign branches	-	-	(3,934,275)	-	-	-	-	-	(3,934,275)
Movement in surplus on revaluation of investments in debt securities classified as FVOCI - net of tax	-	-	-	-	7,766,454	-	-	-	7,766,454
Gain on sale of debt securities carried at FVOCI reclassified to profit and loss - net of tax	-	-	-	-	(3,340,058)	-	-	-	(3,340,058)
Movement in surplus on revaluation of equity securities classified as FVOCI - net of tax	-	-	-	-	4,417,103	-	-	-	4,417,103
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	503,076	503,076
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	(73,760)	-	-	(73,760)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	72,881	-	72,881
Total other comprehensive (loss) / income - net of tax	-	-	(3,934,275)	-	8,843,499	(73,760)	72,881	503,076	5,411,421
Transfer to statutory reserve	-	-	-	2,833,706	-	-	-	(2,833,706)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(122,572)	(12,720)	135,292	-
Transfer of revaluation surplus upon change in use - net of tax	-	-	-	-	-	6,020	(6,020)	-	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit - net of tax	-	-	-	-	(786,171)	-	-	786,171	-
Transactions with owners, recorded directly in equity									
Final cash dividend for the year ended December 31, 2024 - 25%	-	-	-	-	-	-	-	(3,942,913)	(3,942,913)
Interim cash dividend for the quarter ended March 31, 2025 - 25%	-	-	-	-	-	-	-	(3,942,913)	(3,942,913)
Interim cash dividend for the half year ended June 30, 2025 - 25%	-	-	-	-	-	-	-	(3,942,913)	(3,942,913)
Interim cash dividend for the nine months period ended September 30, 2025 - 25%	-	-	-	-	-	-	-	(3,942,913)	(3,942,913)
Balance as at December 31, 2025	15,771,651	4,731,049	8,491,681	29,143,626	25,472,271	17,362,733	368,856	96,170,189	197,512,056

The annexed notes 1 to 53 and annexures I to III form an integral part of these unconsolidated financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Unconsolidated Cash Flow Statement

For the year ended December 31, 2025

	Note	2025 ------(Rupees in '000)-----	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		62,335,542	83,095,135
less: Dividend income		(3,927,863)	(1,761,125)
		<u>58,407,679</u>	<u>81,334,010</u>
Adjustments			
Net mark-up / return / interest income		(140,160,317)	(130,321,112)
Depreciation	31	6,091,461	4,702,766
Depreciation on right-of-use assets	31	4,538,289	3,923,093
Amortisation	31	412,559	374,884
Credit loss allowance /provisions and write offs - net	34	3,310,023	1,849,109
Unrealised gain on revaluation of investments classified as FVPL	29	(1,342,980)	(4,046,951)
Gain on disposal of subsidiary	29.1	(396,857)	-
Unrealised gain on advances classified as FVPL		-	(91,600)
Gain on sale of property and equipment - net	30	(88,573)	(109,587)
Gain on sale of non banking assets - net	30	(3,368)	(27,800)
Gain on termination of leases - net	30	(160,323)	(63,731)
Staff loans - notional cost	31.1	4,433,874	2,744,484
Finance charges on leased assets	26	4,310,585	3,503,522
Workers' welfare fund	32	1,384,095	1,695,819
Charge for defined benefit plan	31.1	650,373	771,603
Charge for staff compensated absences	31.1	430,024	416,359
		<u>(116,591,135)</u>	<u>(114,679,142)</u>
		<u>(58,183,456)</u>	<u>(33,345,132)</u>
Decrease / (increase) in operating assets			
Lendings to financial institutions		84,606,438	(12,070,605)
Securities classified as FVPL		(33,388,557)	8,778,374
Advances		2,907,605	(417,017,890)
Other assets (excluding advance taxation and mark-up receivable)		(30,622,076)	(10,181,304)
		<u>23,503,410</u>	<u>(430,491,425)</u>
Increase / (decrease) in operating liabilities			
Bills payable		15,189,643	15,763,788
Borrowings		(299,603,027)	235,936,641
Deposits		359,295,477	51,915,492
Other liabilities (excluding current taxation and mark-up payable)		29,848,209	22,896,226
		<u>104,730,302</u>	<u>326,512,147</u>
		<u>70,050,256</u>	<u>(137,324,410)</u>
Contribution made to gratuity fund		(961,901)	(671,297)
Mark-up / Interest received		369,998,215	500,255,335
Mark-up / Interest paid		(221,811,459)	(377,775,676)
Income tax paid		(39,696,984)	(58,902,442)
Net cash generated from / (used in) operating activities		<u>177,578,127</u>	<u>(74,418,490)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in securities carried at amortised cost		67,489,594	3,212,876
Net (divestments) / investments in securities classified as FVOCI		(191,235,938)	105,980,086
Divestment from / (investment in) subsidiaries		96,857	(2,200,000)
Dividends received		3,927,863	1,771,556
Investments in property and equipment and intangible assets		(13,486,070)	(19,675,231)
Proceeds from sale of property and equipment		149,454	215,436
Proceeds from sale of non-banking assets		27,089	267,800
Effect of translation of net investment in foreign branches		(395,956)	(1,766,018)
Net cash (used in) / generated from investing activities		<u>(133,427,107)</u>	<u>87,806,505</u>
Balance carried forward		<u>44,151,020</u>	<u>13,388,015</u>

Unconsolidated Cash Flow Statement

For the year ended December 31, 2025

	Note	2025 ------(Rupees in '000)-----	2024
Balance brought forward		44,151,020	13,388,015
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease obligations against right-of-use assets		(6,786,693)	(6,108,213)
Dividend paid		(15,717,497)	(23,207,789)
Net cash used in financing activities		(22,504,190)	(29,316,002)
Increase / (decrease) in cash and cash equivalents		21,646,830	(15,927,987)
Cash and cash equivalents at the beginning of the year		230,515,652	249,842,535
Effects of exchange rate changes on cash and cash equivalents		1,434,385	(1,942,616)
		231,950,037	247,899,919
Expected credit loss allowance on cash and cash equivalents - net		(34,474)	(21,895)
Cash and cash equivalents at end of the year	37	<u>253,562,393</u>	<u>231,950,037</u>

The annexed notes 1 to 53 and annexures I to III form an integral part of these unconsolidated financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended December 31, 2025

1 STATUS AND NATURE OF BUSINESS

Bank Alfalah Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services in Pakistan and overseas. The Bank's registered office is located at B. A. Building, I. I. Chundrigar Road, Karachi and its shares are listed on the Pakistan Stock Exchange. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962. The Bank is operating through 1,178 branches (2024: 1,141 branches) and 8 sub-branches (2024: 12 sub-branches). Out of the 1,178 branches, 717 (2024: 707) are conventional, 450 (2024: 423) are Islamic, 10 (2024: 10) are overseas and 1 (2024: 1) is an offshore banking unit.

The Pakistan Credit Rating Agency Limited has reaffirmed the Bank's long-term rating of 'AAA' and short-term rating of 'A1+' with stable outlook as of June 28, 2025.

2 BASIS OF PRESENTATION

2.1 These unconsolidated financial statements have been prepared in accordance with the format for the preparation of the annual financial statements of banks issued by the State Bank of Pakistan (SBP), vide its BPRD Circular No. 13 dated July 01, 2024.

2.2 STATEMENT OF COMPLIANCE

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

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

The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' for banks through its notification SRO 411(I)/2008 dated April 28, 2008. The SBP through BPRD Circular No. 04 of 2015 dated February 25, 2015 had deferred the applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.

The SECP through SRO 56(1)/2016 dated January 28, 2016, has directed that the requirements of IFRS 10, 'Consolidated financial statements' are not applicable to investments by companies in mutual funds established under Trust Deed structure. Accordingly, implications of IFRS 10 in respect of investment in mutual funds are not considered in these unconsolidated financial statements.

The Bank adopted IFRS 9 in the previous accounting period. The SBP has granted certain relaxations in respect of specific requirements of IFRS 9. These relaxations have been applied in the preparation of these unconsolidated financial statements, with further details provided in note 4.1.

2.2.1 These unconsolidated financial statements represent separate financial statements of Bank Alfalah Limited in which investments in subsidiaries and associates are accounted for as stated in note 4.7.

2.2.2 Key financial figures of Islamic Banking branches are disclosed in Annexure II to these unconsolidated financial statements.

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

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

There are certain new and amended standards, issued by the International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2025 but are considered not relevant or do not have any material effect on the Bank's operations and are therefore not detailed in these unconsolidated financial statements. The impact of IFRS 9 for the current year is disclosed in note 4.1 to these unconsolidated financial statements.

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

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

- the new standard - IFRS 18 'Presentation and Disclosure in Financial Statements' (published in April 2024) with applicability date of January 01, 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable will impact the presentation of the 'Statement of Profit and Loss Account' with certain additional disclosures in the unconsolidated financial statements.
- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' clarify the timing of recognition and derecognition of certain financial instruments including settlement of liabilities through banking instruments and channels including electronic transfers. Further, guidance on the SPPI assessment, and disclosure requirements for instruments with cash flows modifying features and equity instruments designated at FVOCI have also been amended. These amendments are effective from January 01, 2026. The amendments, when applied, may impact the accounting and presentation of the financial instruments.

The management is in the process of assessing the impact of these amendments on the unconsolidated financial statements of the Bank.

2.5 Critical accounting estimates and judgments

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

Material accounting estimates and areas where judgments were made by the management in the application of accounting policies are as follows:

- i) classification and credit loss allowance / provisioning against investments (notes 4.7 and 8);
- ii) classification and credit loss allowance / provisioning against loans and advances (notes 4.8 and 9);
- iii) income taxes (notes 4.15 and 35);
- iv) accounting for defined benefit plan and compensated absences (notes 4.12, 39 and 41);
- v) depreciation and revaluation of property and equipment and non banking assets acquired in satisfaction of claim (notes 4.9.2, 4.9.5, 10 and 13.1.1);
- vi) amortisation of intangible assets (notes 4.9.3 and 12);

- vii) impairment of non-financial assets (note 4.16);
- viii) employee stock option scheme (notes 4.12(d) and 42);
- ix) fair value measurement of financial instruments (note 43);
- x) credit loss allowance / provision against other assets and other provisions (notes 4.18 and 13.5);
- xi) credit loss allowance / provision against off balance sheet obligations and contingent liabilities (notes 4.17, 4.19, 20.1, and 23); and
- xii) lease liability including determination of the lease term for lease contracts with renewal and termination options and right-of-use assets (the Bank as a lessee) (notes 4.9.4.1, 11 and 17).

3 BASIS OF MEASUREMENT

3.1 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention except that certain property and equipment and non banking assets acquired in satisfaction of claims are stated at revalued amounts; investments classified at fair value through profit or loss and fair value through other comprehensive income, advances classified at fair value through profit or loss, 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 are measured at fair value on initial recognition.

3.2 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency. The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these unconsolidated financial statements are consistently applied in all the years presented except for the changes mentioned in note 4.1 to these unconsolidated financial statements.

4.1 IFRS 9 - 'Financial Instruments'

The Bank adopted IFRS 9 effective from January 01, 2024 with a modified retrospective approach for restatement permitted under IFRS 9.

During the current year, in accordance with BPRD Circular No. 03 of 2022 dated July 05, 2022 and BPRD Circular Letter No. 16 dated July 29, 2024 the Bank has applied IFRS 9 'Financial Instruments' for Bangladesh operations and measured unquoted equity securities at fair value. The cumulative impact of application in the current period, amounting to Rs. 1,422.820 million, net of tax has been recorded as an adjustment to equity at the beginning of the current period.

The SBP in a separate instruction SBPHOK-BPRD-RPD-BAF-834424 dated January 22, 2025 has allowed an extension for the application of the Effective Interest Rate (EIR) up to December 31, 2025, the impact of which will be incorporated in the unconsolidated financial statements for the year 2026.

The SBP has directed the banks through its BPRD Circular Letter No.1 dated January 22, 2025 to continue applying the existing revenue recognition methodology for Islamic Operations, including the requirements of IFAS 1 and IFAS 2 until further instructions. Had IFRS 9 been adopted for revenue recognition related to Islamic financing, the profit after tax of the Bank would have been lower by Rs. 35.569 million (2024: Rs. 167.847million). Further, unappropriated profit of the Bank as at December 31, 2025 would have been higher by Rs. 555.753 million (2024: Rs. 578.741 million).

4.2 Financial instruments

4.2.1 Classification

Financial assets

Under IFRS 9, the Bank classifies its financial assets into the following categories:

- Financial assets at fair value through profit or loss account (FVPL)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at amortised cost

Financial liabilities

Financial liabilities are classified and measured at amortised cost except for derivatives which are being measured at FVPL.

Financial assets and financial liabilities primarily include following:

Head	Description
Cash and balances with treasury banks	note 4.5
Balances with other banks	note 4.5
Lendings to financial institutions	note 4.6
Investments other than subsidiaries and associates	note 4.7
Advances	note 4.8
Bills payable	note 14
Borrowings	note 4.6
Deposits and other accounts	note 4.10
Subordinated debts	note 4.11

4.2.2 Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether the management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of financial assets to the duration of liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model is evaluated and reported to the Bank's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sale are also important aspects of the Bank's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Eventually, financial assets fall under either of the following three business models:

- i) Hold to Collect (HTC) business model: Holding assets in order to collect contractual cash flows
- ii) Hold to Collect and Sell (HTC&S) business model: Collecting contractual cash flows and selling financial assets
- iii) Other business models: Resulting in classification of financial assets as FVPL

4.2.3 Assessments whether contractual cash flows are solely payments of principal and interest / profit (SPPI)

As a second step in the classification process, the Bank assesses the contractual terms of financial assets to identify whether these assets meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount). The most significant elements of interest / profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgment and considers relevant factors such as, but not limited to, the currency in which the financial asset is denominated, and the period for which the interest / profit rate is set. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangement, the related financial asset is classified and measured at FVPL.

The portfolio of debt instruments that failed to meet the 'solely payments of principal and profit' (SPPI) requirement for amortised cost and FVOCI classification under IFRS 9, contain provisions that, in certain circumstances, allow the issuer to fully / partially convert the instrument into common shares or exercise the call option. This clause results in failure of the criterion that profit payments should only be consideration for credit risk and the time value of money on the principal. As a result, these instruments were classified as FVPL.

4.2.4 Initial recognition and subsequent measurement

Financial assets and financial liabilities 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 and liabilities like advances, lending to financial institutions, deposits 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 and financial liabilities under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction cost. These are subsequently measured at amortised cost. An expected credit loss allowance (ECL) is recognised for financial assets in the unconsolidated statement of profit and loss account. Interest income / profit / expense on these assets / liabilities are recognised in the unconsolidated statement of profit and loss account. On derecognition of these financial assets and liabilities, capital gain / loss is recognised in the unconsolidated 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 cost. 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 unconsolidated statement of profit and loss account. Interest / profit / dividend income on these assets are recognised in the unconsolidated statement of profit and loss account. On derecognition of debt based financial assets, capital gain / loss is recognised in the unconsolidated statement of profit and loss account. For equity based financial assets classified as FVOCI, capital gain / loss is transferred from surplus / deficit to unappropriated profit.

c) Fair value through profit and loss (FVPL)

Financial assets under FVPL category are initially recognised at fair value. Transaction costs are directly recorded in the unconsolidated statement of profit and loss account. These assets are subsequently measured at fair value with changes recorded in the unconsolidated statement of profit and loss account. Interest / dividend income on these assets are recognised in the unconsolidated statement of profit and loss account. On derecognition of these financial assets, capital gain / loss is recognised in the unconsolidated statement of profit and loss account. An expected credit loss allowance (ECL) is not recognised for these financial assets.

4.2.5 Derecognition

Financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire.

The Bank enters into transactions whereby it transfers assets recognised in its unconsolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

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 unconsolidated statement of profit and loss account.

4.2.6 Modification

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its customers. The Bank assesses whether the modified terms result in the financial asset being significantly modified and therefore derecognised. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with IFRS 9, the Bank recalculates the gross carrying amount of the financial asset and shall recognise a modification gain or loss in the unconsolidated 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 asset's 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 modified financial asset.

4.3 Expected Credit Loss (ECL)

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 FVPL, together with letter of credit, guarantees and unutilised financing commitments hereinafter referred to as "Financial Instruments". The Bank recognises a 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 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.

Definition of default

The concept of "impairment or "default" is critical to the implementation of IFRS 9 as it drives the determination of risk parameters, i.e. PD, LGD and EAD.

As per BPRD Circular No. 03 of 2022 dated July 05, 2022 and BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, 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 Prudential Regulations or IFRS 9 at borrower / facility level for corporate / commercial / SME loan portfolios and at segment / product basis for retail portfolio.

This implies that if one facility of a counterparty becomes 90+ DPD in repaying its contractual dues or as defined in PRs; all other facilities would deem to be classified as stage 3.

4.4 Write-offs

Financial assets are written off in line with the Bank's policy when there are no realistic prospects of recovery. The write offs does not, in any way, affect the Bank's right of recovery from these customers.

4.5 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, balances with treasury banks, balances with other banks in current and deposit accounts, national prize bonds, overdrawn nostro accounts and call lendings having original maturity of three months or less.

4.6 Lendings to / borrowings from financial institutions

The Bank enters into transactions of repurchase agreements (repo) and agreements to resell (reverse repo) at contracted rates for a specified period of time. These are recorded as below:

4.6.1 Sale under repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in these unconsolidated financial statements as investments and the counterparty liability is included in borrowings. The difference between the sale and contracted repurchase price is accrued on a time proportion basis over the period of the contract and recorded as an expense.

4.6.2 Purchase under resale agreements

Securities purchased under agreement to resell (reverse repo) are not recognised in these unconsolidated financial statements as investments and the amount extended to the counterparty is included in lendings. The difference between the purchase and contracted resale price is accrued on a time proportion basis over the period of the contract and recorded as income.

4.6.3 Bai Muajjal

The Bank enters into Bai Muajjal transactions of sale (borrowing) and purchase (lending). These are recorded as below:

Bai Muajjal purchase

Bai Muajjal transactions representing purchase of shariah compliant instruments on deferred payment basis, are shown in lendings to financial institutions except for transactions undertaken directly with the Government of Pakistan which are disclosed as investments. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income on a time proportion basis over the life of the transaction.

Bai Muajjal sale

Bai Muajjal transactions representing sale of shariah compliant instruments on deferred payment basis, are shown in borrowings. The credit price is agreed at the time of purchase and the proceeds are paid at the end of the credit period. The difference between the deferred payment amount payable and the carrying value at the time of purchase is accrued and recorded as borrowing cost on a time proportion basis over the life of the transaction.

4.7 Investments

Investments include Federal Government securities, shares, mutual fund / REIT fund, non-Government debt securities, foreign securities, associates and subsidiaries. Classification and measurement of Federal Government securities, shares, mutual fund / REIT fund, non-Government debt securities and foreign securities have been detailed in note 4.2.

An equity instrument held by the Bank for trading purposes is classified as measured at FVPL. On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Associates are all entities over which the Bank has significant influence but not control. Investment in associates is carried at cost less accumulated impairment losses, if any.

Subsidiary is an entity over which the Bank has control. Investment in subsidiary is carried at cost less accumulated impairment losses, if any.

4.8 Advances

Loans and advances

Loans and advances including net investment in finance lease are stated net of credit loss allowance / provision against non-performing loan and advances. Credit loss allowance / provision against loans and advances in Pakistan operations have been made in accordance with the requirements of the Prudential Regulations and IFRS 9 application instructions issued by the SBP. General provisions against loans and advances in Pakistan operations have been maintained against potential high risk advances based on the management's estimates as disclosed in note 9.8.5 (ii). Credit loss allowance / provisions pertaining to overseas loans and advances are made in accordance with the requirements of the regulatory authorities of the respective countries and in accordance with the applications instructions of IFRS 9 issued by the SBP. Advances are written off / charged off when there is no realistic prospect of recovery or to clean up the balance sheet as allowed by the SBP.

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 as income in the unconsolidated statement of profit and loss account.

Islamic financing and related assets

The Bank provides Islamic financing and related assets mainly through Murabaha, Ijarah, Diminishing Musharakah, Musharakah, Bai Muajjal Financing, Musawama, Salam, Istisna, Tijarah, Refinance under the SBP Islamic Refinance Schemes and financing under other government schemes. 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 utilised and the appropriate portion of profit thereon. The income on such financings is recognised in accordance with the principles of Islamic Shariah. The Bank determines credit loss allowance / provisions against Islamic financing and related assets on a prudent basis in accordance with the requirements of the Prudential Regulations, instructions issued by the SBP and the management estimates / assumption. Islamic financing and related assets are written off when there is no realistic prospect of recovery or to clean up the balance sheet as allowed by the SBP.

Net investment in finance lease

Leases where the Bank transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance leases. A receivable is recognised on commencement of lease term at an amount equal to the present value of minimum lease payments, including guaranteed residual value, if any. Unearned finance income is recognised over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease. The Bank determines credit loss allowance / provisions against investment in finance lease on a prudent basis in accordance with the requirements of the Prudential Regulations and instructions issued by the SBP and the management estimates / assumption. The assets are written off when there is no realistic prospect of recovery or to clean up the balance sheet as allowed by the SBP.

Ijarah assets (IFAS 2)

Ijarah assets are stated at cost less accumulated depreciation and are disclosed as part of 'Islamic financing and related assets'. The rental received / receivable on Ijarah under IFAS 2 are recorded as income / revenue. The Bank 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 rentals are determined in accordance with the requirements of the Prudential Regulations issued by the SBP. The provision for impairment of Ijarah Rentals is shown as part of 'Islamic financing and related assets'.

4.9 Property and equipment

4.9.1 Capital work in progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when assets become available for use.

4.9.2 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any, except land and buildings which are carried at revalued amounts less accumulated depreciation and impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the assets.

Depreciation is charged by applying the straight-line method using the rates specified in note 10.2 to these unconsolidated financial statements. The depreciation charge for the year is calculated after taking into account residual value, if any. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date. Depreciation on additions is charged from the date on which the assets are available for use and ceases on the date on which these are disposed off.

Maintenance and normal repairs are charged as expense, as and when incurred. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amounts do not differ materially from their fair values.

A revaluation surplus is recorded in other comprehensive income as part of surplus on revaluation of property and equipment in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the unconsolidated statement of profit and loss account, the increase is recognised in the unconsolidated statement of profit and loss account. A revaluation deficit is recognised in the unconsolidated statement of profit and loss account, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. A transfer from the asset revaluation surplus to unappropriated profit is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are taken to the unconsolidated statement of profit and loss account except that the related surplus / deficit on revaluation of property & equipment (net of deferred taxation) is transferred directly to unappropriated profit.

4.9.3 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortised using the straight-line method over their estimated useful lives. The useful lives and amortisation method are reviewed and adjusted, if appropriate at each reporting date. Intangible assets having an indefinite useful life are stated at acquisition cost, less impairment loss, if any. Intangible assets are assessed for impairment, if any, as described under note 4.16.

4.9.4 Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

4.9.4.1 Bank as a lessee

The Bank recognises lease liabilities to make lease payments and right-of-use assets over its lease term.

Right-of-use (RoU) assets

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

Lease liabilities

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

Determination of the lease term for lease contracts with renewal and termination options (Bank as a lessee)

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Bank has several lease contracts that include extension and termination options. The Bank applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive to exercise either the renewal or termination.

After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

Incremental borrowing rate (IBR)

The IBR is the rate of mark-up that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Bank estimates the IBR using observable inputs such as market interest rates.

4.9.4.2 Bank as a lessor

Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

4.9.5 Non-banking assets acquired in satisfaction of claim

Non-banking assets acquired in satisfaction of claims are stated at revalued amounts less accumulated depreciation thereon. The valuation of properties acquired under this head is conducted as per the SBP's requirement, so as to ensure that their net carrying values do not materially differ from their fair values. Any surplus arising on revaluation of such properties is transferred to the surplus on revaluation of non-banking assets in other comprehensive income, while any deficit arising on revaluation is charged to the unconsolidated statement of profit and loss account directly except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. Depreciation on assets acquired in satisfaction of claims is charged to the unconsolidated statement of profit and loss account on straight line method over the useful life of the assets. In addition, as per SBP circular, all direct costs, including legal fees and transfer costs linked with transferring the title of the property to the Bank is accounted as an expense in the unconsolidated statement of profit and loss account.

Any shares acquired in satisfaction of claims are stated at revalued amount at each reporting date with the corresponding deficit / surplus recognised in the unconsolidated statement of comprehensive income.

4.10 Deposits / borrowings and their cost

- a) Borrowings and deposits are recorded at the proceeds received except for Temporary Economic Refinance Facility (TERF) borrowings from the SBP which have been recorded at fair value on initial recognition. Unwinding of expense on fair value adjustment is recognised in the unconsolidated statement of profit and loss account.
- b) Cost of deposits and borrowings are recognised as an expense in the period in which these are incurred using effective mark-up / interest rate method.
- c) Swap cost arises when surplus foreign currency funds are sold to purchase local currency funds from the market. Swap cost is recorded as an expense in the period in which it is incurred.

4.10.1 Deposits - Islamic Banking

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

Deposits taken on Qard basis are classified as 'Current Account' and Deposits generated on Modaraba basis are classified as 'Savings Account' and 'Fixed Deposit Accounts'.

No profit or loss is passed on to current account depositors.

Profits realised in investment pools are distributed in pre-agreed profit sharing ratio.

Rab-ul-Maal (Customer) share is distributed amongst depositors according to weightages assigned at the inception of profit calculation period.

Mudarib (Bank) can distribute its share of profit to Rab-ul-Maal upto a specified percentage of its profit.

Profits are distributed from the pool so the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period.

Asset pools are created at the Bank's discretion and the Bank can add, amend, transfer an asset to any other pool in the interests of the deposit holders.

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.

4.11 Subordinated debts

Subordinated debts are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated debts is recognised separately as part of other liabilities and is charged to the unconsolidated statement of profit and loss account over the relevant period on an accrual basis.

4.12 Staff retirement / employee benefits

a) Defined benefit plan

The Bank operates an approved funded gratuity scheme, administered by the trustees, covering eligible employees whose period of employment with the Bank is five years or more. Contributions to the fund are made on the basis of actuarial recommendations. The Projected Unit Credit Method is used for the actuarial valuation. The actuarial valuations involve assumptions and estimates of discount rates, expected rates of return on assets, future salary increases and future inflation rates as disclosed in note 39.3. Actuarial gains and losses are recognised immediately in other comprehensive income.

b) Defined contribution plan

The Bank operates an approved provident fund scheme for all its regular permanent employees, administered by the Trustees. The Bank contributes 8.33% of basic salary in equal monthly contributions. However, employees have the option, to have their provident fund contribution deducted at 8.33%, 10% or 12% of their monthly basic salary.

c) Compensated absences

The Bank recognises the liability for compensated absences in respect of employees in the period in which these are earned up to the balance sheet date. The provision is recognised on the basis of actuarial recommendations.

d) Share based payment

The Bank has granted a cash award equivalent to the market value of the ordinary shares to certain employees under the Phantom Shares Award. The entitlement vests in employees in three (3) equivalent proportions on the vesting dates over a period of three (3) years. The grant date is January 01, 2021 and the first vesting date is 365 calendar days from the grant date. Subsequently, second and third vesting dates follow at intervals of 365 calendar days from the preceding vesting dates. On each vesting date, the employees shall be entitled to a cash award for 33.33% (thirty-three and one third percent) of the total Phantom Shares Entitlement equivalent to fair market value of the Bank's share on vesting date.

The Bank recognises compensation expense with corresponding liability at the fair value of the award. Until the liability is settled, the Bank re-measures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in the unconsolidated statement of profit and loss account for the period.

4.13 Foreign currencies

4.13.1 Functional and presentation currency

Items included in these unconsolidated financial statements are measured using the currency of the primary economic environment in which the Bank operates.

4.13.2 Transactions and balances

Transactions in foreign currencies are translated into Pakistani rupees at the exchange rates prevailing on the transaction date. Foreign exchange gains and losses arising from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the unconsolidated statement of profit and loss account.

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

4.13.3 Foreign operations

Assets and liabilities of foreign operations are translated into rupees at the exchange rates prevailing at the reporting date. The results of foreign operations are translated at the average rates of exchange for the year.

4.13.4 Translation gains and losses (foreign operations)

Translation gains and losses arising on the revaluations of net investments in foreign operations are recognised in exchange translation reserve in the unconsolidated statement of comprehensive income. These are recognised in the unconsolidated statement of profit and loss account on disposal.

4.13.5 Commitments

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

4.14 Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the Bank and the revenue can be reliably measured.

4.14.1 Advances and investments

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. Where debt securities are purchased at a premium or discount, such premium / discount is amortised through the unconsolidated statement of profit and loss account over the remaining maturity of the debt security using the effective interest rate method.

Income recoverable on classified advances and investments is recognised on a receipt basis. Income on rescheduled / restructured advances and investments is recognised as permitted by the SBP regulations or by the regulatory authorities of the countries where the Bank and its overseas branches operate.

Murabaha income is recognised on deferred income basis.

4.14.2 Lease financing

Income from lease financing is accounted for using the finance method. Under this method, the unearned lease income (defined as the sum of total lease rentals and estimated residual values less the cost of the leased assets) is deferred and taken to income over the term of the lease so as to produce a constant periodic rate of return on the outstanding net investment in the lease over the lease term. Gains or losses on termination of lease contracts are recognised as income when realised. Unrealised lease income and other fees on classified leases are recognised on a receipt basis.

Ijarah income is recognised on an accrual basis as and when the rentals become due. Depreciation in case of Ijarah is netted off from markup income.

4.14.3 Non mark-up / interest income

- The Bank earns fee and commission income from different services provided to customers. The recognition of fee and commission income depends on the purpose for which the fees are received. The majority share of the income classified as card related fees (debit and credit cards), commission on trade and commission on remittances constitute revenue from contracts with customers. Fee and commission income is recognised when the entity satisfies the performance obligation, either over time or at a specific point of time.
- Dividend income is recognised at the time when the Bank's right to receive the dividend has been established.
- Other income is recognised on accrual basis.

4.15 Taxation

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

4.15.1 Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credit and rebate.

4.15.2 Prior years

This charge includes tax charge for prior years arising from assessments, changes in estimates and changes in law.

4.15.3 Deferred

Deferred tax is recognised using the balance sheet liability method for all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for the taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

The difference between the carrying value and the recoverable value is recognised through the unconsolidated statement of profit and loss account as a deferred tax expense. The Bank also records a deferred tax asset / liability on items recognised directly in the unconsolidated statement of comprehensive income such as surplus / deficit on revaluation of assets.

Deferred tax liability is not recognised in respect of taxable temporary differences associated with exchange translation reserves of foreign branches, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

4.16 Impairment of non-financial assets

The carrying amount of assets is reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable at each reporting date. If any event exists, the recoverable amount of such assets is estimated and impairment losses are recognised immediately in these unconsolidated financial statements. The resulting impairment loss is taken to the unconsolidated statement of profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

4.17 Credit loss allowance for claims under guarantees and other off balance sheet obligations

Credit loss allowance for guarantee claims and other off balance sheet obligations is recognised when reasonable certainty exists for the Bank to settle the obligation. The charge to the unconsolidated statement of profit and loss account is stated net of expected recoveries and the obligation is recognised in other liabilities.

4.18 Other provisions

Other provisions are recognised when the Bank has a present, 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 estimate.

4.19 Contingent liabilities

Contingent liabilities are not recognised in the unconsolidated statement of financial position as these are possible obligations where it has yet to be confirmed whether a liability, which may ultimately result in an outflow of economic benefits, will arise. If the probability of an outflow of economic resources under contingent liability is considered remote, it is not disclosed.

4.20 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are off-set and the net amount reported in the unconsolidated financial statements only when there is a legally enforceable right to set-off the recognised amount and the Bank intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the unconsolidated financial statements only when permitted by the accounting and reporting standards as applicable in Pakistan.

4.21 Derivative financial instruments

Derivative assets and liabilities are initially recognised at fair value on the date on which a derivative contract is entered into and subsequently remeasured at fair value through profit and loss except for derivatives that are in a designated hedge accounting relationship.

Where derivatives are held for risk management purposes, and when transactions meet the required criteria for documentation and hedge effectiveness, the Bank applies fair value hedge accounting or cash flow hedge accounting as appropriate to the risks being hedged.

The Bank has elected to apply hedge accounting requirements of IAS 39 'Financial Instruments: Recognition and Measurement' for derivatives designated as hedging instruments as allowed under paragraph 7.2.21 of IFRS 9. Subsequent measurement of derivatives designated as hedging instrument depends on whether the hedge is designated as a fair value hedge or a cash flow hedge as explained below:

Fair value hedge

Changes in fair value of derivatives (hedging instrument) that qualify and are designated as fair value hedges are recognised in the unconsolidated statement of profit and loss account, together with changes in the fair value of hedged assets (hedged item) that are attributable to hedged risk. The fair value changes of the hedged asset or liability adjust its carrying value and are also recognised in the unconsolidated statement of profit and loss account except for equity instruments carried at FVOCI where the adjustment is included in other comprehensive income.

If the hedge relationship no longer meets the criteria for hedge accounting, the hedge accounting is discontinued. If the hedged item is sold or repaid, the fair value adjustment is immediately recognised in profit and loss.

Cash flow hedge

For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognised initially in other comprehensive income and then recycled to the unconsolidated statement of profit and loss account in the periods in which the hedged item will affect the profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the unconsolidated statement of profit and loss account immediately.

When a hedging instrument expires or is sold or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged item ultimately affects or is recognised in the unconsolidated statement of profit and loss account. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the unconsolidated statement of profit and loss account.

Measuring hedge effectiveness

For a hedge to qualify for hedge accounting, it must be highly effective, with changes in the fair value or cash flows of the hedging instrument expected to offset those of the hedged item within a range of 80%–125%. Hedge ineffectiveness, to the extent it occurs, is recognised in profit or loss. A hedging instrument is a financial instrument used to offset changes in the fair value or cash flows of a designated hedged item, which may be a recognised asset, a liability, or an unrecognised firm commitment exposed to specific risks.

4.22 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. Acceptances are accounted for as on balance sheet transactions.

4.23 Dividends and appropriation to reserves

Dividends declared and appropriations made subsequent to the reporting date of the unconsolidated statement of financial position are considered as non adjusting events and are recorded as a liability in these unconsolidated financial statements in the year in which they are approved by the directors / shareholders, as appropriate except appropriations which are required by the law.

4.24 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) to its shareholders.

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, adjusted for the impact of treasury stocks, if any.

Diluted EPS is calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure of the Bank. Segment performance is reported to the senior management of the Bank on a monthly basis for the purpose of strategic decision making and performance evaluation.

4.25.1 Business segments

Retail banking

This comprises loans, deposits, trade, wealth management and other banking transactions with retail, individual customers, commercial and small and middle sized customers of the Bank. The product suite offered to individual customers includes credit cards, auto loans, housing finance and personal loans.

Corporate banking

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

Treasury

This segment includes liquidity management activities carried out through borrowing, lending, money market, capital market, FX and merchant banking operations. The investments of the Bank primarily towards government securities and risk management activities via the use of forward contracts and derivatives are reported here.

Digital banking

Digital Banking includes the digitalisation initiatives of the Bank catering to Consumer and SME customers' savings, investments, financing and payments needs through various digital channels such as Mobile App - Alfa, Internet Banking, ATM, Cash Deposit Machines, Contact Center, Chat and WhatsApp banking, the Agent Network, the e-commerce platform (AlfaMall), QR merchants, Alfa Business App, online Alfa Payment Gateway, Digital Sales and Service Center and Digital branches. This segment also manages Branchless Banking products and G2P Disbursements such as blue collar payroll, EOBI Pension, Benazir Income Support Program (BISP) and other provincial G2P mandates.

Islamic banking (Domestic)

This segment pertains to full scale Islamic Banking operations of the Bank.

International operations

This segment comprises of business activities related to the Bank's overseas operations, namely, banking activities in Bangladesh, Afghanistan, United Arab Emirates and the Kingdom of Bahrain.

Others

This includes the head office related activities, and all other activities not directly tagged or allocated to the segments above.

4.25.2 Geographical segments

The Bank operates in three geographical regions namely:

- Pakistan
- Asia Pacific (including South Asia)
- Middle East

	Note	2025 ------(Rupees in '000)-----	2024
5 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		52,330,676	48,323,420
- foreign currency		5,139,284	5,594,597
		57,469,960	53,918,017
With State Bank of Pakistan in			
- local currency current accounts	5.1	80,978,592	92,348,385
- foreign currency current accounts	5.2	9,870,481	7,192,719
- foreign currency deposit accounts	5.3	16,191,056	10,832,548
		107,040,129	110,373,652
With other central banks in			
- foreign currency current accounts	5.4	59,377,172	60,980,202
- foreign currency deposit accounts	5.5	1,493,118	1,820,112
		60,870,290	62,800,314
With National Bank of Pakistan in local currency current account		2,044,071	628,396
Prize bonds		86,871	119,605
		227,511,321	227,839,984
Less: Credit loss allowance held against cash and balances with treasury banks		(48,165)	(16,005)
Cash and balances with treasury banks - net of credit loss allowance		227,463,156	227,823,979
5.1	These represent local currency current account maintained under the cash reserve requirement of the SBP.		
5.2	These represent US Dollar and other foreign currency settlement accounts and a foreign currency current account maintained under the cash reserve requirement of the SBP.		
5.3	These represent foreign currency deposit account maintained under the special cash reserve of the SBP. Profit rates on these deposits are fixed by the SBP on a monthly basis. These deposits carry interest rates ranging from 2.86% to 3.35% (2024: 3.53% to 4.35%) per annum.		
5.4	These represent deposits with other central banks pertaining to the overseas operations of the Bank to meet their minimum cash reserves and capital requirements.		
5.5	These represent deposits with other central banks pertaining to the overseas operations of the Bank, in accordance with their regulatory requirements and carry interest rates ranging from 0.00% to 4.08% (2024: 0.00% to 5.44%) per annum.		

	Note	2025 ------(Rupees in '000)-----	2024
6 BALANCES WITH OTHER BANKS			
In Pakistan in current accounts		11,898	37,316
Outside Pakistan			
- in current accounts	6.1	24,073,844	18,406,200
- in deposit accounts	6.2	32,014	31,982
		24,105,858	18,438,182
		24,117,756	18,475,498
Less: Credit loss allowance held against balances with other banks		(8,204)	(5,890)
Balances with other banks - net of credit loss allowance		24,109,552	18,469,608

- 6.1** These include amounts held in automated investment plans. The Bank is entitled to earn interest from correspondent banks at agreed rates ranging from 3.09% to 3.58% per annum (2024: 3.83% to 4.33% per annum) when the balance exceeds a specified amount.
- 6.2** These include placements of funds generated through foreign currency deposits scheme (FE-25) and non-contractual deposits at interest rates ranging from 1.25 % to 2.00% per annum (2024: 0.25 % to 2.00% per annum).

	Note	2025 ------(Rupees in '000)-----	2024 ------(Rupees in '000)-----
7 LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings	7.1	4,674,360	1,792,764
Repurchase agreement lendings (Reverse Repo)	7.2 & 7.5	15,000,000	94,208,913
Bai Muajjal receivable - other financial institution	7.3	-	4,997,525
	7.4 & 7.6	19,674,360	100,999,202
Less: Credit loss allowance held against lendings to financial institutions	7.6	(68)	(879)
Lendings to financial institutions - net of credit loss allowance		<u>19,674,292</u>	<u>100,998,323</u>

7.1 These represent lendings to financial institutions at mark-up rates ranging from 10.0% to 10.50% per annum (2024: 5.50% to 18.60% per annum) having maturities up to January 2026 (2024: February 2025).

7.2 These represent short term lendings to financial institutions against investment securities. These carry mark-up rates up to 10.50% per annum (2024: 12.90% to 20.40% per annum) with maturities up to January 2026 (2024: January 2025).

7.3 In 2024, this represented a Bai Muajjal agreement carrying mark-up at the rate of 14.00% per annum which matured in April 2025.

	2025 ------(Rupees in '000)-----	2024 ------(Rupees in '000)-----
7.4 Particulars of lendings - gross		
In local currency	18,300,000	99,606,438
In foreign currencies	1,374,360	1,392,764
	<u>19,674,360</u>	<u>100,999,202</u>

7.5 Securities held as collateral against lendings to financial institutions

	2025			2024		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	------(Rupees in '000)-----					
Market Treasury Bills	-	-	-	27,261,660	-	27,261,660
Pakistan Investment Bonds	15,000,000	-	15,000,000	66,947,253	-	66,947,253
Total	<u>15,000,000</u>	<u>-</u>	<u>15,000,000</u>	<u>94,208,913</u>	<u>-</u>	<u>94,208,913</u>

2025		2024	
Lendings	Credit loss allowance held	Lendings	Credit loss allowance held

------(Rupees in '000)-----

7.6 Lendings to financial institutions - Particulars of credit loss allowance

Domestic					
Performing	Stage 1	18,300,000	49	99,606,438	754
Overseas					
Performing	Stage 1	1,374,360	19	1,392,764	125
Total		19,674,360	68	100,999,202	879

2025				2024			
Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total

------(Rupees in '000)-----

Opening balance	879	-	-	879	443	-	-	443
Impact of adoption of IFRS 9	-	-	-	-	13,066	-	-	13,066
	879	-	-	879	13,509	-	-	13,509
Exchange and other adjustments	-	-	-	-	(14)	-	-	(14)
New financial assets originated or purchased	68	-	-	68	893	-	-	893
Financial assets that have been derecognised	(879)	-	-	(879)	(13,509)	-	-	(13,509)
Closing balance	68	-	-	68	879	-	-	879

8 INVESTMENTS

Note

8.1 Investments by type:

2025				2024			
Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying value

------(Rupees in '000)-----

DEBT INSTRUMENTS:

Classified / measured at amortised cost:

Federal Government Securities									
- Pakistan Investment Bonds	8.8	154,179,505	-	-	154,179,505	218,414,195	-	-	218,414,195
- Ijarah Sukuks	8.8	40,484,392	-	-	40,484,392	40,376,451	-	-	40,376,451
Non Government Debt Securities									-
- Term Finance Certificates		349,680	(24,714)	-	324,966	324,680	(24,715)	-	299,965
- Sukuks		2,964,553	(29,257)	-	2,935,296	3,509,612	(56,421)	-	3,453,191
Foreign Securities									
- Overseas Bonds - Sovereign	8.6.3.1	12,685,594	(14,524)	-	12,671,070	15,601,311	(216)	-	15,601,095
		210,663,724	(68,495)	-	210,595,229	278,226,249	(81,352)	-	278,144,899

Classified / measured at FVOCI:

Federal Government Securities									
- Market Treasury Bills	8.8	499,822,811	-	2,662,370	502,485,181	22,007,486	-	428,380	22,435,866
- Pakistan Investment Bonds	8.8	754,647,088	-	24,086,480	778,733,568	1,009,681,395	-	14,952,851	1,024,634,246
- Ijarah Sukuks	8.8	210,939,890	-	5,225,757	216,165,647	241,695,919	-	9,230,018	250,925,937
- Government of Pakistan Euro Bonds		14,474,416	(1,770,177)	2,488,438	15,192,677	12,368,725	(2,145,627)	922,305	11,145,403
Shares									
- Preference shares - Unlisted	8.5.2.2	25,000	(25,000)	-	-	25,000	(25,000)	-	-
Non Government Debt Securities									
- Term Finance Certificates		1,802,621	(99,924)	-	1,702,697	2,076,398	(111,745)	-	1,964,653
- Sukuks		306,511	(96,511)	12,577	222,577	15,584,244	(96,511)	140,246	15,627,979
Foreign Securities									
- Overseas Bonds - Sovereign	8.5.4.1	51,506,024	(28,329)	(401,445)	51,076,250	50,691,578	(77,534)	(1,417,964)	49,196,080
- Overseas Bonds - Others	8.5.4.2	36,111,967	(6,850)	(258,329)	35,846,788	26,231,004	(7,505)	(1,030,029)	25,193,470
		1,569,636,328	(2,026,791)	33,815,848	1,601,425,385	1,380,361,749	(2,463,922)	23,225,807	1,401,123,634
Balance carried forward		1,780,300,052	(2,095,286)	33,815,848	1,812,020,614	1,658,587,998	(2,545,274)	23,225,807	1,679,268,531

Note	2025				2024			
	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying value
----- (Rupees in '000) -----								
	1,780,300,052	(2,095,286)	33,815,848	1,812,020,614	1,658,587,998	(2,545,274)	23,225,807	1,679,268,531
8.8	150,646,774	-	88,233	150,735,007	74,055,824	-	(5,499)	74,050,325
8.8	148,435,134	-	987,996	149,423,130	183,913,135	-	47,072	183,960,207
8.8	252,784	-	(674)	252,110	1,733,628	-	10,084	1,743,712
	819,226	-	-	819,226	2,651,621	-	-	2,651,621
	8,289,997	-	(9,657)	8,280,340	13,043,880	-	(6,799)	13,037,081
	308,443,915	-	1,065,898	309,509,813	275,398,088	-	44,858	275,442,946
	-	-	-	-	-	-	500,000	500,000
	1,450,000	-	-	1,450,000	1,450,000	-	-	1,450,000
	422,444	-	1,332	423,776	422,000	-	444	422,444
tes	7,849,325	-	20,685	7,870,010	5,913,093	-	2,401,955	8,315,048
	9,721,769	-	22,017	9,743,786	7,785,093	-	2,902,399	10,687,492
8.5.2.1	13,929,483	-	12,276,445	26,205,928	10,202,508	-	4,768,790	14,971,298
8.5.2.2	1,319,050	-	5,167,448	6,486,498	1,351,363	-	1,471,825	2,823,188
	1,034,094	-	5,753	1,039,847	1,000,489	-	514,493	1,514,982
8.5.4.3	266,966	-	(5,184)	261,782	265,427	-	(8,246)	257,181
8.5.4.3	560,308	-	-	560,308	557,108	-	-	557,108
	17,109,901	-	17,444,462	34,554,363	13,376,895	-	6,746,862	20,123,757
	4,885,433	-	255,065	5,140,498	2,432,428	-	1,099,694	3,532,122
8.1.1	68,990	-	-	68,990	68,990	-	-	68,990
8.1.1	978,123	-	-	978,123	978,123	-	-	978,123
8.1.1	130,493	-	-	130,493	130,493	-	-	130,493
	1,177,606	-	-	1,177,606	1,177,606	-	-	1,177,606
8.1.1	-	-	-	-	1,505,217	(1,505,217)	-	-
8.1.1	1,300,000	-	-	1,300,000	1,000,000	-	-	1,000,000
	1,300,000	-	-	1,300,000	2,505,217	(1,505,217)	-	1,000,000
	2,122,938,676	(2,095,286)	52,603,290	2,173,446,680	1,961,263,325	(4,050,491)	34,019,620	1,991,232,454

8.1.1 Particulars of assets and liabilities of subsidiaries and associates

2025						
Subsidiary / Associate	Country of incorporation	Percentage of holding	Audited / Un-audited	Assets	Liabilities	Revenue
(Rupees in '000)						
Alfalsh Currency Exchange (Private) Limited	Pakistan	100.00%	Audited	1,330,610	151,400	162,620
Alfalsh Insurance Company Limited	Pakistan	30.00%	Un-audited	10,811,177	7,168,687	4,093,483
Sapphire Wind Power Company Limited	Pakistan	30.00%	Un-audited	15,124,169	501,326	5,074,041
Alfalsh Asset Management Limited	Pakistan	40.22%	Un-audited	4,674,032	1,376,545	3,627,370
						853,424
						853,424

2024						
Subsidiary / Associate	Country of incorporation	Percentage of holding	Audited / Un-audited	Assets	Liabilities	Revenue
(Rupees in '000)						
Alfalsh Securities (Private) Limited	Pakistan	95.59%	Un-audited	1,850,958	1,358,817	872,727
Alfalsh Currency Exchange (Private) Limited	Pakistan	100.00%	Audited	1,081,681	58,738	164,315
Alfalsh Insurance Company Limited	Pakistan	30.00%	Audited	7,622,491	4,327,101	2,847,132
Sapphire Wind Power Company Limited	Pakistan	30.00%	Un-audited	19,530,002	3,853,062	5,263,562
Alfalsh Asset Management Limited	Pakistan	40.22%	Un-audited	3,473,064	1,014,104	2,477,239
						653,210
						653,210

8.1.1.1 The shareholders of the Bank in annual general meeting held on March 20, 2025 approved to sell the entire shareholding in its subsidiary, Alfalah Securities (Private) Limited. The sale transaction was completed during the year in accordance with the applicable legal and regulatory requirements against a consideration of Rs. 396.857 million.

8.1.1.2 During the year, the Bank has made a further investment of Rs. 300 million (2024: Rs. 1,000 million) in its wholly owned subsidiary Alfalah Currency Exchange (Private) Limited.

8.2 Investments by segments:

Federal Government Securities:

- Market Treasury Bills
- Pakistan Investment Bonds
- Government of Pakistan Euro Bonds
- Ijarah Sukuks
- Naya Pakistan Certificates

2025				2024			
Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying value
650,469,585	-	2,750,603	653,220,188	96,063,310	-	422,881	96,486,191
1,057,261,727	-	25,074,476	1,082,336,203	1,412,008,725	-	14,999,923	1,427,008,648
14,474,416	(1,770,177)	2,488,438	15,192,677	12,368,725	(2,145,627)	922,305	11,145,403
251,677,066	-	5,225,083	256,902,149	283,805,998	-	9,240,102	293,046,100
819,226	-	-	819,226	2,651,621	-	-	2,651,621
1,974,702,020	(1,770,177)	35,538,600	2,008,470,443	1,806,898,379	(2,145,627)	25,585,211	1,830,337,963

Shares:

- Listed companies
- Unlisted companies

18,814,916	-	12,531,510	31,346,426	12,634,936	-	5,868,484	18,503,420
1,344,050	(25,000)	5,167,448	6,486,498	1,376,363	(25,000)	1,971,825	3,323,188
20,158,966	(25,000)	17,698,958	37,832,924	14,011,299	(25,000)	7,840,309	21,826,608

Mutual Fund / REIT Fund:

- Listed company

1,034,094	-	5,753	1,039,847	1,000,489	-	514,493	1,514,982
1,034,094	-	5,753	1,039,847	1,000,489	-	514,493	1,514,982

Non Government Debt Securities:

- Listed
- Unlisted

1,785	(1,785)	-	-	14,859,519	(1,785)	133,817	14,991,551
7,294,024	(248,621)	13,909	7,059,312	8,507,415	(287,607)	6,873	8,226,681
7,295,809	(250,406)	13,909	7,059,312	23,366,934	(289,392)	140,690	23,218,232

Foreign Securities:

- Government securities
- Non Government Debt securities
- Equity security - Listed
- Preference shares - Unlisted

72,481,615	(42,853)	(411,102)	72,027,660	79,336,769	(77,750)	(1,424,763)	77,834,256
43,961,292	(6,850)	(237,644)	43,716,798	32,144,097	(7,505)	1,371,926	33,508,518
266,966	-	(5,184)	261,782	265,427	-	(8,246)	257,181
560,308	-	-	560,308	557,108	-	-	557,108
117,270,181	(49,703)	(653,930)	116,566,548	112,303,401	(85,255)	(61,083)	112,157,063

Associates:

- Alfalah Insurance Company Limited
- Limited
- Alfalah Asset Management Limited

68,990	-	-	68,990	68,990	-	-	68,990
978,123	-	-	978,123	978,123	-	-	978,123
130,493	-	-	130,493	130,493	-	-	130,493
1,177,606	-	-	1,177,606	1,177,606	-	-	1,177,606

Subsidiaries

- Alfalah Securities (Private) Limited
- Alfalah Currency Exchange (Private) Limited

-	-	-	-	1,505,217	(1,505,217)	-	-
1,300,000	-	-	1,300,000	1,000,000	-	-	1,000,000
1,300,000	-	-	1,300,000	2,505,217	(1,505,217)	-	1,000,000

Total investments

2,122,938,676	(2,095,286)	52,603,290	2,173,446,680	1,961,263,325	(4,050,491)	34,019,620	1,991,232,454

8.2.1 Investments given as collateral

- Market Treasury Bills
- Pakistan Investment Bonds
- Overseas Bonds

2025	2024
(Rupees in '000)	
410,985,208	18,948,162
260,026,252	952,096,877
36,926,637	8,759,125
707,938,097	979,804,164

The market value of securities given as collateral is Rs. 718,094.513 million (2024: Rs. 993,194.012 million).

8.3 Credit loss allowance / provision for diminution in value of total investments

Opening balance
Impact of adoption of IFRS 9
Balance as at January 01 after adopting IFRS 9

2025	2024
(Rupees in '000)	
4,050,491	3,660,630
60,074	(437,729)
4,110,565	3,222,901

Exchange and other adjustments

26,012 (29,753)

Charge / (reversals)

- Charge for the year
- Reversals for the year
- Reversal on disposals

361,487	1,436,742
(372,998)	(578,980)
(524,563)	(419)
(536,074)	857,343

Adjustment of provision on disposal of subsidiary
Closing balance

(1,505,217)	-
2,095,286	4,050,491

8.4 Particulars of credit loss allowance against debt securities

8.4.1 Investments - exposure

	2025				2024					
	Stage 1	Stage 2	Stage 3	Outstanding exposure	Total	Stage 1	Stage 2	Stage 3	Outstanding exposure	Total
(Rupees in '000)										
Gross carrying amount	79,118,991	12,368,725	314,307	14,211,152	106,013,175	70,747,537	14,715,017	-	21,235,786	106,698,340
Impact of adoption of IFRS 9	14,211,152	-	-	(14,211,152)	-	338,500	-	445,945	(735,865)	48,580
Balance as at January 01 after adopting IFRS 9	93,330,143	12,368,725	314,307	-	106,013,175	71,086,037	14,715,017	445,945	20,499,921	106,746,920
Exchange and other adjustments	659,838	127,594	-	-	787,432	(485,576)	(126,064)	-	(1,893,381)	(2,505,021)
New investments	73,084,768	6,218,961	-	-	79,303,729	36,415,879	1,682,335	-	5,401,905	43,500,119
Investments derecognised or repaid	(65,247,568)	(4,183,896)	(38,948)	-	(69,470,412)	(27,577,960)	(3,931,522)	(131,638)	(9,797,293)	(41,438,413)
Others	(817,346)	(56,968)	-	-	(874,314)	(319,389)	28,959	-	-	(290,430)
Closing balance	7,019,854	1,978,097	(38,948)	-	8,959,003	8,518,530	(2,220,228)	(131,638)	(4,395,388)	1,771,276
	101,009,835	14,474,416	275,359	-	115,759,610	79,118,991	12,368,725	314,307	14,211,152	106,013,175

8.4.2 Credit loss allowance / provision against debt securities

	2025				2024					
	Stage 1	Stage 2	Stage 3	Specific	Total	Stage 1	Stage 2	Stage 3	Specific	Total
(Rupees in '000)										
Opening balance	85,340	2,145,627	314,307	-	2,545,274	116,563	2,355,129	-	735,865	3,207,557
Impact of adoption of IFRS 9	60,074	-	-	-	60,074	47	-	445,945	(735,865)	(289,873)
Balance as at January 01 after adopting IFRS 9	145,414	2,145,627	314,307	-	2,605,348	116,610	2,355,129	445,945	-	2,917,684
Exchange and other adjustments	(363)	26,375	-	-	26,012	(1,643)	(28,110)	-	-	(29,753)
New investments	24,970	334,288	-	-	359,258	5,550	264,129	-	-	269,679
Investments derecognised or repaid	(112,409)	(736,098)	(38,948)	-	(887,455)	(38,767)	(134,427)	(131,638)	-	(304,832)
Changes in risk parameters	(7,862)	(15)	-	-	(7,877)	3,590	(311,094)	-	-	(307,504)
Closing balance	(95,301)	(401,825)	(38,948)	-	(536,074)	(29,627)	(181,392)	(131,638)	-	(342,657)
	49,750	1,770,177	275,359	-	2,095,286	85,340	2,145,627	314,307	-	2,545,274

8.4.3 Particulars of credit loss allowance / provision against debt securities

Category of classification		2025		2024	
		Outstanding amount	Credit loss allowance	Outstanding amount	Credit loss allowance
(Rupees in '000)					
Domestic					
Performing	Stage 1	706,250	47	806,250	85
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		275,359	275,359	314,307	314,307
		981,609	275,406	1,120,557	314,392
Overseas					
Performing	Stage 1	100,303,585	49,703	78,312,741	85,255
		-	-	14,211,152	-
Underperforming	Stage 2	14,474,416	1,770,177	12,368,725	2,145,627
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
Total		115,759,610	2,095,286	106,013,175	2,545,274

8.4.3.1 The debt securities amounting to Rs. 1,660,073.686 million and Rs. 4,466.756 million (2024: Rs. 1,532,175.446 million and Rs. 20,399.377 million) pertain to Government securities and Government guaranteed exposure respectively and these exposures are exempted for the calculation of ECL by the SBP.

8.5 Quality of fair value through other comprehensive income (FVOCI) securities

Details regarding quality of securities held under "held to collect and sell" model are as follows:

8.5.1 Federal Government Securities - Government guaranteed	2025	2024
	Cost	
	(Rupees in '000)	
Market Treasury Bills	499,822,811	22,007,486
Pakistan Investment Bonds	754,647,088	1,009,681,395
Ijarah Sukuks	210,939,890	241,695,919
Government of Pakistan Euro Bonds	14,474,416	12,368,725
	1,479,884,205	1,285,753,525

8.5.2 Shares

8.5.2.1 Listed Companies

Ordinary Shares

Sectors:

Cement	-	202,892
Chemicals	147,270	17,909
Commercial Banks	3,808,415	3,216,739
Fertilizer	4,487,829	4,396,788
Investment Banks	15,000	15,000
Oil and Gas Exploration Companies	2,132,130	1,301,800
Oil and Gas Marketing Companies	422,978	160,059
Pharmaceuticals	25,608	25,608
Power Generation & Distribution	1,850,124	865,713
Transport	725,766	-
Technology and Communication	314,363	-
	13,929,483	10,202,508

8.5.2.2 Unlisted Companies

Unlisted Companies	Break up value as at	2025		2024	
		Cost	Breakup value	Cost	Breakup value
Ordinary Shares		------(Rupees in '000)-----			
Al-Hamara Avenue (Private) Limited	June 30, 2010	50,000	47,600	50,000	47,600
Pakistan Export Finance Guarantee Agency Limited	June 30, 2010	5,725	286	5,725	286
Pakistan Mortgage Refinance Company Limited	Dec 31, 2024	300,000	967,499	300,000	788,577
Pakistan Corporate Restructuring Company Limited	Dec 31, 2023	-	-	32,313	20,484
Society for worldwide Interbank Financial Telecommunication	Dec 31, 2024	4,095	55,465	4,095	49,173
TriconBoston Consulting Corporation (Private) Limited	June 30, 2025	769,230	3,617,418	769,230	3,218,745
1 Link (Private) Limited	Dec 31, 2024	50,000	1,798,265	50,000	1,182,173
Qistbazar (Private) Limited	Sep 30, 2024	140,000	20,294	140,000	-
		1,319,050	6,506,827	1,351,363	5,307,038
Preference Shares					
Trust Investment Bank Limited	Dec 31, 2017	25,000	27,784	25,000	27,784
		1,344,050	6,534,611	1,376,363	5,334,822

8.5.3 Non Government Debt Securities

8.5.3.1 Listed

Categorised based on long term rating by Credit Rating Agencies:

- Unrated

1,785	14,859,519
1,785	14,859,519

8.5.3.2 Unlisted

Categorised based on long term rating by Credit Rating Agencies:

- AAA

- Unrated

1,912,697	2,594,652
194,650	206,471
2,107,347	2,801,123

Total Non Government Debt Securities

2,109,132	17,660,642

8.5.4 Foreign Securities

8.5.4.1 Government Securities

	2025		2024	
	Cost Rupees in '000	Rating	Cost Rupees in '000	Rating
United States of America	1,355,942	AA+u	1,343,121	AA+u
Republic of Korea	1,387,904	AA	1,377,417	AA
United Arab Emirates	25,183,323	AA-	28,339,647	AA-
Dubai	1,400,675	Unrated	1,949,858	Unrated
Abu Dhabi	3,352,721	AA	1,953,348	AA
Italy	-	-	1,092,899	Baa3u
Republic of Kazakhstan	658,171	BBB-	579,944	BBB-
Sharjah	5,465,036	BBB-	3,438,277	BBB-
State of Kuwait	4,207,140	AA-	-	-
Kingdom of Saudi Arabia	4,249,981	A+	3,321,276	A+
Republic of Chile	-	-	29,190	A-
Area Republic of Egypt	-	-	557,108	B-
Republic of Philippines	560,308	BBB+	1,414,700	BBB+
Indonesia	3,684,823	Baa2	1,671,300	Baa2
Republic of South Africa	-	-	1,395,149	Ba2
Sultanate of Oman	-	-	2,228,344	Ba1
	<u>51,506,024</u>		<u>50,691,578</u>	

8.5.4.2 Non Government Debt Securities - Overseas securities

Unlisted

Categorised based on long term rating by Credit Rating Agencies:

	2025	2024
	----- (Rupees in '000) -----	
- AA+, AA, AA-	5,183,960	1,671,043
- A+, A, A-	22,341,314	16,232,466
- BBB+, BBB, BBB-	5,239,123	3,612,069
- A3	3,347,570	4,715,426
	<u>36,111,967</u>	<u>26,231,004</u>

8.5.4.3 Equity securities

Ordinary Shares - Listed

AI Ansari Financial Services PJSC

266,966	265,427
<u>266,966</u>	<u>265,427</u>

Preference Shares - Unlisted

Acamas Ventures Holding Limited

560,308	557,108
<u>827,274</u>	<u>822,535</u>

8.6 Particulars relating to securities classified under Amortised Cost (AC)

Details regarding quality of securities held under "held to collect" model are as follows:

	2025	2024
	----- (Rupees in '000) -----	
8.6.1 Federal Government Securities - Government guaranteed		
- Pakistan Investment Bonds	154,179,505	218,414,195
- Ijarah Sukuks	40,484,392	40,376,451
	<u>194,663,897</u>	<u>258,790,646</u>

8.6.2 Non Government Debt Securities

Unlisted

Categorised based on long term rating by Credit Rating Agencies:

- AAA	2,629,058	2,946,991
- AA+, AA, AA-	100,000	-
- A+, A, A-	531,250	656,250
- Unrated	53,925	231,051
	<u>3,314,233</u>	<u>3,834,292</u>

8.6.3 Foreign Securities

8.6.3.1 Government Securities

	2025		2024	
	Cost	Rating	Cost	Rating
	Rupees in '000		Rupees in '000	
People's Republic of Bangladesh	11,285,965	BB-	14,211,153	BB-
State of Qatar	1,399,629	AA	1,390,158	AA
	<u>12,685,594</u>		<u>15,601,311</u>	

8.7 The market value of securities classified at amortised cost as at December 31, 2025 amounted to Rs. 214,074.433 million (2024: Rs. 279,284.570 million).

8.8 Investments include securities amounting to Rs. 1,992,458.540 million (2024: Rs. 1,816,540.939 million) which are held by the Bank to comply with the statutory liquidity requirements as set out under Section 29 of the Banking Companies Ordinance, 1962.

9 ADVANCES

ADVANCES	Note	Performing		Non Performing		Total	
		2025	2024	2025	2024	2025	2024
		----- (Rupees in '000) -----					
Classified at amortised cost							
Loans, cash credits, running finances, etc.	9.1 & 9.2	762,898,168	929,992,559	41,006,331	36,402,132	803,904,499	966,394,691
Islamic financing and related assets	9.3	315,199,483	166,361,932	5,628,820	5,688,223	320,828,303	172,050,155
Bills discounted and purchased		26,060,353	16,129,793	900,622	269,602	26,960,975	16,399,395
		1,104,158,004	1,112,484,284	47,535,773	42,359,957	1,151,693,777	1,154,844,241
Classified at FVPL							
Loans, cash credits, running finances, etc.		1,800,000	1,200,000	-	-	1,800,000	1,200,000
Fair value adjustment on loans - FVPL		-	213,735	-	-	-	213,735
		1,800,000	1,413,735	-	-	1,800,000	1,413,735
Advances - gross	9.6.1	1,105,958,004	1,113,898,019	47,535,773	42,359,957	1,153,493,777	1,156,257,976
Credit loss allowance / provision against advances							
- Stage 1		(1,483,302)	(2,232,954)	-	-	(1,483,302)	(2,232,954)
- Stage 2		(835,423)	(1,388,083)	-	-	(835,423)	(1,388,083)
- Stage 3		-	-	(42,095,261)	(38,436,013)	(42,095,261)	(38,436,013)
- Specific	9.8	-	-	-	(587,690)	-	(587,690)
- General	9.8	(4,155,956)	(4,237,082)	-	-	(4,155,956)	(4,237,082)
	9.6.2	(6,474,681)	(7,858,119)	(42,095,261)	(39,023,703)	(48,569,942)	(46,881,822)
Advances - net of credit loss allowance /provision		1,099,483,323	1,106,039,900	5,440,512	3,336,254	1,104,923,835	1,109,376,154

9.1 These include net investment in right-of-use assets / 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	279,598	5,431,657	45,196	5,756,451	213,345	2,487,541	48,895	2,749,781
Residual value	243,511	1,830,282	10,492	2,084,285	245,951	896,321	9,659	1,151,931
Minimum lease payments	523,109	7,261,939	55,688	7,840,736	459,296	3,383,862	58,554	3,901,712
Financial charges for future periods	(22,652)	(1,035,743)	(9,599)	(1,067,994)	(10,163)	(428,095)	(12,139)	(450,397)
Present value of Minimum Lease Payments	<u>500,457</u>	<u>6,226,196</u>	<u>46,089</u>	<u>6,772,742</u>	<u>449,133</u>	<u>2,955,767</u>	<u>46,415</u>	<u>3,451,315</u>

9.2 Advances include an amount of Rs. 423.653 million (2024: Rs. 395.404 million), being Employee Loan facilities allowed to Citibank, N.A, Pakistan's employees, which were either taken over by the Bank, or were granted afresh, under a specific arrangement executed between the Bank and Citibank, N.A, Pakistan. The said arrangement is subject to certain relaxations as specified vide SBP Letter BPRD/BRD/Citi/2017/21089 dated September 11, 2017.

The said arrangement covers only existing employees of Citibank, N.A, Pakistan, and the relaxations provided by the SBP are on continual basis, but subject to review by the SBP's BID and OSED departments. These loans carry mark-up at the rates ranging from 13.79% to 33.69% (2024: 14.83% to 33.69%) per annum with maturities up to July 2045 (2024: October 2043).

9.3 These represent financing and related assets placed under shariah compliant modes and presented in Annexure-II.

	2025	2024
----- (Rupees in '000) -----		
9.4 Particulars of advances (gross)		
In local currency	1,038,968,318	1,038,683,097
In foreign currencies	114,525,459	117,574,879
	<u>1,153,493,777</u>	<u>1,156,257,976</u>

9.5 Advances to Women, Women-owned and Managed Enterprises

Women	12,544,598	11,128,285
Women Owned and Managed Enterprises	38,485,439	38,695,723
	<u>51,030,037</u>	<u>49,824,008</u>

9.5.1 Gross loans disbursed to women, women-owned and managed enterprises during the year amounted to Rs. 197,725.253 million (2024: Rs. 160,183.053 million).

9.6 Advances - Credit loss allowance / provision against advances

9.6.1 Advances - Gross exposure

	2025			2024		
	Stage 1	Stage 2	Outstanding exposure	General	Total	Outstanding exposure
						Stage 3
Opening balance	965,148,477	112,325,725	41,704,512	-	1,156,257,976	-
Impact of adoption of IFRS 9	32,509,585	3,914,232	655,445	-	592,396,782	772,890,291
Balance as at January 01 after adopting IFRS 9	997,658,062	116,239,957	42,359,957	-	1,156,257,976	772,890,291
Exchange and other adjustments	(477,357)	(67,840)	(11,360)	-	(556,557)	(732,087,941)
						40,802,350
						-
						(3,820,456)
New advances	556,138,257	89,896,134	6,760,970	-	652,795,361	1,664,460
Advances derecognised or repaid	(593,445,158)	(51,074,323)	(9,211,766)	-	(653,731,247)	(1,619,026)
Transfer to stage 1	25,214,343	(25,214,343)	-	-	-	-
Transfer to stage 2	(28,164,392)	28,407,849	(243,457)	-	3,811,311	-
Transfer to stage 3	(3,267,759)	(5,885,426)	9,153,185	-	(32,997,011)	-
	(43,524,709)	36,129,891	6,458,932	-	(4,372,020)	8,256,801
Amounts written off	-	-	(22,402)	-	(22,402)	-
Amounts charged off	-	-	(1,223,608)	-	(1,223,608)	-
Amounts charged off - agriculture financing	-	-	(25,746)	-	(25,746)	-
Closing balance	953,655,996	152,302,008	47,535,773	-	1,153,493,777	37,079,262
						417,484,573
						(19,688)
						(2,310,924)
						(125,477)
						-
						1,156,257,976

9.6.2 Advances - Credit loss allowance / provision against advances

	2025				2024						
	Expected Credit Loss		Specific	General	Total	Expected Credit Loss		Specific	General	Total	
	Stage 1	Stage 2				Stage 1	Stage 2				Stage 3
(Rupees in '000)											
Opening balance	2,232,954	1,388,083	38,436,013	587,690	4,237,082	46,881,822	-	-	32,373,670	9,861,797	42,235,467
Impact of adoption of IFRS 9	50,662	49,899	587,751	(587,690)	-	100,622	3,383,875	1,941,645	(31,883,354)	(7,715,503)	5,330,502
Balance as at January 01 after adopting IFRS 9	2,283,616	1,437,982	39,023,764	-	4,237,082	46,982,444	3,383,875	1,941,645	33,603,839	8,146,294	47,565,969
Exchange and other adjustments	867	-	(10,355)	-	(6,265)	(15,753)	(249)	-	(49,929)	(35,775)	(85,953)
New advances	625,481	220,290	6,806,443	-	-	7,652,214	589,912	228,688	10,736,585	55,479	11,610,664
Due to credit deterioration	-	-	2,933,284	-	-	2,933,284	-	-	3,472,716	92,815	3,565,531
Advances derecognised or repaid / reversal	(703,271)	(541,415)	(5,400,513)	-	(74,861)	(6,720,060)	(1,348,975)	(337,218)	(6,805,825)	(991)	(3,873,437)
Transfer to stage 1	148,383	(148,383)	-	-	-	-	209,329	(209,329)	-	-	-
Transfer to stage 2	(83,450)	314,803	(231,353)	-	-	-	(342,027)	342,027	-	-	-
Transfer to stage 3	(11,376)	(111,023)	122,399	-	-	-	(31,165)	(234,816)	265,981	-	-
Changes in risk parameters	(776,948)	(336,831)	123,348	-	-	(990,431)	(227,746)	(342,914)	(381,194)	-	(951,854)
Amounts written off	(801,181)	(602,559)	4,353,608	-	(74,861)	2,875,007	(1,150,672)	(553,562)	7,288,263	147,303	1,857,895
Amounts charged off	-	-	(22,402)	-	-	(22,402)	-	-	(19,688)	-	(19,688)
Closing balance	1,483,302	835,423	42,095,261	-	4,155,956	48,569,942	2,232,954	1,388,083	38,436,013	587,690	46,881,822

9.6.3 Net advances - Credit loss allowance / provision details - Internal / External rating / stage classification

	2025					2024						
	Stage 1	Stage 2	Stage 3	Outstanding exposure	General	Total	Stage 1	Stage 2	Stage 3	Outstanding exposure	General	Total
(Rupees in '000)												
Outstanding gross exposure												
Performing - Stage 1												
ORR 1 to 9	689,798,311	-	-	-	-	689,798,311	837,822,286	-	-	-	-	837,822,286
Others	263,857,685	-	-	-	-	263,857,685	127,326,191	-	-	-	-	127,326,191
Under Performing - Stage 2												
ORR 1 to 9	-	144,208,335	-	-	-	144,208,335	-	110,503,850	-	-	-	110,503,850
Others	-	8,093,673	-	-	-	8,093,673	-	1,821,875	-	36,423,817	-	38,245,692
Non-performing - Stage 3												
OAEM	-	-	156,345	-	-	156,345	-	-	237,808	-	-	237,808
Substandard	-	-	3,376,759	-	-	3,376,759	-	-	2,991,264	38,700	-	3,029,964
Doubtful	-	-	6,256,133	-	-	6,256,133	-	-	2,311,039	-	-	2,311,039
Loss	-	-	37,746,536	-	-	37,746,536	-	-	36,164,401	616,745	-	36,781,146
	-	-	47,535,773	-	-	47,535,773	-	-	41,704,512	655,445	-	42,359,957
Total	953,655,996	152,302,008	47,535,773	-	-	1,153,493,777	965,148,477	112,325,725	41,704,512	37,079,262	-	1,156,257,976
Corresponding ECL												
Stage 1 and stage 2	(1,483,302)	(835,423)	-	-	(4,155,956)	(6,474,681)	(2,232,954)	(1,388,083)	-	-	(4,237,082)	(7,858,119)
Stage 3	-	-	(42,095,261)	-	-	(42,095,261)	-	-	(38,436,013)	(587,690)	-	(39,023,703)
	952,172,694	151,466,585	5,440,512	-	(4,155,956)	1,104,923,835	962,915,523	110,937,642	3,268,499	36,491,572	(4,237,082)	1,109,376,154

9.7 Advances include Rs. 47,535,773 million (2024: Rs. 42,359,957 million) which have been placed under non-performing status as detailed below:

Category of classification in Stage 3

	2025		2024	
	Non-Performing Loans	Credit loss allowance / provision	Non-Performing Loans	Credit loss allowance / provision
(Rupees in '000)				
Domestic				
Other Assets Especially Mentioned (OAEM)	156,345	366	237,808	-
Substandard	3,347,182	1,385,197	2,991,264	1,260,906
Doubtful	6,256,133	3,106,590	2,311,039	1,103,457
Loss	37,093,274	36,992,066	36,164,401	36,071,650
	46,852,934	41,484,219	41,704,512	38,436,013
Overseas				
Substandard	29,577	13,154	38,700	23,355
Doubtful	-	-	-	-
Loss	653,262	597,888	616,745	564,335
	682,839	611,042	655,445	587,690
Total	47,535,773	42,095,261	42,359,957	39,023,703

9.8 Particulars of credit loss allowance / provision against advances

	2025				2024						
	Expected Credit Loss			Total	Expected Credit Loss			Total			
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3				
									(Rupees in '000)		
Opening balance	2,232,954	1,388,083	38,436,013	587,690	4,237,082	46,881,822	-	-	32,373,670	9,861,797	42,235,467
Impact of adoption of IFRS 9	50,662	49,899	587,751	(587,690)	-	100,622	3,383,875	1,941,645	33,603,839	(31,883,354)	5,330,502
Balance as at January 01 after adopting IFRS 9	2,283,616	1,437,982	39,023,764	-	4,237,082	46,982,444	3,383,875	1,941,645	33,603,839	490,316	47,565,969
Exchange and other adjustments	867	-	(10,355)	-	(6,265)	(15,753)	(249)	-	(49,929)	(35,775)	(85,953)
Charge for the year	625,481	220,291	9,739,727	-	-	10,585,499	589,912	228,688	14,209,301	148,294	15,176,195
Reversals for the year	(1,480,219)	(878,247)	(5,277,165)	-	(74,861)	(7,710,492)	(1,576,721)	(680,132)	(7,187,019)	(991)	(3,873,437)
	(854,738)	(657,956)	4,462,562	-	(74,861)	2,875,007	(986,809)	(451,444)	7,022,282	147,303	1,857,895
Transfer	53,557	55,397	(108,954)	-	-	-	(163,863)	(102,118)	265,981	-	-
Amounts written off	-	-	(22,402)	-	-	(22,402)	-	-	(19,688)	-	(19,688)
Amounts charged off	-	-	(1,223,608)	-	-	(1,223,608)	-	-	(2,310,924)	-	(2,310,924)
Amounts charged off - agriculture financing	-	-	(25,746)	-	-	(25,746)	-	-	(125,477)	-	(125,477)
	53,557	55,397	(1,380,710)	-	-	(1,271,756)	(163,863)	(102,118)	(2,190,108)	-	(2,456,089)
Closing balance	1,483,302	835,423	42,095,261	-	4,155,956	48,569,942	2,232,954	1,388,083	38,436,013	587,690	46,881,822

9.8.1 Particulars of credit loss allowance / provision against advances

	2025			2024		
	Stage 1 & 2 / General	Stage 3 / Specific	Total	Stage 1 & 2 / General	Stage 3 / Specific	Total
	(Rupees in '000)					
In local currency	5,930,608	41,484,219	47,414,827	7,368,037	38,436,013	45,804,050
In foreign currencies	544,073	611,042	1,155,115	490,082	587,690	1,077,772
	6,474,681	42,095,261	48,569,942	7,858,119	39,023,703	46,881,822

9.8.2 Particulars of charged-off loans / advances / finances

	2025		2024	
	No of borrowers	Rupees in '000	No of borrowers	Rupees in '000
Corporate, Commercial and SME				
Opening balance of charged-off	186	2,982,475	44	2,267,137
Charge-off during the year	165	174,416	145	1,331,003
Sub total	351	3,156,891	189	3,598,140
Recoveries made during the year against already charged-off cases	(22)	(292,397)	(2)	(247,585)
Amount written off from already charged off loans	-	-	-	-
Other movement	-	-	(1)	(368,080)
Closing balance of charged-offs	329	2,864,494	186	2,982,475

9.8.3 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax as at December 31, 2025 which is not available for distribution as either cash or stock dividend to shareholders / bonus to employees amounted to Rs. 29.418 million (2024: Rs. 24.108 million).

9.8.4 During the year, non performing loans and provisions were reduced by Rs. 442.462 million (2024: Rs. 5,317.765 million) due to debt property swap transactions.

9.8.5 General provision includes:

(i) Provision held at overseas branches to meet the requirements of the regulatory authorities of the respective countries in which overseas branches operate; and

(ii) Provision of Rs. 3,878.000 million (December 31, 2024: Rs. 3,878.000 million) against the high risk portfolio. The portfolio excludes GoP backed exposure, staff loans and loans secured against liquid collaterals.

9.8.6 Although the Bank has made provision against its non-performing portfolio as per the category of classification of the loan, the Bank holds enforceable collateral in the event of recovery through litigation. These securities comprise of charge against various tangible assets of the borrower including land, building and machinery, stock in trade etc.

	Note	2025 ------(Rupees in '000)-----	2024
9.9 Particulars of Write Offs:			
9.9.1 Against provisions	9.9.2	22,402	19,688
Directly charged to the statement of profit and loss account		-	-
		<u>22,402</u>	<u>19,688</u>
9.9.2 Write offs of Rs. 500,000 and above :			
- Domestic	9.10	2,255	2,243
- Overseas		-	-
Write offs below Rs. 500,000		20,147	17,445
		<u>22,402</u>	<u>19,688</u>

9.10 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 as Annexure-I to these unconsolidated financial statements.

	Note	2025 ------(Rupees in '000)-----	2024
10 PROPERTY AND EQUIPMENT			
Capital work-in-progress	10.1	4,763,629	3,471,199
Property and equipment	10.2	66,336,838	60,072,285
		<u>71,100,467</u>	<u>63,543,484</u>
10.1 Capital work-in-progress			
Civil works		4,135,038	3,187,748
Equipment		620,749	252,122
Others		7,842	31,329
		<u>4,763,629</u>	<u>3,471,199</u>

10.2 Property and equipment

2025									
Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Leasehold improve- ment	Furniture and fixture	Office equipment	Vehicles	Total	
(Rupees in '000)									
At January 01, 2025									
Cost / revalued amount	14,163,936	14,585,369	4,682,652	6,016,472	13,522,226	3,609,654	28,386,040	1,088,933	86,055,282
Accumulated depreciation	-	-	-	-	(6,470,234)	(2,077,723)	(16,927,263)	(507,777)	(25,982,997)
Net book value	14,163,936	14,585,369	4,682,652	6,016,472	7,051,992	1,531,931	11,458,777	581,156	60,072,285
Year ended December 2025									
Opening net book value	14,163,936	14,585,369	4,682,652	6,016,472	7,051,992	1,531,931	11,458,777	581,156	60,072,285
Additions	283,710	12,606	258,687	367,924	3,025,057	711,281	5,148,018	1,793,172	11,600,455
Disposals	-	-	-	-	(1,598)	(1,318)	(26,346)	(31,619)	(60,881)
Depreciation charge	-	-	(139,376)	(185,061)	(1,055,147)	(236,445)	(4,062,666)	(342,780)	(6,021,475)
Exchange rate adjustments	-	-	-	-	1,309	211	(968)	124	676
Other adjustments / transfers	-	-	-	761,977	(201)	(118)	(15,880)	-	745,778
Closing net book value	14,447,646	14,597,975	4,801,963	6,961,312	9,021,412	2,005,542	12,500,935	2,000,053	66,336,838
At December 31, 2025									
Cost / revalued amount	14,447,646	14,597,975	4,941,338	7,164,397	16,547,106	4,223,175	32,979,837	2,737,552	97,639,026
Accumulated depreciation	-	-	(139,375)	(203,085)	(7,525,694)	(2,217,633)	(20,478,902)	(737,499)	(31,302,188)
Net book value	14,447,646	14,597,975	4,801,963	6,961,312	9,021,412	2,005,542	12,500,935	2,000,053	66,336,838
Rate of depreciation (percentage)									
	-	-	2.5%	2.5%	10% - 20%	10% - 25%	12.5% - 50%	14.2% - 25%	
2024									
Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Leasehold improve- ment	Furniture and fixture	Office equipment	Vehicles	Total	
(Rupees in '000)									
At January 01, 2024									
Cost / revalued amount	10,645,215	5,770,417	3,248,703	5,164,912	10,294,025	2,837,353	23,548,519	510,450	62,019,594
Accumulated depreciation	-	-	(185,400)	(262,957)	(5,776,521)	(2,009,596)	(15,097,916)	(396,233)	(23,728,623)
Net book value	10,645,215	5,770,417	3,063,303	4,901,955	4,517,504	827,757	8,450,603	114,217	38,290,971
Year ended December 2024									
Opening net book value	10,645,215	5,770,417	3,063,303	4,901,955	4,517,504	827,757	8,450,603	114,217	38,290,971
Additions	1,291,657	5,610,174	662,379	456,936	3,347,384	859,033	6,326,755	626,429	19,180,747
Movement in surplus on assets revalued during the year	2,298,814	3,204,778	1,073,947	824,954	-	-	-	-	7,402,493
Deficit on revaluation recognised in the profit and loss account - net	(4,500)	-	(7,560)	(9,410)	-	-	-	-	(21,470)
Disposals	(67,250)	-	-	-	(4,016)	(337)	(34,030)	(216)	(105,849)
Depreciation charge	-	-	(110,286)	(158,086)	(797,742)	(160,201)	(3,271,804)	(158,027)	(4,656,146)
Exchange rate adjustments	-	-	-	-	(3,358)	(498)	(3,020)	(138)	(7,014)
Other adjustments / transfers	-	-	869	123	(7,780)	6,177	(9,727)	(1,109)	(11,447)
Closing net book value	14,163,936	14,585,369	4,682,652	6,016,472	7,051,992	1,531,931	11,458,777	581,156	60,072,285
At December 31, 2024									
Cost / revalued amount	14,163,936	14,585,369	4,682,652	6,016,472	13,522,226	3,609,654	28,386,040	1,088,933	86,055,282
Accumulated depreciation	-	-	-	-	(6,470,234)	(2,077,723)	(16,927,263)	(507,777)	(25,982,997)
Net book value	14,163,936	14,585,369	4,682,652	6,016,472	7,051,992	1,531,931	11,458,777	581,156	60,072,285
Rate of depreciation (percentage)									
	-	-	2.5%	2.5%	10% - 20%	10% - 25%	12.5% - 50%	25%	

10.2.1 Land and buildings were revalued on December 31, 2024 on the basis of market values, determined by independent valuers M/s Akbani & Javed Associates, M/s Savills, M/s Harvester Service (Private) Limited, M/s Hamid Mukhtar & Co. (Private) Limited, M/s Creative Consultants & Construction, Joseph Lobo (Private) Limited and Paradigm Inspections (Private) Limited. Had there been no revaluation, the carrying amount of the revalued assets as at December 31, 2025 would have been Rs. 20,978.976 million (2024: Rs. 19,508.477 million).

	2025		2024	
	Net book value at cost	Net book value at revalued amount	Net book value at cost	Net book value at revalued amount
------(Rupees in '000)-----				
Freehold land	5,524,599	14,447,646	5,240,889	14,163,936
Leasehold land	8,386,091	14,597,975	8,373,485	14,585,369
Buildings on freehold land	3,146,984	4,801,963	2,983,814	4,682,652
Buildings on leasehold land	3,921,302	6,961,312	2,910,289	6,016,472
	<u>20,978,976</u>	<u>40,808,896</u>	<u>19,508,477</u>	<u>39,448,429</u>

	2025	2024
	------(Rupees in '000)-----	
10.2.2 The cost of fully depreciated assets that are still in the Bank's use is as follows:		
Furniture and fixture	1,632,666	1,690,608
Office equipment	11,941,020	10,442,347
Vehicle	250,975	311,855
Leasehold improvement	4,509,570	4,329,492
	<u>18,334,231</u>	<u>16,774,302</u>

10.2.3 There are no restrictions or discrepancies on the property's title, and no mortgage is associated with it.

10.2.4 During the year, a non banking asset having net book value of Rs. 761.977 million (including surplus of Rs. 12.541 million) was transferred to property and equipment.

10.2.5 Disposal of property and equipments to related parties is disclosed in Annexure III to these unconsolidated financial statements.

11	RIGHT-OF-USE ASSETS	Note	2025 Buildings	2024 Buildings
			------(Rupees in '000)-----	
	At January 01			
	Cost / revalued amount		36,609,168	28,813,726
	Accumulated depreciation		(11,318,561)	(8,862,155)
	Net book value		<u>25,290,607</u>	<u>19,951,571</u>
	Year ended December 31			
	Opening net book value		25,290,607	19,951,571
	Additions / renewals / amendments / (terminations) - net		5,626,450	9,309,533
	Depreciation charge	31	(4,538,289)	(3,923,093)
	Exchange rate / other adjustments		(1,225)	(47,404)
	Closing net book value		<u>26,377,543</u>	<u>25,290,607</u>
	At December 31			
	Cost / revalued amount		40,232,388	36,609,168
	Accumulated depreciation		(13,854,845)	(11,318,561)
	Net book value		<u>26,377,543</u>	<u>25,290,607</u>
	Rate of depreciation (percentage)		<u>5% - 100%</u>	<u>5% - 100%</u>

12	INTANGIBLE ASSETS			
	Capital work-in-progress / advance payments to suppliers		432,589	396,879
	Software	12.1	1,290,967	1,146,230
			<u>1,723,556</u>	<u>1,543,109</u>

	Note	2025 Softwares ------(Rupees in '000)-----	2024 Softwares ------(Rupees in '000)-----
12.1 At January 01			
Cost		6,187,747	5,608,425
Accumulated amortisation and impairment		(5,041,517)	(4,675,062)
Net book value		<u>1,146,230</u>	<u>933,363</u>
Year ended December 31			
Opening net book value		1,146,230	933,363
Additions - directly purchased		557,475	588,081
Amortisation charge	31	(412,559)	(374,884)
Exchange and other adjustments		(179)	(330)
Closing net book value		<u>1,290,967</u>	<u>1,146,230</u>
At December 31			
Cost		6,743,588	6,187,747
Accumulated amortisation and impairment		(5,452,621)	(5,041,517)
Net book value		<u>1,290,967</u>	<u>1,146,230</u>
Rate of amortisation (percentage)		<u>20%</u>	<u>20%</u>
Useful life		<u>5 years</u>	<u>5 years</u>
12.2	Included in cost of intangible assets (software) are fully amortised items still in use having cost of Rs. 4,628.979 million (2024: Rs. 4,205.298 million).		
13 OTHER ASSETS	Note	2025 ------(Rupees in '000)-----	2024 ------(Rupees in '000)-----
Income / mark-up accrued in local currency - net		60,141,410	82,067,618
Income / mark-up accrued in foreign currencies - net		2,971,667	2,724,193
Advances, deposits, advance rent and other prepayments		4,179,959	4,582,638
Advance taxation (payments less provisions)		1,787,413	3,673,656
Advance against subscription of share		55,343	-
Non-banking assets acquired in satisfaction of claims	13.1	7,541,885	7,830,251
Mark to market gain on forward foreign exchange contracts		1,794,697	1,288,538
Mark to market gain on derivatives	24.2	1,643,940	3,128,782
Stationery and stamps on hand		23,355	28,155
Defined benefit plan	39.4	2,713,892	1,331,990
Branch adjustment account		-	29,195
Alternative Delivery Channel (ADC) settlement accounts	13.3	8,918,232	-
Due from card issuing banks		3,697,630	2,817,994
Accounts receivable		19,104,140	10,613,225
Claims against fraud and forgeries	13.2	122,736	108,907
Acceptances		45,736,218	33,015,615
Receivable against Government of Pakistan and overseas government securities		12,448	44,928
Receivable against marketable securities		1,054,801	400,576
Deferred cost on staff loans	13.4	23,828,039	21,080,743
Others		<u>90,982</u>	<u>135,539</u>
		185,418,787	174,902,543
Less: Credit loss allowance / provision held against other assets	13.5	(4,920,297)	(3,466,022)
Other assets (net of credit loss allowance / provision)		<u>180,498,490</u>	<u>171,436,521</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net	13.1 & 22	609,549	491,882
Other assets - total		<u>181,108,039</u>	<u>171,928,403</u>
13.1 Market value of non-banking assets acquired in satisfaction of claims:			
- Properties		8,151,434	8,304,691
- Shares		-	17,442
		<u>8,151,434</u>	<u>8,322,133</u>

The non-banking assets (properties) of the Bank have been revalued by independent professional valuers as at December 31, 2025. The revaluation was carried out by M/s. Harvester Service (Private) Limited and M/s Joseph Lobo (Private) Limited on the basis of professional assessment of present market values which resulted in an increase in surplus by Rs. 144.707 million (2024: Rs. 337.561 million).

	Note	2025 ------(Rupees in '000)-----	2024
13.1.1 Non-banking assets acquired in satisfaction of claims - gross of provision			
Opening balance		8,322,133	1,857,092
Additions		534,000	6,414,100
Disposals	13.1.1.2	(23,721)	(240,000)
Revaluation (charged to OCI)		150,985	337,561
Transfer to property and equipment	13.1.1.1	(761,977)	-
Depreciation	31	(69,986)	(46,620)
Closing balance		<u>8,151,434</u>	<u>8,322,133</u>

13.1.1.1 During the year, a non banking asset having net book value of Rs. 761.977 million (including surplus of Rs. 12.541 million) was transferred to property and equipment.

	2025 ------(Rupees in '000)-----	2024
13.1.1.2 Gain on disposal of non-banking assets acquired in satisfaction of claims		
Disposal proceeds	27,089	267,800
Less		
- Cost	8,227	240,000
- Surplus	15,494	-
	<u>23,721</u>	<u>240,000</u>
Gain on disposal	<u>3,368</u>	<u>27,800</u>

13.2 This represents fraud and forgery amount receivable from an insurance company and other sources. Credit loss allowance has been held against non-recoverable amount.

13.3 This represents settlement arising from channel transaction at the cut off date which were subsequently cleared.

13.4 This refers to notional deferred cost on subsidised staff loans fair valuation.

	Note	2025 ------(Rupees in '000)-----	2024
13.5 Credit loss allowance / provision held against other assets			
Impairment against overseas operations	13.5.2	3,762,351	2,708,477
Expected credit loss		32,456	181,325
Fraud and forgeries		122,736	108,907
Accounts receivable		772,498	223,161
Others		230,256	244,152
		<u>4,920,297</u>	<u>3,466,022</u>

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

Opening balance	3,466,022	2,984,277
Impact of adoption of IFRS 9	862	370,152
Balance as at January 01 after adopting IFRS 9	<u>3,466,884</u>	<u>3,354,429</u>
Exchange and other adjustments	(5,293)	(2,777)
Charge for the year	1,680,896	531,375
Reversals for the year	<u>(187,975)</u>	<u>(372,333)</u>
	1,492,921	159,042
Amount written off	<u>(34,215)</u>	<u>(44,672)</u>
Closing balance	<u>4,920,297</u>	<u>3,466,022</u>

13.5.2 The Bank, in light of uncertain conditions in one of the countries where the Bank operates, holds an impairment of Rs. 3,762.351 million (2024: Rs. 2,708.477 million) against the cross border risk.

	2025 ------(Rupees in '000)-----	2024
14 BILLS PAYABLE		
In Pakistan	55,189,647	41,462,676
Outside Pakistan	<u>1,768,322</u>	<u>305,650</u>
	<u>56,957,969</u>	<u>41,768,326</u>

15 BORROWINGS
Note
2025
2024
----- (Rupees in '000) -----
Secured

Borrowings from the State Bank of Pakistan under:

Export Refinance Scheme
Long-Term Finance Facility
Financing Facility for Renewable Energy Projects
Financing Facility for Storage of Agriculture Produce (FFSAP)
Temporary Economic Refinance Facility (TERF)
Export Refinance under Bill Discounting
SME Asaan Finance (SAAF)
Refinance Facility for Combating COVID (RFCC)
Refinance and Credit Guarantee Scheme for Women Entrepreneurs
Modernization of Small and Medium Entities (MSMES)
Other refinance schemes
Repurchase agreement borrowings

16,530,301	26,867,803
15,939,430	20,278,409
11,730,666	13,762,263
750,932	698,919
22,080,355	25,697,206
15,189,403	14,253,363
4,785,327	7,073,103
688,185	932,258
458,974	117,106
2,105,849	1,855,749
57,526	55,730
639,717,757	911,260,540
730,034,705	1,022,852,449

Repurchase agreement borrowings

67,541,995 32,209,792

Bai Muajjal

- 48,654,565

Total secured
797,576,700 1,103,716,806
Unsecured

Call borrowings
Overdrawn nostro accounts
Borrowings of overseas branches
Others

20,988,165	11,414,695
2,684,675	15,736,314
90,950	5,750,351
7,872,733	2,464,030
2,914,659	2,803,546
34,551,182	38,168,936

Total unsecured

15.1

832,127,882 1,141,885,742
15.1 Mark-up & Maturities of Borrowing Facilities

	2025		2024	
	Mark-up per annum	Maturities upto	Mark-up per annum	Maturities upto
Borrowings from State Bank of Pakistan (secured)				
Export Refinance Scheme	6.00% - 7.00%	June-26	9.00% - 16.50%	June-25
Long-Term Finance Facility	2.00% - 7.00%	July-32	2.00% - 7.00%	July-32
Financing facility for renewable energy projects	2.00% - 3.00%	June-36	2.00% - 3.00%	June-36
Financing Facility for Storage of Agriculture Produce (FFSAP)	2.00% - 3.25%	June-34	2.00% - 3.25%	June-34
Temporary Economic Refinance Facility	1.00%	September-33	1.00%	September-33
Export Refinance under Bill Discounting	1.00% - 2.00%	June-26	1.00% - 2.00%	June-25
SME Asaan Finance (SAAF)	1.00% - 3.00%	June-34	1.00% - 3.00%	June-34
Refinance Facility for Combating COVID (RFCC)	0.00%	June-27	0.00%	June-27
Refinance and Credit Guarantee Scheme for Women Entrepreneurs	0.00%	August-30	0.00%	November-29
Modernization of Small and Medium Entities (MSMES)	2.00%	August-32	2.00%	October-31
Other refinance schemes	0.00% - 2.00%	December-29	0.00%	December-25
Repurchase Agreement Borrowings	10.55% - 11.50%	January-26	13.09% - 13.11%	January-25
Other Borrowings (secured)				
Repurchase agreement borrowings	4.20% - 11.00%	November-26	4.95% - 13.00%	January-25
Bai Muajjal	-	-	8.38% - 8.48%	July-25
Other Borrowings (unsecured)				
Call borrowings	5.13% - 11.00%	January-26	5.25% - 18.43%	June-25
Overdrawn nostro accounts	0.00%	No Maturity	0.00%	No Maturity
Borrowings of overseas branches	1.00%	October-29	3.00% - 6.78%	June-29
Others - Pakistan Mortgage Refinance Company	6.50% - 18.23%	September-28	6.50% - 18.23%	May-27
Others - Karandaaz Risk Participation	9.00% - 28.49%	September-34	9.00% - 28.49%	April-25

15.2 Particulars of borrowings with respect to currencies
2025
2024
----- (Rupees in '000) -----

In local currency

776,478,226 1,103,603,090

In foreign currencies

55,649,656 38,282,652

832,127,882 1,141,885,742

16 DEPOSITS AND OTHER ACCOUNTS

	2025			2024		
	In Local currency	In Foreign currencies	Total	In Local currency	In Foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	797,623,294	146,092,338	943,715,632	644,305,838	165,613,660	809,919,498
Savings deposits	582,480,833	46,121,610	628,602,443	607,199,365	34,755,471	641,954,836
Term deposits	489,942,118	91,166,717	581,108,835	315,007,439	69,798,774	384,806,213
Others	32,836,812	11,027,005	43,863,817	35,232,274	12,915,513	48,147,787
	1,902,883,057	294,407,670	2,197,290,727	1,601,744,916	283,083,418	1,884,828,334
Financial Institutions						
Current deposits	5,108,983	5,966,173	11,075,156	4,387,043	2,747,963	7,135,006
Savings deposits	150,983,805	525,614	151,509,419	186,276,613	2,372,391	188,649,004
Term deposits	98,246,000	8,272,581	106,518,581	47,797,204	8,366,800	56,164,004
Others	6,972,358	22,841,858	29,814,216	136,154	120	136,274
	261,311,146	37,606,226	298,917,372	238,597,014	13,487,274	252,084,288
	2,164,194,203	332,013,896	2,496,208,099	1,840,341,930	296,570,692	2,136,912,622

16.1 Composition of deposits	2025	2024
	(Rupees in '000)	
- Individuals	1,022,157,034	919,929,695
- Government (Federal and Provincial)	240,202,369	134,884,401
- Public Sector Entities	214,091,399	148,273,278
- Banking Companies	3,128,546	334,557
- Non-Banking Financial Institutions	295,788,826	251,749,731
- Private Sector / Others	720,839,925	681,740,960
	2,496,208,099	2,136,912,622

16.2 Current deposits include remunerative current deposits of Rs. 40,186.585 million (2024: Rs. 26,618.402 million).

16.3 Deposits include eligible deposits of Rs. 1,297,818.837 million (2024: Rs. 1,127,444.250 million) protected under Depositors Protection Mechanism introduced by the SBP.

16.4 Current deposits include prepaid cards amounting to Rs. 0.231 million (2024: Rs. 17.663 million).

17 LEASE LIABILITIES	Note	2025	2024
		(Rupees in '000)	
Opening as at January 01		29,481,938	22,894,533
Additions / renewals / amendments / (terminations) - net		5,466,127	9,245,802
Finance charges		4,310,585	3,503,522
Lease payments including interest		(6,786,693)	(6,108,213)
Exchange rate / other adjustment		(805)	(53,706)
Closing net carrying amount		32,471,152	29,481,938

17.1 Contractual maturity of lease liabilities

Short-term lease liabilities - within one year	2,415,548	2,045,816
Long-term lease liabilities		
- 1 to 5 years	13,247,135	11,045,465
- 5 to 10 years	16,808,469	14,026,334
- More than 10 years	-	2,364,323
	32,471,152	29,481,938

18 SUBORDINATED DEBT

Term Finance Certificates VI - Additional Tier-I (ADT-1)	18.1	7,000,000	7,000,000
Term Finance Certificates VIII - Additional Tier-I (ADT-1)	18.2	7,000,000	7,000,000
		14,000,000	14,000,000

18.1 Term Finance Certificates VI - Additional Tier-I (ADT-1) - Quoted, Unsecured

The Bank issued listed, fully paid-up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by the SBP under BPRD Circular No. 6 dated August 15, 2013. Summary of terms and conditions of the issue are:

Issue amount	Rs. 7,000,000,000
Issue date	March 2018
Maturity date	Perpetual
Rating	"AA+" (Double A plus) by the Pakistan Credit Rating Agency Limited.
Security	Unsecured
Ranking	Subordinated to all other indebtedness of the Bank including deposits but superior to equity.
Profit payment frequency	Payable semi-annually in arrears.
Redemption	Perpetual
Mark-up	For the period at end of which the Bank is in compliance with the Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 1.50% with no step up feature. Base Rate is defined as the six month KIBOR (ask side) prevailing on one (1) business day prior to the previous profit payment date.
Lock-in-clause	Mark-up will only be paid from the Bank's current year's earnings and if the Bank is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.
Loss absorbency clause	In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Bank to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.
Call option	The Bank may, at its sole discretion, exercise a call option any time after five years from the issue date, subject to prior approval of the SBP and instrument is replaced with capital of the same and better quality.

18.2 Term Finance Certificates VIII - Additional Tier-I (ADT-1) - Quoted, Unsecured

The Bank issued Rs. 7,000 million of privately placed, listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by the SBP under BPRD circular No. 06 dated August 15, 2013. Summary of key terms and conditions of the issue are as follows:

Issue amount	Rs. 7,000,000,000
Issue date	December 2022
Maturity date	Perpetual
Rating	"AA+" (Double A plus) by the Pakistan Credit Rating Agency Limited.
Security	Unsecured
Ranking	Subordinated to all other indebtedness of the Bank including deposits but superior to equity.
Profit payment frequency	Payable semi-annually in arrears.
Redemption	Perpetual
Mark-up	For the period at end of which the Bank is in compliance with the Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 2.00% with no step up feature. Base Rate is defined as the six month KIBOR (ask side) prevailing on one (1) business day prior to previous profit payment date.
Lock-in-clause	Mark-up will only be paid from the Bank's current year's earnings and if the Bank is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.
Loss absorbency clause	In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Bank to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.
Call option	The Bank may, at its sole discretion, exercise a call option any time after five years from the issue date, subject to prior approval of the SBP and instrument is replaced with capital of the same and better quality.

19 DEFERRED TAX LIABILITIES

2025					
At January 01, 2025	Impact of adoption of IFRS 9	Balance as at January 01 after adopting IFRS 9	Recognised in P&L charge / (reversal)	Recognised in OCI	At December 31, 2025

----- (Rupees in '000) -----

Deductible temporary differences on:

- Credit loss allowance / provision against investments	(2,375,374)	(31,238)	(2,406,612)	464,717	-	(1,941,895)
- Credit loss allowance / provision against advances	(4,857,280)	(53,734)	(4,911,014)	974,836	-	(3,936,178)
- Modification of advances	(49,009)	-	(49,009)	9,101	-	(39,908)
- Credit loss allowance / provision against other assets	(1,534,994)	(448)	(1,535,442)	(808,623)	-	(2,344,065)
- Lease liabilities	-	-	-	(17,784,947)	-	(17,784,947)
- Credit loss allowance against balances with treasury banks	(8,679)	(1,964)	(10,643)	(14,590)	-	(25,233)
- Credit loss allowance against balances with other banks	(2,082)	(469)	(2,551)	(731)	-	(3,282)
- Credit loss allowance against lendings to financial institutions	(311)	-	(311)	421	-	110
- Workers' welfare fund	(2,504,065)	-	(2,504,065)	(719,729)	-	(3,223,794)
	(11,331,794)	(87,853)	(11,419,647)	(17,879,545)	-	(29,299,192)

Taxable temporary differences on:

- Unrealised gain on FVPL investments	2,087,729	-	2,087,729	(1,704,594)	-	383,135
- Unrealised gain on FVPL advances	111,143	-	111,143	(111,143)	-	-
- Unrealised net gain on fair value of refinancing schemes	643,213	-	643,213	(74,588)	-	568,625
- Right-of-use assets	-	-	-	13,716,323	-	13,716,323
- Surplus on revaluation of FVOCI investments	17,236,946	1,629,242	18,866,188	-	8,728,771	27,594,959
- Surplus on revaluation of property and equipments	2,386,906	-	2,386,906	-	80,281	2,467,187
- Surplus on revaluation of non banking assets	177,167	-	177,167	(8,057)	71,583	240,693
- Exchange translation reserve	-	-	-	-	3,538,319	3,538,319
- Accelerated tax depreciation	5,204,331	-	5,204,331	(69,307)	-	5,135,024
	27,847,435	1,629,242	29,476,677	11,748,634	12,418,954	53,644,265
	16,515,641	1,541,389	18,057,030	(6,130,911)	12,418,954	24,345,073

2024					
At January 01, 2024	Impact of adoption of IFRS 9	Balance as at January 01 after adopting IFRS 9	Recognised in P&L charge / (reversal)	Recognised in OCI	At December 31, 2024

----- (Rupees in '000) -----

Deductible temporary differences on:

- Credit loss allowance / provision against investments	(2,224,378)	214,487	(2,009,891)	(365,483)	-	(2,375,374)
- Credit loss allowance / provision against advances	(4,183,318)	(3,143,925)	(7,327,243)	2,469,963	-	(4,857,280)
- Modification of advances	-	(5,910)	(5,910)	(43,099)	-	(49,009)
- Unrealised loss on revaluation of held for trading investments	(191,895)	191,895	-	-	-	-
- Deficit on revaluation of available for sale investments	(871,244)	871,244	-	-	-	-
- Credit loss allowance / provision against other assets	(1,250,843)	(181,375)	(1,432,218)	(102,776)	-	(1,534,994)
- Credit loss allowance against cash with treasury banks	-	(12,049)	(12,049)	3,370	-	(8,679)
- Credit loss allowance against balance with other banks	-	(790)	(790)	(1,292)	-	(2,082)
- Credit loss allowance / provision against lending to financial institutions	(73)	(6,403)	(6,476)	6,165	-	(311)
- Workers' Welfare Fund	(1,528,648)	-	(1,528,648)	(975,417)	-	(2,504,065)
	(10,250,399)	(2,072,826)	(12,323,225)	991,431	-	(11,331,794)

Taxable temporary differences on:

- Unrealised gain on FVPL investments	-	99,982	99,982	1,987,747	-	2,087,729
- Unrealised gain on FVPL advances	-	59,847	59,847	51,296	-	111,143
- Unrealised net gain on fair value of refinancing schemes	-	621,803	621,803	21,410	-	643,213
- Surplus on revaluation of FVOCI investments	-	3,935,268	3,935,268	-	13,301,678	17,236,946
- Surplus on revaluation of property and equipments	593,695	-	593,695	-	1,793,211	2,386,906
- Surplus on revaluation of non banking assets	85,595	-	85,595	(9,360)	100,932	177,167
- Accelerated tax depreciation	3,562,950	-	3,562,950	1,641,381	-	5,204,331
	4,242,240	4,716,900	8,959,140	3,692,474	15,195,821	27,847,435
	(6,008,159)	2,644,074	(3,364,085)	4,683,905	15,195,821	16,515,641

20	OTHER LIABILITIES	Note	2025 ------(Rupees in '000)-----	2024 ------(Rupees in '000)-----
	Mark-up / return / interest payable in local currency		26,959,506	35,004,706
	Mark-up / return / interest payable in foreign currencies		1,823,824	1,715,640
	Unearned fee commission and income on bills discounted and guarantees		5,092,375	4,063,795
	Accrued expenses		25,591,941	17,275,667
	Acceptances		45,736,218	33,015,615
	Dividends payable		361,864	307,709
	Mark to market loss on forward foreign exchange contracts		1,815,628	1,090,874
	Mark to market loss on derivatives	24.2	64,270	69,063
	Branch adjustment account		313,976	-
	Alternative Delivery Channel (ADC) settlement accounts	20.2	-	1,719,649
	Provision for compensated absences		1,720,500	1,290,476
	Payable against redemption of customer loyalty / reward points		1,616,879	1,041,845
	Charity payable		131,931	176,604
	Credit loss allowance / provision against off-balance sheet obligations	20.1	1,036,203	780,711
	Security deposits against leases, lockers and others		20,362,311	13,058,856
	Workers' Welfare Fund		8,173,618	6,789,523
	Payable to vendors and suppliers		3,180,907	630,070
	Margin deposits on derivatives		1,042,368	2,415,337
	Payable to merchants (card acquiring)		1,275,006	959,295
	Withholding taxes payable		5,267,418	6,453,825
	Liability against share based payment		1,350,000	870,000
	Trading liability		15,118,700	15,600,626
	Others		8,269,446	7,199,556
			<u>176,304,889</u>	<u>151,529,442</u>

20.1 Credit loss allowance / provision against off-balance sheet obligations

Opening balance		780,711	78,624
Impact of adoption of IFRS 9		2,714	1,085,673
Balance as at January 01 after adopting IFRS 9		<u>783,425</u>	<u>1,164,297</u>
Exchange adjustments		5,033	(4,925)
Charge for the year		<u>449,783</u>	<u>472,414</u>
Reversals for the year		<u>(202,038)</u>	<u>(851,075)</u>
	34	<u>247,745</u>	<u>(378,661)</u>
Closing balance		<u>1,036,203</u>	<u>780,711</u>

20.1.1 The provision against off balance sheet obligations includes a general provision of Rs. 34.615 million (2024: Rs. 21.239 million) held in Bangladesh books, Rs. 1.463 million (2024: Rs. 1.726 million) held in Afghanistan books as required under the local regulations and specific provision of Rs. 35.828 million (2024: Rs. 35.828 million) held in Pakistan against defaulted letter of guarantees.

20.2 This represents settlement arising from channel transaction at the cut off date which were subsequently cleared.

21 SHARE CAPITAL

21.1 Authorised capital

2025 ------(Number of shares)-----	2024 ------(Number of shares)-----		2025 ------(Rupees in '000)-----	2024 ------(Rupees in '000)-----
<u>2,300,000,000</u>	<u>2,300,000,000</u>	Ordinary shares of Rs. 10 each	<u>23,000,000</u>	<u>23,000,000</u>

21.2 Issued, subscribed and paid up capital

2025 ------(Number of shares)-----	2024 ------(Number of shares)-----		2025 ------(Rupees in '000)-----	2024 ------(Rupees in '000)-----
		Ordinary shares		
891,453,153	891,453,153	Fully paid in cash	8,914,531	8,914,531
885,711,966	885,711,966	Issued as bonus shares	8,857,120	8,857,120
<u>(200,000,000)</u>	<u>(200,000,000)</u>	Treasury shares cancelled	<u>(2,000,000)</u>	<u>(2,000,000)</u>
<u>1,577,165,119</u>	<u>1,577,165,119</u>		<u>15,771,651</u>	<u>15,771,651</u>

21.3 Statutory reserve

A Banking company incorporated in Pakistan is required to transfer 20% of its profit after tax to a statutory reserve until the amount of the reserve plus share premium equals the paid-up share capital. Thereafter, 10% of the profit after tax of the banking company is required to be transferred to this reserve. Accordingly, the Bank transfers 10% of its profit after tax every year to the statutory reserve.

22 SURPLUS ON REVALUATION OF ASSETS

	Note	2025 ------(Rupees in '000)-----	2024
Surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI - debt	8.1	33,815,848	23,225,807
- Securities measured at FVOCI - equity	8.1	17,444,462	6,746,862
- Property and equipment	22.1	19,829,920	19,939,951
- Non-banking assets acquired in satisfaction of claims	22.2	609,549	491,882
		71,699,779	50,404,502
Less: Deferred tax (liability) / asset on surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI - debt		(17,584,241)	(12,077,420)
- Securities measured at FVOCI - equity		(9,071,120)	(3,508,368)
- Property and equipment	22.1	(2,467,187)	(2,386,906)
- Non-banking assets acquired in satisfaction of claims	22.2	(240,693)	(177,167)
		(29,363,241)	(18,149,861)
Derivatives deficit		1,806,920	3,175,304
Less: Deferred tax asset on derivative		(939,598)	(1,651,158)
		867,322	1,524,146
	22.3	43,203,860	33,778,787

22.1 Surplus on revaluation of property and equipments

Surplus on revaluation of property and equipments as at January 01	19,939,951	12,682,139
Recognised during the year	-	7,402,493
Transferred from non banking assets to owned property	6,020	-
Related deferred tax liability on surplus transfer to owned property	6,521	-
Realised on disposal during the year	-	(55,963)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(122,572)	(88,718)
Surplus on revaluation of property and equipments as at December 31	19,829,920	19,939,951
Less: related deferred tax liability on:		
Revaluation as at January 01	2,386,906	593,695
- effect of change in tax rate	-	36,349
- recognised during the year	73,760	1,756,862
- surplus transferred to owned property	6,521	-
	2,467,187	2,386,906
	17,362,733	17,553,045

22.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

Surplus on revaluation as at January 01	491,882	172,321
Recognised during the year	150,985	337,561
Transferred to owned property	(6,020)	-
Surplus transferred to owned property	(6,521)	-
Realised on disposal during the year	(7,437)	(18,000)
Related deferred tax liability on surplus realised on disposal	(8,057)	-
Related deferred tax liability on incremental depreciation charged during the year	(5,283)	-
Surplus on revaluation as at December 31	609,549	491,882
Less: related deferred tax liability on:		
- revaluation as at January 01	177,167	85,595
- effect of change in tax rate	-	5,241
- revaluation recognised during the year	78,104	95,691
- surplus realised on disposal during the year	(8,057)	(9,360)
- surplus transferred to owned property	(6,521)	-
	240,693	177,167
	368,856	314,715

22.3 This includes securities amounting to Rs. 17,098.929 million (2024: Rs. 12,672.533 million) that will be recycled and Rs. 8,373.342 million (2024: Rs. 3,238.494 million) that will not be recycled to the unconsolidated statement of profit and loss account.

	Note	2025	2024
		------(Rupees in '000)-----	
23 CONTINGENCIES AND COMMITMENTS			
-Guarantees	23.1	222,502,386	181,819,233
-Commitments	23.2	946,253,493	693,195,425
-Other contingent liabilities	23.3	23,827,667	23,153,037
		<u>1,192,583,546</u>	<u>898,167,695</u>
23.1 Guarantees:			
Financial guarantees		6,702,626	6,048,920
Performance guarantees		76,529,645	66,136,458
Other guarantees		139,270,115	109,633,855
		<u>222,502,386</u>	<u>181,819,233</u>
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- Letters of credit		239,313,344	220,709,466
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	467,011,416	266,938,066
- forward government securities transactions	23.2.2	165,504,849	149,529,384
- derivatives	23.2.3	24,504,558	33,466,502
- forward lending	23.2.4	42,777,444	16,490,171
Commitments for acquisition of:			
- property and equipment		4,971,020	5,448,017
- intangible assets		483,507	317,819
Commitments in respect of donations		1,687,355	296,000
		<u>946,253,493</u>	<u>693,195,425</u>
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		271,592,770	144,906,210
Sale		195,418,646	122,031,856
		<u>467,011,416</u>	<u>266,938,066</u>
23.2.2 Commitments in respect of forward government securities transactions			
Purchase		44,558,744	55,393,978
Sale		120,946,105	94,135,406
		<u>165,504,849</u>	<u>149,529,384</u>
23.2.3 Commitments in respect of derivatives			
23.2.3.1 Interest Rate Swaps			
Purchase	24.1	15,364,164	23,054,358
Sale		-	-
		<u>15,364,164</u>	<u>23,054,358</u>

	Note	2025 ------(Rupees in '000)-----	2024
23.2.3.2 Cross Currency Swaps			
Purchase		-	-
Sale	24.1	9,140,394	10,412,144
		9,140,394	10,412,144
Total commitments in respect of derivatives		24,504,558	33,466,502

23.2.4 Commitments in respect of forward lending

Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.4.1	42,777,444	16,490,171

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

	2025 ------(Rupees in '000)-----	2024
23.3 Other contingent liabilities		
23.3.1 Claims against the Bank not acknowledged as debts	23,827,667	23,153,037

These mainly represent counter claims filed by the borrowers for restricting the Bank from disposal of collateral assets (such as hypothecated / mortgaged / pledged assets kept as security) and damage to reputation. Based on legal advices and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these unconsolidated financial statements.

23.4 Contingency for tax payable

23.4.1 There were no tax related contingencies other than as disclosed in note 35.2.

24 DERIVATIVE INSTRUMENTS

Derivatives are a type of financial contract, the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include futures, swaps and options. Derivatives also include structured financial products that have one or more characteristics of forwards, futures, swaps and options.

24.1 Product Analysis	2025					
	Interest Rate Swaps			Cross Currency Swaps		
	No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net
	------(Rupees in '000)-----			------(Rupees in '000)-----		
Counterparties						
With Banks for Hedging	18	15,364,164	839,754	-	-	-
With other entity for Market making	-	-	-	4	9,140,394	739,916
Total	18	15,364,164	839,754	4	9,140,394	739,916
2024						
	Interest Rate Swaps			Cross Currency Swaps		
	No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net
	------(Rupees in '000)-----			------(Rupees in '000)-----		
Counterparties						
With Banks for Hedging	27	23,054,358	2,172,667	-	-	-
With other entity for Market making	-	-	-	6	10,412,144	887,052
Total	27	23,054,358	2,172,667	6	10,412,144	887,052

24.2 Maturity Analysis

Maturity Analysis

Remaining maturity	2025				
	No. of Contracts	Notional Principal	Mark to Market		Net
			Negative	Positive	
	----- (Rupees in '000) -----				
6 months to 1 year	2	2,338,440	-	40,529	40,529
1 to 2 years	5	4,061,785	-	86,333	86,333
2 to 3 years	3	2,521,108	-	129,795	129,795
3 to 5 years	6	4,762,093	-	405,516	405,516
5 to 10 years	6	10,821,132	64,270	981,767	917,497
Total	22	24,504,558	64,270	1,643,940	1,579,670

Remaining maturity	2024				
	No. of Contracts	Notional Principal	Mark to Market		Net
			Negative	Positive	
------(Rupees in '000)-----					
3 to 6 months	2	584,955	-	2,379	2,379
6 months to 1 year	1	580,164	-	4,860	4,860
1 to 2 years	2	227,144	-	23,067	23,067
2 to 3 years	3	2,808,564	-	134,879	134,879
3 to 5 years	6	4,596,075	-	253,253	253,253
5 to 10 years	8	7,799,400	-	856,738	856,738
Above 10 years	11	16,870,200	69,063	1,853,606	1,784,543
Total	33	33,466,502	69,063	3,128,782	3,059,719

24.3 The risk management policy related to derivatives is disclosed in note 48.7 to these unconsolidated financial statements.

25	MARK-UP/RETURN/INTEREST EARNED	2025	2024
		------(Rupees in '000)-----	
On:			
a)	Loans and advances	120,362,754	137,521,132
b)	Investments	227,484,850	359,049,649
c)	Lendings to financial institutions	4,514,921	5,715,027
d)	Balances with banks	295,209	224,206
e)	On securities purchased under resale agreements	4,273,832	4,388,082
		356,931,566	506,898,096

26	MARK-UP/RETURN/INTEREST EXPENSED	2025	2024
On:			
a)	Deposits	118,508,144	223,982,633
b)	Borrowings	15,345,624	19,406,506
c)	Securities sold under repurchase agreements	77,325,753	123,136,221
d)	Subordinated debt	1,952,519	3,119,463
e)	Cost of foreign currency swaps against foreign currency deposits / borrowings	2,667,839	6,506,691
f)	Leased assets	4,310,585	3,503,522
g)	Reward points / customer loyalty	971,370	425,470
		221,081,834	380,080,506

	Note	2025 ------(Rupees in '000)-----	2024
27 FEE & COMMISSION INCOME			
Branch banking customer fees		1,955,353	1,577,155
Consumer finance related fees		813,590	637,572
Card related fees (debit and credit cards)		3,560,455	3,203,474
Credit related fees		660,167	773,192
Investment banking fees		452,717	227,709
Commission on trade		3,300,871	3,074,541
Commission on guarantees		930,544	779,758
Commission on cash management		76,890	69,969
Commission on remittances including home remittances		624,397	2,585,729
Commission on bancassurance		599,648	530,573
Card acquiring business		993,794	1,166,249
Wealth management fee		573,002	506,007
Commission on Benazir Income Support Programme (BISP)		346,668	1,161,339
Alternative Delivery Channel (ADC) settlement accounts		1,269,182	956,009
Others		251,882	281,172
		<u>16,409,160</u>	<u>17,530,448</u>
28 FOREIGN EXCHANGE INCOME			
Foreign exchange income		12,305,917	10,962,164
Foreign exchange loss related to derivatives		(336,124)	(1,429,106)
		<u>11,969,793</u>	<u>9,533,058</u>
29 GAIN ON SECURITIES			
Realised gain	29.1	12,493,449	9,885,677
Unrealised gain - measured at FVPL	8.1	1,342,980	4,046,951
Unrealised loss on trading liabilities - net		(574,095)	(32,087)
		<u>13,262,334</u>	<u>13,900,541</u>
29.1 Realised gain on:			
Federal government securities		9,811,603	8,554,898
Shares		992,319	927,740
Non government debt securities		99,920	-
Foreign securities		1,192,750	403,039
Subsidiary		396,857	-
		<u>12,493,449</u>	<u>9,885,677</u>
29.2 Net gain on financial assets / liabilities measured:			
At FVPL			
Designated upon initial recognition		5,481,711	9,041,738
Mandatorily measured at FVPL		277,259	2,902,399
		<u>5,758,970</u>	<u>11,944,137</u>
Net gain on financial assets measured at FVOCI - Debt		7,106,507	1,956,404
Gain on disposal of subsidiary		396,857	-
		<u>13,262,334</u>	<u>13,900,541</u>
30 OTHER INCOME			
Rent on property		25,820	26,685
Gain on sale of property and equipment - net		88,573	109,587
Gain on sale of non banking assets - net	13.1.1.2	3,368	27,800
(Loss) / profit on termination of leased contracts (Ijarah)		(37)	19
Gain on termination of leases		160,323	63,731
Gain on FVPL loans / advances		72,472	91,600
Insurance premium of overseas branch recovered	30.1	719,128	-
Others		9,717	1,642
		<u>1,079,364</u>	<u>321,064</u>
30.1	During the year, Da Afghanistan Bank (DAB) refunded an amount to the Bank (which was collected by the Department of Bank's Deposit Protection Fund) in respect of insurance premium pertaining to prior years from 2009 to 2024 as per decision of the Honorable Supreme Court of Islamic Emirate of Afghanistan and DAB.		

31	OPERATING EXPENSES	Note	2025 ------(Rupees in '000)-----	2024
	Total compensation expense	31.1	49,895,028	39,568,246
	Property expense			
	Rates and taxes		533,564	433,240
	Utilities cost		3,904,829	3,870,322
	Security (including guards)		2,382,234	1,768,131
	Repair and maintenance (including janitorial charges)		2,355,182	2,070,648
	Depreciation on right-of-use assets	11	4,538,289	3,923,093
	Depreciation on non-banking assets acquired in satisfaction of claims	13.1.1	69,986	46,620
	Depreciation on owned assets	10.2	1,379,583	1,066,114
			15,163,667	13,178,168
	Information technology expenses			
	Software maintenance		3,934,467	3,135,993
	Hardware maintenance		1,516,351	946,458
	Depreciation	10.2	1,779,495	1,429,581
	Amortisation	12.1	412,559	374,884
	Network charges		841,606	745,371
	Consultancy and support services		252,579	192,506
			8,737,057	6,824,793
	Other operating expenses			
	Directors' fees and allowances	42.2	157,440	154,720
	Fees and allowances to Shariah Board	42.3	31,180	22,701
	Legal and professional charges		995,363	491,850
	Outsourced services costs	31.2	1,679,389	1,317,748
	Travelling and conveyance		2,249,303	1,636,503
	Clearing and custodian charges		283,028	204,215
	Depreciation	10.2	2,862,397	2,160,451
	Training and development		300,069	300,206
	Postage and courier charges		629,511	480,641
	Communication		3,984,345	3,137,468
	Stationery and printing		2,574,871	1,748,612
	Marketing, advertisement and publicity	31.3	15,289,842	3,867,160
	Donations	31.4	315,005	505,662
	Auditors' remuneration	31.5	242,953	208,411
	Brokerage and commission		1,681,885	1,194,417
	Entertainment		1,048,956	905,412
	Repairs and maintenance		1,439,302	967,798
	Insurance		2,345,439	1,960,035
	Cash handling charges		2,153,777	2,014,090
	CNIC verification		737,095	549,121
	Others		1,446,571	970,864
			42,447,721	24,798,085
			116,243,473	84,369,292
31.1	Total compensation expense			
	Managerial remuneration		26,424,163	22,927,979
	i) Fixed			
	ii) Variable:			
	a) Cash bonus / awards etc.		8,997,359	7,168,320
	b) Bonus and awards in shares etc.		1,202,131	722,230
	Charge for defined benefit plan	39.8.1	650,373	771,603
	Contribution to defined contribution plan	40	1,134,693	878,699
	Medical		2,759,181	2,058,191
	Conveyance		3,300,345	1,565,966
	Staff compensated absences	41.1	430,024	416,359
	Staff life insurance		251,241	199,245
	Staff welfare		114,733	66,489
	Club subscription		7,452	9,182
	Sub-total		45,271,695	36,784,263
	Sign-on bonus	31.1.1	33,817	39,499
	Staff loans - notional cost	31.1.2	4,433,874	2,744,484
	Severance allowance		155,642	-
	Grand total		49,895,028	39,568,246

2025	2024
----- No of persons -----	
12	17

31.1.1 Sign-on bonus

31.1.2 This refers to unwinding of notional deferred cost on subsidised staff loans fair valuation under IFRS 9.

31.2 The cost of outsourced activities included in other operating expenses is Rs. 1,455.996 million (2024: Rs. 1,179.814 million). This pertains to payment to companies incorporated in Pakistan.

31.3 This includes marketing expenses of home remittance business.

31.4 Donations

2025	2024
----- (Rupees in '000) -----	

Akhuwat Islamic Microfinance	10,000	-
Al Furqan Welfare Organisation	4,000	-
Alamgir Welfare Trust International	6,000	4,500
Association for Mothers & New Borns (AMAN)	9,000	-
Aziz Jehan Begum Trust	4,000	-
Bait-ul-Sukoon Trust	2,000	-
Behbud Association Karachi	3,900	2,500
Cancer Care Hospital and Research Centre Foundation	9,000	-
Cancer Foundation Hospital	7,529	5,378
Child Aid Association	5,400	4,500
Development in Literacy	7,000	6,000
Dua Foundation	-	1,750
Durbeen	-	3,000
Habib University Foundation	26,400	6,400
Hope Uplift Foundation	2,000	1,000
Indus Earth Trust	3,000	-
Indus Hospital & Health Network	15,349	-
Institute of Business Administration	8,500	14,338
Karachi Down Syndrome Program	-	2,400
Karachi Vocational Training Centre	7,559	7,800
Lahore University of Management Sciences	18,000	-
Legal Aid Society	6,000	-
Marie Adelaide Leprosy Centre	2,500	2,500
Memon Health and Education Foundation	25,000	-
National Disability & Development Forum (NDF)	-	1,000
Nice Welfare Society	-	1,000
NOWPDP	-	4,000
Pakistan National Polio Plus Charitable Trust	4,000	2,778
Path Educational Society	5,200	-
Patients' Aid Foundation	9,000	-
Protection and Help of Children Abuse and Neglect	4,900	2,500
Shaukat Khanum Memorial Cancer Hospital and Research Centre	-	33,000
Special Olympics Pakistan	4,500	4,500
Thar Education Alliance	5,000	-
The Aga Khan University	50,000	-
The Citizen Foundation	13,399	-
The Dawood Foundation	-	11,898
The Society for the Rehabilitation of Special Children	-	2,000
Vital Pakistan Trust	9,919	-
WWF - Pakistan	8,000	14,000
Zindagi Trust	3,950	7,420
	300,005	146,162

Donation paid for Flood Relief

Alamgir Welfare Trust International	15,000	7,000
ChildLife Foundation	-	50,000
Family Educational Services	-	24,000
Karachi Relief Trust	-	26,500
Orange Tree Foundation	-	25,000
Taraqee Foundation	-	25,000
The Citizen Foundation	-	177,000
The Layton R. Benevolent Trust	-	25,000
	15,000	359,500

Total donations

315,005	505,662

31.4.1 None of the directors, sponsor shareholders, key management personnel or their spouses have any direct interest in the Donees, except Patients' Aid Foundation (located at JPMC, Rafiqui Shaheed Road, Karachi) where spouse of CEO / President is the member of fund raising committee; and Child Life Foundation (located at LG-49, LuckyOne Mall, Rashid Minhas Road, Karachi) where brother of a key management person is the CEO.

31.5 Auditors' remuneration

	2025			2024		
	Domestic	Overseas	Total	Domestic	Overseas	Total
	------(Rupees in '000)-----			------(Rupees in '000)-----		
Audit fee	28,728	51,923	80,651	26,773	41,604	68,377
Fee for other statutory certifications and services	25,272	17,611	42,883	17,065	17,239	34,304
Information technology related and other advisory services	86,842	-	86,842	68,007	-	68,007
Tax services	23,805	-	23,805	30,303	-	30,303
Out of pocket expenses	6,932	1,840	8,772	5,740	1,680	7,420
	<u>171,579</u>	<u>71,374</u>	<u>242,953</u>	<u>147,888</u>	<u>60,523</u>	<u>208,411</u>

32 WORKERS' WELFARE FUND

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 through the Finance Act, 2008 for the levy of Workers' Welfare Fund (WWF) on banks were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending. A legal advice was obtained by the Pakistan Banking Association which highlights that consequent to filing of these review petitions, a risk has risen and the judgment is not conclusive until the review petitions are decided. Accordingly, the amount charged for WWF since 2008 has not been reversed.

	Note	2025	2024
		------(Rupees in '000)-----	
33 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		<u>89,173</u>	<u>222,567</u>
34 CREDIT LOSS ALLOWANCE / PROVISIONS AND WRITE OFFS - NET			
Credit loss allowance / (reversal) against cash with treasury banks		28,058	(43,760)
Credit loss allowance / (reversal) against balance with other banks		1,405	(665)
Reversal of credit loss allowance against lending to financial institutions		(811)	(12,616)
(Reversal of) / credit loss allowance / provision against diminution in value of investments	8.3	(536,074)	857,343
Credit loss allowance / provision against loans & advances	9.8	2,875,007	1,857,895
Credit loss allowance against other assets	13.5.1	1,492,921	159,042
Credit loss allowance / (reversal) against off-balance sheet obligations	20.1	247,745	(378,661)
Other credit loss allowance / (reversal of other credit loss allowance) / write off - net		32,720	(27,280)
Recovery of written off / charged off bad debts - net		(830,948)	(583,659)
Deficit on revaluation of property and equipment		-	21,470
		<u>3,310,023</u>	<u>1,849,109</u>
35 TAXATION			
Charge / (reversal) :			
Current		36,543,067	42,431,786
Prior years		3,586,329	(2,338,687)
Deferred		(6,130,911)	4,683,905
	35.1	<u>33,998,485</u>	<u>44,777,004</u>

	2025	2024
	----- (Rupees in '000) -----	
35.1 Relationship between tax expense and accounting profit		
Accounting profit before taxation	62,335,542	83,095,135
Tax at the applicable rate of 53% (2024: 54%)	33,037,837	44,871,373
Effect of:		
- permanent differences	219,611	301,437
- impact of change in tax rates	19,176	(526,558)
- prior year	134,005	-
- others	587,856	130,752
Tax expense for the year	33,998,485	44,777,004

35.2 a) The income tax assessments of the Bank have been finalised upto and including tax year 2025. In respect of tax years 2008, 2014, 2017, 2019 and 2021 to 2025, the tax authority has raised certain issues including default in payment of WWF, allocation of expenses to dividends and capital gains, dividend income from mutual funds not being treated under income from business and disallowance of leasehold improvements resulting in a tax demand of Rs. 2,844.103 million (December 31, 2024: Rs. 1,217.274 million) net of relief provided in appeal. The Bank has filed appeals which is pending before the Commissioner Appeals and Tribunal. The management is confident that the matter will be decided in favour of the Bank and consequently has not made any provision in this respect.

b) The Bank had received orders from a provincial tax authority for the periods from July 2011 to December 2020 wherein the tax authority demanded sales tax on banking services and a penalty amounting to Rs. 763.312 million (excluding default surcharge) by disallowing certain exemptions of sales tax on these banking services and allegedly for short payment of sales tax. For the periods from July 2011 to June 2014, appeals against these orders are pending before Commissioner Appeals whereas for periods from July 2014 to December 2020, the Bank had filed appeals before the Sindh High Court against the order of Appellate Tribunal which has been remanded back to the adjudicating authority subsequent to year end.

The Bank has not made any provision against these orders and the management is of the view that these matters will be settled in the Bank's favour through appellate process.

c) The Bank had received two different orders for the same accounting year 2016 from a tax authority wherein sales tax, further tax and penalty thereon amounting to Rs. 5.191 million and Rs. 8.601 million (excluding default surcharge) were demanded allegedly for non-payment of sales tax on certain transactions. Appeals against these orders are pending before Commissioner Appeals and Appellate Tribunal.

A similar order for the accounting years 2017 and 2018 was issued with a tax demand of Rs. 11.536 million (excluding default surcharge) which is pending before the Commissioner Appeals.

The Bank has not made any provision against these orders and the management is of the view that these matters will be favourably settled through appellate process.

d) There are certain other addbacks made by tax authorities for various assessment years, appeals against which are pending with the Commissioner of Inland Revenue (Appeals), Appellate Tribunal Inland Revenue (ATIR), High Court of Sindh and Supreme Court of Pakistan. The Bank has not made any provision against these orders and the management is of the view that these matters will be favourably settled through appellate process.

	2025	2024
	----- (Rupees in '000) -----	
36 BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the year	28,337,057	38,318,131
	--- (Number of shares in '000) ---	
Weighted average number of ordinary shares	1,577,165	1,577,165
	----- (Rupees) -----	
Basic and diluted earnings per share	17.97	24.30

36.1 Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.

	Note	2025	2024
		----- (Rupees in '000) -----	
37 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	5	227,511,321	227,839,984
Balances with other banks	6	24,117,756	18,475,498
Call / clean money lendings	37.2	4,674,360	1,392,764
Overdrawn nostro accounts	15	(2,684,675)	(15,736,314)
Less: Expected credit loss		(56,369)	(21,895)
		253,562,393	231,950,037

37.1 Reconciliation of debt arising from financing activities

	2025			
	Liability			Equity
	(Rupees in '000)			
	Subordinated debt	Lease liabilities against right-of-use assets	Dividend payable	Share capital
Balances as at January 01, 2025	14,000,000	29,481,938	307,709	15,771,651
Changes from financing cash flows				
Payment of leased liability	-	(6,786,693)	-	-
Dividend paid	-	-	(15,717,497)	-
	-	(6,786,693)	(15,717,497)	-
Other changes				
Liability-related				
Additions / renewals / amendments / (terminations) - net	-	5,466,127	-	-
Finance charges on leased assets	-	4,310,585	-	-
Exchange rate adjustment	-	(805)	-	-
Final cash dividend for the year ended December 31, 2024 - 25%	-	-	3,942,913	-
Interim cash dividend for the quarter ended March 31, 2025 - 25%	-	-	3,942,913	-
Interim cash dividend for the half year ended June 30, 2025 - 25%	-	-	3,942,913	-
Interim cash dividend for the nine months period ended September 30, 2025 - 25%	-	-	3,942,913	-
	-	9,775,907	15,771,652	-
Balances as at December 31, 2025	14,000,000	32,471,152	361,864	15,771,651

	2024			
	Liability			Equity
	(Rupees in '000)			
	Subordinated debt	Lease liabilities against right-of-use assets	Dividend payable	Share capital
Balances as at January 01, 2024	14,000,000	22,894,533	6,166,682	15,771,651
Changes from financing cash flows				
Payment of leased liability	-	(6,108,213)	-	-
Own shares purchased during the year	-	-	-	-
Dividend paid	-	-	(23,207,789)	-
	-	(6,108,213)	(23,207,789)	-
Other changes				
Additions / renewals / amendments / (terminations) - net	-	9,245,802	-	-
Finance charges on leased assets	-	3,503,522	-	-
Exchange rate adjustment	-	(53,706)	-	-
Final cash dividend for the year ended December 31, 2023 - 50%	-	-	7,885,826	-
Interim cash dividend for the quarter ended March 31, 2024 - 20%	-	-	3,154,330	-
Interim cash dividend for the half year ended June 30, 2024 - 20%	-	-	3,154,330	-
Interim cash dividend for the nine months period ended September 30, 2024 - 20%	-	-	3,154,330	-
	-	12,695,618	17,348,816	-
Balances as at December 31, 2024	14,000,000	29,481,938	307,709	15,771,651

37.2 This represents call / clean money lendings having maturities upto three months.

38 STAFF STRENGTH	2025			2024		
	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Number of employees)					
Permanent	17,115	211	17,326	16,120	214	16,334
On the Bank's contract	13	49	62	12	54	66
The Bank's own staff strength at the end of the year	17,128	260	17,388	16,132	268	16,400

38.1 In addition to the above, 79 (2024: 106) 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 etc. Outsourced staff includes 78 (2024: 105) working in Pakistan and 01 (2024: 01) working at an overseas branch.

39 DEFINED BENEFIT PLAN

39.1 General description

The Bank operates an approved funded gratuity scheme which covers all regular permanent employees. The liability of the Bank in respect of the plan is determined based on an actuarial valuation carried out using the Projected Unit Credit Method. The actuarial valuation of the defined benefit plan is carried out every year and the latest valuation was carried out as at December 31, 2025. The significant assumptions are detailed below:

39.2 Number of employees under the scheme

The number of employees covered under the following defined benefit plan are:

	2025 ----- (Number) -----	2024 ----- (Number) -----
- Gratuity fund	17,115	16,120

39.3 Principal actuarial assumptions

The disclosures made below are based on the information included in the actuarial valuation report of the Bank as of December 31, 2025:

	2025 ----- (Per annum) -----	2024 ----- (Per annum) -----
Withdrawal rates	Low	Low
Mortality rates	SLIC	SLIC
	2001 - 2005	2001 - 2005
Valuation discount rate (p.a)	11.50%	12.25%
Salary increase rate (p.a) - Short term (5 years)	14.50%	13.60%
Salary increase rate (p.a) - Long term	12.50%	12.75%
Expected rate of return on plan assets (p.a)	11.50%	12.25%
Normal retirement age	65 Years	65 Years
Duration	14 Years 4 months	14 Years 4 months

	Note	2025 ----- (Rupees in '000) -----	2024 ----- (Rupees in '000) -----
39.4 Reconciliation of receivable from defined benefit plans			
Present value of obligation	39.5	8,226,885	6,525,280
Fair value of plan assets	39.6	(10,940,777)	(7,857,270)
Receivable	39.7	(2,713,892)	(1,331,990)

39.5 Movement in defined benefit obligations

Obligations at the beginning of the year	6,525,280	4,282,553
Current service cost	1,243,404	886,056
Interest cost	779,164	609,380
Past service cost	(370,717)	-
Benefits paid by the Bank	(325,775)	(302,893)
Re-measurement gain	375,529	1,050,184
Obligations at the end of the year	8,226,885	6,525,280

39.6 Movement in fair value of plan assets

Fair value at the beginning of the year	7,857,270	4,723,138
Interest income on plan assets	1,001,478	723,833
Contribution by the Bank - net	961,901	671,297
Benefits paid	(325,775)	(302,893)
Re-measurement gain	1,445,903	2,041,895
Fair value at the end of the year	10,940,777	7,857,270

	Note	2025	2024
		----- (Rupees in '000) -----	
39.7 Movement in receivable under defined benefit plan			
Opening balance		(1,331,990)	(440,585)
Charge for the year		650,373	771,603
Contribution by the Bank - net		(961,901)	(671,297)
Re-measurement gain recognised in OCI during the year	39.8.2	(1,070,374)	(991,711)
Closing balance		<u>(2,713,892)</u>	<u>(1,331,990)</u>
39.8 Charge for defined benefit plans			
39.8.1 Cost recognised in profit and loss			
Current service cost	39.5	1,243,404	886,056
Past service cost	39.5	(370,717)	-
Net interest on defined benefit liability / (asset)	39.5 & 39.6	(222,314)	(114,453)
		<u>650,373</u>	<u>771,603</u>
39.8.2 Re-measurements recognised in OCI during the year			
(Gain) / loss on obligation			
- Demographic assumptions		(546,223)	(23,553)
- Financial assumptions		544,607	1,080,715
- Experience adjustment		377,145	(6,978)
Return on plan assets other than interest income		(1,445,903)	(2,041,895)
Total re-measurements recognised in OCI		<u>(1,070,374)</u>	<u>(991,711)</u>
39.9 Components of plan assets			
Cash and cash equivalents - net		3,541,107	2,044,959
Non-government debt securities		841,677	991,677
Ordinary shares		4,868,391	3,720,156
Units of mutual funds		1,689,602	1,100,478
		<u>10,940,777</u>	<u>7,857,270</u>

39.9.1 Investments in term finance certificates are subject to credit risk and interest rate risks, while equity securities and mutual funds are subject to price risk. Cash and cash equivalents include balances maintained with the Bank which are subject to credit risk. These risks are regularly monitored by the Trustees of the gratuity fund.

39.10 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 are summarised below:

Particulars	2025	
	PV of Defined Benefit Obligation	Change
	----- (Rupees in '000) -----	
1% increase in discount rate	7,445,093	(781,792)
1% decrease in discount rate	9,146,185	919,300
1 % increase in expected rate of salary increase	9,167,660	940,775
1 % decrease in expected rate of salary increase	7,413,132	(813,753)
10% increase in withdrawal rate	8,167,977	(58,908)
10% decrease in withdrawal rate	8,289,618	62,733
1 year Mortality age set back	8,232,232	5,347
1 year Mortality age set forward	8,221,587	(5,298)
		2026
		(Rupees in '000)
39.11 Expected contributions to be paid to the fund in the next financial year		<u>952,015</u>
39.12 Expected charge for the next financial year		<u>952,015</u>

39.13 Maturity profile**2025**

The undiscounted expected payments maturity is tabulated below:

Particulars	Undiscounted Payments (Rs. in '000)
Year 1	494,016
Year 2	521,205
Year 3	577,199
Year 4	699,685
Year 5	670,022
Year 6 to year 10	4,028,658
Year 11 and above	36,842,738
	<u>43,833,523</u>

39.14 Funding policy

The Bank's policy for funding the staff retirement benefit scheme is given in note 4.12 (a).

39.15 Risks associated with defined benefit plans**Asset volatility:**

The risk arises due to the inclusion of risky assets in the gratuity fund portfolio, inflation and interest rate volatility.

Changes in bond yields:

The risk arises when the bond yield is lower than the expected return on the plan assets (duration based PIB discount rate).

Inflation risks:

The risk arises if gratuity benefits are linked to inflation and inflation is higher than expected, which results in higher liabilities.

Life expectancy / withdrawal risk:

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

Longevity risks:

The risk arises when the actual lifetime of retirees is longer than expected. 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 to final salary. The risk arises when the actual increases in salary are higher than expected and impacts the liability accordingly.

40 DEFINED CONTRIBUTION PLAN

The Bank operates an approved provident fund scheme for all its permanent employees to which the Bank contributes 8.33% of basic salary in equal monthly contributions. However, employees have the option of having their provident fund contribution deducted at 8.33%, 10% or 12% of their monthly basic salary.

During the year, the Bank contributed Rs. 1,134.693 million (2024: Rs. 878.699 million) to the fund.

41 OTHER EMPLOYEE BENEFIT**41.1 Compensated absences**

The Bank operates a compensated absences scheme in which employees can carry forward unutilised leaves up to a maximum of 45 days.

41.2 Benefit scheme for overseas branches

The Bank operates retirement benefit schemes for its employees at overseas branches in compliance with the local labour laws of the respective countries where the branches operate.

42 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

42.1 Total compensation expense

2025								
Sr. No.	Items	Chairman	Directors		Members Shariah Board *	President / CEO	Key Executives	Other MRTs / MRCs
			Executives (other than CEO)	Non-Executive				
----- (Rupees in '000) -----								
1	Fees and allowances etc.	2,880	-	154,560	31,180	-	-	-
2	Managerial remuneration							
	i) Fixed	-	-	-	7,555	129,004	547,483	1,787,738
	ii) Total variable							
	a) Cash bonus ** / awards	-	-	-	2,469	167,243	412,891	865,273
	b) Bonus and awards in shares	-	-	-	-	67,599	221,517	310,806
3	Charge for defined benefit plan	-	-	-	-	7,722	29,383	98,420
4	Contribution to defined contribution plan	-	-	-	317	7,722	29,383	89,953
5	Rent & house maintenance	-	-	-	1,524	56,436	153,315	510,277
6	Utilities	-	-	-	-	4,743	3,055	13,807
7	Medical	-	-	-	381	9,269	35,273	103,326
8	Conveyance	-	-	-	-	-	-	2,558
9	Others	-	-	-	1,665	-	18,721	109,613
	Total	2,880	-	154,560	45,091	449,738	1,451,021	3,891,771
	Number of Persons	1	-	7	5	1	16	170

2024								
Sr. No.	Items	Chairman	Directors		Members Shariah Board *	President / CEO	Key Executives	Other MRTs / MRCs
			Executives (other than CEO)	Non-Executive				
----- (Rupees in '000) -----								
1	Fees and allowances etc.	4,800	-	149,920	22,701	-	-	-
2	Managerial remuneration							
	i) Fixed	-	-	-	5,617	98,110	427,671	1,614,590
	ii) Total variable							
	a) Cash bonus ** / awards ***	-	-	-	2,406	163,613	365,811	780,075
	b) Bonus and awards in shares	-	-	-	-	36,654	105,288	149,138
3	Charge for defined benefit plan	-	-	-	-	6,894	24,151	90,476
4	Contribution to defined contribution plan	-	-	-	265	6,894	24,151	80,566
5	Rent & house maintenance	-	-	-	1,271	49,451	115,971	432,825
6	Utilities	-	-	-	291	12,589	26,540	89,637
7	Medical	-	-	-	27	690	2,452	8,157
8	Conveyance	-	-	-	-	-	-	710
9	Others	-	-	-	509	-	-	1,464
	Total	4,800	-	149,920	33,087	374,895	1,092,035	3,247,638
	Number of Persons	1	-	7	5	1	15	167

The Chief Executive and certain Executives have been provided with car(s), household equipment and fuel.

A certain portion of variable compensation of the CEO, Key Executives, MRTs / MRCs shall be subject to mandatory deferrals for a defined period of three years, whereas the remaining portion of the bonus shall be paid upfront to the MRTs / MRCs. The deferred bonus shall vest proportionately over the deferral period following the year of variable remuneration award.

In case of malus and where accountability has been determined in accordance with the conduct & accountability framework of the Bank, the entire or certain portion of the deferred remuneration shall be withheld and not paid to the MRT / MRC upon becoming due.

The deferred portion is managed internally within the Bank. The Bank provides for the return on the deferred portion at a rate of return earned on government securities over the time horizon for deferral.

The total movement of deferred bonus during the year ended December 31, 2025 for the President / Chief Executive Officer (CEO), Key Executives and Other Material Risk Takers (MRTs) / Material Risk Controller (MRCs) is as follows:

	2025	2024
	----- (Rupees in '000) -----	
Opening balance	569,521	240,841
Add: deferred during the year	194,777	440,574
Less: paid / vested during the year	(229,121)	(111,894)
Closing balance	<u>535,177</u>	<u>569,521</u>

* This includes salaries and allowances of a resident member of Shariah Board who is an employee of the Bank.

**This includes sign-on bonus amounting to Rs. 21.500 million paid to 2 MRTs / MRCs in year 2025 (2024: Rs. 30.000 million to 2 MRTs / MRCs).

*** In 2024, the CEO was also awarded an ex-gratia amounting to Rs. 1,057 million as the Chairman's award for excellence.

42.2 Remuneration paid to directors for participation in board and board committees meetings

		2025								
Sr. No.	Name of Director	Meeting fees paid for board and board committee meetings								
		Board meetings	Board Audit Committee	Board Human Resources, Remuneration & Nomination Committee	Board Information Technology Committee	Board Risk Management Committee	Board Strategy & Finance Committee	Board Crises Management Committee	Board Real Estate Committee	Total amount paid
------(Rupees in '000)-----										
1	H.H. Sheikh Nahayan Mabarak Al Nahayan	2,880	-	-	-	-	-	-	-	2,880
2	Mr. Abdullah Nasser Hawaileel Al Mansoori	3,360	-	-	-	-	-	-	-	3,360
3	Mr. Abdulla Khalil Al Mutawa	3,200	5,200	1,600	3,200	3,200	5,760	4,800	4,800	31,760
4	Mr. Khalid Mana Saeed Al Otaiba	3,200	5,200	1,600	3,200	3,840	4,800	4,000	4,000	29,840
5	Dr. Gyorgy Tamas Ladics	3,200	-	1,600	3,840	-	4,800	4,000	-	17,440
6	Mr. Khalid Qurashi	3,200	6,240	1,600	3,200	3,200	4,800	4,000	4,000	30,240
7	Dr. Ayesha Khan	3,200	5,200	1,600	-	3,200	4,800	4,000	-	22,000
8	Mr. Efstratios G. Arapoglou	3,200	5,200	1,920	3,200	1,600	4,800	-	-	19,920
Total		25,440	27,040	9,920	16,640	15,040	29,760	20,800	12,800	157,440

		2024								
Sr. No.	Name of Director	Meeting fees paid for board and board committee meetings								
		Board meetings	Board Audit Committee	Board Human Resources, Remuneration & Nomination Committee	Board Information Technology Committee	Board Risk Management Committee	Board Strategy & Finance Committee	Board Crises Management Committee	Board Real Estate Committee	Total amount paid
------(Rupees in '000)-----										
1	H.H. Sheikh Nahayan Mabarak Al Nahayan	4,800	-	-	-	-	-	-	-	4,800
2	Mr. Abdullah Nasser Hawaileel Al Mansoori	2,400	-	-	-	-	-	-	-	2,400
3	Mr. Abdulla Khalil Al Mutawa	4,800	4,800	2,400	3,200	4,000	7,680	960	9,600	37,440
4	Mr. Khalid Mana Saeed Al Otaiba	5,600	4,800	2,400	3,200	4,800	6,400	800	8,000	36,000
5	Dr. Gyorgy Tamas Ladics	4,800	-	1,600	3,840	-	6,400	800	-	17,440
6	Mr. Khalid Qurashi	5,600	5,760	2,400	800	4,000	6,400	800	2,400	28,160
7	Dr. Ayesha Khan	5,600	4,800	2,560	-	1,600	6,400	800	-	21,760
8	Mr. Efstratios G. Arapoglou	1,600	1,600	1,920	800	-	800	-	-	6,720
Total		35,200	21,760	13,280	11,840	14,400	34,080	4,160	20,000	154,720

42.3 Remuneration paid to Shariah Board Members

		2025				2024			
Sr. No.	Items	Chairman	Non-Resident Member	Resident Member	Total	Chairman	Non-Resident Member	Resident Member	Total
(Rupees in '000)									
1	Fees / remuneration and allowances	16,406	14,774	-	31,180	12,239	10,462	-	22,701
2	Managerial remuneration - fixed	-	-	7,555	7,555	-	-	5,617	5,617
3	Rent & house maintenance	-	-	1,524	1,524	-	-	1,271	1,271
4	Utilities	-	-	-	-	-	-	291	291
5	Others	-	-	4,832	4,832	-	-	3,207	3,207
Total		16,406	14,774	13,911	45,091	12,239	10,462	10,386	33,087
Total Number of Persons		1	3	1	5	1	3	1	5

43 FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of quoted securities other than those classified 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. The 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 the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities 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 instruments

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

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

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

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

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:

On balance sheet financial instruments

2025			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			

Financial assets - measured at fair value

Investments

- Federal government securities	83,830,507	1,729,976,039	-	1,813,806,546
- Shares - listed companies	31,346,426	-	-	31,346,426
- Shares - unlisted companies	-	-	6,486,498	6,486,498
- REIT Fund - listed	1,039,847	-	-	1,039,847
- Non-government debt securities	-	3,799,050	-	3,799,050
- Foreign government securities	-	59,356,590	-	59,356,590
- Foreign equity securities	261,782	-	-	261,782
- Foreign preference shares - unlisted	-	-	560,308	560,308
- Foreign non-government debt securities	-	35,846,788	7,870,010	43,716,798

Financial assets - disclosed but not measured at fair value

Investments - amortised cost	-	214,074,433	-	214,074,433

Financial assets - measured at fair value

Advances

- Loans, cash credits, running finances, etc.	-	-	1,800,000	1,800,000

Off-balance sheet financial instruments - measured at fair value

- Forward purchase of foreign exchange	-	1,794,697	-	1,794,697
- Forward sale of foreign exchange	-	(1,815,628)	-	(1,815,628)
- Forward purchase of government securities	-	1,242,313	-	1,242,313
- Forward sale of government securities	-	(1,347,880)	-	(1,347,880)
- Derivatives purchases	-	839,754	-	839,754
- Derivatives sales	-	739,916	-	739,916

On balance sheet financial instruments**Financial assets - measured at fair value****Investments**

- Federal government securities	67,225,943	1,504,321,374	-	1,571,547,317
- Shares - listed companies	18,503,420	-	-	18,503,420
- Shares - unlisted companies	-	-	2,333,188	2,333,188
- Preference shares - unlisted companies	-	-	500,000	500,000
- REIT Fund - listed	1,514,982	-	-	1,514,982
- Non-government debt securities	14,991,550	4,473,526	-	19,465,076
- Foreign government securities	-	62,233,161	-	62,233,161
- Foreign equity securities	257,181	-	-	257,181
- Foreign non-government debt securities	-	25,193,470	8,315,048	33,508,518

Financial assets - disclosed but not measured at fair value

Investments - amortised cost	-	279,284,570	-	279,284,570

Financial assets - measured at fair value**Advances**

- Loans, cash credits, running finances, etc.	-	-	1,413,735	1,413,735

Off-balance sheet financial instruments - measured at fair value

- Forward purchase of foreign exchange	-	1,288,538	-	1,288,538
- Forward sale of foreign exchange	-	(1,090,874)	-	(1,090,874)
- Forward purchase of government securities	-	(12,708)	-	(12,708)
- Forward sale of government securities	-	(451,343)	-	(451,343)
- Derivatives purchases	-	2,172,667	-	2,172,667
- Derivatives sales	-	887,052	-	887,052

43.2 The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer to occur. There were no transfers between level 1 and 2 during the current year.

43.3 Valuation techniques used in determination of fair values:**(a) Financial instruments in level 1**

Financial instruments included in level 1 comprise of investments in ordinary shares of listed companies, listed GoP Sukuks and listed non government debt securities.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Market Treasury Bills, Pakistan Investment Bonds, GoP Sukuks, GoP Euro Bonds, Overseas Government Sukuks, Overseas Bonds, Term Finance Certificates, and other than Government Sukuks, forward foreign exchange contracts, forward government securities contracts, cross currency swaps and interest rate swaps.

(c) Financial instruments in level 3

Financial instruments included in level 3 comprise of unlisted ordinary shares, unlisted preference shares, redeemable participating certificates and advances measured at fair value through profit and loss. Valuation techniques are mentioned in the table below.

For subsequent measurement of fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be reliably measured due to the absence of a current and active market for these assets and liabilities and lack of reliable data regarding market rates for similar instruments.

43.3.1 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 (level 3 measurement) determined by professional valuers based on their assessment of market values as disclosed in notes 10 and 13. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of the State Bank of Pakistan.

43.3.2 Valuation techniques

Item	Valuation approach and inputs used
Market Treasury Bills (MTB) / Pakistan Investment Bonds (PIB), and GoP Sukuks (GIS) including their forward contracts	The fair value of MTBs and PIBs are determined using PKRV rates. Floating rate PIBs are revalued using PKFRV rates. The fair value of GoP sukuku listed on the Pakistan Stock Exchange is determined through closing rates of the Pakistan Stock Exchange. The fair value of other GIS is revalued using PKISRV rates.
Overseas Sukuks, Overseas and GoP Euro Bonds	The fair value of overseas government sukuku, and overseas bonds is determined on the basis of price available on Bloomberg.
Debt Securities (TFCs and Sukuk other than Government)	Investment in sukuku, debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued based on the rates announced by the Mutual Funds Association of Pakistan in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Ordinary shares - listed	The fair value of investments in listed equity securities is determined on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - unlisted	The fair value of investments in unlisted equity securities is determined on the basis of income and market approach.
Preference shares - unlisted	The fair value of investment in unlisted preference shares is determined at market approach.
Foreign preference shares - unlisted	The fair value of investment in unlisted preference shares is determined at market approach.
Redeemable participating certificates	The fair value of investment in redeemable participating certificates is determined at net asset value.
Advances	The fair value of advances is determined on the basis of Discounted Cashflow Method (DCF) and transaction price.
Forward foreign exchange contracts	The valuation is determined by interpolating the FX revaluation rates announced by the SBP.
Derivative instruments	Derivatives that are valued using valuation techniques based on market observable inputs are mainly interest rate swaps and cross currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Property and equipment and non banking assets acquired in satisfaction of claims	The valuation experts use a market based approach to determine the fair value of the Bank's properties. The market approach uses 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 financial statements.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements of investment and advances (the valuation techniques are stated above):

Description	Fair value as at December 31, 2025	Fair value as at December 31, 2024	Unobservable inputs*	Discount rate	Relationship of unobservable inputs to fair value
(Rupees in '000)					
Ordinary shares - unlisted (income approach)	6,346,498	2,333,188	Discount rate	13.18% - 20.00%	Increase / (decrease) in discount rate by 1% with all other variables held constant, would (decrease) / increase the fair value by Rs. 228.076 million and Rs. 254.481 million (2024: Rs. 90.457 million and Rs. 97.873 million) respectively.
Ordinary shares - unlisted (market approach)	140,000	-	Transaction price	Not applicable	Not applicable
Foreign preference shares - unlisted	560,308	-	Transaction price	Not applicable	Not applicable
Preference shares - unlisted	-	500,000	Transaction price	Not applicable	Not applicable
Redeemable participating certificates	7,870,010	8,315,048	Net asset value	Not applicable	Not applicable
Advances classified at FVPL	-	1,413,735	Discount rate	30.0%	In year 2024, increase / (decrease) in discount rate by 1% with all other variables held constant, would (decrease) / increase the fair value by Rs. 14.903 million and Rs. 15.134 million respectively.
Advances classified at FVPL	1,800,000	-	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 and advances Level 3 fair value movement:

	2025		2024	
	Investments	Advances	Investments	Advances
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Opening balance	11,148,236	1,413,735	6,283,601	1,200,000
Impact of adoption of IFRS 9	3,133,601	-	2,271,824	122,135
Balance as at January 01 after adopting IFRS 9	14,281,837	1,413,735	8,555,425	1,322,135
Additions / (disposals) / transfers - net	37,626	386,265	-	-
Remeasurement recognised in OCI or profit and loss / adjustments	597,353	-	2,592,811	91,600
Closing balance	14,916,816	1,800,000	11,148,236	1,413,735

*** Others include head office related activities.

Total income / (loss)

**** Others include head office related activities.**

44.2 Segment details with respect to geographical locations

GEOGRAPHICAL SEGMENT ANALYSIS

	2025					
	Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total
	(Rupees in '000)					
Unconsolidated statement of profit and loss account						
Net mark-up / return/ profit	127,546,530	4,632,236	3,152,247	518,719	-	135,849,732
Inter segment revenue - net	409,674	371,823	(500,833)	(280,664)	-	-
Non mark-up / return / interest income	45,039,659	1,091,420	251,843	1,129,652	-	47,512,574
Total income	172,995,863	6,095,479	2,903,257	1,367,707	-	183,362,306
Segment direct expenses	113,339,413	1,713,556	2,025,076	638,696	-	117,716,741
Inter segment expense allocation	(724,346)	270,722	334,274	119,350	-	-
Total expenses	112,615,067	1,984,278	2,359,350	758,046	-	117,716,741
Credit loss allowance / provision / (reversals)	2,850,769	(249,523)	(116,602)	825,379	-	3,310,023
Profit / (loss) before tax	57,530,027	4,360,724	660,509	(215,718)	-	62,335,542
	Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total
	(Rupees in '000)					
Unconsolidated statement of financial position						
Cash and bank balances	182,752,338	49,686,088	11,740,713	11,499,585	(4,106,016)	251,572,708
Investments	2,041,696,126	106,511,546	19,551,872	5,687,136	-	2,173,446,680
Inter segment lending - net	27,499,927	-	-	-	(27,499,927)	-
Lendings to financial institutions	36,376,656	-	6,136,549	-	(22,838,913)	19,674,292
Advances - performing	1,045,615,806	25,748,270	28,119,247	-	-	1,099,483,323
Advances - non-performing	5,370,320	-	70,192	-	-	5,440,512
Others	274,605,376	(345,225)	1,315,456	4,754,800	(20,802)	280,309,605
Total assets	3,613,916,549	181,600,679	66,934,029	21,941,521	(54,465,658)	3,829,927,120
Borrowings	803,113,200	54,127,505	1,771,728	-	(26,884,551)	832,127,882
Subordinated debt	14,000,000	-	-	-	-	14,000,000
Deposits and other accounts	2,333,991,664	99,532,748	47,779,093	15,045,527	(140,933)	2,496,208,099
Inter segment borrowing - net	-	10,818,637	12,283,861	4,419,507	(27,522,005)	-
Others	275,499,466	11,549,575	2,782,328	187,835	59,879	290,079,083
Total liabilities	3,426,604,330	176,028,465	64,617,010	19,652,869	(54,487,610)	3,632,415,064
Net assets	187,312,219	5,572,214	2,317,019	2,288,652	21,952	197,512,056
Equity						197,512,056
Contingencies and commitments	1,131,775,365	53,326,013	6,006,320	1,475,848	-	1,192,583,546

	2024					
	Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total
	(Rupees in '000)					
Unconsolidated statement of profit and loss account						
Net mark-up / return/ profit	118,248,930	4,045,094	3,578,985	944,581	-	126,817,590
Inter segment revenue - net	(327,052)	557,822	(223,948)	10,118	(16,940)	-
Non mark-up / return / interest income	40,556,345	2,931,072	921,912	5,003	-	44,414,332
Total income / (loss)	158,478,223	7,533,988	4,276,949	959,702	(16,940)	171,231,922
Segment direct expenses	82,574,146	1,321,061	1,801,817	590,654	-	86,287,678
Inter segment expense allocation	(769,293)	287,252	367,953	114,088	-	-
Total expenses	81,804,853	1,608,313	2,169,770	704,742	-	86,287,678
Credit loss allowance / provision / (reversals)	1,540,489	100,367	(5,805)	214,058	-	1,849,109
Profit / (loss) before tax	75,132,881	5,825,308	2,112,984	40,902	(16,940)	83,095,135

	2024					
	Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total
----- (Rupees in '000) -----						
Unconsolidated statement of financial position						
Cash and bank balances	188,266,662	48,389,609	6,375,307	12,172,584	(8,910,575)	246,293,587
Investments	1,867,918,920	84,153,241	27,248,234	11,912,059	-	1,991,232,454
Inter segment lending - net	31,987,064	-	-	-	(31,987,064)	-
Lendings to financial institutions	140,677,403	1,392,639	5,710,367	-	(46,782,086)	100,998,323
Advances - performing	1,055,287,850	20,258,316	36,064,734	-	(5,571,000)	1,106,039,900
Advances - non-performing	3,238,560	-	67,755	-	29,939	3,336,254
Others	262,097,838	(67,643)	1,197,454	1,715,527	(2,637,573)	262,305,603
Total assets	3,549,474,297	154,126,162	76,663,851	25,800,170	(95,858,359)	3,710,206,121
Borrowings	1,157,690,298	25,153,365	3,527,833	(1)	(44,485,753)	1,141,885,742
Subordinated debt	14,000,000	-	-	-	-	14,000,000
Deposits and other accounts	1,952,098,901	111,830,116	55,148,867	18,214,886	(380,148)	2,136,912,622
Inter segment borrowing - net	-	11,538,217	14,626,814	5,798,884	(31,963,915)	-
Others	230,600,014	5,663,359	3,417,977	821,324	(1,207,327)	239,295,347
Total liabilities	3,354,389,213	154,185,057	76,721,491	24,835,093	(78,037,143)	3,532,093,711
Net assets	195,085,084	(58,895)	(57,640)	965,077	(17,821,216)	178,112,410
Equity						178,112,410
Contingencies and commitments	843,199,389	50,841,551	3,398,029	728,726	-	898,167,695

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, are therefore, 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:

		2025			
Category	Number of IPS Accounts	Securities held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Ijarah Sukuks	
----- (Rupees in '000) -----					
Asset management companies / mutual funds	106	115,252,670	13,831,000	127,000	129,210,670
Corporates	347	62,456,765	47,492,500	-	109,949,265
Individuals	9,415	10,423,675	523,900	1,830,200	12,777,775
Insurance companies	15	15,562,520	131,902,100	-	147,464,620
NGO / charitable organisation	14	5,866,505	16,496,500	-	22,363,005
Pension & employee funds	87	43,536,000	32,645,100	500,000	76,681,100
	9,984	253,098,135	242,891,100	2,457,200	498,446,435

		2024			
Category	Number of IPS Accounts	Securities held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Ijarah Sukuks	
----- (Rupees in '000) -----					
Asset management companies / mutual funds	103	291,767,045	29,723,400	127,000	321,617,445
Corporates	269	114,852,680	89,986,900	-	204,839,580
Individuals	5,877	10,590,150	972,615	980,300	12,543,065
Insurance companies	14	1,896,070	90,035,500	-	91,931,570
NGO / charitable organisation	13	7,976,635	9,351,500	-	17,328,135
Pension & employee funds	84	37,791,160	26,077,000	500,000	64,368,160
	6,360	464,873,740	246,146,915	1,607,300	712,627,955

46 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its subsidiaries, associates, joint ventures, employee benefit plans, its directors, key management personnel and other related parties.

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:

	-----As at December 31, 2025-----					-----As at December 31, 2024-----				
	Directors / CEO	Key management personnel	Subsidiaries	Associates	Other related parties	Directors / CEO	Key management personnel	Subsidiaries	Associates	Other related parties
	----- (Rupees in '000) -----					----- (Rupees in '000) -----				
Investments										
Opening balance	-	-	2,505,217	1,177,606	2,923,188	-	-	305,217	1,177,606	1,802,909
Investment made during the year	-	-	300,000	-	825,072	-	-	2,200,000	-	511,863
Investment redeemed / disposed off during the year	-	-	(1,505,217)	-	(602,436)	-	-	-	-	(331,613)
Revaluation of investment during the year	-	-	-	-	3,663,310	-	-	-	-	2,190,383
Transfer in / (out) - net	-	-	-	-	337,672	-	-	-	-	(1,250,354)
Closing balance	-	-	1,300,000	1,177,606	7,146,806	-	-	2,505,217	1,177,606	2,923,188
	-----					-----				
Credit loss allowance / provision for diminution in value of investments	-	-	-	-	-	-	-	1,505,217	-	-
	-----					-----				
Advances										
Opening balance	11,225	971,469	-	-	1,052,432	14,918	935,186	-	-	1,925,526
Addition during the year	1,275	479,348	316,665	-	10,759,922	1,715	232,432	16,288,652	-	43,510,218
Repaid during the year	(4,141)	(418,586)	(316,665)	-	(10,599,369)	(5,408)	(194,161)	(16,288,652)	-	(44,383,312)
Transfer in / (out) - net	-	1,184	-	-	1,864	-	(1,988)	-	-	-
Closing balance	8,359	1,033,415	-	-	1,214,849	11,225	971,469	-	-	1,052,432
	-----					-----				
Credit loss allowance held against advances	5	459	-	-	2,487	34	3,690	-	-	1,524
	-----					-----				

As at December 31, 2025						As at December 31, 2024					
(Rupees in '000)						(Rupees in '000)					
	Directors / CEO	Key management personnel	Subsidiaries	Associates	Other related parties		Directors / CEO	Key management personnel	Subsidiaries	Associates	Other related parties
Other assets											
Interest / mark-up accrued	5,303	89,704	-	-	46,590		4,593	81,687	-	-	22,681
Receivable from staff retirement fund	-	-	-	-	2,713,892		-	-	-	-	1,331,990
Prepayment / rent and other receivable	-	-	-	-	-		-	-	3,139	-	-
Advance against shares	-	-	-	-	55,343		-	-	-	-	-
Acceptances	-	-	-	-	2,727,155		-	-	-	-	17,081
Credit loss allowance held against other assets	-	-	-	-	84		-	-	-	-	14
Borrowings											
Opening balance	-	-	-	-	2,464,030		-	-	-	-	2,605,576
Borrowings during the year	-	-	-	-	6,575,000		-	-	-	-	1,149,273
Settled during the year	-	-	-	-	(1,166,297)		-	-	-	-	(1,290,819)
Closing balance	-	-	-	-	7,872,733		-	-	-	-	2,464,030
Deposits and other accounts											
Opening balance	185,847	392,643	807,925	60,026,664	12,533,349		406,959	340,757	55,874	17,153,420	18,550,205
Received during the year	2,917,889	6,191,100	79,341,342	2,165,611,698	166,285,596		5,668,276	4,582,080	47,640,608	1,211,982,771	276,598,239
Withdrawn during the year	(2,962,222)	(5,944,527)	(78,990,935)	(2,200,182,367)	(165,291,009)		(5,889,395)	(4,524,294)	(46,888,557)	(1,169,109,527)	(278,997,497)
Transfer in / (out) - net	-	(40,200)	(339,161)	-	(46,978)		7	(5,900)	-	-	(3,617,598)
Closing balance	141,514	599,016	819,171	25,455,995	13,480,958		185,847	392,643	807,925	60,026,664	12,533,349
Subordinated debt											
Opening balance	-	-	-	-	-		-	-	-	-	300,000
Transfer in / (out) - net	-	-	-	-	-		-	-	-	-	(300,000)
Closing balance	-	-	-	-	-		-	-	-	-	-
Other liabilities											
Interest / mark-up payable	104	4,619	-	99,577	202,531		226	248	-	-	126,062
Dividend payable	-	-	-	-	13		7	-	-	-	9
Payable to defined benefit plan	-	-	-	-	-		-	-	-	-	-
Unearned rent	-	-	-	2,031	-		-	-	-	2,532	-
Others	-	-	-	-	15,601		-	-	2,657	-	32,786
Contingencies and commitments											
	-	-	-	-	5,224,995		-	-	-	-	559,419

	For the year ended December 31, 2025-					For the year ended December 31, 2024-				
	Directors / CEO	Key management personnel	Subsidiaries	Associates	Other related parties	Directors / CEO	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)					(Rupees in '000)				
Income										
Mark-up / return / interest earned	770	33,898	6	-	143,612	1,860	30,927	51,037	-	255,207
Fee and commission income	219	1,589	-	580,715	20,983	94	832	-	507,099	6,953
Dividend income	-	-	-	1,124,993	735,597	-	-	-	434,993	648,370
Gain / (loss) on sale of securities	-	-	396,857	-	27,727	-	120	(327)	-	(11,676)
Rent on property	-	-	11,868	4,387	-	-	-	3,139	3,899	-
Gain on sale of property and equipment - net	7,132	177	-	13,825	-	1,152	220	-	11,525	-
Expense										
Mark-up / return / interest paid	2,757	23,047	26,166	834,809	1,764,152	24,495	29,217	135,464	757,955	2,509,104
Operating expenses	607,178	2,091,736	-	-	-	1,586,523	1,599,473	-	-	-
Fee and remuneration	-	-	-	-	-	-	-	-	-	-
Clearing and custodian charges	-	-	-	-	-	-	-	-	-	109,686
Software maintenance	-	-	-	-	68,563	-	-	-	-	208,022
Stationery and printing	-	-	-	-	7,640	-	-	-	-	-
Communication cost	-	-	-	-	754,349	-	-	-	-	696,409
Donations	-	-	-	-	-	-	-	-	-	50,000
Brokerage and commission	-	-	1,307	-	-	-	-	13,699	-	-
Marketing, advertisement and publicity	-	-	-	-	12,842	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	650,373	-	-	-	-	771,603
Contribution to defined contribution plan	-	-	-	-	1,134,693	-	-	-	-	878,699
Training and subscription	-	-	-	-	-	-	-	-	-	694
Provision charge for diminution in value of investments (Reversal of) credit loss allowance / credit loss allowance against loans & advances	- (27)	- (3,197)	-	-	-	- (37)	- (3,242)	1,200,000	-	- (4,691)
Credit loss allowance against off-balance sheet obligations	-	-	-	-	228	-	-	-	-	(65)
Credit loss allowance against other assets	-	-	-	-	70	-	-	-	-	14
Other information										
Dividend paid	3,669,653	15,322	-	21,611	3,726,657	6,055,313	19,156	-	13,954	5,944,564
Insurance premium paid	-	-	-	1,708,665	-	-	-	-	1,397,938	-
Insurance claims settled	-	-	-	984,756	-	-	-	-	891,123	-
Payment made for intangibles / capital work in progress	-	-	-	-	148,054	-	-	-	-	-

47 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2025	2024
	----- (Rupees in '000) -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	15,771,651	15,771,651
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	151,570,746	143,542,085
Eligible Additional Tier 1 (ADT 1) Capital	13,550,000	13,550,000
Total eligible tier 1 capital	165,120,746	157,092,085
Eligible tier 2 capital	47,473,682	43,822,367
Total eligible capital (tier 1 + tier 2)	212,594,428	200,914,452
Risk weighted assets (RWAs):		
Credit risk	981,244,262	828,663,610
Market risk	56,599,613	47,806,075
Operational risk	301,854,613	242,467,238
Total	1,339,698,488	1,118,936,923
Common equity tier 1 capital adequacy ratio	11.31%	12.83%
Tier 1 capital adequacy ratio	12.33%	14.04%
Total capital adequacy ratio	15.87%	17.96%
In line with Basel III capital adequacy guidelines, the following capital requirements are applicable to the Bank:		
Common Equity Tier 1 Capital Adequacy ratio	6.00%	6.00%
Tier 1 Capital Adequacy Ratio	7.50%	7.50%
Total Capital Adequacy Ratio	11.50%	11.50%
For Capital adequacy calculation, the Bank has adopted Standardised Approach for credit and market risk related exposures and Alternate Standardised Approach (ASA) for operational risk.		
	2025	2024
	----- (Rupees in '000) -----	
Leverage Ratio (LR):		
Eligible tier-1 capital	165,120,746	157,092,085
Total exposures	4,137,781,046	4,071,667,095
Leverage ratio	3.99%	3.86%
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	1,120,160,986	1,197,167,258
Total net cash outflow	621,924,548	626,056,805
Liquidity coverage ratio	180%	191%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	1,916,051,651	1,690,754,449
Total required stable funding	1,365,278,952	1,340,991,900
Net stable funding ratio	140%	126%

47.1 The full disclosures on the Capital Adequacy, Leverage Ratio & Liquidity Requirements as per the SBP instructions have been placed on the website. The link to the full disclosure is <https://www.bankalfalah.com/financial-reports/>.

The variety of business activities undertaken by the Bank require effective identification, measurement, monitoring, integration and management of different financial and non-financial risks that are constantly evolving as business activities change in response to concurrent internal and external developments. The Board Risk Management Committee (BRMC) is appointed and authorised by the Board of Directors (BOD) to assist in the design, regularly evaluating and timely updating the risk management framework of the Bank. The Board has further authorised the management committees i.e., the Central Management Committee (CMC), the Central Credit Committee (CCC) and the Digital Council to supervise risk management activities within their respective scopes. CMC has further established sub-committees such as the Assets & Liabilities Committee (ALCO), the Investment Committee (IC), the Information Technology Steering Committee (ITSC), the Control & Compliance Committee (C&CC), the Process Improvement Committee (PIC), the Governance Committee for Overseas Operations and Sustainability Committee etc.

The risk management framework endeavours to be a comprehensive and evolving guideline to cater to changing business dynamics. The framework includes:

- Clearly defined risk management policies, procedures, responsibilities and accountabilities;
- Well constituted organisational structure, in the form of separate risk management departments within the Credit and Risk Management Group, while ensuring that individuals responsible for risk approval are independent from risk taking units i.e. Business Units; and
- A mechanism for ongoing review of policies and procedures and risk exposures.

The primary objective of this architecture is to inculcate risk management into the organisation's process to ensure that risks are accurately identified & assessed, properly documented, approved, and adequately monitored & managed within the approved Risk Appetite in order to enhance long term earnings and to protect the interests of the Bank's depositors and shareholders.

The Bank's risk management framework has a well-defined organisational structure for effective management of credit risk, market risk, liquidity risk, operational risk, information security risk, environment and social risk and Credit Policy and Portfolio Management. Compliance & Business Solutions is leading risk related to Anti-Money Laundering, Combating the Financing of Terrorism & Countering Proliferation Financing. Sharia Non Compliance risk is being managed by Sharia Compliance Unit reporting to Group Head Compliance & Business Solutions. Further, there is an advanced focus on optimal utilisation of capital while ensuring compliance with capital requirements. The results of stress tests and internal capital adequacy assessment process and recovery plans are given due consideration in capital and business planning.

48.1 Credit Risk

Credit risk is the identification of the probability that a counterparty will cause a financial loss to the Bank due to its inability or unwillingness to meet its contractual obligations. This credit risk arises mainly from lending, hedging, settlement and other financial transactions. The credit risk management processes encompass identification, assessment, measurement, monitoring and control of the Bank's exposure to credit risk. The Bank's credit risk management philosophy is based on the Bank's overall business strategy / direction as established by the Board. The Bank is committed to an appropriate level of due diligence to ensure that credit risks have been properly analysed, fully disclosed to the approving authorities and appropriately quantified, also ensuring that the credit commitment is appropriately structured, priced (in line with market practices) and documented.

The Bank has built and maintained a sound loan portfolio in terms of a well-defined credit policies approved by the Board of Directors (BOD). Its credit evaluation system comprises of well-designed credit appraisal, sanctioning and review procedures for prudence in lending activities and ensuring the high quality of asset portfolio. In order to have an effective and efficient risk assessment, and to closely align its functions with Business, Credit Division has separate units for Corporate Banking, Islamic Banking, Retail Banking (including Agricultural Financing & SME) and Overseas Operations & Financial Institutions. For Consumer & Digital Products, loans are booked against defined eligibility criteria as per product programs / credit policy and these have a separate credit risk function.

The Bank manages its portfolio of loan assets with a view to limit concentrations in terms of risk quality, industry, maturity and large exposure. Portfolio analysis is also conducted on regular basis. This portfolio level oversight is maintained by the Credit & Risk Management Group.

For domestic operations, the Bank determines the amount for provisions / expected credit loss as per the IFRS 9 guidelines / Prudential Regulations issued by the SBP and the management's best estimates. Provisions at overseas branches are held to meet the requirements of the regulatory authorities of the respective countries in which the overseas branches operates and as per the application instructions of IFRS 9 issued by SBP.

A sophisticated internal credit rating system is in place, which is capable of quantifying counter-party and transaction risk in accordance with the best practices. The risk rating system takes into consideration qualitative and quantitative factors of the counter-party, transaction structure & security and generates internal ratings at obligor and facility levels. Furthermore, this system has an integrated loan origination module, which is currently being used in Corporate Banking, Islamic Banking and Retail Segments. The system is regularly reviewed for improvements as per the SBP's guidelines for Internal Credit Rating and Risk Management.

During the year, the Bank also implemented a revamped version of the Loan Origination and Internal Credit Rating System based on latest technology, which is currently being implemented in a phase wise manner, to replace the existing system.

The risk rating system incorporates comprehensive obligor risk rating models for the Corporate, Commercial, Small & Medium Enterprises, Agricultural, and Project Finance 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. Additionally, the scorecard-based models include a provision for management-level overrides, enabling the incorporation of any critical information or risk factors into the final assessment. Furthermore, the Bank has also developed dedicated scorecards for MicroFinance Banks (MFB) and Development Financials Institution (DFI) to more accurately capture the credit dynamics and risk drivers unique to each segment.

The Bank validates Internal Ratings based on statistical tests for all portfolios. It covers both discrimination and calibration statistical tests as per best practices.

Further, the system is backed by a secured database with back-up support and is capable of generating MIS reports providing a snapshot of the entire portfolio for strategizing and decision making. The system is enhanced to compute the ECL calculation for IFRS 9 and risk weighted assets for credit risk related Basel submissions.

A centralised Credit Administration Division (CAD) under the Credit and Risk Management Group is working towards ensuring that terms and conditions of credit approval and regulatory stipulations are complied with, that all documentation including security documentation are regular and fully enforceable and all disbursements of approved facilities are made only after necessary authorisation by CAD.

Credit Policy and Portfolio Management under Credit and Risk Management Group keeps a watch on the quality of the credit portfolio in terms of borrowers' behaviour, identifies weakening account relationships and reports them to the appropriate authorities with a view to address further deterioration.

To handle the specialised requirements of managing delinquent and problem accounts, the Bank has a separate client facing unit to negotiate repayment / settlement of the Bank's non-performing exposure and protect the interests of the Bank's depositors and stakeholders. The priority of the Special Asset Management Group (SAMG) 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, SAMG may proceed with legal recourse so as to maximise the recovery of the Bank's assets. The Credit and Risk Management Group also monitors the NPL portfolio of the Bank and reports the same to CCC / BRMC.

48.1.1 Credit risk - general disclosures Basel specific

The Bank is using the Standardised Approach (SA) of the SBP's Basel Accord for the purpose of estimating credit risk weighted assets. Under SA, banks are allowed to take into consideration external rating(s) of counter-parties for the purpose of calculating risk weighted assets. A detailed procedural manual specifying processes for deriving Credit Risk Weighted Assets in accordance with the SBP Basel Standardised Approach is in place and firmly adhered to by the Bank.

Furthermore, with reference to BPRD Circular no 03 to 2025 issued vide September 24, 2025, Bank has implemented the Revised Instructions for Credit Risk (Standardized Approach) on parallel run basis, with submission of results to State Bank of Pakistan on a quarterly basis.

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 and Moody's, Fitch and Standard & Poor's.

The SBP through its letter number BSD/BAI-2/201/1200/2009 dated December 21, 2009 accorded approval to the Bank for use of ratings assigned by Credit Rating Agency of Bangladesh (CRAB) and Credit Rating Information and Services Limited (CRISL). The Bank uses these ECAs to rate its exposures denominated in Bangladeshi currency on certain corporate exposures and banks incorporated in Bangladesh.

The Bank uses external ratings for the purpose of mapping risk weights as per the Basel III framework. Instances whereby an exposure is rated by two or more ratings agencies, mapping into different risk weights, instructions outlined in Regulatory guidelines on BASEL framework shall be adhered to for selection of applicable rating.

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 has the rights of a 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 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 collateral

The Bank determines the appropriate collateral for each facility based on the type of product and counterparty. In case of corporate and SME financing, fixed assets are generally taken as security for long tenure loans and current assets for working capital finance is usually backed by mortgage or hypothecation. For project finance, security of the assets of the borrowers and assignment of the underlying project contracts are generally obtained. Additional security such as pledge of shares, cash collateral, TDRs, SSC/DSCs, charge on receivables may also be obtained. Moreover, in order to cover the entire exposure personal guarantees of directors / borrowers are also obtained generally by the Bank. For retail products, the security to be taken is defined in the product policy for the respective products. Housing loans and automobile loans are secured by the property and automobile being financed respectively.

The Bank also offers products which are primarily based on collateral such as shares, specified securities and pledged commodities. These products are offered in line with the SBP prudential regulations and approved product policies which also deal with types of collateral, valuation and margining.

The decision on the type and quantum of collateral for each transaction is taken by the credit approving authority as per the credit approval authorisation approved by the CCC under its delegation powers. For facilities provided as per approved product policies (retail products, loan against shares etc.), collateral is taken in line with the policy.

48.1.3.4 Types of eligible financial collateral

For credit risk mitigation purposes (capital adequacy purposes), the Bank considers all types of financial collaterals that are eligible under the SBP Basel III Accord (In case of overseas operations, respective regulatory instructions are adhered). This includes cash / TDRs, gold, securities issued by Government of Pakistan such as T-Bills and PIBs, National Savings Certificates, certain debt securities rated by recognised credit rating agencies, mutual fund units where daily Net Asset Value (NAV) is available in public domain and guarantees from certain specified entities (Government of Pakistan, Banks etc.) under substitution effect of Basel.

48.1.3.5 Credit concentration risk

Credit concentration risk arises mainly due to concentration of exposures under various categories viz. industry, geography, and single/group borrower exposures. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on banks' maximum exposure to single borrower, group borrowers and related parties. Moreover, in order to restrict the industry concentration risk, Bank's annual credit plan spells out the maximum allowable exposure that it can take on specific industry. Additionally, the Internal Rating System allows the Bank to monitor risk rating concentration of borrowers against different grades / scores ranging from 1 - 12 (1 being the best and 12 being loss category).

48.1.3.6 Methodologies and models used for the measurement of Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

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 the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal / external rating grade for subject customer. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account being restructured. Regardless of the change in credit grades, generally, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. When estimating ECLs on a collective basis for a group of similar assets, the Bank applies similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Bank groups its financial instruments into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1 (Performing assets):

When financial instruments are first recognised, the Bank recognises an allowance based on 12mECLs. 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-months default probabilities are applied to a forecast Exposure at Default (EAD) and multiplied by the forward looking LGD and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.

Stage 2 (Underperforming assets):

When a financial instrument has shown a significant increase in credit risk 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.

Stage 3 (Non performing assets):

For financial instruments considered credit-impaired, the Bank recognises LTECLs for these instruments. A description of how the Bank defines credit-impaired and default is given in the relevant section. The Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP.

Undrawn financing commitments

When estimating LTECLs for undrawn financings commitments, the Bank estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the financings are drawn down, based on a probability-weighting of the three scenarios. For revolving facilities that include both financings and an undrawn commitment, ECLs are calculated on un-drawn portion (after application of CCF) of the facility and presented within other liabilities.

Guarantee and letters of credit contracts

The Bank estimates ECLs based on the BASEL driven and internally developed credit conversion factor (CCF) for guarantee and letter of credit contracts respectively. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

Forward looking information

The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for Wholesale & Retail portfolio.

Impact of these economic variables on the PD varies by the portfolio.

The rating band / DPD bucket wise PDs are computed through migration analysis using at least 5 years of historical transition matrices of respective portfolio. Furthermore, a detailed regression analysis is carried out using macroeconomic variables (i.e. Average Inflation rate and GDP growth rate were regressed against the Bank's Internal Default Rates) in order to attain forward-looking PDs for each subsequent year.

In addition to the base economic scenario, the Bank also uses other possible scenarios along with scenario weightings. The number of scenarios and their attributes are reassessed on an annual basis. The scenario weightings are determined by a combination of statistical analysis and expert credit judgment, taking into account of the range of possible outcomes each chosen scenario is representative of.

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

In its ECL models, the Bank relies on a range of the following forward looking information as economic inputs, such as:

- GDP growth
- Consumer price index

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), discounted at an approximation to the EIR, defined as follows:

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 (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

- For corporate, commercial, SME and agriculture loan portfolios (collectively referred to as the "Wholesale Portfolio"), the Bank has used a obligor risk rating (ORR) transition based approach to determine the segment wise PDs for each ORR.
- For auto loans, housing, personal installment loans and credit cards (collectively referred to as the "Retail Portfolio"), a days-past-due ("DPD") based migration approach has been used; and these PD's for wholesale & retail portfolio are then adjusted with forward looking information to arrive at point in time (PIT) PDs;
- For other financial assets (i.e. investments, lending to financial institutions, balances with other banks etc.), historical PDs were estimated on the basis of global default rates taken from S&P rating-wise transition matrices. These annual default rates were converted into forward-looking PDs using the Vasicek model. the forecast global macro-economic variables were derived using historical regression between global macro-economic variables and Pakistan macro-economic variables.

Exposure at Default (EAD)

The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities. 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. The Bank's product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and / or reduce the facilities with one day notice. However, in the 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 Bank has estimated segment wise LGDs for Corporate/Commercial, SE, ME & Agri Portfolio as well as product wise LGDs for Auto Finance, Personal Loan, Home Finance and Credit Card portfolio. The LGDs are determined using workout approach, based on vintage recovery data for the defaulted portfolio; these recoveries are then discounted back to the 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, through use of term structure of Point in time PDs.

48.1.3.7 ECL principles, grouping and calculations

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. In the absence of computation of an effective interest rate (at reporting date), the Bank uses an approximation e.g. contractual rate (at reporting date).

When estimating the ECLs, the Bank considers three scenarios (a base, best and a worst case). Each of these scenario's is based on different macro-economic forecasts and is associated with different set of PDs & LGD.

Furthermore, to mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The Bank considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

- History of legal certainty & enforceability
- History of recovery

The Bank's management has only considered cash, liquid securities, and Government of Pakistan guarantees as eligible collaterals, while calculating EADs. Furthermore, the credit exposure (in local currency) that has been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

Impact on Regulatory Capital:

The introduction of IFRS 9 has resulted in a reduction in regulatory capital of the Banks, which has reduced its lending capacity and ability to support its clients. In order to mitigate the impact of ECL models on capital, the SBP has permitted Banks to opt for a transitional arrangement for the ECL impact on regulatory capital from the application of ECL accounting. Annexure B of the 'Application Instructions' issued by the SBP has detailed the transitional arrangement.

Accordingly, the Bank has opted for a transition arrangement to phase in ECL impact and below tabulated is the impact on key ratios, had the transitional arrangement not applied.

Key ratios	With transitional arrangement	Without transitional arrangement
Total capital to total RWA (CAR)	15.87%	16.04%
Leverage ratio	3.99%	3.93%

48.1.3.8 ECL Modeling and staging criteria/ Significant increase in ECLs

Significant increase in credit risk (SICR): A SICR is assessed in the context of an increase in the risk of default occurring over the life of the financial instrument compared to the risk of default expected at the time of initial recognition.

The Bank uses a number of qualitative and quantitative measures in assessing SICR including, inter alia, the deterioration of Obligor Risk Ratings (ORR), in line with the Bank's internally approved grid outlining specific notched downgrades for each ORR / external rating, payments being past due by 60 days or more, and other qualitative factors (such as watchlisting or restructuring of accounts).

48.1.4 Loans and advances definitions and methodologies of categorisation, credit loss allowance stages and movements between stages

Backward Transition:

In line with Bank's IFRS 9 Policy and Regulatory guidelines, financial assets shall be reclassified out of Stage 3 if they fulfill 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.

Particulars of the Bank's on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

48.1.5 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Credit loss allowance held					
	2025	2024	2025	2024	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
(Rupees in '000)										
Public Sector	-	11,982,500	-	-	-	-	-	486	-	-
Private Sector	19,674,360	89,016,702	-	-	68	-	-	393	-	-
	19,674,360	100,999,202	-	-	68	-	-	879	-	-

48.1.6 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Credit loss allowance / provision held					
	2025	2024	2025	2024	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
(Rupees in '000)										
Textile	189,806	201,628	189,806	201,628	-	-	189,806	-	-	201,628
Chemical and Pharmaceuticals	-	27,126	-	27,126	-	-	-	-	-	27,126
Electronics and electrical appliances	1,785	1,785	1,785	1,785	-	-	1,785	132	-	1,785
Engineering	495,060	846,035	-	-	84	-	-	-	-	-
Power (electricity), Gas, Water, Sanitary	2,912,478	2,231,203	-	-	445	-	-	471	-	-
Financial	33,494,447	24,043,784	83,768	83,768	6,368	-	83,768	6,987	-	83,768
Others (see note 48.1.6.1)	78,666,034	78,661,614	-	-	42,853	1,770,177	-	77,750	2,145,627	-
	115,759,610	106,013,175	275,359	314,307	49,750	1,770,177	275,359	85,340	2,145,627	314,307

Credit risk by public / private sector

	Gross investments		Non-performing investments		Credit loss allowance / provision held					
	2025	2024	2025	2024	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Specific
(Rupees in '000)										
Public Sector	78,666,034	78,661,614	-	-	42,853	-	-	77,750	2,145,627	-
Private Sector	37,093,576	27,351,561	275,359	314,307	6,897	1,770,177	275,359	7,590	-	314,307
	115,759,610	106,013,175	275,359	314,307	49,750	1,770,177	275,359	85,340	2,145,627	314,307

48.1.6.1 This includes Pakistan Euro Bonds and foreign government securities.

48.1.7 Advances

Credit risk by industry sector

Credit risk by industry sector														
	Gross advances		Non-performing advances		Credit loss allowance / provision held									
	2025	2024	2025	2024	Stage 1	Stage 2	Stage 3	General	Specific	Stage 1	Stage 2	Stage 3	General	Specific
(Rupees in '000)														
Agriculture, forestry, hunting and fishing	149,674,035	270,007,590	1,936,013	2,058,728	92,528	25,783	1,734,277	-	-	139,192	44,792	1,800,611	-	-
Automobile and transportation equipment	14,253,353	10,786,305	785,278	1,329,115	5,365	8,310	784,968	-	-	15,383	33,685	1,274,884	-	-
Cement	8,460,992	8,537,975	-	-	3,961	4,642	-	-	-	11,912	9,399	-	-	-
Chemical and pharmaceuticals	56,663,277	38,373,631	539,694	542,177	27,989	6,259	538,519	-	-	61,454	23,313	539,064	-	-
Construction	24,511,693	19,448,646	2,446,346	2,862,541	37,110	49,195	2,446,346	-	-	54,580	54,185	2,861,912	-	-
Electronics and electrical appliances	15,339,118	17,072,367	1,281,100	1,329,680	6,201	3,478	1,280,267	-	-	7,258	15,012	1,326,398	-	-
Exports / imports	2,008,813	2,669,426	258,928	215,646	2,009	1,173	256,392	-	-	3,837	9,173	194,502	-	-
Financial	25,278,833	85,551,503	511,183	629,971	129,924	-	511,183	-	-	75,917	1,649	629,971	-	-
Food & allied products	85,523,676	84,424,442	8,009,626	6,358,528	70,097	46,168	7,893,560	-	-	128,255	102,209	6,329,001	-	-
Footwear and leather garments	6,182,161	3,992,209	65,163	74,748	4,392	325	64,546	-	-	5,152	265	74,502	-	-
Glass and ceramics	860,690	903,446	-	-	694	-	-	-	-	1,964	1,199	-	-	-
Individuals	186,425,260	130,231,529	3,030,159	2,648,592	739,318	258,374	2,030,120	-	-	1,156,608	466,669	1,669,210	-	-
Insurance	113,761	517,652	-	-	32	-	-	-	-	-	380	-	-	-
Metal & allied industries	33,239,975	29,062,770	4,652,101	5,455,436	11,599	22,274	4,649,807	-	-	17,934	23,001	5,444,587	-	-
Mining and quarrying	6,359,555	4,751,764	10,098	13,116	1,510	92	7,070	-	-	1,432	292	10,088	-	-
Oil and allied	56,032,089	43,158,591	5,808,207	6,143,132	4,339	1,203	4,793,916	-	-	5,151	3,651	5,143,887	-	-
Paper and board	10,326,483	9,690,665	-	-	62,670	38,030	-	-	-	15,910	29,984	-	-	-
Plastic and allied industries	8,332,507	6,588,177	166,023	145,200	5,972	1,687	166,023	-	-	13,219	28,207	141,329	-	-
Power (electricity), gas, water, sanitary	108,742,269	64,395,584	1,390,769	1,732,762	24,360	124,576	1,390,769	-	-	87,497	141,137	1,732,762	-	-
Services	20,429,835	18,474,211	1,434,089	1,489,295	21,301	11,455	1,384,348	-	-	40,233	46,766	1,457,291	-	-
Sugar	18,300,507	20,456,948	369,517	434,517	9,281	5,502	369,517	-	-	20,211	10,513	434,517	-	-
Technology and related services	1,422,904	177,720	1,047	4,949	2,615	672	886	-	-	523	1,596	2,832	-	-
Textile	178,680,917	184,360,367	11,546,480	5,561,642	75,525	148,987	8,686,147	-	-	186,497	139,668	4,944,846	-	-
Transport, storage and communication	52,952,274	41,054,494	-	9,680	31,389	46,637	-	-	-	54,936	143,449	3,358	-	-
Wholesale & retail trade	61,463,817	45,321,391	2,145,469	2,205,335	93,512	16,689	2,038,735	-	-	103,169	36,205	2,050,217	-	-
Others	21,914,983	16,248,573	1,148,483	1,115,167	19,609	13,912	1,067,865	4,155,956	-	24,730	21,684	370,244	4,237,082	587,690
	1,153,493,777	1,156,257,976	47,535,773	42,359,957	1,483,302	835,423	42,095,261	4,155,956	-	2,232,954	1,388,083	38,436,013	4,237,082	587,690

Credit risk by industry sector

Credit risk by industry sector														
Gross advances		Non-performing advances		Credit loss allowance / provision held										
2025	2024	2025	2024	Stage 1	Stage 2	Stage 3	General	Specific	Stage 1	Stage 2	Stage 3	General	Specific	
(Rupees in '000)														

48.1.8 Contingencies and Commitments	2025	2024
	----- (Rupees in '000) -----	
Credit risk by industry sector		
Agriculture, forestry, hunting and fishing	2,376,054	2,521,658
Automobile and transportation equipment	23,550,686	24,901,209
Cement	4,058,012	1,435,118
Chemical and pharmaceuticals	32,274,029	28,717,183
Construction	55,852,723	49,152,061
Electronics and electrical appliances	11,398,168	8,537,620
Exports / imports	832,229	645,335
Financial	594,532,807	406,394,509
Food & allied products	35,228,967	26,330,807
Footwear and leather garments	1,516,162	1,274,443
Glass and ceramics	1,458,750	1,012,427
Individuals	5,910,407	5,517,879
Insurance	857,469	901,691
Metal & allied industries	20,914,716	18,893,027
Mining and quarrying	1,176,622	7,186,882
Oil and allied	116,550,826	72,371,816
Paper and board	3,797,510	3,704,026
Plastic and allied industries	4,878,675	3,720,775
Power (electricity), gas, water, sanitary	75,529,266	48,541,082
Services	10,755,657	4,336,041
Sugar	987,939	4,118,531
Technology and related services	6,072,859	3,640,895
Textile	88,222,001	76,462,818
Transport, storage and communication	13,525,740	12,127,967
Wholesale and retail trade	37,448,486	41,853,930
Others	42,876,786	43,867,965
	<u>1,192,583,546</u>	<u>898,167,695</u>
Credit risk by public / private sector		
Public / Government	146,691,874	75,628,540
Private	<u>1,045,891,672</u>	<u>822,539,155</u>
	<u>1,192,583,546</u>	<u>898,167,695</u>

48.1.9 Concentration of Advances

The Bank's top 10 exposures on the basis of total funded and non-funded exposures aggregated to Rs. 350,864.293 million (2024: Rs. 468,501.847 million) are as following:

	2025	2024
	----- (Rupees in '000) -----	
Funded	232,790,183	381,239,490
Non funded	<u>118,074,110</u>	<u>87,262,357</u>
Total exposure	<u>350,864,293</u>	<u>468,501,847</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 596,934.997 million (2024: Rs. 608,466.300 million).

None of the top 10 exposures are classified.

For the purpose of this note, exposure means outstanding funded facilities and utilised non-funded facilities as at the reporting date.

48.1.10 Advances - province / region-wise disbursement & utilisation

Province/Region	2025						
	Disbursements Total	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit- Baltistan
(Rupees in '000)							
Punjab	2,774,429,540	2,720,491,368	34,117,229	2,442,126	4,037	17,174,669	200,111
Sindh	3,000,233,188	33,740,786	2,954,762,623	795,562	1,144,226	9,789,991	-
KPK including FATA	37,194,727	504,984	-	36,676,213	-	13,530	-
Balochistan	8,930,919	-	32,266	-	8,898,653	-	-
Islamabad	399,064,499	143,980,430	7,896	40,420,219	-	214,655,954	-
AJK including Gilgit-Baltistan	2,811,732	2,206	-	1,500	-	-	2,808,026
Total	6,222,664,605	2,898,719,774	2,988,920,014	80,335,620	10,046,916	241,634,144	3,008,137

Province/Region	2024						
	Disbursements Total	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit- Baltistan
(Rupees in '000)							
Punjab	2,513,709,219	2,473,196,030	22,611,100	821,849	21,607	17,048,793	9,840
Sindh	2,267,413,093	18,676,583	2,247,412,632	906,383	367,735	49,760	-
KPK including FATA	28,354,738	261,032	-	27,313,263	-	780,443	-
Balochistan	8,701,243	4,000	18,226	-	8,679,017	-	-
Islamabad	267,859,146	94,001,091	10,220,253	28,450,651	-	135,187,151	-
AJK including Gilgit-Baltistan	2,182,801	2,197	-	-	6,564	-	2,174,040
Total	5,088,220,240	2,586,140,933	2,280,262,211	57,492,146	9,074,923	153,066,147	2,183,880

48.2 Market Risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to movements in market prices. It results from changes in interest rates, exchange rates and equity prices as well as from changes in the correlations between them. To manage and control market risk, a comprehensive Board approved Market & Liquidity Risk Management Policy, is in place. The policy outlines a well-defined risk control structure, responsibilities of relevant stakeholders with respect to market risk management and methods to measure and control market risk at a portfolio level. These controls include limits on exposure to individual market risk variables as well as limits on concentrations of tenors. This structure is reviewed, adjusted and approved periodically.

Under the BoD approved policy, the Bank's Asset and Liability Committee (ALCO) and Investment Committee (IC) are primarily responsible for the oversight of market risk, supported by the Market & Liquidity Risk Department of Risk Management Division (RMD). Furthermore, the Bank carries out risk assessment via diversified tools including Value at Risk (VaR), PVBP (Price Value per Basis Point) and Duration on a regular basis. The Bank also ascertains the impact of market risk on relevant portfolios through stress testing and the Internal Capital Adequacy Assessment Processes.

48.3 Foreign exchange risk

Foreign exchange (FX) risk arises from fluctuations in the value of financial instruments due to changes in foreign exchange rates. The Bank's FX Risk is largely mitigated by taking a matched funding positions.

The Bank manages FX risk by setting and monitoring through approved currency wise net open position limits and Foreign Exchange Exposure Limit (FEEL). Foreign exchange risk is controlled and monitored through limits approved by ALCO, within the overall FEEL limit advised by the SBP.

The analysis below represents the concentration of the Bank's foreign currency risk for on and off balance sheet financial exposure:

	2025				2024			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items / bought / (sold)	Net foreign currency exposure	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items / bought / sold	Net foreign currency exposure
	(Rupees in '000)				(Rupees in '000)			
United States Dollar	188,755,110	247,363,574	65,524,816	6,916,352	159,214,920	177,508,595	17,763,697	(529,978)
Great Britain Pound Sterling	4,298,291	12,735,791	8,472,966	35,466	4,120,253	10,516,911	6,421,132	24,474
Euro	6,679,254	11,194,300	4,596,800	81,754	5,349,381	8,683,527	3,396,000	61,854
Japanese Yen	48,922	204,706	178,920	23,136	7,082	261,585	312,095	57,592
Other currencies	167,098,086	166,557,362	5,993	546,717	152,560,240	151,799,596	(222,958)	537,686
	366,879,663	438,055,733	78,779,495	7,603,425	321,251,876	348,770,214	27,669,966	151,628

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% adverse movement in foreign exchange rates on				
- Profit and loss account	-	(76,034)	-	(1,516)
- Other comprehensive income	(353,459)	-	(302,624)	-

48.3.1 Balance sheet assets 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	227,463,156	-	227,463,156	227,823,979	-	227,823,979
Balances with other banks	24,109,552	-	24,109,552	18,469,608	-	18,469,608
Lendings to financial institutions	19,674,292	-	19,674,292	100,998,323	-	100,998,323
Investments	1,414,718,067	758,728,613	2,173,446,680	1,701,569,894	289,662,560	1,991,232,454
Advances	1,104,923,835	-	1,104,923,835	1,109,376,154	-	1,109,376,154
Property and equipment	71,100,467	-	71,100,467	63,543,484	-	63,543,484
Right-of-use assets	26,377,543	-	26,377,543	25,290,607	-	25,290,607
Intangible assets	1,723,556	-	1,723,556	1,543,109	-	1,543,109
Deferred tax assets	-	-	-	-	-	-
Other assets	178,637,696	2,470,343	181,108,039	169,821,876	2,106,527	171,928,403
	3,068,728,164	761,198,956	3,829,927,120	3,418,437,034	291,769,087	3,710,206,121

48.3.1.1 In accordance with the transitional arrangement allowed by the SBP circular BPRD/BA&CP/881411/2025 dated 16 May 2025, the Bank is progressively reclassifying its FVOCI portfolio from the Banking Book to the Trading Book for Capital Adequacy Ratio calculations. As of December 2025, 27% of the FVOCI portfolio has been reclassified, with cumulative targets of 50% by December 2026 and 100% by December 2027.

48.3.2 Equity position risk

Equity position risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in the prices of individual stocks or market indices. The Bank's equity investments are classified as fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVPL) investments. The objective of classifying investments as FVPL is to take advantage of short term capital gains, while the FVOCI portfolio is maintained with a medium term view of capital gains and dividend income. The Bank's Investment Committee is primarily responsible for the oversight of the equity investment risk. The Bank has an active and regular monitoring mechanism for utilisation against approved portfolio limits, scrip wise limits, sector limits, loss triggers and timely escalation of Management Action Trigger Levels (MAT).

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% adverse movement in equity prices on				
- Profit and loss account	-	(257,025)	-	(176,606)
- Other comprehensive income	(1,375,378)	-	(761,424)	-

48.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

Interest Rate Risk is the adverse impact on the bank's shareholder's equity due to changes in the interest rates. It may be further elaborated as changes in the present value of the asset, liabilities and commitments due to changes in interest rates, including changes in the shape of yield curves. The Bank is exposed to interest rate risk primarily as a result of mismatches in the amounts of assets, liabilities and off-balance sheet interest sensitive instruments within a certain range of maturity or re-pricing (whichever is earlier). The Bank has formulated a separate Interest Rate Risk Management (IRRM) framework which establishes aggregate and tenor-wise balance sheet level PVBP (Price Value per basis points) limits to manage interest rate risk within the Board approved risk appetite. Global Treasury and Capital Markets Group is primarily responsible for management of interest rate risk on a daily basis, and the Asset and Liability Committee (ALCO) oversees the interest rate risk at Bank level. Market & Liquidity Risk Department of Risk Management Division independently monitors, analyses and reports various limits including management action point limits and re-pricing of the assets and liabilities on a regular basis.

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% increase in interest rates on				
- Profit and loss account	(2,412,445)	(2,094,295)	(2,664,722)	(4,655,830)
- Other comprehensive income	(21,892,305)	(1,012,126)	(16,800,492)	-

48.4.1 Mismatch of Interest Rate Sensitive Assets and Liabilities

2025										
Effective yield / interest rate	Total	Exposed to Yield / Interest Risk								
		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

On-balance sheet financial instruments

Assets												
Cash and balances with treasury banks	0.19%	227,463,156	17,684,174	-	-	-	-	-	-	-	-	209,778,982
Balances with other banks	2.16%	24,109,552	32,014	-	-	-	-	-	-	-	-	24,077,538
Lending to financial institutions	9.90%	19,674,292	19,674,292	-	-	-	-	-	-	-	-	-
Investments	12.22%	2,173,446,680	160,074,449	329,415,602	543,104,845	614,955,429	176,976,145	59,844,306	122,236,497	116,846,930	-	50,042,477
Advances	12.54%	1,104,923,835	514,341,136	204,192,739	138,377,263	70,777,653	24,856,199	35,707,433	40,037,237	53,477,065	17,716,598	5,440,512
Other assets	-	166,874,896	-	-	-	-	-	-	-	-	-	166,874,896
		3,716,492,411	711,806,065	533,608,341	681,482,108	685,733,082	201,782,344	95,551,739	162,273,734	170,323,995	17,716,598	456,214,405
Liabilities												
Bills payable	-	56,957,969	-	-	-	-	-	-	-	-	-	56,957,969
Borrowings	10.61%	832,127,882	725,063,915	15,149,685	23,715,559	9,853,888	2,683,346	9,149,040	14,279,278	32,183,671	49,500	-
Deposits and other accounts	5.67%	2,496,208,099	1,061,896,187	115,943,341	115,113,563	165,387,103	1,483,648	1,809,949	6,105,486	-	-	1,028,468,822
Lease liabilities	14.13%	32,471,152	63,155	232,649	758,017	1,361,727	2,879,961	3,254,453	7,112,721	14,774,086	2,034,383	-
Subordinated debt	13.95%	14,000,000	-	7,000,000	7,000,000	-	-	-	-	-	-	-
Other liabilities	-	100,078,470	-	-	-	-	-	-	-	-	-	100,078,470
		3,531,843,572	1,787,023,257	138,325,675	146,587,139	176,602,718	7,046,955	14,213,442	27,497,485	46,957,757	2,083,883	1,185,505,261

On-balance sheet gap

184,648,839	(1,075,217,192)	395,282,666	534,894,969	509,130,364	194,735,389	81,338,297	134,776,249	123,366,238	15,632,715	(729,290,856)

Off-balance sheet financial instruments

Documentary credits and short-term trade-related transactions	461,815,730	-	-	-	-	-	-	-	-	-	-	461,815,730

[illegible]

Commitments in respect of:

- Forward exchange contracts - purchase
- Forward exchange contracts - sale
- Forward security - purchase
- Forward security - sale
- Interest Rate Swaps - purchase
- Interest Rate Swaps - Sale
- Cross Currency Swaps - Purchase
- Cross Currency Swaps - Sale

Off-balance sheet gap

Total yield / interest risk sensitivity gap

Total yield / interest risk sensitivity gap	(1,165,496,545)	478,937,215	561,892,495	501,570,130	190,673,604	78,817,189	130,014,156	121,685,499	15,632,715	(267,475,126)
Cumulative yield / interest risk sensitivity gap	(1,165,496,545)	(686,559,330)	(124,666,835)	376,903,295	567,576,899	646,394,088	776,408,244	898,093,743	913,726,458	646,251,332

Cumulative yield / interest risk sensitivity gap

[illegible]

On-balance sheet financial instruments

Assets												
0.00%	Cash and balances with treasury banks	227,823,979	12,652,659	-	-	-	-	-	-	-	-	215,171,320
3.38%	Balances with other banks	18,469,608	31,982	-	-	-	-	-	-	-	-	18,437,626
15.19%	Lending to financial institutions	100,998,323	95,601,099	399,924	4,997,300	-	-	-	-	-	-	-
18.35%	Investments	1,991,232,454	180,967,039	288,254,941	730,065,802	165,681,067	157,240,131	127,222,674	174,592,781	132,559,486	-	34,648,533
17.00%	Advances	1,109,376,154	611,169,970	136,366,580	155,184,943	52,303,953	16,094,965	19,215,964	29,849,145	66,260,011	-	3,182,240
-	Other assets	155,157,087	-	-	-	-	-	-	-	-	-	155,157,087
		3,603,057,605	900,422,749	425,021,445	890,248,045	217,985,020	173,335,096	146,438,638	204,441,326	198,819,497	-	426,596,806
	Liabilities											
-	Bills payable	41,768,326	-	-	-	-	-	-	-	-	-	41,768,326
16.35%	Borrowings	1,141,885,742	972,124,538	37,275,251	57,210,197	36,128,705	4,261,703	3,319,377	13,447,077	44,957,913	-	185,973
11.18%	Deposits and other accounts	2,136,912,622	1,063,302,498	109,136,439	54,656,520	36,128,705	988,608	1,336,147	6,025,141	-	-	865,338,564
14.40%	Lease liabilities	29,481,938	88,205	309,529	490,286	1,157,796	2,396,519	2,694,199	5,954,747	14,026,334	-	2,364,323
22.28%	Subordinated debt	14,000,000	-	7,000,000	7,000,000	-	-	-	-	-	-	-
-	Other liabilities	94,179,295	-	-	-	-	-	-	-	-	-	94,179,295
		3,458,227,923	2,035,515,241	125,549,681	99,422,057	94,496,698	7,646,830	7,349,723	25,426,965	58,984,247	2,550,296	1,001,286,185
	On-balance sheet gap	144,829,682	(1,135,092,492)	299,471,764	790,825,988	123,488,322	165,688,266	139,088,915	179,014,961	139,835,250	17,198,087	(574,689,379)

On-balance sheet gap

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)											
Off-balance sheet financial instruments											
Documentary credits and short-term trade-related transactions	402,528,699	-	-	-	-	-	-	-	-	-	402,528,699
Commitments in respect of:											
- Forward exchange contracts - purchase	144,906,210	82,323,609	47,360,862	14,967,644	254,095	-	-	-	-	-	-
- Forward exchange contracts - sale	(122,031,856)	(79,019,016)	(21,826,844)	(13,829,134)	(7,356,862)	-	-	-	-	-	-
- Forward security - purchase	55,393,978	5,461,630	25,217,982	-	-	-	-	11,215,131	13,499,235	-	-
- Forward security - sale	(94,135,406)	-	(24,529,560)	-	(5,407,620)	(4,212,576)	(1,884,925)	(3,754,454)	(54,346,271)	-	-
- Interest Rate Swaps - purchase	23,054,358	13,834,353	9,220,005	-	-	-	-	-	-	-	-
- Interest Rate Swaps - Sale	(23,054,358)	-	(584,955)	(580,164)	-	(2,808,564)	(4,596,075)	(7,799,400)	(6,685,200)	-	-
- Cross Currency Swaps - Purchase	10,412,144	-	10,412,144	-	-	-	-	-	-	-	-
- Cross Currency Swaps - Sale	(10,412,144)	(10,412,144)	-	-	-	-	-	-	-	-	-
Off-balance sheet gap	386,661,625	12,188,432	45,269,634	558,346	(12,510,387)	(7,021,140)	(6,481,000)	(338,723)	(47,532,236)	-	402,528,699
Total yield / interest risk sensitivity gap											
		(1,122,904,060)	344,741,398	791,384,334	110,977,935	158,667,126	132,607,915	178,676,238	92,303,014	17,198,087	(172,160,680)
Cumulative yield / interest risk sensitivity gap											
		(1,122,904,060)	(778,162,662)	13,221,672	124,199,607	282,866,733	415,474,648	594,150,886	686,453,900	703,651,987	531,491,307

48.4.2 Reconciliation of Financial Assets and Liabilities exposed to yield / interest rate risk with total assets and liabilities

	2025	2024
----- (Rupees in '000) -----		
Total financial assets as per note 48.4.1	3,716,492,411	3,603,057,605
Add: Non financial assets		
Property and equipment	71,100,467	63,543,484
Right-of-use assets	26,377,543	25,290,607
Intangibles	1,723,556	1,543,109
Other assets	14,233,143	16,771,316
Total assets as per the statement of financial position	3,829,927,120	3,710,206,121
Total financial liabilities as per note 48.4.1	3,531,843,572	3,458,227,923
Add: Non financial liabilities		
Deferred tax liabilities	24,345,073	16,515,641
Other liabilities	76,226,419	57,350,147
Total liabilities as per the statement of financial position	3,632,415,064	3,532,093,711

48.5 Operational Risk

Operational risk is the risk of loss resulting from inadequate internal processes, people and systems, or from external events, including legal risks. This excludes strategic and reputational risk.

The Operational Risk Management Framework, policies and standards of the Bank duly approved by the Central Management Committee and the Board, cover the processes, structure and functions of operational risk management and provides guidelines to identify, assess, monitor, control and report operational risk in a consistent and transparent manner across the Bank.

48.5.1 Operational Risk Disclosures - Basel Specific

The Bank is among the first few banks in the industry to secure the SBP approval for adoption of the Alternative Standardised Approach (ASA) under Basel guidelines for determining the capital charge on operational risk in December 2013. The Bank started calculating its capital charge for operational risk using the ASA from December 31, 2013.

The SBP approval stipulated a capital floor i.e. operational risk charge under the ASA should not fall below as a certain percentage of operational risk capital charge calculated under the Basic Indicator Approach for initial three years. These floors were 90% for 2013 and 2014, 80% for 2015 and 70% for 2016. However, the removal of the capital floor for calculation of capital charge under ASA was extended in line with international developments and the consultations with the Basel Committee on Banking Supervision (BCBS).

Embedding a sustainable risk culture remains our core objective, which includes effective management of operational issues and emerging risks across the Bank and in our overseas operations via deployment of required resources, tools and continuous supervision. The new Operational Risk Framework, Policy and Standards, duly approved by the Board, have been rolled out, along with new system platforms (Operational Risk System), for recording and tracking risk events, including non-financial risks. We are at an advance stage of implementing a new process based Risk and Control Self-Assessment method across the Bank in order to effectively manage operational risks and continually monitor the effectiveness of defined controls through first-line self-assessment reviews, especially for the processes and activities that may significantly impact the Bank's risk appetite. Furthermore, new and amended products, systems, activities and processes are subject to comprehensive operational risk assessments before implementation and launch.

48.5.2 Information Security Risk

Cyber risk is now among the top ranked risks that all organisations face and the Bank is cognisant of its significance and possible impacts. The Bank's Board IT Committee (BITC) and management level IT Steering Committee (ITSC) provide oversight of cyber security matters. The Bank has in place a well-defined Information Security Risk Management Policy / Framework, duly approved by the Board of Directors. The framework is supplemented with comprehensive Information Security Risk Management procedures approved by the executive management. The framework is directly aligned with regulatory advisories and international standards, as well as best practices.

A dedicated Information Security Division within the Credit & Risk Management Group is responsible for managing information security risks to the Bank's information assets. This division ensures compliance with established information security standards and baselines, continuously monitors cyber threats, and investigates security incidents through a purpose-built Security Operations Centre, which operates 24/7/365 days.

Through periodic Cyber Security Risk Assessments, the Bank has implemented a multi-layered Cybersecurity Action Plan that addresses all key domains of information security. Identified threats and vulnerabilities are appropriately mitigated and revalidated. Additionally, the Bank regularly conducts Cyber Risk awareness campaigns for both staff and customers, and has established clear standards for the Acceptable Use of Information and Technology Resources.

48.5.3 Environmental Risk

The Bank has integrated a sustainable finance approach in its lending activities. In this regard, Green Banking Policy and Environmental & Social Management System (ESMS) have been put in place.

The ESMS Framework essentially requires that any relevant lending opportunity is reviewed and evaluated under:

- the Bank's exclusion list;
- Applicable national laws on environment, health, safety and social issues; and
- International Finance Corporation performance standards.

This framework is an integral part of the credit approval process. All relevant credit proposals require Environmental & Social review prior to approval of the competent authority.

During 2022, the SBP issued the Environmental & Social Risk Management (ESRM) Implementation Manual, based on IFC performance standards, which is applicable to all banks in Pakistan. From November 20, 2023, the Bank has implemented the afore-mentioned SBP manual in letter and spirit.

48.5.4 Country Risk

Country risk refers to the possibility that economic and political conditions in a foreign country could adversely impact the Bank's exposure in that country. For the Bank, country risk arises as a result of the Bank's net investment in foreign operations, foreign currency lending, trade and treasury business with counterparties domiciled in other countries as well as investments and capital transactions. In order to manage the risk, the Bank has in place a comprehensive country risk management framework. Under this framework, the transfer risk is measured using financial market and economic factors. Political risk is measured using a variety of indicators indicative of a country's willingness to honour its foreign obligations. Based on this framework, risk limits are assigned to countries within the Board approved limits. The limits and their utilisation are monitored and managed at head office level and country risk exposures are reported to the relevant committees at a defined frequency.

48.6 Liquidity Risk

Liquidity is a financial institution's capacity to meet its obligations as they fall due without incurring losses. Liquidity risk is the risk to an institution's earnings, capital and reputation arising from its inability (real or perceived) to meet its contractual obligations in a timely manner without incurring unacceptable losses when they fall due.

With reference to the SBP Basel III Liquidity Standards issued under BPRD circular # 08 dated June 23, 2016, the Bank calculates the Liquidity Coverage Ratio (LCR) on a monthly basis. Based on the financial statements as at December 31, 2025, the Bank's LCR is 1.67 or 167% against the SBP minimum requirement of 100%, with Total Stock of High Quality Liquid Assets (HQLA) of Rs. 1,413,753.134 million and Net Cash Outflows of Rs. 845,404.943 million.

Moreover, under the same circular the Banks are expected to calculate Net Stable Funding Ratio (NSFR) on quarterly basis. Based on December 31, 2025 figures the Bank's NSFR is 1.40 or 140% against SBP minimum requirement of 100%, with Total Available Stable Funding of Rs. 1,916,051.651 million and Total Required Stable Funding of Rs. 1,365,278.952 million.

The Bank manages and controls liquidity risk through a detailed risk management framework, which includes BoD approved policy, the management level procedural documents and Asset & Liability Committee (ALCO) level guidelines. Under this framework, various liquidity metrics are implemented and monitored on a regular basis.

The Board approves the Bank's overall liquidity risk appetite and broad liquidity risk strategy through Annual Business Plan. The Bank's ALCO is primarily responsible for the implementation of Board's strategy through oversight of the asset liability function including liquidity management. The treasury front office manages the Bank's liquidity on a day to day basis and is the Bank's first line of defence against liquidity risk. Under Risk Management Division, Liquidity Risk Management Department is responsible for independent monitoring of the overall liquidity risk in line with regulatory requirements and bank's own risk appetite.

The Bank's overall funding strategy is based on the principles of diversification and stability. The Bank has a diverse funding base, which includes stable funding in the form of equity, sub-ordinated loans, retail and small business deposits and non-stable funding in form of large volume depositors. The Bank has in place internally approved limits to monitor and manage risk emanating from volatile funding concentration. Moreover, the Bank is fully compliant with Basel III LCR and NSFR, which ensure sufficient stock of high quality liquidity assets in relation to its liability profile.

Stress testing is used in an attempt to highlight the vulnerability of the Bank's balance sheet to hypothetical stress events and scenarios. Based on the scenarios, liquidity risk factors are given major shocks and their resulting impact on the balance sheet is calculated. The Bank carries out the stress testing based on SBP stress tests and internal defined scenarios to gauge the potential impacts of different liquidity stress scenarios and share the results with the senior management, the BoD and the regulator.

At the Bank, the Contingency Funding Plan (CFP) is in place for all jurisdictions to address liquidity issues in times of stress / crises situations. The Treasury Group prepares the CFPs for all operations on an annual basis for identifying the stress scenarios and the funding plan for such scenarios along with early warning indicators. These plans are reviewed by the Risk Management Division and are approved by the ALCO annually.

Main drivers of LCR results are High Quality Liquid Assets (HQLA) and Net Cash Outflow. HQLA is defined by the liquidity quality of the Bank's assets and net cash outflow is mainly determined through volatility of the Bank's liability profile. The table below showcases the composition of HQLA as of December 31, 2025.

HQLA*	Market Value	Weighted Amount
	----- (Rupees in '000) -----	
Level 1 Assets	1,400,331,380	1,400,331,380
Level 2A Assets	802,481	682,109
Level 2B Assets	25,292,385	12,739,645
	<u>1,426,426,246</u>	<u>1,413,753,134</u>

* These have been defined in detail in the SBP Circular No. 08, dated June 23, 2016.

48.6.1 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	227,463,156	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	24,109,552	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	19,674,292	8,299,961	10,000,000	-	-	-	-	-	-	-	-	-	-
Investments	2,173,446,680	357,433	2,144,566	4,561,376	14,014,742	102,222,238	131,841,669	70,283,955	643,238,760	191,515,747	154,354,105	285,018,739	457,496,448
Advances	1,104,923,835	204,147,417	25,461,303	10,536,728	124,496,779	86,318,190	117,797,852	20,769,226	19,421,793	51,759,811	68,177,839	93,549,204	191,432,379
Property and equipment	71,100,467	36,596	218,473	254,696	617,148	1,147,716	2,682,704	2,635,556	2,603,070	5,816,944	4,808,949	6,196,398	43,042,008
Right-of-use assets	26,377,543	351,961	-	-	11,711	23,418	1,070,558	1,016,615	1,061,961	3,911,126	3,504,298	5,939,450	8,786,730
Intangible assets	1,723,556	2,283	13,926	16,244	39,451	73,773	211,474	210,611	209,657	354,118	289,508	235,878	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	181,108,039	9,215,219	25,429,219	29,144,942	77,452,011	8,792,980	5,465,534	8,943,204	4,868,860	865,317	1,934,269	1,790,303	3,265,178
	3,829,927,120	467,057,948	61,567,448	54,513,986	216,631,842	218,051,753	195,250,869	262,547,461	98,856,966	671,404,101	233,068,968	392,729,972	704,022,743
Liabilities													
Bills payable	56,957,969	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	832,127,882	3,128,480	670,428,856	18,151,084	33,355,495	3,603,596	23,715,559	1,531,275	8,322,613	2,683,346	9,754,040	14,279,278	32,233,171
Deposits and other accounts	2,496,208,099	1,812,592,576	72,455,072	67,104,517	86,364,706	68,795,434	117,084,998	42,035,948	132,072,190	1,509,959	1,823,764	6,143,958	-
Lease liabilities	32,471,152	49,352	-	-	13,803	17,672	758,017	651,176	710,551	2,879,961	3,254,453	7,112,721	16,808,469
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	-	-	-	14,000,000
Deferred tax liabilities	24,345,073	-	-	-	-	-	-	-	24,345,073	-	-	-	-
Other liabilities	176,304,889	4,301,323	22,753,630	25,659,768	48,347,160	9,808,251	6,374,846	5,268,778	19,916,595	3,557,338	3,548,898	5,497,797	9,000,000
	3,632,415,064	1,877,029,700	765,637,558	110,915,369	168,081,164	109,189,294	78,791,548	153,829,079	49,487,177	185,367,022	10,630,604	33,033,754	72,041,640
Net assets													
	197,512,056	(1,409,971,752)	(704,070,110)	(56,401,383)	48,550,678	108,862,459	116,459,321	108,718,382	49,369,789	486,037,079	243,592,459	214,687,813	359,696,218
													631,981,103

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

Assets	(Rupees in '000)												
Cash and balances with treasury banks	227,823,979	227,823,979	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	18,469,608	18,469,608	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	100,998,323	-	8,385,187	18,336,152	68,879,760	399,924	4,997,300	-	-	-	-	-	-
Investments	1,991,232,454	156,980	5,125,382	1,313,971	5,328,333	8,994,136	28,777,441	75,238,204	116,974,460	473,299,812	142,640,067	559,711,577	423,440,956
Advances	1,109,376,154	380,551,042	9,657,172	34,471,524	34,905,883	40,804,494	73,316,029	125,650,551	95,321,483	27,687,440	44,620,864	71,520,320	154,506,502
Property and equipment	63,543,484	28,107	168,114	196,026	474,927	792,643	734,647	2,143,306	2,106,219	4,747,272	4,094,632	5,183,035	40,729,858
Right-of-use assets	25,290,607	330,040	-	-	15,734	689,322	31,467	977,641	1,856,079	3,584,898	3,289,097	5,542,610	8,894,204
Intangible assets	1,543,109	2,173	13,041	15,216	36,915	60,643	66,553	192,309	187,110	299,650	241,755	236,284	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	171,928,403	9,239,031	21,701,075	25,494,301	69,522,863	14,257,669	7,805,635	7,125,726	3,543,700	5,709,699	1,173,154	1,848,630	3,323,506
	3,710,206,121	636,600,960	45,049,971	79,827,190	179,164,415	65,998,831	110,731,772	216,325,037	219,989,051	515,328,771	196,059,569	644,042,456	630,895,026

Liabilities													
Bills payable	41,768,326	41,768,326	-	-	-	-	-	-	-	-	-	-	-
Borrowings	1,141,885,742	17,225,724	166,663,374	4,665,365	783,570,075	3,765,303	5,338,410	37,275,251	49,794,857	4,261,703	3,319,377	13,447,077	45,143,886
Deposits and other accounts	2,136,912,622	1,698,881,059	67,698,581	50,162,601	88,703,151	58,323,916	58,672,456	59,599,147	20,740,551	1,010,684	1,337,247	6,037,541	-
Lease liabilities	29,481,938	73,429	-	-	14,776	282,570	26,959	490,286	35,251	2,396,519	2,694,199	5,954,747	16,390,657
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	-	-	-	14,000,000
Deferred tax liabilities	16,515,641	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	151,529,442	2,540,490	17,143,387	19,813,346	38,600,528	15,159,024	5,726,984	10,291,339	5,797,221	1,678,719	110,683	9,221,366	12,238,983
	3,532,093,711	1,760,489,028	251,505,342	74,641,312	910,888,530	77,530,813	69,764,809	107,656,023	76,367,880	9,347,625	7,461,506	34,660,731	87,773,526
Net assets													
	178,112,410	(1,123,888,068)	(206,455,371)	5,185,878	(731,724,115)	(11,531,982)	40,966,963	108,669,014	93,825,192	155,982,465	505,981,146	188,598,063	543,121,500

Share capital	15,771,651
Reserves	43,466,925
Surplus on revaluation of assets	33,778,787
Unappropriated profit	85,095,047
	178,112,410

Current and saving deposits have been classified under maturity upto one day as these do not have any contractual maturity. Further, the Bank, on the basis of behavioural pattern, estimates these deposits are a core part of its liquid resources with long term maturity profile reflected in note 48.6.2.

48.6.2 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	227,463,156	135,227,961	6,571,696	10,276,857	11,937,900	19,424,788	3,144,567	6,289,137	15,722,841	18,867,409
Balances with other banks	24,109,552	24,109,552	-	-	-	-	-	-	-	-
Lending to financial institutions	19,674,292	19,674,292	-	-	-	-	-	-	-	-
Investments	2,173,446,680	21,078,117	218,619,140	131,841,669	713,522,715	191,515,747	154,354,105	285,018,739	453,868,844	3,627,604
Advances	1,104,923,835	364,642,227	177,373,504	117,797,852	40,191,019	51,759,811	68,177,839	93,549,204	164,305,820	27,126,559
Property and equipment	71,100,467	1,126,913	2,187,925	2,682,704	5,238,626	5,816,944	4,808,949	6,196,398	7,647,017	35,394,991
Right-of-use assets	26,377,543	363,672	723,133	1,070,558	2,078,576	3,911,126	3,504,298	5,939,450	8,022,798	763,932
Intangible assets	1,723,556	71,904	140,406	211,474	420,268	354,118	289,508	235,878	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	181,108,039	141,241,391	14,258,514	8,943,204	8,809,863	865,317	1,934,269	1,790,303	3,265,178	-
	3,829,977,120	707,536,029	419,874,318	272,824,318	782,198,967	273,647,851	236,213,535	399,019,109	652,832,498	85,780,495
Liabilities										
Bills payable	56,957,969	56,957,969	-	-	-	-	-	-	-	-
Borrowings	832,127,882	725,063,915	14,544,685	23,715,559	9,853,888	2,683,346	9,754,040	14,279,278	32,183,671	49,500
Deposits and other accounts	2,496,208,099	253,405,444	204,333,398	188,056,665	316,014,108	293,282,365	89,914,192	182,324,814	440,334,552	528,542,561
Lease liabilities	32,471,152	63,155	232,649	758,017	1,361,727	2,879,961	3,254,453	7,112,721	14,774,086	2,034,383
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	14,000,000
Deferred tax liabilities	24,345,073	-	-	-	24,345,073	-	-	-	-	-
Other liabilities	176,304,889	101,061,881	16,183,097	12,270,505	25,185,373	3,557,338	3,548,898	5,497,797	9,000,000	-
	3,632,415,064	1,136,552,364	235,293,829	224,800,746	376,760,169	302,403,010	106,471,583	209,214,610	496,292,309	544,626,444
Net assets										
	197,512,056	(429,016,335)	184,580,489	48,023,572	405,438,798	(28,755,159)	129,741,952	189,804,499	156,540,189	(458,845,949)
Share capital										
	15,771,651									
Reserves										
	42,366,356									
Surplus on revaluation of assets										
	43,203,860									
Unappropriated profit										
	96,170,189									
	197,512,056									

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	227,823,979	141,712,138	6,117,146	5,404,441	10,323,918	20,399,175	3,133,513	6,266,760	15,666,767	18,800,121
Balances with other banks	18,469,608	18,469,608	-	-	-	-	-	-	-	-
Lending to financial institutions	100,998,323	95,601,099	399,924	4,997,300	-	-	-	-	-	-
Investments	1,991,232,454	11,924,666	37,771,577	75,238,204	267,205,595	473,299,812	142,640,067	559,711,577	420,113,350	3,327,606
Advances	1,109,376,154	454,579,863	114,138,780	125,717,456	111,945,206	25,280,994	48,025,472	98,270,233	98,718,466	32,699,684
Property and equipment	63,543,484	867,174	1,527,290	2,143,306	4,250,917	4,747,272	4,094,632	5,183,035	6,106,746	34,623,112
Right-of-use assets	25,290,607	345,774	720,789	977,641	1,935,594	3,584,898	3,289,097	5,542,610	8,022,577	871,627
Intangible assets	1,543,109	67,345	127,196	192,309	378,570	299,650	241,755	236,284	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	171,928,403	125,957,270	22,063,304	7,125,726	4,727,114	5,709,699	1,173,154	1,848,630	3,323,506	-
	3,710,206,121	849,524,937	182,866,006	221,796,383	400,766,914	533,321,500	202,597,690	677,059,129	551,951,412	90,322,150
Liabilities										
Bills payable	41,768,326	41,768,326	-	-	-	-	-	-	-	-
Borrowings	1,141,885,742	972,124,538	9,103,713	37,275,251	57,210,197	4,261,703	3,319,377	13,447,077	44,957,913	185,973
Deposits and other accounts	2,136,912,622	242,911,023	183,812,446	159,823,258	246,934,460	413,043,138	64,409,641	132,182,328	315,361,967	378,434,361
Lease liabilities	29,481,938	88,205	309,529	490,286	1,157,796	2,396,519	2,694,199	5,954,747	14,026,334	2,364,323
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	14,000,000
Deferred tax liabilities	16,515,641	-	-	-	16,515,641	-	-	-	-	-
Other liabilities	151,529,442	78,097,751	20,886,008	10,291,339	19,004,593	1,678,719	110,683	9,221,366	12,238,983	-
	3,532,093,711	1,334,989,843	214,111,696	207,880,134	340,822,687	421,380,079	70,533,900	160,805,518	386,585,197	394,984,657
Net assets	178,112,410	(485,464,906)	(31,245,690)	13,916,249	59,944,227	111,941,421	132,063,790	516,253,611	165,366,215	(304,662,507)
Share capital										
Share capital	15,771,651									
Reserves										
Reserves	43,466,925									
Surplus on revaluation of assets										
Surplus on revaluation of assets	33,778,787									
Unappropriated profit										
Unappropriated profit	85,095,047									
	178,112,410									

In line with the SBP BSD Circular Letter No. 03 of 2011 on "Maturity and Interest Rate Sensitivity Gap Reporting" the Bank conducted a behavioural study of non-maturity deposits (non-contractual deposits) and performed volatility analysis on relative change balance approach to determine deposit withdrawal pattern on Current and Savings Accounts (CASA). This analysis is used to investigate the relationship between time, the amount of deposits and deposits withdrawals in order to arrive at an estimated deposits withdrawals pattern. This methodology is in line with the industry best practices and regulatory guidance.

48.7 Derivative Risk

The Bank deals in derivative instruments including Interest Rate Swaps and Cross Currency Swaps for hedging and market making purposes within the Bank's risk appetite. Interest rate swaps are primarily conducted to hedge interest rate risk present in the Bank's foreign currency bond portfolio.

Additionally, to facilitate client business enabling them to hedge long term foreign currency exposure, bank offers solutions through Cross Currency Swaps subject to approval from the State Bank of Pakistan. The counterparty risk associated in the cross currency swaps is approved by the relevant Credit Approval Authority.

Market & Liquidity Risk Department under the Risk Management Division performs hedge effectiveness testing of the foreign currency bonds portfolio against interest rate swaps on a periodic basis. For Cross Currency Swaps, Market & Liquidity Risk Department monitors the revaluation and counterparty exposures on regular basis. The results are then shared with the concerned stakeholders and strategies are devised/revisited in coordination with Treasury to align the outcomes with established risk parameters.

49 AFGHANISTAN OPERATIONS

Bank Alfalah Limited maintains a two-branch presence in Afghanistan. The Board and the management of the Bank continue to closely monitor the evolving situation in Afghanistan which has been hampered due to the country's frozen reserves and uncertainty regarding international recognition which prevent normal flows in and out of Afghanistan. Consequently, the Bank has taken reserve against Afghanistan operations. The Bank remains focused on maintaining its control standards i.e. both onshore and through Head Office oversight.

During the year 2025, a non-binding indicative offer was received from Ghazanfar Bank, Afghanistan ("Ghazanfar Bank") to acquire the Bank's Afghanistan Operations (assets and liabilities). In this regard, subsequent to year end, the Bank was granted an in-principle approval by the State Bank of Pakistan for Ghazanfar Bank to conduct due diligence. Further, the Central Bank of Afghanistan also accorded its approval to Ghazanfar Bank to commence due diligence.

50 BANGLADESH OPERATIONS

During the year 2024, a non-binding indicative offer was received from Bank Asia Limited, Dhaka, Bangladesh ("Bank Asia") to acquire the Bank's Bangladesh Operations (assets and liabilities). In this regard, the Bank was granted an in-principle approval by the State Bank of Pakistan for Bank Asia to conduct a due diligence exercise. Further, the Central Bank of Bangladesh also accorded its approval for Bank Asia to commence due diligence.

Subsequently, during the year 2025, the Board of Directors of Bank Alfalah Limited ("the Bank") has accorded its approval to sell the Bank's Bangladesh Operations to Bank Asia subject to approval of the State Bank of Pakistan, the Central Bank of Bangladesh, and /or any other regulatory and legal compliance and execution of the definitive agreement.

51 NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors in its meeting held on February 13, 2026 has announced final cash dividend of Rs. 3.0 per share i.e. 30% (2024: Rs. 2.50 per share i.e. 25%). This appropriation will be approved in the forthcoming Annual General Meeting. The unconsolidated financial statements for the year ended December 31, 2025 do not include the effect of this appropriation which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2026. The Board had earlier declared and paid cumulatively an interim cash dividend of Rs. 7.50 (2024: interim cash dividend: Rs. 6.0) per share.

52 DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue on February 13, 2026 by the Board of Directors of the Bank.

53 GENERAL

53.1 Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated financial statements, wherever necessary to facilitate comparison.

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE DURING THE YEAR ENDED DECEMBER 31, 2025

S.No.	Name and Address of the borrower	Name of individuals / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at beginning of year as at January 01, 2025					Principal written-off	Interest / Mark-up written-off / waived	Other financial relief provided	Total (9-10-11)	Product Name
				Principal	Interest / Mark-up	Others than Interest / MarkUp	Total (5+6+7)						
1	2	3	4	5	6	7	8	9	10	11	12	13	
1	S.K.M. Urethan Textile Industries Pvt Ltd Address: 200 D, Shoe Market, Shah Alam Gate,Lahore.	1.Muhammad Shakeel CNIC: 35202-8024432-5 2.Muhammad Aqeel CNIC: 35202-0150863-1 3.Muhammad Jahangeer CNIC:35202-6480441-1 4.Ms. Magboud Shahzadi CNIC:35202-5382115-6	Muhammad Khaili	-	-	54,765	54,765	-	-	54,762	54,762	CF8 FATR	
2	H.A Construction Address: 112 -C New Muslim Town Lahore	Hamid Ashraf CNIC:35201-6097667-9	M A Naseem	6,134	891	42,003	49,028	-	891	40,704	41,595	Term Finance	
3	Noor Fatima Fabrics Pvt Ltd Address: 5-KM Janawala Road, Khurrianwala, District Faisalabad	1.Muhammad Saleem CNIC: 33100-0994910-9 2.Ajmal Farooq CNIC: 33100-2966254-3 3.Ms.Shazia Yasmeen CNIC: 33100-0894888-0 4.Ms.Robina Yasmeen CNIC: 33100-0904750-0 5.Ms.Tahira Saleem CNIC: 33100-0894883-8 6.Muhammad Ali Shahid CNIC: 33100-9910974-3	Ghulam Muhammad Abdul Ghani W/O Muhammad Atif W/O Ajmal Farooq Muhammad Shahid Iqbal Muhammad Shahid Iqbal	104,262	1,615	41,475	147,352	-	-	37,304	37,304	FAPC	
4	Pak Traders Address: Rizwan Street ,Jail Road, Near Punj Puly, Faisalabad	Mian Muhammad Arshad CNIC: 33100-7854634-1	Haji Taj Din	77,049	36,287	5,238	118,574	-	-	36,603	36,603	CF Transit	
5	Sapna International Address: Rajay Wala House # P-583,Block Hamza,Muhallah Green View Colony, Faisalabad	Aamir Nisar CNIC: 42201-7279330-1	Nisar Ahmad	67,459	1,023	37,071	105,553	-	-	34,858	34,858	CF Hypo	
6	AL Muzammil Rice & Processing Mills Address: Chak # 161 Shumali, 43 KM Sarghoda Road ,Jhang	1.Haji Umar Hayat Khan CNIC: 33202-9779562-9 2.Khalid Hayat Khan CNIC: 33202-3065650-1 Asif Karim Ch CNIC: 33100-1591064-5	Sardar Atta Muhammad Khan Abdul Karim	-	-	-	-	-	3,193	25,820	29,013	CF Hypo & Pledge	
7	Asif Karim Ch Address: House # 10 Avenue 1, Paradise Valley Phase II, Khurrianwala Road, Faisalabad	1.Mian Muhammad Arshad CNIC: 33100-7854634-1 2.Mian Usman Arshad CNIC:33100-5978888-3 3.Ms.Shahida Parveen CNIC: 33100-4211069-2 4.Mian Rehan Arshad CNIC: 33100-4564666-3 5.Muhammad Shoaib CNIC: 33100-1995504-7	1.Haji Taj Din 2.Mian Muhammad Arshad 3.Mian Muhammad Arshad 4.Mian Muhammad Arshad 5.Sardar Muhammad	10,000	525	10,459	20,984	-	-	10,114	10,114	ALFALAH KAMYAB KAROBAR	
8	Arus International Address: Rizwan Street, Jail Road, Near Punj Puly Faisalabad.			19,949	9,392	1,356	30,697	-	-	9,473	9,473	CF Hypo	
9	Rana Traders Address: A-297, Block-1,North Nazimabad, Karachi	1.Nasrullah Khan CNIC: 42301-6510358-7 2.Nadeem Ahmed CNIC: 42301-9457123-1	Ghulam Mustafa	15,529	4,154	9,260	28,943	-	9,260	-	9,260	ALFALAH KAMYAB KAROBAR	
10	Hina Flour Mills Address: Resident 412, Dad Wah, Dado Road, Moro.	1.Shoab Channa CNIC: 41201-6343322-7 2.Junaid Ali CNIC: 41201-3665570-5	1.Irshad Ali Channa 2.Irshad Ali Channa	38,964	2,736	8,790	50,490	-	9,170	-	9,170	CF-HYPO	
11	MKS Foods International Pvt Ltd Address: Shop #44 near ICMA building Ferozpur Road Lahore.	1.Muhammad Khalid CNIC: 35202-2650317-7 2.Nazim Khalid CNIC: 35201-6120115-7 3.Usman Khalid CNIC:35202-8590052-7 4.Hamza Khalid CNIC:35202-5851022-1	1.Abdul Latif 2.Muhammad Khalid	6,959	7,528	-	14,487	-	-	8,915	8,915	CF-HYPO	
12	A & A Poultry Farm Address: 6-KM, Basirpur Road Dharnawala, Depalpur	Tariq Mehmood CNIC: 35301-485716-3	Ch. Abdul Ghani	13,436	2,840	6,400	22,676	-	2,501	6,400	8,901	AMZS	
13	AL Muzammil Cotton Mills Address: Chak # 161 Shumali, 43 KM Sarghoda Road ,Jhang	1.Haji Umar Hayat Khan CNIC: 33202-9779562-9 2.Khalid Hayat Khan CNIC: 33202-3065650-1	Sardar Atta Muhammad Muhammad Khan	1,259	-	-	1,259	-	857	6,990	7,847	CF Hypo & Pledge	
14	PAK Punjab Continental Rice Trading Address: Phalia Road, Mohal Kandhan Wala, Tehsil/Dist. Mandi Bahaudin	Safdar Hayat Bosal CNIC: 34401-2049048-1	Wali Muhammad Bosal	14,000	566	5,824	20,390	-	566	5,828	6,394	CF-Hypo	
15	Famous Engineering Address: Shop # 200 Ferozpur road Lahore	Muhammad Khalid CNIC: 35202-2650317-7	Abdul Latif	4,796	4,261	-	9,057	-	-	4,957	4,957	AKF+ Corporate credit card	
16	Chawla Traders Address:Zafar Bazar, Daharki	1.Baldev Raj Chawla CNIC: 45101-9047895-3 2.Ram Dayal CNIC: 45101-5785240-3 3.Ganesh Kumar CNIC:45101-89574575 Ms.Rena Fatima CNIC: 35201-4271998-6	Gordhan Das Chawla Dyal Das Gordhan Mal Kh. Muhammad Safdar	17,968	6,971	-	24,939	-	4,602	-	4,602	Alfalah Karobar Finance (AKF)	
17	Khawaja Corporation Address:3-K Gulberg III Lahore.			-	-	4,490	4,490	-	-	4,473	4,473	Current Finance	

ANNEXURE - I

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE DURING THE YEAR ENDED DECEMBER 31, 2025

S.No.	Name and Address of the borrower	Name of Individuals / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at beginning of year as at January 01, 2025					Principal written-off / waived	Interest / Mark-up written-off / waived	Other financial relief provided	Total (9+10+11)	Product Name
				Principal	Interest / Mark-up	Others than Interest / Markup	Total (5+6+7)	Principal written-off / waived					
1	2	3	4	5	6	7	8	9	10	11	12	13	
18	Muaz Brothers Cotton Industries & Oil Mills Address: Mouza Uch Gillani, Ahmedpur East District Bahawalpur.	1.Muhammad Hamad Hammed, CNIC: 31202-0316638-1 2.Muhammad Asad CNIC: 31202-0316647-7	Abdul Hameed Abdul Hameed	9,962	1,454	4,856	16,272	-	-	4,346	4,346	CF Hypo, CF Pledge	
19	Madina Paper Mart Address: Basement Pasia Akhtar Markaz Urdu bazaar, Lahore.	Waqas Ahmad CNIC: 35202-0730101-7	Mushtaq Ahmad	13,327	2,764	-	16,091	-	4,248	-	4,248	Current Finance	
20	Ishad Akhtar Address: Chak # 87/9-L, Gulshan-e-Ali Housing Scheme, Tehsil & District Sahiwal	Ishad Akhtar CNIC: 36502-1342208-7	Chaudhry Muhammad Ali	2,896	1,889	2,240	7,025	-	1,785	2,240	4,025	AMZS	
21	Ahmed Traders Address: Permit Road, Tehsil Jatoli, District Muzaffargarh	Rao Ahmed Ali CNIC: 32302-1690084-3	Rao Liaqat Ali	3,800	344	4,720	8,864	-	-	3,864	3,864	CF Hypo	
22	Jutt Brothers Zarai Service Address: Chowk Alla Abad Rajanpur	Shahnawaz Ahmad CNIC: 32403-3108315-7	Bashir Ahmad	4,007	-	5,037	9,044	-	-	3,844	3,844	CF Hypo/LG	
23	CH. MUHAMMAD ANWAR Address: Mohallah Guru Gotha, Wazirabad	Ch. Muhammad Anwar CNIC: 34104-8510642-5	Ch. Muhammad Hussain	3,727	-	4,302	8,029	-	-	3,769	3,769	AMZS CF	
24	Moiz Rice & General Mills Address: House # 02, Street 11/4, Pakistani Bazar Baghbanpura, Lahore	Shahid Latif CNIC: 35201-6546340-5	Muhammad Latif	1,470	859	4,370	6,699	-	-	3,565	3,565	Current Finance	
25	Azad Well Green Zari Corporation Address: Street # 06, Peoples Colony, Dispensary Road, Tehsil & District Sahiwal	Ch. Muhammad Rafi Sarwar CNIC: 36502-1224430-3	Ch. Muhammad Shafi Azad	3,800	746	3,834	8,380	-	-	3,380	3,380	CF-HYPO	
26	Naved Enterprises Address: 1st Floor Akbar Market, Station Chowk, Faisalabad.	1.Mian Naveed Khalique CNIC: 33100-0877692-1 2.Mian Nadeem Khalique CNIC: 33100-0630652-9	Mian Abdul Khalique	16,896	3,920	3,295	24,111	-	-	3,111	3,111	CF Hypo	
27	Engineering Kinetics Ltd Address: 101-S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore	1.Behram Rafi CNIC: 35201-1517294-9 2.Ghulam Mustafa CNIC: 35200-1496284-7 3.Ali Behram CNIC: 35201-1324222-9	1.Muhammad Rafi 2.Muhammad Shafi 3.Behram Rafi	16,758	990	6,661	24,409	-	-	2,994	2,994	Current Finance	
28	Furqan Cloth Address: 79 Madina Market, Raja Bazar Rawalpindi.	Amir Furqan CNIC: 37405-1732128-5	Muhammad Hanif	2,998	175	2,897	6,070	-	175	2,795	2,970	CF	
29	Muhammad Adnan Cheema Address: Guru Gotha, Wazirabad.	Muhammad Adnan Cheema CNIC: 34104-3689527-3	Muhammad Anwar	4,498	199	3,219	7,916	-	-	2,717	2,717	AMZS and ADLZS	
30	Syed Muhammad Haasan Shah Address: Bungla Miranpur Saadat, Bhutta Wan, Mouza Mian Saadi Sultan, Tehsil Sadighabad, District Rahim Yar Khan	Syed Muhammad Hassan Shah, CNIC: 31304-2101012-9	Syed Jaffer Hussain Shah Gillani	2,000	240	2,693	4,933	-	-	2,663	2,663	AMZS	
31	Muhammad Ahmad Bhutto Address: House # 304, Block- W, Phase 3, Defence Housing Authority Tehsil & District Lahore	Muhammad Ahmad Bhutto CNIC: 35202-2601416-8	Aliah Yar Ali Bhutto	2,000	162	2,472	4,634	-	-	2,633	2,633	AMZS	
32	Kasif Malik Address 19-C, Ahmed Block, New Garden Town, Lahore.	KASHIF MALIK CNIC: 35202-0198988-5	Tahir Malik	2,656	297	2,251	5,204	-	296	2,251	2,547	ALFALAH FLEET FINANCE	
33	Sheikh Rashid & Co Address: Street No. 07, Mohallah Islam Nagar, Tehsil & District Bahawalnagar	Rashid Hussain CNIC: 31101-5854665-3	Muhammad Hussain	4,999	276	3,810	9,085	-	-	2,503	2,503	Alfalah Karobar Finance (AKF)	
34	Taj Rice Mills Address: Chak # 713 G.B Kamalia Distt Toba Tek Singh	Mubarak Ali CNIC: 33302-7779937-5	Taj Muhammad	-	-	144	144	-	-	2,392	2,392	CF Hypo, CF Pledge and Lease Finance	
35	New Makkah Madina Cold Storage Address: 21-KB, Ashfaq Nagar, Chowk Bypass Qaboola, Arifwala	1.Muhammad Unair Maqbool CNIC: 31104-8154971-1 2.Muhammad Yousaf CNIC: 34502-8966896-7	1.Maqbool Ahmad 2.Muhammad Waris	14,999	637	2,194	17,830	-	637	1,194	1,831	ASSZS	
36	Al Huda Marketing Address: Ward B, Kamora Colony, Near Barrister, Jamli street, Nawabshah	Qiran ul sadien CNIC: 45402-0977307-3	Muhammad Nawaz Khilji	2,250	125	1,669	4,044	-	125	1,669	1,794	Alfalah Karobar Finance (AKF)	
37	Mehar Asif Corporation Address: Chowk Ghorey Shah, Ishaq Qadri Palace, Shahdara Town, Lahore	Asif Ali CNIC: 35202-6628309-5	Ch Qamar Din	1,100	526	1,633	3,259	-	-	1,624	1,624	Current Finance	
38	Mansoor Ul Hassan Malik Address: Plot No 107 & 108 Triangle Model, Industrial Estate, Islamabad	Mansoor Ul Hassan Malik CNIC: 37405-8484439-3	Malik Abdul Qayyum Khan	2,288	172	1,433	3,893	-	80	1,413	1,493	RIFINACE SCHEME	
39	Imran Bhutto Address: Mouza Swetra, P.O. Ahmedpur Lamma, Tehsil Sadighabad, Distt. Rahim Yar Khan.	Imran Bhutto CNIC: 35202-7187679-1	Aliah Yar Ali Bhutto	848	189	1,289	2,326	-	-	1,478	1,478	AMZS	
40	Kaleem Ullah Baig Address: Plot# 85 St # 10 I/9/2 Islamabad	Kaleem Ullah Baig CNIC: 61101-1320160-7	Mirza Nasrullah Baig	907	948	3,104	4,959	-	-	1,449	1,449	ALFALAH MERCHANT LINE	
41	Shama Enterprises Address: 15-Nicholson Road Lahore	Khawaja Khalid Rashid CNIC: 35202-1716962-5	Khawaja Rashid Ahmad	-	607	1,654	2,261	-	607	706	1,313	CF-Hypo, FAPC-II	
42	Shahzad Ali Address: House # 335, St No.14, New Jinnah Abad Simli Dam Road, Bahawalnagar.	Shahzad Ali CNIC: 37405-0260031-1	Liaqat Ali	-	59	1,506	1,565	-	-	1,288	1,288	Staff House Finance	
43	Ghulam Fareed Address: Street Tufail Khan Wali, Post Office Riaz Abad Lohar, Tehsil Multan Sadar District Multan	Ghulam Fareed CNIC: 36303-1003270-1	Manzoor Ahmad	1,499	587	2,163	4,249	-	-	1,249	1,249	AMZS	
44	Kabir Medicos Address: House No# 1123/30 Muhalla Dari Larkana	Kalesh Kumar CNIC: 43203-6923419-5	Girdhari Lal Gennani	3,795	-	1,242	5,037	-	-	1,237	1,237	Current Finance	

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE DURING THE YEAR ENDED DECEMBER 31, 2025

S.No.	Name and Address of the borrower	Name of Individuals / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at beginning of year as at January 01, 2025					Principal written-off / waived	Interest / Mark-up written-off / waived	Other financial relief provided	Total (9+10+11)	Product Name
				Principal	Interest / Mark-up	Others than Interest / Markup	Total (5+6+7)						
1	2	3	4	5	6	7	8	9	10	11	12	13	
45	Mirza Usman Ali Address: Street Number 4A, House Number 10 Afzaal Park Hurbungpura Lahore	Mirza Usman Ali CNIC: 35201-7626178-1	Mirza Tahir Baig	2,133	145	-	2,278	332	759	-	-	1,091	Credit Card
46	Javed Iqbal-Address: Umar Associates, 229 Saigal City, Samundhi Road, Faisalabad	JAVED IQBAL CNIC:33102-6459221-7	Javed Iqbal	717	1,678	387	2,782	-	695	387	1,082	SUPPLY CHAIN FINANCE	
47	Hafiz Traders Address: Channan Tehsil Kharian Distt, Gujrat	Muhammad Shamoon Iqbal CNIC:34202-4625584-9	Noor Din	1,647	-	2,430	4,077	-	-	1,076	1,076	CF-I & CF-II	
48	Khadim China Machinery Store Address: Gujranwala Road, Near Habib Metro Bank District Hafizabad.	Fida Hussain CNIC: 34301-1786318-9	Khadim Hussain	1,493	67	1,340	2,900	-	-	1,075	1,075	Alfalah Karobar Finance (AKF)	
49	Al-Qayyum Cotton Industries, Address: Sargodha Road, Nalka Mehar Khan,	Muhammad Younas Khan CNIC:38103-8987912-1	Abdul Qayyum Khan	8,560	-	951	9,511	-	-	954	954	CF-Hypo	
50	Nisar Ahmed Address: Mouza Ratti Rampura, P.O. Gulab Ali, Tehsil & District Bahawalnagar	Nisar Ahmed CNIC: 31101-7758483-1	Muhammad Yasin	734	262	1,453	2,449	-	-	948	948	ANZS	
51	Muhammad Ishaq Khan Address: Haweli Naseer Khan, Tehsil & District Lodhran	Muhammad Ishaq Khan CNIC: 36203-1780728-5	Atta Muhammad Khan	1,249	153	1,504	2,906	-	-	906	906	ANZS	
52	Khurram Shahzad Address: House No. 683, Street No. 65-G, Phase 1, Pakistan Town, Islamabad.	Khurram shahzad CNIC:31101-4472366-1	Shahzad Hussain	4,188	152	753	5,083	-	152	753	905	Staff House Finance	
53	Sonya Batla and Rehan Sultan Batla Address:House # 35/1, Street No. 27, Phase 5, DHA, Karachi	1.Sonya Batla CNIC: 42301-7424956-2 2.Rehana Batla CNIC: 42301-4289944-4	Rehana Sultan Batla	2,096	234	655	2,985	-	230	655	885	Refinance Scheme	
54	Abdul Ghani /Abdul Rauf, Address: Basti Rahim Bakhsh Channer, Mouza Qaimpur, Post Office Khas, Tehsil Hasilpur & District Bahawalpur	1.Abdul Ghani CNIC: 31203-1732952-7 2.Abdul Rauf CNIC:31203-1733242-3	Abdul Khaliq	988	383	1,866	3,237	-	-	882	882	ANZS	
55	Haji Naimat Ali & Sons Address:Sweet Home, Vital Colony, House No. 92, Tehsil Haroonabad, District Bahawalnagar	Nadeem Abbas CNIC: 31104-1654102-1	Abbas Ali	5,000	-	1,232	6,232	-	-	832	832	CF Hypo	
56	Muhammad Kamran Address:3rd floor, Block#44, PHA D-Type Flats, Sector G-11/4, Islamabad	Muhammad Kamran CNIC: 54400-5601040-7	Muhammad Hussain	5,792	640	-	6,432	-	-	815	815	Diminishing Musharakah Staff House Finance	
57	Shiwani Industries Address: House # F-15, Block-7 Kehkeshan, Clifton,Karachi.	Moin Shiwani CNIC: 42301-5979311-3	Abdul Karim Shiwani	773	51	-	824	-	779	-	779	Term Finance	
58	Saqib Shoukat Paracha Address: House No.DK-483, Dhoke Paracha Mouza Talian Tehsil & District Rawalpindi	Saqib Shoukat Paracha CNIC:37405-3113574-3	Shoukat Mehmood Paracha	4,403	196	1,026	5,625	-	-	757	757	Staff House & Personal Finance	
59	Syed Shoab Mansoor Address: H. # 104-A/1, Main Commercial Avenue, Phase 7 Dha Karachi	Syed Shoab Mansoor CNIC: 42301-2235634-7	Syed Mansoor Ahmed	937	-	-	937	249	475	-	724	Amex	
60	Tasleem Shams Address: House No 74 C Unit No 8 Block E Latifabad Near Opp Mehran Flour Mill Hyderabad.	Tasleem Shams CNIC: 41304-1281207-2	Shams Ud Din	914	132	-	1,046	227	498	-	725	Personal Loan	
61	Waleed Malik Address: House No.X-309, Street No.8, Ratta Amral, Rawalpindi.	Waleed Malik CNIC: 37405-7170927-7	Aftab Pervaiz	1,004	-	-	1,004	206	513	-	719	Credit Card	
62	Iqbal Hassan Address: Basti Waseem Kot (Mominabad), Post Office Taktat Mahal, Tehsil & District Bahawalnagar.	Iqbal Hassan CNIC: 31101-1646857-3	Muhammad Sharif	1,386	888	732	3,006	-	-	705	705	ANZS/TF2	

ANNEXURE - I

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE DURING THE YEAR ENDED DECEMBER 31, 2025

(Rupees in '000)													
S.No.	Name and Address of the borrower	Name of Individuals / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at beginning of year as at January 01, 2025				Principal written-off	Interest / Mark-up written-off / waived	Other financial relief provided	Total (9+10+11)	Product Name	
				Principal	Interest / Mark-up	Others than Interest / Markup	Total (5+6+7)						
													5
1	2	3	4	5	6	7	8					13	
63	Javaid Iqbal Address: Shumali Chhoti, St No 2 Nawab Colony, Liaqat Road Mian Channu DisttKhanewal	Javaid Iqbal CNIC: 36104-0496432-5	Bashir Ahmad	867	47	-	914	159	510	-	669	Personal Loan	
64	Nawabzada Imran Ahmed Khan/Nawabzada Adnan Ahmed Khan Address:Kothi Nawabzada Ward # 01, Jernali Road, Khan Garh Tehsil & District Muzaffar Garh.	1.Nawabzada Imran Ahmed Khan CNIC32304-1652121-3 2.Nawabzada Adnan Ahmed Khan CNIC32304-8847416-3	Nawabzada Iftikhar Ahmed Khan	400	837	1,917	3,154	-	-	654	654	AMZS	
65	Yara Address: Mouza Jham Tehsil and District Chiniot.	Yara CNIC33201-1651534-3	Muhammad	1,200	379	962	2,541	-	-	641	641	Agri Finance	
66	Akhtar Hussain Address: Back Side Finca Bank, Jalal Pur Road Shujabad City, Shujabad.	Akhtar Hussain CNIC: 32303-1467398-7	AHMAD DIN	665	17	-	682	170	437	-	607	Personal Loan	
67	Muhammad Farooq Address: Basti Raharhi Post Office Sukhel Khamisa Pakhi War Tehsil Ahmedpur East District Ahmedpur East	Muhammad Farooq CNIC: 31201-7985494-9	Mukhtar Ahmad	679	23	-	702	150	454	-	604	Personal Loan	
68	Zeeshan Daha Address: Post Office Khas Bakaini, Tehsil Jatoti District Muzaffargarh	Zeeshan Daha CNIC: 36302-4544291-5	Abdul Qadir	-	1,683	213	1,896	-	-	572	572	AMZS	
69	Roheela Jahangir Asdi , Address: St. No. 03 ,Muhallah Daso Pura Kunja Road Gujrat	Roheela Jahangir Asdi CNIC34201-6930234-2	Jahngir Hussain Asdi	1,542	528	352	2,422	-	210	352	562	Staff House Finance	
70	Waqas Ahmad Address: House # 608 Gali Number 14, Mohala Mehmoodabad Faisalabad.	Waqas Ahmed CNIC: 33102-2861578-9	Maqsood Ahmad	738	89	-	827	147	401	-	548	Personal Loan	
71	Usman Amin Address: P-54 Vip Block Kehkashan Colony # 02 Near Ambassador School, Faisalabad	Usman Amin CNIC: 33100-8452634-7	Muhammad Amin	985	58	-	1,043	249	292	-	541	Credit Card	
72	Muhammad Rasheed Address: Resident Of Faqirabad, Near Umer Mosque, D.I Khan	Muhammad Rasheed CNIC:12101-0978970-5	Malik Khuda Baksh	459	-	778	1,237	-	-	537	537	Agri CF & TF	
73	Syed Shoaib Mansoor Address: H. # 104-A/V1, Main Commercial Avenue, Phase 7 Dha, Karachi	Syed Shoaib Mansoor CNIC: 42301-2235634-7	Syed Mansoor Ahmed	485	-	-	485	202	311	-	513	Credit Card	
74	Bukhari Purse House Address: 138-Alangir Market Shah Alam Market, Lahore	Khalid Azhar Bukhari CNIC:35201-1321073-3	Muhammad Ashraf Bukhan	-	340	367	707	-	340	167	507	Alfalah Karobar Finance (AKF)	
75	Muhammad Imran Malik Address: Office No LG6, Fatima Center Queens Road Lahore	Muhammad Imran Malik CNIC: 90406-0184542-9	Muhammad Ikram Malik	439	80	-	519	104	399	-	503	Credit Card	
76	Roha Munawar Address: Flat No 07 Building 110 Askari II Sector C, Lahore	Roha Munawar CNIC: 35202-8954669-4	Munawar Hussain	540	18	-	558	60	441	-	501	Personal Loan	
77	Tifail Sohail Address: House#60/723,Mohalla Mangi Shah Bagh Road, Shikarpur.	Tifail Sohail CNIC: 43304-7512351-1	Sohail Ahmed Bhutto	780	388	11	1,179	-	341	160	501	Conveyance Loan	
				575,037	106,422	320,748	1,002,207	2,255	47,230	363,403	412,888		

ANNEXURE - II

ISLAMIC BANKING BUSINESS (DOMESTIC)

The Bank operates 450 Islamic banking branches (2024: 423 branches) and 4 sub branches (2024: 4 sub branch) as at December 31, 2025.

STATEMENT OF FINANCIAL POSITION

ASSETS

Cash and balances with treasury banks
Balances with other banks
Due from financial institutions
Investments
Islamic financing and related assets - net
Property and equipment
Right-of-use assets
Intangible assets
Deferred tax assets
Other assets
Total assets

Note

2025
----- (Rupees in '000) -----

2024

37,659,354	37,669,937
5,982,603	4,274,225
10,451,855	43,283,519
191,490,875	242,118,099
315,796,646	166,884,866
14,793,400	13,455,659
11,252,656	10,805,081
31,379	36,315
-	-
28,199,141	29,066,962
615,657,909	547,594,663

LIABILITIES

Bills payable
Due to financial institutions
Deposits and other accounts
Lease liabilities
Subordinated debt
Deferred tax liabilities
Other liabilities
Total liabilities

4

13,489,959	9,532,140
31,719,709	35,770,158
453,796,084	398,788,680
13,850,737	12,456,340
-	-
1,389,427	4,080,920
61,981,418	50,413,756
576,227,334	511,041,994
39,430,575	36,552,669

NET ASSETS

REPRESENTED BY

Islamic banking fund
Surplus on revaluation of assets
Unappropriated / unremitted profit

6

3,950,000	3,950,000
5,145,516	6,176,202
30,335,059	26,426,467
39,430,575	36,552,669

CONTINGENCIES AND COMMITMENTS

7

PROFIT AND LOSS ACCOUNT

2025
----- (Rupees in '000) -----

2024

Profit / return earned on Islamic financing and related assets, investments and placements
Profit / return expensed on deposits and other dues expensed
Net profit / return

8

9

56,222,783	78,539,364
25,566,894	44,474,619
30,655,889	34,064,745

Fee and commission income
Foreign exchange income
Loss on securities
Net gain on derecognition of financial assets measured at amortised cost
Other income
Total other income

2,279,189	2,163,503
1,365,514	576,883
(91,103)	(17,236)
-	-
65,848	16,631
3,619,448	2,739,781

Total income

34,275,337	36,804,526

OTHER EXPENSES

Operating expenses
Workers' welfare fund
Other charges
Total other expenses

25,545,017	18,564,029
195,722	365,735
35,749	10,799
25,776,488	18,940,563

Profit before credit loss allowance
Reversal of credit loss allowance and write offs - net

8,498,849	17,863,963
(150,881)	(57,063)

PROFIT BEFORE TAXATION

Taxation

8,649,730	17,921,026
4,744,336	9,745,771

PROFIT AFTER TAXATION

3,905,394	8,175,255

1 Due from Financial Institutions

	2025			2024		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
(Rupees in '000)						
Musharaka Placements	3,300,000	-	3,300,000	-	-	-
Bai Muajjal Receivables	7,151,892	-	7,151,892	43,283,744	-	43,283,744
	10,451,892	-	10,451,892	43,283,744	-	43,283,744
Less: Credit loss allowance						
Stage 1	(37)	-	(37)	(225)	-	(225)
	10,451,855	-	10,451,855	43,283,519	-	43,283,519

2 Investments

2025				2024			
Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value

By segment & type:

(Rupees in '000)

Debt Instruments:

Classified / Measured at amortised cost

Federal Government Securities

Ijarah Sukuks

11,562,329	-	-	11,562,329	11,571,369	-	-	11,571,369
2,964,553	(29,257)	-	2,935,296	3,509,611	(56,421)	-	3,453,190
14,526,882	(29,257)	-	14,497,625	15,080,980	(56,421)	-	15,024,559

Non Government Debt Securities

Sukuks - Unlisted

Classified / Measured at FVOCI

Federal Government Securities

Ijarah Sukuks

171,993,928	-	3,757,519	175,751,447	202,848,571	-	5,765,368	208,613,939
210,000	-	12,577	222,577	15,487,734	-	140,246	15,627,980
172,203,928	-	3,770,096	175,974,024	218,336,305	-	5,905,614	224,241,919

Non Government Debt Securities

Sukuks - Unlisted

Classified / Measured at FVPL

Federal Government Securities

Naya Pakistan Certificates

819,226	-	-	819,226	2,651,621	-	-	2,651,621
819,226	-	-	819,226	2,651,621	-	-	2,651,621

Instruments mandatorily classified / measured at FVPL

Non Government Debt Securities

Sukuks - Unlisted

200,000	-	-	200,000	200,000	-	-	200,000
200,000	-	-	200,000	200,000	-	-	200,000

Total Investments

187,750,036	(29,257)	3,770,096	191,490,875	236,268,906	(56,421)	5,905,614	242,118,099

2.1 Particulars of credit loss allowance

2025				2024			
Expected Credit Loss			Total	Expected Credit Loss			Total
Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	

(Rupees in '000)

Sukuks - Unlisted	12	-	29,245	29,257	50	-	56,371	56,421

3 Islamic financing and related assets

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

Classified at amortised cost

Ijarah	3.1	32,770,564	18,999,774
Murabaha	3.2	3,246,212	3,381,416
Musharaka		32,629,281	33,759,137
Diminishing musharaka		61,674,894	22,632,822
Salam		2,112,663	1,144,902
Bai muajjal financing		92,491,363	-
Musawama financing		3,381,270	3,920,834
Tijarah financing		5,065,756	5,144,193
Islamic staff financing		6,792,797	4,584,066
SBP islamic export refinance		219,933	36,718
SBP refinance scheme for wages & salaries		-	-
Islamic long term finance facility plant & machinery		3,908,001	4,583,214
Islamic refinance renewable energy		2,094,011	2,398,333
Islamic temporary economic refinance facility (ITERF)		6,013,785	7,021,800
Naya Pakistan home financing		3,829,811	3,115,734
Islamic refinance facility for combating COVID		513,483	919,253
Refinance facility under bills discounting		19,963,186	17,192,728
Advances against islamic assets		23,426,073	27,919,555
Inventory related to islamic financing		20,448,546	14,483,301
Other Islamic modes		246,674	812,375
Gross Islamic financing and related assets		320,828,303	172,050,155
Less: Credit loss allowance against Islamic financings			
- Stage 1		(174,504)	(297,387)
- Stage 2		(102,911)	(97,574)
- Stage 3		(4,754,242)	(4,770,328)
		(5,031,657)	(5,165,289)
Islamic financing and related assets - net of credit loss allowance		<u>315,796,646</u>	<u>166,884,866</u>

3.1 Ijarah

2025							
Cost			Depreciation				Book Value as at Dec 31, 2025
As at Jan 01, 2025	Additions / (deletions)	As at Dec 31, 2025	As at Jan 01, 2025	Charge for the year	Depreciation on disposal	As at Dec 31, 2025	
(Rupees in '000)							

Plant & Machinery*	517	(517)	-	-	-	-	-
Vehicles	29,346,122	15,246,345	44,592,467	(10,346,865)	(5,682,031)	4,206,993	(11,821,903)
Total	29,346,639	15,245,828	44,592,467	(10,346,865)	(5,682,031)	4,206,993	(11,821,903)

2024							
Cost			Depreciation				Book Value as at Dec 31, 2024
As at Jan 01, 2024	Additions / (deletions)	As at Dec 31, 2024	As at Jan 01, 2024	Charge for the year	Depreciation on disposal	As at Dec 31, 2024	
(Rupees in '000)							

Plant & Machinery*	9,428	(8,911)	517	(116)	116	-	-
Vehicles	28,499,906	846,216	29,346,122	(10,228,507)	(4,283,697)	4,165,339	(10,346,865)
Total	28,509,334	837,305	29,346,639	(10,228,623)	(4,283,581)	4,165,339	(10,346,865)

* This represent the residual value.

3.1.1 Future Ijarah payments receivable

	2025				2024			
	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total
----- (Rupees in '000) -----								
Ijarah rental receivables	6,881,818	25,888,746	-	32,770,564	3,989,952	15,009,822	-	18,999,774

3.2 Murabaha

	Note	2025 ----- (Rupees in '000) -----	2024 ----- (Rupees in '000) -----
Murabaha financing	3.2.1	3,246,212	3,381,416
Inventory for Murabaha	3.2.3	185,054	264,023
Advances for Murabaha		360,185	772,670
		<u>3,791,451</u>	<u>4,418,109</u>
3.2.1 Murabaha receivable - gross	3.2.2	3,497,572	3,652,126
Less: Deferred murabaha income	3.2.4	-	(192)
Profit receivable shown in other assets		(251,360)	(270,518)
Murabaha financings		<u>3,246,212</u>	<u>3,381,416</u>
3.2.2 The movement in Murabaha financing (gross) during the year is as follows:			
Opening balance		3,652,126	4,249,825
(Purchases) / sales during the year - net		(154,554)	(597,699)
Closing balance		<u>3,497,572</u>	<u>3,652,126</u>
3.2.3 Murabaha sale price		8,161,139	8,361,010
Murabaha purchase price		(7,976,085)	(8,096,987)
		<u>185,054</u>	<u>264,023</u>
3.2.4 Deferred murabaha income			
Opening balance		192	192
Less: Recognised during the year		(192)	-
Closing balance		<u>-</u>	<u>192</u>

4 Deposits

	2025			2024		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
----- (Rupees in '000) -----						
Customers						
- Current deposits	188,638,484	10,589,367	199,227,851	160,930,379	9,107,965	170,038,344
- Savings deposits	121,084,970	4,244,446	125,329,416	102,440,702	4,374,103	106,814,805
- Term deposits	46,531,682	1,545,735	48,077,417	65,010,578	443,177	65,453,755
- Other deposits	4,389,201	2,351,777	6,740,978	2,518,243	1,814,136	4,332,379
	<u>360,644,337</u>	<u>18,731,325</u>	<u>379,375,662</u>	<u>330,899,902</u>	<u>15,739,381</u>	<u>346,639,283</u>
Financial Institutions						
- Current deposits	531,640	77,213	608,853	1,852,268	152	1,852,420
- Savings deposits	21,011,569	-	21,011,569	2,161,977	-	2,161,977
- Term deposits	52,800,000	-	52,800,000	48,135,000	-	48,135,000
	<u>74,343,209</u>	<u>77,213</u>	<u>74,420,422</u>	<u>52,149,245</u>	<u>152</u>	<u>52,149,397</u>
	<u>434,987,546</u>	<u>18,808,538</u>	<u>453,796,084</u>	<u>383,049,147</u>	<u>15,739,533</u>	<u>398,788,680</u>

	2025	2024
	----- (Rupees in '000) -----	
4.1 Composition of deposits		
- Individuals	254,946,117	217,265,369
- Government / Public Sector Entities	11,792,153	24,604,412
- Banking Companies	186	482
- Non-Banking Financial Institutions	74,420,236	52,148,915
- Private Sector / Others	112,637,392	104,769,502
	<u>453,796,084</u>	<u>398,788,680</u>

4.2 Current deposits include remunerative current deposits of Rs. 40,186.585 million (2024: Rs. 26,618.402 million).

4.3 Deposits include eligible deposits of Rs. 307,447.172 million (2024: Rs. 260,365.497 million) protected under Depositors Protection Mechanism introduced by the State Bank of Pakistan.

	Note	2025	2024
		----- (Rupees in '000) -----	
5 Charity Payable			
Opening Balance		132,166	84,300
Additions during the period			
Received from customers on account of delayed payment		115,267	84,159
Other non-shariah compliant income		-	-
Profit on charity saving account		8,968	8,839
		124,235	92,998
Payments / utilisation during the period			
Education		(37,500)	(10,407)
Health		(70,120)	(20,100)
Others		(64,080)	(14,625)
	5.1	(171,700)	(45,132)
Closing balance		<u>84,701</u>	<u>132,166</u>

5.1 Charity paid during the year are as follows:

Alamgir Welfare Trust International	25,000	5,325
Al-Rayaz Hospital Trust	20,500	-
Momina & Duraid Foundation	18,000	2,000
The Citizens Foundation (TCF)	18,000	-
Institute of Business Administration, Karachi (IBA)	16,000	-
Indus Hospital & Health Network	16,000	-
Afzaal Memorial Thalassemia Foundation (AMTF)	10,000	2,750
Orange Tree Foundation	9,000	-
Pakistan Children'S Heart Foundation (PCHF)	8,200	-
Sahil Welfare Association	7,000	5,000
The Layton Rehmatulla Benevolent Trust (LRBT)	6,300	-
Marie Adelaide Leprosy Center (MALC)	4,950	-
Al Mehrab Tibbi Imdad (AMTI)	4,170	-
National University Of Sciences And Technology (NUST)	3,500	-
Muhammadi Haematology, Oncology Services & Welfare Foundation	3,200	-
Network Of Organizations Working For People With Disabilities Pakistan (NOWPDP)	1,880	-
Sundas Foundation	-	10,000
Karachi Relief Trust	-	8,007
Dar us Shifa Foundation	-	7,350
Autism Society of Pakistan	-	3,000
Parent Voice Association	-	1,700
	<u>171,700</u>	<u>45,132</u>

5.1.1 None of the directors, sponsor shareholders, key management personnel or their spouses have any direct interest in the Donees.

	2025	2024
	----- (Rupees in '000) -----	
6 Islamic Banking Business Unappropriated Profit		
Opening balance	26,426,467	18,664,167
Impact of adopting IFRS 9	-	(414,335)
Balance at January 01 on adopting IFRS 9	26,426,467	18,249,832
Add: Islamic Banking profit before taxation for the year	8,649,730	17,921,026
Less: Taxation for the year	(4,744,336)	(9,745,771)
Add: Transfer from surplus on revaluation of assets to unappropriated profit - net	3,198	1,380
Closing balance	30,335,059	26,426,467
7 Contingencies and Commitments		
-Guarantees	8,239,714	6,089,005
-Commitments	109,702,216	73,684,847
	117,941,930	79,773,852
8 Profit / return earned on Islamic financing and related assets, investments and placements		
Profit earned on:		
- Islamic financing and related assets	24,039,261	25,949,206
- Investments	27,162,723	44,829,906
- Placements	5,020,799	7,760,252
	56,222,783	78,539,364
9 Profit on deposits and other dues expensed		
Deposits and other accounts	20,872,795	38,991,678
Due to financial institutions	2,396,719	3,663,293
Securities sold under repurchase agreements	160,914	-
Cost of foreign currency swaps against foreign currency deposits / borrowings	62,229	372,828
Finance charges on lease liability	1,854,136	1,387,672
Reward points / customer loyalty	220,101	59,148
	25,566,894	44,474,619

DISCLOSURES PLS POOL MANAGEMENT- ISLAMIC BANKING GROUP (IBG)

A-II.2 1. The pools, their key features and risk and reward characteristics.

The profit and loss sharing between the Rabbul Maal (depositor) and Mudarib (Bank - IBG) is based upon the underlying principles of Mudaraba, where the Bank also contributes its equity to general pool of funds, and becomes the capital provider.

Currently IBG is managing following pools:

- 1) General Pool for LCY Depositors
- 2) FCY Pool for Foreign Currency (USD, GBP, EURO, AED, SAR and CAD) depositors
- 3) FIs Pool for Treasury Purposes
- 4) IERS Pool for Islamic Export Refinance Scheme facilities
- 5) Special pool
- 6) PMRC Musharikah Pool

All the Mudaraba based remunerative deposits shall be considered as an investment from Rabbul Maal in the pool, along with IBG's own share of equity, which is also commingled in the pool. The applications of these funds are on Islamic financing and related assets, investments, and placements for generating profits to be shared among the depositors as per the weightage system.

The IERS pool is maintained as per the guideline under the SBP IERS Scheme.

The assets, liabilities, equities, income and expenses are segregated for each of the pool. No pool investment is intermingled with each other. All pools are usually exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved in pool.

2. Avenues/sectors where Mudaraba based deposits have been deployed.

	2025	2024
	----- (Rupees in '000) -----	
Agriculture, Forestry, Hunting and Fishing	75,774,258	726,781
Automobile and transportation equipment	1,743,505	3,860,359
Cement	2,144,732	1,009,611
Chemical and Pharmaceuticals	17,019,407	11,133,965
Construction	2,500,636	2,511,288
Electronics and electrical appliances	3,970,383	5,334,659
Food & Allied Products	10,728,000	10,179,543
Footwear and Leather garments	1,957,532	1,390,032
Glass and Ceramics	276,280	358,052
Individuals	54,682,606	34,367,473
Insurance	-	-
Metal & Allied industries	4,911,797	3,457,419
Mining and Quarrying	375,590	454,714
Oil and Allied	4,659,434	2,175,309
Paper and Board	1,206,998	806,473
Plastic and Allied Industries	7,051,331	5,302,071
Power (electricity), Gas, Water, Sanitary	45,518,591	11,004,109
Services	5,568,205	3,061,744
Sugar	3,171,452	1,955,464
Technology and Related services	194,406	16,531
Textile	54,309,135	56,828,136
Transport, Storage and Communication	8,329,549	7,563,322
Wholesale and Retail Trade	9,547,435	6,017,248
Others	5,187,041	2,535,852
Total gross islamic financing and related assets	320,828,303	172,050,155
Total gross investments (cost)	187,750,036	236,268,906
Total islamic placements	10,451,855	43,283,519
Total invested funds	519,030,194	451,602,580

3. The major components of Profit distribution and charging of the expenses.

Profit is distributed among the Mudaraba deposits on the basis of underlying principles of weightage mechanism which are announced before the beginning of the relevant period. Only direct attributable expenses such as depreciation on ijarah assets, brokerage, CIB Charges, bad debts write off on advances and loss on sale of investments etc are charged to the pool.

4. The Bank managed the following general and specific pools during the period:

Remunerative Depositors' Pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio		Mudarib share	Profit rate return distributed to remunerative deposits (savings and fixed)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba
		%	Mudarib Share / Fee	Rabbul Maal Share	(Rupees in '000)	%	%	(Rupees in '000)
General Pool								
PKR Pool	Monthly	10.35%	50.00%	50.00%	10,046,103	6.45%	6.46%	625,703
USD Pool	Monthly	7.85%	88.89%	11.11%	296,530	1.89%	30.99%	70,574
GBP Pool	Monthly	8.98%	88.89%	11.11%	41,075	0.90%	0.32%	190
EUR Pool	Monthly	6.16%	88.89%	11.11%	17,824	0.56%	1.61%	174
AED Pool	Monthly	4.76%	88.89%	11.11%	1,810	0.39%	0.00%	-
SAR Pool	Monthly	6.18%	88.89%	11.11%	1,351	0.29%	0.00%	-
CAD Pool	Monthly	9.69%	88.89%	11.11%	912	0.28%	0.00%	-
Special Pool								
Special Pool (Saving & TDRs)	Monthly	11.32%	5.00%	95.00%	540,160	10.78%	18.25%	108,051

SBP Refinance Borrowing Pool	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio		Mudarib share	Profit rate return distributed to remunerative deposits (Savings and fixed)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba
		%	Bank Share	SBP Share	(Rupees in '000)	%	%	(Rupees in '000)
Islamic Export Refinance (IERS/BD) Pool	Monthly	13.33%	89.94%	10.06%	3,904,439	Nil	0.00%	-

ANNEXURE - III
DISPOSAL OF PROPERTY AND EQUIPMENT TO RELATED PARTIES

Particulars of assets	Cost	Net book value	Sale price	Mode of disposal	Particular of purchaser

----- (Rupees in '000) -----

Leasehold improvements

Leasehold improvements	Civil Works	2,340	1,540	1,431	Insurance claim	Alfalah Insurance Company Limited
		2,340	1,540	1,431		

Office equipment

Office equipment	Television	322	138	128	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Generators	5,421	2,172	3,762	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Air Conditioners	6,481	2,260	2,853	Insurance claim	Alfalah Insurance Company Limited
Office equipment	ATM	6,616	3,414	4,418	Insurance claim	Alfalah Insurance Company Limited
Office equipment	UPS	1,244	327	412	Insurance claim	Alfalah Insurance Company Limited
Office equipment	CDM	1,710	1,653	1,453	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Cash Sorting Machine	1,058	371	509	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Queue Management System	274	16	233	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Phone set	47	30	39	Insurance claim	Alfalah Insurance Company Limited
		23,173	10,381	13,807		

Computer equipment

Computer equipment	Laptop	21,081	4,065	7,793	Insurance claim	Alfalah Insurance Company Limited
Computer equipment	Computer	8,545	2,846	4,165	Insurance claim	Alfalah Insurance Company Limited
Computer equipment	Printer	392	26	159	Insurance claim	Alfalah Insurance Company Limited
Computer equipment	Scanner	305	36	111	Insurance claim	Alfalah Insurance Company Limited
Computer equipment	Laptop	351	-	35	As per policy	Aasim Wajid Jawad
Computer equipment	Laptop	338	-	34	As per policy	Anjum Hai
Computer equipment	Laptop	269	14	27	As per policy	Muhammad Akram Sawleh
Computer equipment	Laptop	220	-	22	As per policy	Zahid Anjum
Computer equipment	Laptop	298	-	30	As per policy	Muhammad Ashraf
Computer equipment	IPAD	373	-	38	As per policy	Atif Aslam Bajwa
Computer equipment	IPAD	521	269	268	As per policy	Muhammad Akram Sawleh
Computer equipment	IPAD	444	-	44	As per policy	Tahir Khurshid
		33,137	7,256	12,726		

Vehicles

Vehicles	Car	19,668	13,348	18,601	Insurance claim	Alfalah Insurance Company Limited
Vehicles	Car	70,944	-	7,094	As per policy	Atif Aslam Bajwa
		90,612	13,348	25,695		

149,262 32,525 53,659

Independent Auditor's Report

To the members of Bank Alfalah Limited

Opinion

We have audited the annexed consolidated financial statements of Bank Alfalah Limited (the Holding Company) and its subsidiary (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 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 Matters

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 and off-balance sheet obligations: (Refer notes 4.3, 4.17, 9, 20.1 and 49.13.7 to the consolidated financial statements)	
	The Group records credit loss allowance against advances and off-balance sheet obligations in accordance with the requirements of IFRS 9 as applicable in Pakistan and as per the application instructions issued by the State Bank of Pakistan (SBP). Under IFRS 9, the Group assesses on a forward-looking basis the Expected Credit Losses ('ECL') associated with advances together with off-balance sheet obligations including letters of credit, guarantees and irrevocable unutilised financing commitments. A lifetime ECL is recognised on advances and off-balance sheet obligations where there have been a Significant Increase in Credit Risk (SICR) from the date of initial recognition and on advances and off-balance sheet obligations which are credit impaired as at the reporting date. A 12 months ECL is recognised for advances and off-balance sheet obligations 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 default occurring on the advances and off-balance sheet obligations 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 charged off / write offs, net of recoveries. The Group records a charge for Stage 3 based on the higher of provision under the Prudential Regulations or ECL under IFRS 9, as per the application instructions of the SBP. This assessment is conducted at the facility level for corporate, agriculture, and SME advance portfolios and off-balance sheet obligations, and at a segment level for the retail portfolio. If one facility of a counterparty becomes 90+ days past due (DPD) or is otherwise defined as impaired under the 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.	Our audit procedures to verify credit loss allowance against domestic advances and/or off-balance sheet obligations included, amongst others, the following: We obtained and updated our understanding of the management's assessment of credit loss allowance in respect of advances and off-balance sheet obligations including the Group's internal rating model, accounting policies, and model methodology as well as any key changes made during the year. We obtained an understanding of the design and evaluated and tested the operating effectiveness of the relevant controls established by the Group to identify loss events and determine the extent of provisioning required against advances and off-balance sheet obligations. The testing of controls included testing of: - controls over correct classification of customers; - controls over monitoring of customers with higher risk of default having exposure to advances and off-balance sheet obligations and the correct classification of customers based on subjective criteria; - controls over the accurate computation and recording of credit loss allowance; and - controls over the governance and approval process related to credit loss allowance including continuous reassessment by the management. We selected a sample of customers and performed the following substantive procedures: - assessed the reasonableness and accuracy of the data used for credit loss allowance computation based on accounting records and information system of the Group as well as the related external sources used for this purpose; - checked repayments of advances / mark-up instalments and tested the classification of customer exposure based on the number of days overdue; - tested the staging of advances and off-balance sheet obligations as per the criteria of SICR and in accordance with the application instructions as issued by the SBP for IFRS 9;

S.No.	Key Audit Matter	How the matter was addressed in our audit
	The net credit allowance recognised / 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 and credit loss allowance against off-balance sheet obligations is reflected under other liabilities. Provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries and as per the application instructions for IFRS 9 issued by the SBP. The Group has recognised a net charge of credit loss allowance against advances and off-balance sheet obligations amounting to Rs. 2,875 million and Rs. 248 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 of Rs. 48,570 million and Rs. 1,036 million against advances and off-balance sheet obligations, respectively. The determination of credit loss allowance against advances and off-balance sheet obligations 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 and off-balance sheet obligations relative to the overall consolidated financial statements of the Group, we considered this area as a key audit matter.	- evaluated the management's assessment for classification of a customers' exposure as performing or non-performing under the prudential regulations and the application instructions as issued by the SBP for IFRS 9, based on a review of repayment pattern, inspection of credit documentation and discussions with the management; and - assessed the ECL model used by the management to calculate expected credit loss against advances and off-balance sheet obligations balances of the Group for the 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 management in calculation of ECL; and Assessed the relevant disclosures made in the consolidated financial statements to determine whether they comply 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 and off-balance sheet obligations' 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 ensured compliance with the requirements of IFRS 9 as applicable in Pakistan and as per the instructions of the SBP in the consolidated financial statements.

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 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 the 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- 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 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 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 **Noman Abbas Sheikh**.

A. F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: March 3, 2026

UDIN: AR202510061rGx42mt7f

Consolidated Statement of Financial Position

As at December 31, 2025

	Note	2025	2024
		----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	5	227,583,076	227,868,901
Balances with other banks	6	24,109,552	19,713,246
Lendings to financial institutions	7	19,674,292	100,998,323
Investments	8	2,178,171,675	1,996,182,261
Advances	9	1,104,923,835	1,109,376,542
Property and equipment	10	71,295,025	63,673,849
Right-of-use assets	11	26,465,246	25,365,699
Intangible assets	12	1,728,936	1,559,640
Deferred tax assets		-	-
Other assets	13	181,133,531	172,317,236
Total assets		3,835,085,168	3,717,055,697
LIABILITIES			
Bills payable	14	56,957,969	41,768,326
Borrowings	15	832,127,882	1,142,200,709
Deposits and other accounts	16	2,495,388,928	2,136,104,698
Lease liabilities	17	32,573,375	29,555,307
Subordinated debt	18	14,000,000	14,000,000
Deferred tax liabilities	19	27,399,186	19,459,032
Other liabilities	20	176,427,279	152,580,928
Total liabilities		3,634,874,619	3,535,669,000
NET ASSETS		200,210,549	181,386,697
REPRESENTED BY			
Share capital	21	15,771,651	15,771,651
Reserves		42,366,356	43,466,925
Surplus on revaluation of assets	22	43,227,219	33,820,479
Unappropriated profit		98,845,323	88,305,939
Total equity attributable to the equity holders of the Holding Company		200,210,549	181,364,994
Non-controlling interest		-	21,703
		200,210,549	181,386,697
CONTINGENCIES AND COMMITMENTS			
	23		

The annexed notes 1 to 54 and annexures I to III form an integral part of these consolidated financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Consolidated Statement of Profit and Loss Account

For the year ended December 31, 2025

	Note	2025 ------(Rupees in '000)-----	2024 ------(Rupees in '000)-----
Mark-up / return / interest earned	25	356,951,918	507,120,276
Mark-up / return / interest expensed	26	221,068,596	380,246,673
Net mark-up / return / interest income		135,883,322	126,873,603
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	16,409,160	17,868,146
Dividend income		2,802,870	1,328,035
Foreign exchange income	28	12,085,962	9,545,077
Income from derivatives		864,060	1,368,096
Gain on securities	29	12,865,477	14,021,158
Net gain / (loss) on derecognition of financial assets measured at amortised cost		-	-
Share of profit from associates	8.1.1	1,292,380	1,232,883
Other income	30	1,067,496	320,195
Total non-mark-up / interest income		47,387,405	45,683,590
Total income		183,270,727	172,557,193
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	31	116,520,973	85,119,044
Workers' welfare fund	32	1,384,095	1,697,014
Other charges	33	93,044	222,567
Total non-mark-up / interest expenses		117,998,112	87,038,625
Profit before credit loss allowance / provisions		65,272,615	85,518,568
Credit loss allowance / provisions and write offs - net	34	3,310,023	271,228
Other income / unusual items		-	-
PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS		61,962,592	85,247,340
Taxation	35	34,086,801	45,384,044
PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS		27,875,791	39,863,296
DISCONTINUED OPERATIONS			
LOSS FROM DISCONTINUED OPERATIONS - NET OF TAX	36.3	(75,392)	-
PROFIT AFTER TAXATION		27,800,399	39,863,296
Profit / (loss) attributable to:			
Equity holders of the Holding Company			
- from continuing operations		27,875,791	39,853,621
- from discontinued operations	36.3	(73,581)	-
Equity holders of the Holding Company		27,802,210	39,853,621
Non-controlling interest			
- from continuing operations		-	-
- from discontinued operations	36.3	(1,811)	9,675
Non-controlling interest		(1,811)	9,675
		27,800,399	39,863,296
		------(Rupees)-----	------(Rupees)-----
Basic and diluted earnings per share - continuing operations	37	17.67	25.27
Basic and diluted earnings per share	37	17.62	25.27

The annexed notes 1 to 54 and annexures I to III form an integral part of these consolidated financial statements.

President & Chief Executive Officer

Chief Financial Officer

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	27,800,399	39,863,296
Other comprehensive income / (loss)		
Items that may be reclassified to the statement of profit and loss account in subsequent periods:		
Effect of translation of net investment in foreign branches	(3,934,275)	(1,766,018)
Movement in surplus on revaluation of investments in debt securities classified as FVOCI - net of tax	7,767,477	10,802,324
Gain on sale of debt securities classified as FVOCI reclassified to profit and loss - net of tax	(3,340,058)	(899,946)
Movement in share of (deficit) / surplus on revaluation of investments of associates - net of tax	(19,356)	36,376
	473,788	8,172,736
Items that will not be reclassified to the statement of profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations - net of tax	503,076	461,376
Share of remeasurement loss on defined benefit obligations of associates - net of tax	(911)	(456)
Movement in surplus on revaluation of equity investments classified as FVOCI - net of tax	4,417,103	2,030,719
Movement in surplus on revaluation of property and equipment - net of tax	(73,760)	5,609,282
Movement in surplus on revaluation of non-banking assets - net of tax	72,881	236,629
	4,918,389	8,337,550
Total comprehensive income	33,192,576	56,373,582
Total comprehensive income / (loss) attributable to:		
Equity holders of the Holding Company		
- from continuing operations	33,267,968	56,363,853
- from discontinued operations	(73,581)	-
	33,194,387	56,363,853
Non-controlling interest		
- from continuing operations	-	9,729
- from discontinued operations	(1,811)	-
	(1,811)	9,729
	33,192,576	56,373,582

The annexed notes 1 to 54 and annexures I to III form an integral part of these consolidated financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2025

	Share capital	Capital reserves		Statutory reserve (note 21.3)	Surplus/(deficit) on revaluation of			Unappropriated profit	Sub-total	Non controlling interest	Total
		Share premium	Exchange translation reserve		Investments	Property and equipment	Non banking assets				
	(Rupees in '000)										
Balance as at December 31, 2023	15,771,651	4,731,049	14,191,974	22,478,107	(902,400)	12,088,444	86,726	71,472,352	139,917,903	(294,665)	139,623,238
Impact of adoption of IFRS 9 - net of tax	-	-	-	-	5,002,695	-	-	(2,250,700)	2,751,995	-	2,751,995
Opening balance as at January 01, 2024	15,771,651	4,731,049	14,191,974	22,478,107	4,100,295	12,088,444	86,726	69,221,652	142,669,898	(294,665)	142,375,233
Profit after taxation	-	-	-	-	-	-	-	39,853,621	39,853,621	9,675	39,863,296
Other comprehensive income / (loss) - net of tax											
Effect of translation of net investment in foreign branches	-	-	(1,766,018)	-	-	-	-	-	(1,766,018)	-	(1,766,018)
Movement in surplus on revaluation of investments in debt securities classified as FVOCI - net of tax	-	-	-	-	10,802,324	-	-	-	10,802,324	-	10,802,324
Gain on sale of debt securities carried at FVOCI reclassified to profit and loss - net of tax	-	-	-	-	(899,946)	-	-	-	(899,946)	-	(899,946)
Movement in surplus on revaluation of equity securities classified as FVOCI - net of tax	-	-	-	-	2,030,719	-	-	-	2,030,719	-	2,030,719
Movement in share of surplus on revaluation of investments of associates - net of tax	-	-	-	-	36,376	-	-	-	36,376	-	36,376
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	460,866	460,866	54	460,920
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	5,609,282	-	-	5,609,282	-	5,609,282
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	236,629	-	236,629	-	236,629
Total other comprehensive (loss) / income - net of tax	-	-	(1,766,018)	-	11,969,473	5,609,282	236,629	460,866	16,510,232	54	16,510,286
Transfer to statutory reserve	-	-	-	3,831,813	-	-	-	(3,831,813)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(144,681)	(8,640)	153,321	-	-	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit - net of tax	-	-	-	-	(117,049)	-	-	117,049	-	-	-
Transactions with owners, recorded directly in equity											
Adjustment of non-controlling interest	-	-	-	-	-	-	-	(311,627)	(311,627)	311,627	-
Cost of issue of right shares - subsidiary	-	-	-	-	-	-	-	(8,314)	(8,314)	(4,988)	(13,302)
Final cash dividend for the year ended December 31, 2023 - 50%	-	-	-	-	-	-	-	(7,885,826)	(7,885,826)	-	(7,885,826)
Interim cash dividend for the quarter ended March 31, 2024 - 20%	-	-	-	-	-	-	-	(3,154,330)	(3,154,330)	-	(3,154,330)
Interim cash dividend for the half year ended June 30, 2024 - 20%	-	-	-	-	-	-	-	(3,154,330)	(3,154,330)	-	(3,154,330)
Interim cash dividend for the nine months period ended September 30, 2024 - 20%	-	-	-	-	-	-	-	(3,154,330)	(3,154,330)	-	(3,154,330)
Balance as at December 31, 2024	15,771,651	4,731,049	12,425,956	26,309,920	15,952,719	17,553,045	314,715	88,305,939	181,364,994	21,703	181,386,697
Impact of adoption of IFRS 9 - net of tax (note 4.1)	-	-	-	-	1,503,916	-	-	(81,096)	1,422,820	-	1,422,820
Balance as at January 01, 2025	15,771,651	4,731,049	12,425,956	26,309,920	17,456,635	17,553,045	314,715	88,224,843	182,787,814	21,703	182,809,517
Profit after taxation	-	-	-	-	-	-	-	27,802,210	27,802,210	(1,811)	27,800,399
Other comprehensive income / (loss) - net of tax											
Effect of translation of net investment in foreign branches	-	-	(3,934,275)	-	-	-	-	-	(3,934,275)	-	(3,934,275)
Movement in surplus on revaluation of investments in debt securities classified as FVOCI - net of tax	-	-	-	-	7,767,477	-	-	-	7,767,477	-	7,767,477
Gain on sale of debt securities carried at FVOCI reclassified to profit and loss - net of tax	-	-	-	-	(3,340,058)	-	-	-	(3,340,058)	-	(3,340,058)
Movement in surplus on revaluation of equity securities classified as FVOCI - net of tax	-	-	-	-	4,417,103	-	-	-	4,417,103	-	4,417,103
Movement in share of deficit on revaluation of investments of associates - net of tax	-	-	-	-	(19,356)	-	-	-	(19,356)	-	(19,356)
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	502,165	502,165	-	502,165
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	(73,760)	-	-	(73,760)	-	(73,760)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	72,881	-	72,881	-	72,881
Total other comprehensive (loss) / income - net of tax	-	-	(3,934,275)	-	8,825,166	(73,760)	72,881	502,165	5,392,177	-	5,392,177
Transfer to statutory reserve	-	-	-	2,833,706	-	-	-	(2,833,706)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(122,572)	(12,720)	135,292	-	-	-
Transfer of revaluation surplus upon change in use - net of tax	-	-	-	-	-	6,020	(6,020)	-	-	-	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit - net of tax	-	-	-	-	(786,171)	-	-	786,171	-	-	-
Transactions with owners, recorded directly in equity											
Derecognition of subsidiary on disposal	-	-	-	-	-	-	-	-	-	(19,892)	(19,892)
Final cash dividend for the year ended December 31, 2024 - 25%	-	-	-	-	-	-	-	(3,942,913)	(3,942,913)	-	(3,942,913)
Interim cash dividend for the quarter ended March 31, 2025 - 25%	-	-	-	-	-	-	-	(3,942,913)	(3,942,913)	-	(3,942,913)
Interim cash dividend for the half year ended June 30, 2025 - 25%	-	-	-	-	-	-	-	(3,942,913)	(3,942,913)	-	(3,942,913)
Interim cash dividend for the nine months period ended September 30, 2025 - 25%	-	-	-	-	-	-	-	(3,942,913)	(3,942,913)	-	(3,942,913)
Balance as at December 31, 2025	15,771,651	4,731,049	8,491,681	29,143,626	25,495,630	17,362,733	368,856	98,845,323	200,210,549	-	200,210,549

The annexed notes 1 to 54 and annexures I to III form an integral part of these consolidated financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Consolidated Cash Flow Statement

For the year ended December 31, 2025

	Note	2025	2024
		------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation from continuing operations		61,962,592	85,247,340
Profit before taxation from discontinued operations	36.3	7,796	-
less: Dividend income		(2,802,870)	(1,328,035)
Share of profit from associates		(1,292,380)	(1,232,883)
		<u>57,875,138</u>	<u>82,686,422</u>
Adjustments			
Net mark-up / return / interest income		(140,229,161)	(130,392,407)
Depreciation		6,118,724	4,731,185
Depreciation on right-of-use assets		4,564,692	3,946,074
Amortisation		415,073	376,531
Credit loss allowance /provisions and write offs - net		3,305,462	271,228
Unrealised gain on revaluation of investments classified as FVPL		(1,336,472)	(4,080,557)
Unrealised gain on advances classified as FVPL		-	(91,600)
Gain on sale of property and equipment - net	30	(88,573)	(108,718)
Gain on sale of non banking assets - net	30	(3,368)	(27,800)
Gain on termination of leases - net	30	(160,323)	(63,731)
Staff loans - notional cost	31.1	4,433,874	2,744,484
Finance charges on leased assets		4,325,970	3,518,804
Workers' welfare fund	32	1,384,095	1,697,014
Charge for defined benefit plan	31.1	650,373	771,603
Charge for staff compensated absences	31.1	430,024	416,359
		<u>(116,189,610)</u>	<u>(116,291,531)</u>
		(58,314,472)	(33,605,109)
Decrease / (increase) in operating assets			
Lendings to financial institutions		84,606,438	(12,070,605)
Securities classified as FVPL		(33,388,557)	8,778,374
Advances		2,015,620	(417,011,237)
Other assets (excluding advance taxation and mark-up receivable)		(30,604,904)	(9,330,263)
		<u>22,628,597</u>	<u>(429,633,731)</u>
Increase / (decrease) in operating liabilities			
Bills payable		15,189,643	15,763,788
Borrowings		(299,617,994)	235,951,608
Deposits		359,284,230	51,163,441
Other liabilities (excluding current taxation and mark-up payable)		30,080,902	22,436,418
		<u>104,936,781</u>	<u>325,315,255</u>
		69,250,906	(137,923,585)
Contribution made to gratuity fund		(961,901)	(671,297)
Mark-up / Interest received		370,945,478	500,473,471
Mark-up / Interest paid		(221,803,762)	(377,916,532)
Income tax paid		(39,720,670)	(58,973,294)
		<u>177,710,051</u>	<u>(75,011,237)</u>
Net cash generated from / (used in) operating activities		<u>177,710,051</u>	<u>(75,011,237)</u>
Balance carried forward		<u>177,710,051</u>	<u>(75,011,237)</u>

Consolidated Cash Flow Statement

For the year ended December 31, 2025

	Note	2025	2024
		----- (Rupees in '000) -----	
Balance brought forward		177,710,051	(75,011,237)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in securities carried at amortised cost		67,489,594	3,212,876
Net (divestments) / investments in securities classified as FVOCI		(191,237,328)	105,832,499
Dividends received from associates		1,124,993	434,993
Dividends received from other investments		2,802,870	1,338,466
Divestment from subsidiary		396,857	-
Investments in property and equipment and intangible assets		(13,627,572)	(19,805,023)
Proceeds from sale of property and equipment		149,454	215,623
Proceeds from sale of non-banking assets		27,089	267,800
Effect of translation of net investment in foreign branches		(395,956)	(1,766,018)
Net cash (used in) / generated from investing activities		(133,269,999)	89,731,216
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease obligations against right-of-use assets		(6,801,788)	(6,138,088)
Cost of issue of right shares		-	(13,302)
Dividend paid		(15,717,497)	(23,207,789)
Net cash used in financing activities		(22,519,285)	(29,359,179)
Net increase / (decrease) in cash and cash equivalents		21,920,767	(14,639,200)
Cash and cash equivalents at the beginning of the year		231,804,212	249,842,308
Effects of exchange rate changes on cash and cash equivalents		1,434,385	(1,942,616)
		233,238,597	247,899,692
Expected credit loss allowance on cash and cash equivalents - net		(34,474)	(21,895)
Cash and cash equivalents of discontinued operations		(1,442,577)	-
Cash and cash equivalents at end of the year	38	253,682,313	233,238,597

The annexed notes 1 to 54 and annexures I to III form an integral part of these consolidated financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended December 31, 2025

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

Holding Company

Bank Alfalah Limited, Pakistan

Bank Alfalah Limited (the Holding Company) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services in Pakistan and overseas. The Holding Company's registered office is located at B. A. Building, I. I. Chundrigar Road, Karachi and its shares are listed on the Pakistan Stock Exchange. The Holding Company is engaged in banking services as described in the Banking Companies Ordinance, 1962. The Holding Company is operating through 1,178 branches (2024: 1,141 branches) and 8 sub-branches (2024: 12 sub-branches). Out of the 1,178 branches, 717 (2024: 707) are conventional, 450 (2024: 423) are Islamic, 10 (2024: 10) are overseas and 1 (2024: 1) is an offshore banking unit.

The Pakistan Credit Rating Agency Limited has reaffirmed the Holding Company's long-term rating of 'AAA' and short-term rating of 'A1+' with stable outlook as of June 28, 2025.

	Note	Percentage of Holding	
		2025	2024
Subsidiaries		-----Percentage-----	
Alfalah Securities (Private) Limited	36	-	95.59%
Alfalah Currency Exchange (Private) Limited	1.1.1	100.00%	100.00%

1.1.1 During the year, the Holding Company has made a further investment of Rs. 300 million (2024: Rs. 1,000 million) in its wholly owned subsidiary Alfalah Currency Exchange (Private) Limited.

1.2 In addition, the Group maintains investments in the following:

Associates

	Percentage of Holding	
	2025	2024
	-----Percentage-----	
Alfalah Insurance Company Limited	30.00%	30.00%
Sapphire Wind Power Company Limited	30.00%	30.00%
Alfalah Asset Management Limited	40.22%	40.22%

2 BASIS OF PRESENTATION

2.1 These consolidated financial statements represent the financial position and results of the Holding Company - Bank Alfalah Limited and its subsidiaries. The assets and liabilities of the subsidiaries have been consolidated on a line-by-line basis and the investments held by the Holding Company are eliminated against the corresponding share capital of the subsidiaries in these consolidated financial statements.

2.2 These consolidated financial statements have been prepared in accordance with the format for the preparation of the annual financial statements of banks issued by the State Bank of Pakistan (SBP), vide its BPRD Circular No. 13 dated July 01, 2024.

2.3 STATEMENT OF COMPLIANCE

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

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

The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' for banks through its notification SRO 411(I)/2008 dated April 28, 2008. The SBP through BPRD Circular No. 04 of 2015 dated February 25, 2015 had deferred the applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

The SECP through SRO 56(I)/2016 dated January 28, 2016, has directed that the requirements of IFRS 10, 'Consolidated financial statements' are not applicable to investments by companies in mutual funds established under Trust Deed structure. Accordingly, implications of IFRS 10 in respect of investment in mutual funds are not considered in these consolidated financial statements.

The Holding Company adopted IFRS 9 in the previous accounting period. The SBP has granted certain relaxations in respect of specific requirements of IFRS 9. These relaxations have been applied in the preparation of these consolidated financial statements, with further details provided in note 4.1.

Moreover, Alfalah Insurance Company Limited has deferred the application of IFRS 9 till January 01, 2027, which is the same as the effective date for the application of IFRS 17 - Insurance Contracts, as allowed by the SECP through S.R.O. 1336(i)/2025 dated July 23, 2025. Furthermore, Sapphire Wind Power Company Limited has been granted a partial exemption from the application of IFRS 9 till December 31, 2025 vide SECP S.R.O. 1784(I)/2024- dated November 04, 2024. Consequently, the requirements of IFRS 9 with respect to the application of Expected Credit Losses (ECL) on trade debts and other receivables due from Central Power Purchasing Agency (CPPA-G) have not been followed.

2.3.1 Basis of consolidation

A subsidiary is an entity controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its investment with the investee and has the ability to affect those returns through its power over the investee.

These consolidated financial statements incorporate the financial statements of subsidiaries from the date control commences until the date control ceases.

Profit or loss and each component of Other Comprehensive Income (OCI) is attributed to the equity holders of the Holding Company and to the Non-Controlling interests (NCI) even if it results in the NCI having a deficit balance.

Material intra-group balances and transactions with subsidiaries are eliminated.

A change in ownership of a subsidiary, without loss of control is accounted for as an equity transaction.

Non-controlling interests are that part of the net results of operations and of net assets of subsidiary which are not owned by the Holding Company. Material intra-group balances and transactions are eliminated.

Associates are those entities on which the Group has significant influence, but not control, over the financial and operating policies. Associates as well as investment in mutual funds established under trust structure are accounted for using the equity method.

2.3.2 Key financial figures of Islamic Banking branches are disclosed in Annexure II to these consolidated financial statements.

2.3.3 The management of the Holding Company believes that there is no significant doubt on the Group Companies' or the Group's ability to continue as a going concern. Therefore, the consolidated financial statements have been prepared on a going concern basis.

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

There are certain new and amended standards, issued by the International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 01, 2025 but are considered not relevant or do not have any material effect on the Group's operations and are therefore not detailed in these consolidated financial statements. The impact of IFRS 9 for the current year is disclosed in note 4.1 to these consolidated financial statements.

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

There are certain new and amended standards, issued by the International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 01, 2026 but are considered not to be relevant or will not have any material effect on the Group's consolidated financial statements except for:

- the new standard - IFRS 18 'Presentation and Disclosure in Financial Statements' (published in April 2024) with applicability date of January 01, 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable will impact the presentation of the 'Statement of Profit and Loss Account' with certain additional disclosures in the consolidated financial statements.
- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' clarify the timing of recognition and derecognition of certain financial instruments including settlement of liabilities through banking instruments and channels including electronic transfers. Further, guidance on the SPPI assessment, and disclosure requirements for instruments with cash flows modifying features and equity instruments designated at FVOCI have also been amended. These amendments are effective from January 01, 2026. The amendments, when applied, may impact the accounting and presentation of the financial instruments.

The management is in the process of assessing the impact of these amendments on the consolidated financial statements of the Group.

2.6 Critical accounting estimates and judgments

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

Material accounting estimates and areas where judgments were made by the management in the application of accounting policies are as follows:

- i) classification and credit loss allowance /provisioning against investments (notes 4.7 and 8);
- ii) classification and credit loss allowance / provisioning against loans and advances (notes 4.8 and 9);
- iii) income taxes (notes 4.15 and 35);
- iv) accounting for defined benefit plan and compensated absences (notes 4.12, 40 and 42);
- v) depreciation and revaluation of property and equipment and non banking assets acquired in satisfaction of claim (notes 4.9.2, 4.9.5, 10 and 13.1.1);
- vi) amortisation of intangible assets (notes 4.9.3 and 12);
- vii) impairment of non-financial assets (note 4.16);
- viii) employee stock option scheme (notes 4.12(d) and 43);
- ix) fair value measurement of financial instruments (note 44);
- x) credit loss allowance / provision against other assets and other provisions (notes 4.18 and 13.5);
- xi) credit loss allowance / provision against off balance sheet obligations and contingent liabilities (notes 4.17, 4.19, 20.1 and 23); and
- xii) lease liability including determination of the lease term for lease contracts with renewal and termination options and right-of-use assets (the Group as a lessee) (notes 4.9.4.1, 11 and 17).

3 BASIS OF MEASUREMENT

3.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except that certain property and equipment and non banking assets acquired in satisfaction of claims are stated at revalued amounts; investments classified at fair value through profit or loss and fair value through other comprehensive income, advances classified at fair value through profit or loss, 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 are measured at fair value on initial recognition.

3.2 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency. The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these consolidated financial statements are consistently applied in all the years presented except for the changes mentioned in note 4.1 to these consolidated financial statements.

4.1 IFRS 9 - 'Financial Instruments'

The Group adopted IFRS 9 effective from January 01, 2024 with a modified retrospective approach for restatement permitted under IFRS 9.

During the current year, in accordance with BPRD Circular No. 03 of 2022 dated July 05, 2022 and BPRD Circular Letter No. 16 dated July 29, 2024 the Group has applied IFRS 9 'Financial Instruments' for Bangladesh operations and measured unquoted equity securities at fair value. The cumulative impact of application in the current period, amounting to Rs. 1,422.820 million, net of tax has been recorded as an adjustment to equity at the beginning of the current period.

The SBP in a separate instruction SBPHOK-BPRD-RPD-BAF-834424 dated January 22, 2025 has allowed an extension for the application of the Effective Interest Rate (EIR) up to December 31, 2025, the impact of which will be incorporated in the consolidated financial statements for the year 2026.

The SBP has directed the banks through its BPRD Circular Letter No.1 dated January 22, 2025 to continue applying the existing revenue recognition methodology for Islamic Operations, including the requirements of IFAS 1 and IFAS 2 until further instructions. Had IFRS 9 been adopted for revenue recognition related to Islamic financing, the profit after tax of the Group would have been lower by Rs. 35.569 million (2024: Rs. 167.847 million). Further, unappropriated profit of the Group as at December 31, 2025 would have been higher by Rs. 555.753 million (2024: Rs. 578.741 million).

4.2 Financial instruments

4.2.1 Classification

Financial assets

Under IFRS 9, the Group classifies its financial assets into the following categories:

- Financial assets at fair value through profit or loss account (FVPL)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at amortised cost

Financial liabilities

Financial liabilities are classified and measured at amortised cost except for derivatives which are being measured at FVPL.

Financial assets and financial liabilities primarily include the following:

Head	Description
Cash and balances with treasury banks	note 4.5
Balances with other banks	note 4.5
Lendings to financial institutions	note 4.6
Investments other than associates	note 4.7
Advances	note 4.8
Bills payable	note 14
Borrowings	note 4.10
Deposits and other accounts	note 4.10
Subordinated debts	note 4.11

4.2.2 Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether the management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of financial assets to the duration of liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model is evaluated and reported to the Group's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sale are also important aspects of the Group's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Eventually, financial assets fall under either of the following three business models:

- i) Hold to Collect (HTC) business model: Holding assets in order to collect contractual cash flows
- ii) Hold to Collect and Sell (HTC&S) business model: Collecting contractual cash flows and selling financial assets
- iii) Other business models: Resulting in classification of financial assets as FVPL

4.2.3 Assessments whether contractual cash flows are solely payments of principal and interest / profit (SPPI)

As a second step in the classification process, the Group assesses the contractual terms of financial assets to identify whether these assets meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount). The most significant elements of interest / profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as, but not limited to, the currency in which the financial asset is denominated, and the period for which the interest / profit rate is set. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangement, the related financial asset is classified and measured at FVPL.

The portfolio of debt instruments that failed to meet the 'solely payments of principal and profit' (SPPI) requirement for amortised cost and FVOCI classification under IFRS 9, contain provisions that, in certain circumstances, allow the issuer to fully / partially convert the instrument into common shares or exercise the call option. This clause results in failure of the criterion that profit payments should only be consideration for credit risk and the time value of money on the principal. As a result, these instruments were classified as FVPL.

4.2.4 Initial recognition and subsequent measurement

Financial assets and financial liabilities 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 and liabilities like advances, lending to financial institutions, deposits 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 and financial liabilities under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction cost. These are subsequently measured at amortised cost. An expected credit loss allowance (ECL) is recognised for financial assets in the consolidated statement of profit and loss account. Interest income / profit / expense on these assets / liabilities are recognised in the consolidated statement of profit and loss account. On derecognition of these financial assets and liabilities, capital gain / loss is recognised in the consolidated 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 cost. 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 consolidated statement of profit and loss account. Interest / profit / dividend income on these assets are recognised in the consolidated statement of profit and loss account. On derecognition of debt based financial assets, capital gain / loss is recognised in the consolidated statement of profit and loss account. For equity based financial assets classified as FVOCI, capital gain / loss is transferred from surplus / deficit to unappropriated profit.

c) Fair value through profit and loss (FVPL)

Financial assets under FVPL category are initially recognised at fair value. Transaction costs are directly recorded in the consolidated statement of profit and loss account. These assets are subsequently measured at fair value with changes recorded in the consolidated statement of profit and loss account. Interest / dividend income on these assets are recognised in the consolidated statement of profit and loss account. On derecognition of these financial assets, capital gain / loss is recognised in the consolidated statement of profit and loss account. An expected credit loss allowance (ECL) is not recognised for these financial assets.

4.2.5 Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire.

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

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 consolidated statement of profit and loss account.

4.2.6 Modification

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its customers. The Group assesses whether the modified terms result in the financial asset being significantly modified and therefore derecognised. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with IFRS 9, the Group recalculates the gross carrying amount of the financial asset and shall recognise a modification gain or loss in the consolidated 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 asset's 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 modified financial asset.

4.3 Expected Credit Loss (ECL)

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 FVPL, together with letter of credit, guarantees and unutilised financing commitments hereinafter referred to as "Financial Instruments". The Group recognises a 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 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.

Definition of default

The concept of "impairment or "default" is critical to the implementation of IFRS 9 as it drives the determination of risk parameters, i.e. PD, LGD and EAD.

As per BPRD Circular No. 03 of 2022 dated July 05, 2022 and BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, 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 Prudential Regulations or IFRS 9 at borrower / facility level for corporate / commercial / SME loan portfolios and at segment / product basis for retail portfolio.

This implies that if one facility of a counterparty becomes 90+ DPD in repaying its contractual dues or as defined in PRs; all other facilities would deem to be classified as stage 3.

4.4 Write-offs

Financial assets are written off in line with the Group's policy when there are no realistic prospects of recovery. The write offs do not, in any way, affect the Group's right of recovery from these customers.

4.5 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, balances with treasury banks, balances with other banks in current and deposit accounts, national prize bonds, overdrawn nostro accounts and call lendings having original maturity of three months or less.

4.6 Lendings to / borrowings from financial institutions

The Holding Company enters into transactions of repurchase agreements (repo) and agreements to resell (reverse repo) at contracted rates for a specified period of time. These are recorded as below:

4.6.1 Sale under repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in these consolidated financial statements as investments and the counterparty liability is included in borrowings. The difference between the sale and contracted repurchase price is accrued on a time proportion basis over the period of the contract and recorded as an expense.

4.6.2 Purchase under resale agreements

Securities purchased under agreement to resell (reverse repo) are not recognised in these consolidated financial statements as investments and the amount extended to the counterparty is included in lendings. The difference between the purchase and contracted resale price is accrued on a time proportion basis over the period of the contract and recorded as income.

4.6.3 Bai Muajjal

The Holding Company enters into Bai Muajjal transactions of sale (borrowing) and purchase (lending). These are recorded as below:

Bai Muajjal purchase

Bai Muajjal transactions, representing purchase of shariah compliant instruments on deferred payment basis, are shown in lendings to financial institutions except for transactions undertaken directly with the Government of Pakistan which are disclosed as investments. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income on a time proportion basis over the life of the transaction.

Bai Muajjal sale

Bai Muajjal transactions, representing sale of shariah compliant instruments on deferred payment basis, are shown in borrowings. The credit price is agreed at the time of purchase and the proceeds are paid at the end of the credit period. The difference between the deferred payment amount payable and the carrying value at the time of purchase is accrued and recorded as borrowing cost on a time proportion basis over the life of the transaction.

4.7 Investments

Investments include Federal Government securities, shares, mutual fund / REIT fund, non-Government debt securities, foreign securities and associates. Classification and measurement of Federal Government securities, shares, mutual fund / REIT fund, non-Government debt securities and foreign securities have been detailed in note 4.2.

An equity instrument held by the Group for trading purposes is classified as measured at FVPL. On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

4.7.1 Associates

Under the equity accounting method, investments in associates are initially recognised at cost. The carrying amount of investment is increased or decreased to recognise the investor's share of the post acquisition profits or losses in income and its share of the post acquisition movement in reserves. The aggregate of Group's share of profit or loss of an associate is shown in the consolidated statement of profit and loss account as share of profit. Any change in OCI of the investees is presented as part of the Group's OCI to the extent of the Group's share in other comprehensive income / loss. Dividends from associates are eliminated from the carrying amount of the investment. Unrealised gains and losses resulting from transactions between the Group and associates are eliminated to the extent of the Groups's interest in the associates.

4.8 Advances

Loans and advances

Loans and advances including net investment in finance lease are stated net of credit loss allowance / provision against non-performing loan and advances. Credit loss allowance / provision against loans and advances in Pakistan operations have been made in accordance with the requirements of the Prudential Regulations and IFRS 9 application instructions issued by the SBP. General provisions against loans and advances in Pakistan operations have been maintained against potential high risk advances based on the management's estimates as disclosed in note 9.8.5 (ii). Credit loss allowance / provisions pertaining to overseas loans and advances are made in accordance with the requirements of the regulatory authorities of the respective countries and in accordance with the applications instructions of IFRS 9 issued by the SBP. Advances are written off / charged off when there is no realistic prospect of recovery or to clean up the balance sheet as allowed by the SBP.

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 as income in the consolidated statement of profit and loss account.

Islamic financing and related assets

The Holding Company provides Islamic financing and related assets mainly through Murabaha, Ijarah, Diminishing Musharakah, Musharakah, Bai Muajjal Financing, Musawama, Salam, Istisna, Tijarah, Refinance under the SBP Islamic Refinance Schemes and financing under other government schemes. 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 utilised and the appropriate portion of profit thereon. The income on such financings is recognised in accordance with the principles of Islamic Shariah. The Holding Company determines credit loss allowance / provisions against Islamic financing and related assets on a prudent basis in accordance with the requirements of the Prudential Regulations, instructions issued by the SBP and the management estimates / assumption. Islamic financing and related assets are written off when there is no realistic prospect of recovery or to clean up the balance sheet as allowed by the SBP.

Net investment in finance lease

Leases where the Holding Company transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance leases. A receivable is recognised on commencement of lease term at an amount equal to the present value of minimum lease payments, including guaranteed residual value, if any. Unearned finance income is recognised over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease. The Holding Company determines credit loss allowance / provisions against investment in finance lease on a prudent basis in accordance with the requirements of the Prudential Regulations and instructions issued by the SBP and the management estimates / assumption. The assets are written off when there is no realistic prospect of recovery or to clean up the balance sheet as allowed by the SBP.

Ijarah assets (IFAS 2)

Ijarah assets are stated at cost less accumulated depreciation and are disclosed as part of 'Islamic financing and related assets'. The rental received / receivable on Ijarah under IFAS 2 are recorded as income / revenue. The Holding Company 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 rentals are determined in accordance with the requirements of the Prudential Regulations issued by the SBP. The provision for impairment of Ijarah Rentals is shown as part of 'Islamic financing and related assets'.

4.9 Property and equipment

4.9.1 Capital work in progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when assets become available for use.

4.9.2 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any, except land and buildings which are carried at revalued amounts less accumulated depreciation and impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the assets.

Depreciation is charged by applying the straight-line method using the rates specified in note 10.2 to these consolidated financial statements. The depreciation charge for the year is calculated after taking into account residual value, if any. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date. Depreciation on additions is charged from the date on which the assets are available for use and ceases on the date on which these are disposed off.

Maintenance and normal repairs are charged as expense, as and when incurred. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amounts do not differ materially from their fair values.

A revaluation surplus is recorded in other comprehensive income as part of surplus on revaluation of property and equipment in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the consolidated statement of profit and loss account, the increase is recognised in the consolidated statement of profit and loss account. A revaluation deficit is recognised in the consolidated statement of profit and loss account, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. A transfer from the asset revaluation surplus to unappropriated profit is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are taken to the consolidated statement of profit and loss account except that the related surplus / deficit on revaluation of property & equipment (net of deferred taxation) is transferred directly to unappropriated profit.

4.9.3 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortised using the straight-line method over their estimated useful lives. The useful lives and amortisation method are reviewed and adjusted, if appropriate at each reporting date. Intangible assets having an indefinite useful life are stated at acquisition cost, less impairment loss, if any. Intangible assets are assessed for impairment, if any, as described under note 4.16.

4.9.4 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

4.9.4.1 Group as a lessee

The group recognises lease liabilities to make lease payments and right-of-use assets over its lease term.

Right-of-use (RoU) assets

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

Lease liabilities

At the commencement date of the lease, the Group recognises a lease liability measured at the present value of the consideration (lease payments) to be made over the lease term and is adjusted for lease prepayments. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. After the commencement date, the carrying amount of the lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

Determination of the lease term for lease contracts with renewal and termination options (Group as a lessee)

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive to exercise either the renewal or termination.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

Incremental borrowing rate (IBR)

The IBR is the rate of mark-up that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group estimates the IBR using observable inputs such as market interest rates.

4.9.4.2 Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

4.9.5 Non-banking assets acquired in satisfaction of claim

Non-banking assets acquired in satisfaction of claims are stated at revalued amounts less accumulated depreciation thereon. The valuation of properties acquired under this head is conducted as per the SBP's requirement, so as to ensure that their net carrying values do not materially differ from their fair values. Any surplus arising on revaluation of such properties is transferred to the surplus on revaluation of non-banking assets in other comprehensive income, while any deficit arising on revaluation is charged to the consolidated statement of profit and loss account directly except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. Depreciation on assets acquired in satisfaction of claims is charged to the consolidated statement of profit and loss account on straight line method over the useful life of the assets. In addition, as per SBP circular, all direct costs, including legal fees and transfer costs linked with transferring the title of the property to the Holding Company are accounted as an expense in the consolidated statement of profit and loss account.

Any shares acquired in satisfaction of claims are stated at revalued amount at each reporting date with the corresponding deficit / surplus recognised in the consolidated statement of comprehensive income.

4.10 Deposits / borrowings and their cost

- a) Borrowings and deposits are recorded at the proceeds received except for Temporary Economic Refinance Facility (TERF) borrowings from the SBP which have been recorded at fair value on initial recognition. Unwinding of expense on fair value adjustment is recognised in the consolidated statement of profit and loss account.
- b) Cost of deposits and borrowings are recognised as an expense in the period in which these are incurred using effective mark-up / interest rate method.
- c) Swap cost arises when surplus foreign currency funds are sold to purchase local currency funds from the market. Swap cost is recorded as an expense in the period in which it is incurred.

4.10.1 Deposits - Islamic Banking

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

Deposits taken on Qard basis are classified as 'Current Account' and Deposits generated on Modaraba basis are classified as 'Savings Account' and 'Fixed Deposit Accounts'.

No profit or loss is passed on to current account depositors.

Profits realised in investment pools are distributed in pre-agreed profit sharing ratio.

Rab-ul-Maal (Customer) share is distributed amongst depositors according to weightages assigned at the inception of profit calculation period.

Mudarib (the Holding Company) can distribute its share of profit to Rab-ul-Maal upto a specified percentage of its profit.

Profits are distributed from the pool so the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period.

Asset pools are created at the Holding Company's discretion and the Holding Company can add, amend, transfer an asset to any other pool in the interests of the deposit holders.

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.

4.11 Subordinated debts

Subordinated debts are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated debts is recognised separately as part of other liabilities and is charged to the consolidated statement of profit and loss account over the relevant period on an accrual basis.

4.12 Staff retirement / employee benefits

a) Defined benefit plan

The Holding Company operates an approved funded gratuity scheme, administered by the trustees, covering eligible employees whose period of employment with the Holding Company is five years or more. Contributions to the fund are made on the basis of actuarial recommendations. The Projected Unit Credit Method is used for the actuarial valuation. The actuarial valuations involve assumptions and estimates of discount rates, expected rates of return on assets, future salary increases and future inflation rates as disclosed in note 40.1.3. Actuarial gains and losses are recognised immediately in other comprehensive income.

b) Defined contribution plan

The Holding Company operates an approved provident fund scheme for all its regular permanent employees, administered by the Trustees. The Holding Company contributes 8.33% of basic salary in equal monthly contributions. However, employees have the option, to have their provident fund contribution deducted at 8.33%, 10% or 12% of their monthly basic salary.

c) Compensated absences

The Holding Company recognises the liability for compensated absences in respect of employees in the period in which these are earned up to the balance sheet date. The provision is recognised on the basis of actuarial recommendations.

d) Share Based Payment

The Holding Company has granted a cash award equivalent to the market value of the ordinary shares to certain employees under the Phantom Shares Award. The entitlement vests in employees in three (3) equivalent proportions on the vesting dates over a period of three (3) years. The grant date is January 01, 2021 and the first vesting date is 365 calendar days from the grant date. Subsequently, second and third vesting dates follow at intervals of 365 calendar days from the preceding vesting dates. On each vesting date, the employees shall be entitled to a cash award for 33.33% (thirty-three and one third percent) of the total Phantom Shares Entitlement equivalent to fair market value of the Holding Company's share on vesting date.

The Holding Company recognises compensation expense with corresponding liability at the fair value of the award. Until the liability is settled, the Holding Company re-measures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in the consolidated statement of profit and loss account for the period.

4.13 Foreign currencies

4.13.1 Functional and presentation currency

Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates.

4.13.2 Transactions and balances

Transactions in foreign currencies are translated into Pakistani rupees at the exchange rates prevailing on the transaction date. Foreign exchange gains and losses arising from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit and loss account.

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

4.13.3 Foreign operations

Assets and liabilities of foreign operations are translated into rupees at the exchange rates prevailing at the reporting date. The results of foreign operations are translated at the average rates of exchange for the year.

4.13.4 Translation gains and losses (foreign operations)

Translation gains and losses arising on the revaluations of net investments in foreign operations are recognised in exchange translation reserve in the consolidated statement of comprehensive income. These are recognised in the consolidated statement of profit and loss account on disposal.

4.13.5 Commitments

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

4.14 Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the Group and the revenue can be reliably measured.

4.14.1 Advances and investments

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. Where debt securities are purchased at a premium or discount, such premium / discount is amortised through the consolidated statement of profit and loss account over the remaining maturity of the debt security using the effective interest rate method.

Income recoverable on classified advances and investments is recognised on a receipt basis. Income on rescheduled / restructured advances and investments is recognised as permitted by the SBP regulations or by the regulatory authorities of the countries where the Holding Company and its overseas branches operate.

Murabaha income is recognised on a deferred income basis.

4.14.2 Lease financing

Income from lease financing is accounted for using the finance method. Under this method, the unearned lease income (defined as the sum of total lease rentals and estimated residual values less the cost of the leased assets) is deferred and taken to income over the term of the lease so as to produce a constant periodic rate of return on the outstanding net investment in the lease over the lease term. Gains or losses on termination of lease contracts are recognised as income when realised. Unrealised lease income and other fees on classified leases are recognised on a receipt basis.

Ijarah income is recognised on an accrual basis as and when the rentals become due. Depreciation in case of Ijarah is netted off from markup income.

4.14.3 Non mark-up / interest income

- The Group earns fee and commission income from different services provided to customers. The recognition of fee and commission income depends on the purpose for which the fees are received. The majority share of the income classified as card related fees (debit and credit cards), commission on trade and commission on remittances constitute revenue from contracts with customers. Fee and commission income is recognised when the entity satisfies the performance obligation, either over time or at a specific point of time.

- Dividend income is recognised at the time when the Group's right to receive the dividend has been established.
- Other income is recognised on accrual basis.

4.15 Taxation

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

4.15.1 Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credit and rebate.

4.15.2 Prior years

This charge includes tax charge for prior years arising from assessments, changes in estimates and changes in law.

4.15.3 Deferred

Deferred tax is recognised using the balance sheet liability method for all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for the taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

The difference between the carrying value and the recoverable value is recognised through the consolidated statement of profit and loss account as a deferred tax expense. The Group also records a deferred tax asset / liability on items recognised directly in the consolidated statement of comprehensive income such as surplus / deficit on revaluation of assets.

Deferred tax liability is not recognised in respect of taxable temporary differences associated with exchange translation reserves of foreign branches, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

4.16 Impairment of non-financial assets

The carrying amount of assets is reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable at each reporting date. If any event exists, the recoverable amount of such assets is estimated and impairment losses are recognised immediately in these consolidated financial statements. The resulting impairment loss is taken to the consolidated statement of profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

4.17 Credit loss allowance for claims under guarantees and other off balance sheet obligations

Credit loss allowance for guarantee claims and other off balance sheet obligations is recognised when reasonable certainty exists for the Group to settle the obligation. The charge to the consolidated statement of profit and loss account is stated net of expected recoveries and the obligation is recognised in other liabilities.

4.18 Other provisions

Other provisions are recognised when the Group has a present, 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 estimate.

4.19 Contingent liabilities

Contingent liabilities are not recognised in the consolidated statement of financial position as these are possible obligations where it has yet to be confirmed whether a liability, which may ultimately result in an outflow of economic benefits, will arise. If the probability of an outflow of economic resources under contingent liability is considered remote, it is not disclosed.

4.20 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the consolidated financial statements only when there is a legally enforceable right to set-off the recognised amount and the Group intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the consolidated financial statements only when permitted by the accounting and reporting standards as applicable in Pakistan.

4.21 Derivative financial instruments

Derivative assets and liabilities are initially recognised at fair value on the date on which a derivative contract is entered into and subsequently remeasured at fair value through profit and loss except for derivatives that are in a designated hedge accounting relationship.

Where derivatives are held for risk management purposes, and when transactions meet the required criteria for documentation and hedge effectiveness, the Group applies fair value hedge accounting or cash flow hedge accounting as appropriate to the risks being hedged.

The Group has elected to apply hedge accounting requirements of IAS 39 'Financial Instruments: Recognition and Measurement' for derivatives designated as hedging instruments as allowed under paragraph 7.2.21 of IFRS 9. Subsequent measurement of derivatives designated as hedging instrument depends on whether the hedge is designated as a fair value hedge or a cash flow hedge as explained below:

Fair value hedge

Changes in fair value of derivatives (hedging instrument) that qualify and are designated as fair value hedges are recognised in the consolidated statement of profit and loss account, together with changes in the fair value of hedged assets (hedged item) that are attributable to hedged risk. The fair value changes of the hedged asset or liability adjust its carrying value and are also recognised in the consolidated statement of profit and loss account except for equity instruments carried at FVOCI where the adjustment is included in other comprehensive income.

If the hedge relationship no longer meets the criteria for hedge accounting, the hedge accounting is discontinued. If the hedged item is sold or repaid, the fair value adjustment is immediately recognised in profit and loss.

Cash flow hedge

For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognised initially in other comprehensive income and then recycled to the consolidated statement of profit and loss account in the periods in which the hedged item will affect the profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the consolidated statement of profit and loss account immediately.

When a hedging instrument expires or is sold or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged item ultimately affects or is recognised in the consolidated statement of profit and loss account. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the consolidated statement of profit and loss account.

Measuring hedge effectiveness

For a hedge to qualify for hedge accounting, it must be highly effective, with changes in the fair value or cash flows of the hedging instrument expected to offset those of the hedged item within a range of 80%–125%. Hedge ineffectiveness, to the extent it occurs, is recognised in profit or loss. A hedging instrument is a financial instrument used to offset changes in the fair value or cash flows of a designated hedged item, which may be a recognised asset, a liability, or an unrecognised firm commitment exposed to specific risks.

4.22 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. Acceptances are accounted for as on balance sheet transactions.

4.23 Dividends and appropriation to reserves

Dividends declared and appropriations made subsequent to the reporting date of the consolidated statement of financial position are considered as non adjusting events and are recorded as a liability in these consolidated financial statements in the year in which they are approved by the directors / shareholders, as appropriate except appropriations which are required by the law.

4.24 Earnings per share

The Group presents basic and diluted earnings per share (EPS) to its shareholders.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the year, adjusted for the impact of treasury stocks, if any.

Diluted EPS is calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure of the Group. Segment performance is reported to the senior management of the Holding Company on a monthly basis for the purpose of strategic decision making and performance evaluation.

4.25.1 Business segments

Retail banking

This comprises loans, deposits, trade, wealth management and other banking transactions with retail, individual customers, commercial and small and middle sized customers of the Holding Company. The product suite offered to individual customers includes credit cards, auto loans, housing finance and personal loans.

Corporate banking

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

Treasury

This segment includes liquidity management activities carried out through borrowing, lending, money market, capital market, FX and merchant banking operations. The investments of the Holding Company primarily towards government securities and risk management activities via the use of forward contracts and derivatives are reported here.

Digital banking

Digital Banking includes the digitalisation initiatives of the Holding Company catering to Consumer and SME customers' savings, investments, financing and payments needs through various digital channels such as Mobile App - Alfa, Internet Banking, ATM, Cash Deposit Machines, Contact Center, Chat and WhatsApp banking, the Agent Network, the e-commerce platform (AlfaMall), QR merchants, Alfa Business App, online Alfa Payment Gateway, Digital Sales and Service Center and Digital branches. This segment also manages Branchless Banking products and G2P Disbursements such as blue collar payroll, EOBI Pension, Benazir Income Support Program (BISP) and other provincial G2P mandates.

Islamic banking (Domestic)

This segment pertains to full scale Islamic Banking operations of the Holding Company.

International operations

This segment comprises of business activities related to the Holding Company's overseas operations, namely, banking activities in Bangladesh, Afghanistan, United Arab Emirates and the Kingdom of Bahrain.

Others

This includes the head office related activities, and all other activities not directly tagged or allocated to the segments above.

4.25.2 Geographical segments

The Group operates in three geographical regions namely:

- Pakistan
- Asia Pacific (including South Asia)
- Middle East

	Note	2025 ------(Rupees in '000)-----	2024
5 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		52,337,092	48,338,529
- foreign currency		5,198,304	5,619,401
		57,535,396	53,957,930
With State Bank of Pakistan in			
- local currency current accounts	5.1	81,033,076	92,353,394
- foreign currency current accounts	5.2	9,870,481	7,192,719
- foreign currency deposit accounts	5.3	16,191,056	10,832,548
		107,094,613	110,378,661
With other central banks in			
- foreign currency current accounts	5.4	59,377,172	60,980,202
- foreign currency deposit accounts	5.5	1,493,118	1,820,112
		60,870,290	62,800,314
With National Bank of Pakistan in local currency current account		2,044,071	628,396
Prize bonds		86,871	119,605
		227,631,241	227,884,906
Less: Credit loss allowance held against cash and balances with treasury banks		(48,165)	(16,005)
Cash and balances with treasury banks - net of credit loss allowance		<u>227,583,076</u>	<u>227,868,901</u>

- 5.1** These represent local currency current account maintained under the cash reserve requirement of the SBP.
- 5.2** These represent US Dollar and other foreign currency settlement accounts and a foreign currency current account maintained under the cash reserve requirement of the SBP.
- 5.3** These represent foreign currency deposit account maintained under the special cash reserve of the SBP. Profit rates on these deposits are fixed by the SBP on a monthly basis. These deposits carry interest rates ranging from 2.86% to 3.35% (2024: 3.53% to 4.35%) per annum.
- 5.4** These represent deposits with other central banks pertaining to the overseas operations of the Holding Company to meet their minimum cash reserves and capital requirements.
- 5.5** These represent deposits with other central banks pertaining to the overseas operations of the Holding Company, in accordance with their regulatory requirements and carry interest rates ranging from 0.00% to 4.08% (2024: 0.00% to 5.44%) per annum.

	Note	2025 ------(Rupees in '000)-----	2024
6 BALANCES WITH OTHER BANKS			
In Pakistan			
- in current accounts		11,898	803,655
- in deposit accounts		-	477,299
		11,898	1,280,954
Outside Pakistan			
- in current accounts	6.1	24,073,844	18,406,200
- in deposit accounts	6.2	32,014	31,982
		24,105,858	18,438,182
		24,117,756	19,719,136
Less: Credit loss allowance held against balances with other banks		(8,204)	(5,890)
Balances with other banks - net of credit loss allowance		<u>24,109,552</u>	<u>19,713,246</u>

- 6.1** These include amounts held in automated investment plans. The Holding Company is entitled to earn interest from correspondent banks at agreed rates ranging from 3.09% to 3.58% per annum (2024: 3.83% to 4.33% per annum) when the balance exceeds a specified amount.
- 6.2** These include placements of funds generated through foreign currency deposits scheme (FE-25) and non-contractual deposits at interest rates ranging from 1.25 % to 2.00% per annum (2024: 0.25 % to 2.00% per annum).

	Note	2025 ------(Rupees in '000)-----	2024
7 LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings	7.1	4,674,360	1,792,764
Repurchase agreement lendings (Reverse Repo)	7.2 & 7.5	15,000,000	94,208,913
Bai Muajjal receivable - other financial institution	7.3	-	4,997,525
	7.4 & 7.6	19,674,360	100,999,202
Less: Credit loss allowance held against lendings to financial institutions	7.6	(68)	(879)
Lendings to financial institutions - net of credit loss allowance		<u>19,674,292</u>	<u>100,998,323</u>

7.1 These represent lendings to financial institutions at mark-up rates ranging from 10.0% to 10.50% per annum (2024: 5.50% to 18.60% per annum) having maturities up to January 2026 (2024: February 2025).

7.2 These represent short term lendings to financial institutions against investment securities. These carry mark-up rates up to 10.50% per annum (2024: 12.90% to 20.40% per annum) with maturities up to January 2026 (2024: January 2025).

7.3 In 2024, this represented a Bai Muajjal agreement carrying mark-up at the rate of 14.00% per annum which matured in April 2025.

	2025 ------(Rupees in '000)-----	2024
7.4 Particulars of lendings - gross		
In local currency	18,300,000	99,606,438
In foreign currencies	<u>1,374,360</u>	<u>1,392,764</u>
	<u>19,674,360</u>	<u>100,999,202</u>

7.5 Securities held as collateral against lendings to financial institutions

	2025			2024		
	Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
------(Rupees in '000)-----						
Market Treasury Bills	-	-	-	27,261,660	-	27,261,660
Pakistan Investment Bonds	15,000,000	-	15,000,000	66,947,253	-	66,947,253
Total	<u>15,000,000</u>	<u>-</u>	<u>15,000,000</u>	<u>94,208,913</u>	<u>-</u>	<u>94,208,913</u>

2025		2024	
Lendings	Credit loss allowance held	Lendings	Credit loss allowance held

7.6 Lendings to financial institutions - Particulars of credit loss allowance

----- (Rupees in '000) -----

Domestic

Performing	Stage 1	18,300,000	49	99,606,438	754

Overseas

Performing	Stage 1	1,374,360	19	1,392,764	125

Total		19,674,360	68	100,999,202	879

2025				2024			
Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total

----- (Rupees in '000) -----

Opening balance	879	-	-	879	443	-	-	443
Impact of adoption of IFRS 9	-	-	-	-	13,066	-	-	13,066
	879	-	-	879	13,509	-	-	13,509
Exchange and other adjustments	-	-	-	-	(14)	-	-	(14)
New financial assets originated or purchased	68	-	-	68	893	-	-	893
Financial assets that have been derecognised	(879)	-	-	(879)	(13,509)	-	-	(13,509)
Closing balance	68	-	-	68	879	-	-	879

8 INVESTMENTS

Note

8.1 Investments by type:

2025				2024			
Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying value

DEBT INSTRUMENTS:

----- (Rupees in '000) -----

Classified / measured at amortised cost:

Federal Government Securities

- Pakistan Investment Bonds	8.8	154,179,505	-	-	154,179,505	218,414,195	-	-	218,414,195

- Ijarah Sukuks	8.8	40,484,392	-	-	40,484,392	40,376,451	-	-	40,376,451

Non Government Debt Securities

- Term Finance Certificates		349,680	(24,714)	-	324,966	324,680	(24,715)	-	299,965

- Sukuks		2,964,553	(29,257)	-	2,935,296	3,509,612	(56,421)	-	3,453,191

Foreign Securities

- Overseas Bonds - Sovereign	8.6.3.1	12,685,594	(14,524)	-	12,671,070	15,601,311	(216)	-	15,601,095

		210,663,724	(68,495)	-	210,595,229	278,226,249	(81,352)	-	278,144,897

Classified / measured at FVOCI:

Federal Government Securities

- Market Treasury Bills	8.8	499,822,811	-	2,662,370	502,485,181	22,007,486	-	428,380	22,435,866

- Pakistan Investment Bonds	8.8	754,796,065	-	24,089,203	778,885,268	1,009,828,982	-	14,954,133	1,024,783,115

- Ijarah Sukuks	8.8	210,939,890	-	5,225,757	216,165,647	241,695,919	-	9,230,018	250,925,937

- Government of Pakistan Euro Bonds		14,474,416	(1,770,177)	2,488,438	15,192,677	12,368,725	(2,145,627)	922,305	11,145,403

Shares

- Preference shares - Unlisted	8.5.2.2	25,000	(25,000)	-	-	25,000	(25,000)	-	-

Non Government Securities

- Term Finance Certificates		1,802,621	(99,924)	-	1,702,697	2,076,398	(111,745)	-	1,964,653

- Sukuks		306,511	(96,511)	12,577	222,577	15,584,244	(96,511)	140,246	15,627,979

Foreign Securities

- Overseas Bonds - Sovereign	8.5.4.1	51,506,024	(28,329)	(401,445)	51,076,250	50,691,578	(77,534)	(1,417,964)	49,196,080

- Overseas Bonds - Others	8.5.4.2	36,111,967	(6,850)	(258,329)	35,846,788	26,231,004	(7,505)	(1,030,029)	25,193,470

		1,569,785,305	(2,026,791)	33,818,571	1,601,577,085	1,380,509,336	(2,463,922)	23,227,089	1,401,272,503

Balance carried forward		1,780,449,029	(2,095,286)	33,818,571	1,812,172,314	1,658,735,585	(2,545,274)	23,227,089	1,679,417,400

Note	2025				2024			
	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value

(Rupees in '000)

Balance brought forward 1,780,449,029 (2,095,286) 33,818,571 1,812,172,314 1,658,735,585 (2,545,274) 23,227,089 1,679,417,400

Classified / measured at FVPL:

Federal Government Securities

- Market Treasury Bills	8.8	150,646,774	-	88,233	150,735,007	74,055,824	-	(5,499)	74,050,325
- Pakistan Investment Bonds	8.8	148,435,134	-	987,996	149,423,130	183,913,135	-	47,072	183,960,207
- Ijarah Sukuks	8.8	252,784	-	(674)	252,110	1,733,628	-	10,084	1,743,712
- Naya Pakistan Certificates		819,226	-	-	819,226	2,651,621	-	-	2,651,621

Foreign Securities

- Overseas Bonds - Sovereign		8,289,997	-	(9,657)	8,280,340	13,043,880	-	(6,799)	13,037,081
		308,443,915	-	1,065,898	309,509,813	275,398,088	-	44,858	275,442,946

Instruments mandatorily classified / measured at FVPL:

Shares

- Preference shares - Unlisted		-	-	-	-	-	-	500,000	500,000

Non Government Debt Securities

- Term Finance Certificates		1,450,000	-	-	1,450,000	1,450,000	-	-	1,450,000
- Sukuks		422,444	-	1,332	423,776	422,000	-	444	422,444

Foreign Securities

- Redeemable Participating Certificates		7,849,325	-	20,685	7,870,010	5,913,093	-	2,401,955	8,315,048
		9,721,769	-	22,017	9,743,786	7,785,093	-	2,902,399	10,687,492

EQUITY INSTRUMENTS:

Classified / measured at

FVOCI (Non-Reclassifiable):

- Ordinary shares - Listed	8.5.2.1	13,929,483	-	12,276,445	26,205,928	10,202,508	-	4,768,790	14,971,298
- Ordinary shares - Unlisted	8.5.2.2	1,319,050	-	5,167,448	6,486,498	1,351,363	-	1,471,825	2,823,188

REIT Fund - listed

		1,034,094	-	5,753	1,039,847	1,000,489	-	514,493	1,514,982

Foreign Securities

- Equity securities - Listed	8.5.4.3	266,966	-	(5,184)	261,782	265,427	-	(8,246)	257,181
- Preference shares - Unlisted	8.5.4.3	560,308	-	-	560,308	557,108	-	-	557,108
		17,109,901	-	17,444,462	34,554,363	13,376,895	-	6,746,862	20,123,757

Classified / measured at FVPL:

Shares

- Ordinary shares / units - Listed		4,885,433	-	255,065	5,140,498	2,451,629	-	1,133,300	3,584,929

Associates (valued under equity method):

- Alfalah Insurance Company Limited	8.1.1	1,095,630	-	-	1,095,630	991,493	-	-	991,493
- Sapphire Wind Power Company Limited	8.1.1	4,629,023	-	-	4,629,023	4,945,252	-	-	4,945,252
- Alfalah Asset Management Limited	8.1.1	1,326,248	-	-	1,326,248	988,992	-	-	988,992
		7,050,901	-	-	7,050,901	6,925,737	-	-	6,925,737

Total investments 2,127,660,948 (2,095,286) 52,606,013 2,178,171,675 1,964,673,027 (2,545,274) 34,054,508 1,996,182,261

8.1.1 Movement in values of investments accounted under equity method of accounting

The details of investments accounted under equity method of accounting is as follows;

	2025				
	Investment as at January 01	Share of profit	Share of other comprehen- sive loss	Dividend received during the year	Balance as at December 31
	----- (Rupees in '000) -----				
Alfalah Insurance Company Limited	991,493	191,353	(42,223)	(44,993)	1,095,630
Sapphire Wind Power Company Limited	4,945,252	763,771	-	(1,080,000)	4,629,023
Alfalah Asset Management Limited	988,992	337,256	-	-	1,326,248
	6,925,737	1,292,380	(42,223)	(1,124,993)	7,050,901

	2024				
	Investment as at January 01	Share of profit	Share of other comprehensive income	Dividend received during the year	Balance as at December 31
	----- (Rupees in '000) -----				
Alfalah Insurance Company Limited	756,867	204,244	75,375	(44,993)	991,493
Sapphire Wind Power Company Limited	4,567,293	767,959	-	(390,000)	4,945,252
Alfalah Asset Management Limited	728,312	260,680	-	-	988,992
	6,052,472	1,232,883	75,375	(434,993)	6,925,737

8.1.2 Particulars of assets and liabilities of associates

				2025				
Country of incorporation	Percentage of holding	Audited / Un-audited		Assets	Liabilities	Revenue	Profit for the year	Total comprehensive income
(Rupees in '000)								
Alfalah Insurance Company Limited	Pakistan	30.00%	Un-audited	10,811,177	7,168,687	4,093,483	637,844	497,100
Sapphire Wind Power Company Limited	Pakistan	30.00%	Un-audited	15,124,169	501,326	5,074,041	2,545,903	2,545,903
Alfalah Asset Management Limited	Pakistan	40.22%	Un-audited	4,674,032	1,376,545	3,627,370	853,424	853,424

				2024				
Country of incorporation	Percentage of holding	Audited / Un-audited		Assets	Liabilities	Revenue	Profit for the year	Total comprehensive income
(Rupees in '000)								
Alfalah Insurance Company Limited	Pakistan	30.00%	Audited	7,622,491	4,327,101	2,847,132	680,814	932,065
Sapphire Wind Power Company Limited	Pakistan	30.00%	Un-audited	19,530,002	3,853,062	5,263,562	2,559,864	2,559,864
Alfalah Asset Management Limited	Pakistan	40.22%	Un-audited	3,473,064	1,014,104	2,477,239	653,210	653,210

8.2 Investments by segments:

	2025				2024			
	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----								
Federal Government Securities:								
- Market Treasury Bills	650,469,585	-	2,750,603	653,220,188	96,210,897	-	424,163	96,635,060
- Pakistan Investment Bonds	1,057,410,704	-	25,077,199	1,082,487,903	1,412,008,725	-	14,999,923	1,427,008,648
- Government of Pakistan Euro Bonds	14,474,416	(1,770,177)	2,488,438	15,192,677	12,368,725	(2,145,627)	922,305	11,145,403
- Ijarah Sukuks	251,677,066	-	5,225,083	256,902,149	283,805,998	-	9,240,102	293,046,100
- Naya Pakistan Certificates	819,226	-	-	819,226	2,651,621	-	-	2,651,621
	1,974,850,997	(1,770,177)	35,541,323	2,008,622,143	1,807,045,966	(2,145,627)	25,586,493	1,830,486,832
Shares:								
- Listed companies	18,814,916	-	12,531,510	31,346,426	12,654,137	-	5,902,090	18,556,227
- Unlisted companies	1,344,050	(25,000)	5,167,448	6,486,498	1,376,363	(25,000)	1,971,825	3,323,188
	20,158,966	(25,000)	17,698,958	37,832,924	14,030,500	(25,000)	7,873,915	21,879,415
Mutual Fund / REIT Fund:								
- Listed company	1,034,094	-	5,753	1,039,847	1,000,489	-	514,493	1,514,982
	1,034,094	-	5,753	1,039,847	1,000,489	-	514,493	1,514,982
Non Government Debt Securities:								
- Listed	1,785	(1,785)	-	-	14,859,519	(1,785)	133,817	14,991,551
- Unlisted	7,294,024	(248,621)	13,909	7,059,312	8,507,415	(287,607)	6,873	8,226,681
	7,295,809	(250,406)	13,909	7,059,312	23,366,934	(289,392)	140,690	23,218,232
Foreign Securities:								
- Government securities	72,481,615	(42,853)	(411,102)	72,027,660	79,336,769	(77,750)	(1,424,763)	77,834,256
- Non Government Debt securities	43,961,292	(6,850)	(237,644)	43,716,798	32,144,097	(7,505)	1,371,926	33,508,518
- Equity security - Listed	266,966	-	(5,184)	261,782	265,427	-	(8,246)	257,181
- Preference shares - Unlisted	560,308	-	-	560,308	557,108	-	-	557,108
	117,270,181	(49,703)	(653,930)	116,566,548	112,303,401	(85,255)	(61,083)	112,157,063
Associates (valued under equity method)								
- Alfalah Insurance Company Limited	1,095,630	-	-	1,095,630	991,493	-	-	991,493
- Sapphire Wind Power Company Limited	4,629,023	-	-	4,629,023	4,945,252	-	-	4,945,252
- Alfalah Asset Management Limited	1,326,248	-	-	1,326,248	988,992	-	-	988,992
	7,050,901	-	-	7,050,901	6,925,737	-	-	6,925,737
Total investments	<u>2,127,660,948</u>	<u>(2,095,286)</u>	<u>52,606,013</u>	<u>2,178,171,675</u>	<u>1,964,673,027</u>	<u>(2,545,274)</u>	<u>34,054,508</u>	<u>1,996,182,261</u>

8.2.1 Investments given as collateral

	2025	2024
	----- (Rupees in '000) -----	
- Market Treasury Bills	410,985,208	18,948,162
- Pakistan Investment Bonds	260,026,252	952,096,877
- Overseas Bonds	36,926,637	8,759,125
	<u>707,938,097</u>	<u>979,804,164</u>

The market value of securities given as collateral is Rs. 718,094.513 million (2024: Rs. 993,194.012 million).

8.3 Credit loss allowance / provision for diminution in value of total investments

	2025	2024
	----- (Rupees in '000) -----	
Opening balance	2,545,274	3,355,413
Impact of adoption of IFRS 9	60,074	(437,729)
Balance as at January 01 after adopting IFRS 9	<u>2,605,348</u>	<u>2,917,684</u>
Exchange and other adjustments	26,012	(29,753)
Charge / (reversals)		
Charge for the year	361,487	236,742
Reversals for the year	(372,998)	(578,980)
Reversal on disposals	(524,563)	(419)
	<u>(536,074)</u>	<u>(342,657)</u>
Closing balance	<u>2,095,286</u>	<u>2,545,274</u>

8.4 Particulars of credit loss allowance against debt securities

	2025				2024					
	Stage 1	Stage 2	Stage 3	Outstanding exposure	Total	Stage 1	Stage 2	Stage 3	Outstanding exposure	Total
(Rupees in '000)										
Investments - exposure										
Gross carrying amount	79,118,991	12,368,725	314,307	14,211,152	106,013,175	70,747,537	14,715,017	-	21,235,786	106,698,340
Impact of adoption of IFRS 9	14,211,152	-	-	(14,211,152)	-	338,500	-	445,945	(735,865)	48,580
Balance as at January 01 after adopting IFRS 9	93,330,143	12,368,725	314,307	-	106,013,175	71,086,037	14,715,017	445,945	20,499,921	106,746,920
Exchange and other adjustments	659,838	127,594	-	-	787,432	(485,576)	(126,064)	-	(1,893,381)	(2,505,021)
New investments	73,084,768	6,218,961	-	-	79,303,729	36,415,879	1,682,335	-	5,401,905	43,500,119
Investments derecognised or repaid	(65,247,568)	(4,183,896)	(38,948)	-	(69,470,412)	(27,577,960)	(3,931,522)	(131,638)	(9,797,293)	(41,438,413)
Others	(817,346)	(56,968)	-	-	(874,314)	(319,389)	28,959	-	-	(290,430)
	7,019,854	1,978,097	(38,948)	-	8,959,003	8,518,530	(2,220,228)	(131,638)	(4,395,388)	1,771,276
Closing balance	101,009,835	14,474,416	275,359	-	115,759,610	79,118,991	12,368,725	314,307	14,211,152	106,013,175

	2025				2024					
	Stage 1	Stage 2	Stage 3	Specific	Total	Stage 1	Stage 2	Stage 3	Specific	Total
------(Rupees in '000)-----										
Credit loss allowance / provision against debt securities										
Opening balance	85,340	2,145,627	314,307	-	2,545,274	116,563	2,355,129	-	735,865	3,207,557
Impact of adoption of IFRS 9	60,074	-	-	-	60,074	47	-	445,945	(735,865)	(289,873)
Balance as at January 01 after adopting IFRS 9	145,414	2,145,627	314,307	-	2,605,348	116,610	2,355,129	445,945	-	2,917,684
Exchange and other adjustments	(363)	26,375	-	-	26,012	(1,643)	(28,110)	-	-	(29,753)
New investments	24,970	334,288	-	-	359,258	5,550	264,129	-	-	269,679
Investments derecognised or repaid	(112,409)	(736,098)	(38,948)	-	(887,455)	(38,767)	(134,427)	(131,638)	-	(304,832)
Changes in risk parameters	(7,862)	(15)	-	-	(7,877)	3,590	(311,094)	-	-	(307,504)
	(95,301)	(401,825)	(38,948)	-	(536,074)	(29,627)	(181,392)	(131,638)	-	(342,657)
Closing balance	49,750	1,770,177	275,359	-	2,095,286	85,340	2,145,627	314,307	-	2,545,274

8.4.3 Particulars of credit loss allowance / provision against debt securities

Category of classification

Domestic

		2025		2024	
		Outstanding amount	Credit loss allowance	Outstanding amount	Credit loss allowance
(Rupees in '000)					
Performing	Stage 1	706,250	47	806,250	85
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		275,359	275,359	314,307	314,307
		981,609	275,406	1,120,557	314,392

Overseas

Performing					
	Stage 1	100,303,585	49,703	78,312,741	85,255
		-	-	14,211,152	-
Underperforming	Stage 2	14,474,416	1,770,177	12,368,725	2,145,627
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-

Total		115,759,610	2,095,286	106,013,175	2,545,274

8.4.3.1 The debt securities amounting to Rs. 1,660,222.663 million and Rs. 4,466.756 million (2024: Rs. 1,532,323.033 million and Rs. 20,399.377 million) pertain to Government securities and Government guaranteed exposure respectively and these exposures are exempted for the calculation of ECL by the SBP.

8.5 Quality of fair value through other comprehensive income (FVOCI) securities

Details regarding quality of securities held under "held to collect and sell" model are as follows:

	2025	2024
	Cost	
	----- (Rupees in '000) -----	
8.5.1 Federal Government Securities - Government guaranteed		
Market Treasury Bills	499,822,811	22,007,486
Pakistan Investment Bonds	754,796,065	1,009,828,982
Ijarah Sukuks	210,939,890	241,695,919
Government of Pakistan Euro Bonds	14,474,416	12,368,725
	<u>1,480,033,182</u>	<u>1,285,901,112</u>

8.5.2 Shares

8.5.2.1 Listed Companies

Ordinary Shares

Sectors:

Cement	-	202,892
Chemicals	147,270	17,909
Commercial Banks	3,808,415	3,216,739
Fertilizer	4,487,829	4,396,788
Investment Banks	15,000	15,000
Oil and Gas Exploration Companies	2,132,130	1,301,800
Oil and Gas Marketing Companies	422,978	160,059
Pharmaceuticals	25,608	25,608
Power Generation & Distribution	1,850,124	865,713
Transport	725,766	-
Technology and Communication	314,363	-
	13,929,483	10,202,508

8.5.2.2 Unlisted Companies

Unlisted Companies	Break up value as at	2025		2024	
		Cost	Breakup value	Cost	Breakup value
		----- (Rupees in '000) -----			
Ordinary Shares					
Al-Hamara Avenue (Private) Limited	June 30, 2010	50,000	47,600	50,000	47,600
Pakistan Export Finance Guarantee Agency Limited	June 30, 2010	5,725	286	5,725	286
Pakistan Mortgage Refinance Company Limited	Dec 31, 2024	300,000	967,499	300,000	788,577
Pakistan Corporate Restructuring Company Limited	Dec 31, 2023	-	-	32,313	20,484
Society for worldwide Interbank Financial Telecommunication	Dec 31, 2024	4,095	55,465	4,095	49,173
TriconBoston Consulting Corporation (Private) Limited	June 30, 2024	769,230	3,617,418	769,230	3,218,745
1 Link (Private) Limited	Dec 31, 2024	50,000	1,798,265	50,000	1,182,173
Qistbazar (Private) Limited	Sep 30, 2024	140,000	20,294	140,000	-
		1,319,050	6,506,827	1,351,363	5,307,038
Preference Shares					
Trust Investment Bank Limited	Dec 31, 2017	25,000	27,784	25,000	27,784
		1,344,050	6,534,611	1,376,363	5,334,822

8.5.3 Non Government Debt Securities

8.5.3.1 Listed

Categorised based on long term rating by Credit Rating Agencies:

- Unrated

1,785	14,859,519
1,785	14,859,519

8.5.3.2 Unlisted

Categorised based on long term rating by Credit Rating Agency:

- AAA

- Unrated

1,912,697	2,594,652
194,650	206,471
2,107,347	2,801,123

Total Non Government Debt Securities

2,109,132	17,660,642

8.5.4 Foreign Securities

8.5.4.1 Government Securities

	2025		2024	
	Cost	Rating	Cost	Rating
	Rupees in '000		Rupees in '000	
United States of America	1,355,942	AA+u	1,343,121	AA+u
Republic of Korea	1,387,904	AA	1,377,417	AA
United Arab Emirates	25,183,323	AA-	28,339,647	AA-
Dubai	1,400,675	Unrated	1,949,858	Unrated
Abu Dhabi	3,352,721	AA	1,953,348	AA
Italy	-	-	1,092,899	Baa3u
Republic of Kazakhstan	658,171	BBB-	579,944	BBB-
Sharjah	5,465,036	BBB-	3,438,277	BBB-
State of Kuwait	4,207,140	AA-	-	-
Kingdom of Saudi Arabia	4,249,981	A+	3,321,276	A+
Republic of Chile	-	-	29,190	A-
Area Republic of Egypt	-	-	557,108	B-
Republic of Philippines	560,308	BBB+	1,414,700	BBB+
Indonesia	3,684,823	Baa2	1,671,300	Baa2
Republic of South Africa	-	-	1,395,149	Ba2
Sultanate of Oman	-	-	2,228,344	Ba1
	51,506,024		50,691,578	

8.5.4.2 Non Government Debt Securities - Overseas securities

Unlisted

Categorised based on long term rating by Credit Rating Agency

- AA+, AA, AA-
- A+, A, A-
- BBB+, BBB, BBB-
- A3

2025	2024
----- (Rupees in '000) -----	
5,183,960	1,671,043
22,341,314	16,232,466
5,239,123	3,612,069
3,347,570	4,715,426
<u>36,111,967</u>	<u>26,231,004</u>

8.5.4.3 Equity securities

Ordinary Shares - Listed

Al Ansari Financial Services PJSC

266,966	265,427
<u>266,966</u>	<u>265,427</u>

Preference Shares - Unlisted

Acamas Ventures Holding Limited

560,308	557,108
<u>827,274</u>	<u>822,535</u>

8.6 Particulars relating to securities classified under Amortised Cost (AC)

Details regarding quality of securities held under "held to collect" model are as follows:

8.6.1 Federal Government Securities - Government guaranteed

- Pakistan Investment Bonds
- Ijarah Sukuks

2025	2024
----- (Rupees in '000) -----	
154,179,505	218,414,195
40,484,392	40,376,451
<u>194,663,897</u>	<u>258,790,646</u>

8.6.2 Non Government Debt Securities

Unlisted

Categorised based on long term rating by Credit Rating Agency

- AAA
- AA+, AA, AA-
- A+, A, A-
- Unrated

2,629,058	2,946,991
100,000	-
531,250	656,250
53,925	231,051
<u>3,314,233</u>	<u>3,834,292</u>

8.6.3 Foreign Securities

8.6.3.1 Government Securities

People's Republic of Bangladesh
State of Qatar

2025		2024	
Cost	Rating	Cost	Rating
Rupees in '000		Rupees in '000	
11,285,965	BB-	14,211,153	BB-
1,399,629	AA	1,390,158	AA
<u>12,685,594</u>		<u>15,601,311</u>	

8.7 The market value of securities classified at amortised cost as at December 31, 2025 amounted to Rs. 214,074.433 million (2024: Rs. 279,284.570 million).

8.8 Investments include securities amounting to Rs. 1,992,458.540 million (2024: Rs. 1,816,540.939 million) which are held by the Holding Company to comply with the statutory liquidity requirements as set out under Section 29 of the Banking Companies Ordinance, 1962.

9 ADVANCES

ADVANCES	Note	Performing		Non Performing		Total	
		2025	2024	2025	2024	2025	2024
		(Rupees in '000)					
Classified at amortised cost							
Loans, cash credits, running finances, etc.	9.1 & 9.2	762,898,168	929,992,948	41,006,331	36,406,677	803,904,499	966,399,625
Islamic financing and related assets	9.3	315,199,483	166,361,932	5,628,820	5,688,223	320,828,303	172,050,155
Bills discounted and purchased		26,060,353	16,129,793	900,622	269,602	26,960,975	16,399,395
		1,104,158,004	1,112,484,673	47,535,773	42,364,502	1,151,693,777	1,154,849,175
Classified at FVPL							
Loans, cash credits, running finances, etc.		1,800,000	1,200,000	-	-	1,800,000	1,200,000
Fair value adjustment on loans - FVPL		-	213,735	-	-	-	213,735
		1,800,000	1,413,735	-	-	1,800,000	1,413,735
Advances - gross	9.6.1	1,105,958,004	1,113,898,408	47,535,773	42,364,502	1,153,493,777	1,156,262,910
Credit loss allowance / provision against advances							
- Stage 1		(1,483,302)	(2,232,954)	-	-	(1,483,302)	(2,232,954)
- Stage 2		(835,423)	(1,388,083)	-	-	(835,423)	(1,388,083)
- Stage 3		-	-	(42,095,261)	(38,440,559)	(42,095,261)	(38,440,559)
- Specific	9.8	-	-	-	(587,690)	-	(587,690)
- General	9.8	(4,155,956)	(4,237,082)	-	-	(4,155,956)	(4,237,082)
	9.6.2	(6,474,681)	(7,858,119)	(42,095,261)	(39,028,249)	(48,569,942)	(46,886,368)
Advances - net of credit loss allowance /provision		1,099,483,323	1,106,040,289	5,440,512	3,336,253	1,104,923,835	1,109,376,542

9.1 This includes net investment in right-of-use assets / 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	279,598	5,431,657	45,196	5,756,451	213,345	2,487,541	48,895	2,749,781
Residual value	243,511	1,830,282	10,492	2,084,285	245,951	896,321	9,659	1,151,931
Minimum lease payments	<u>523,109</u>	<u>7,261,939</u>	<u>55,688</u>	<u>7,840,736</u>	<u>459,296</u>	<u>3,383,862</u>	<u>58,554</u>	<u>3,901,712</u>
Financial charges for future periods	(22,652)	(1,035,743)	(9,599)	(1,067,994)	(10,163)	(428,095)	(12,139)	(450,397)
Present value of minimum lease payments	<u>500,457</u>	<u>6,226,196</u>	<u>46,089</u>	<u>6,772,742</u>	<u>449,133</u>	<u>2,955,767</u>	<u>46,415</u>	<u>3,451,315</u>

9.2 Advances include an amount of Rs. 423.653 million (2024: Rs. 395.404 million), being Employee Loan facilities provided to Citibank, N.A, Pakistan's employees, which were either taken over by the Holding Company, or were granted afresh, under a specific arrangement executed between the Holding Company and Citibank, N.A, Pakistan. The said arrangement is subject to certain relaxations as specified vide SBP Letter BPRD/BRD/Citi/2017/21089 dated September 11, 2017.

The said arrangement covers only existing employees of Citibank, N.A, Pakistan, and the relaxations allowed by the SBP are on continual basis, but subject to review by the SBP's BID and OSED departments. These loans carry mark-up at the rates ranging from 13.79% to 33.69% (2024: 14.83% to 33.69%) per annum with maturities up to July 2045 (2024: October 2043).

9.3 These represent financing and related assets placed under shariah compliant modes and presented in Annexure-II.

	2025	2024
----- (Rupees in '000) -----		
9.4 Particulars of advances (gross)		
In local currency	1,038,968,318	1,038,688,031
In foreign currencies	<u>114,525,459</u>	<u>117,574,879</u>
	<u>1,153,493,777</u>	<u>1,156,262,910</u>

9.5 Advances to Women, Women-owned and Managed Enterprises

Women	12,544,598	11,128,285
Women Owned and Managed Enterprises	<u>38,485,439</u>	<u>38,695,723</u>
	<u>51,030,037</u>	<u>49,824,008</u>

9.5.1 Gross loans disbursed to women, women-owned and managed enterprises during the year amounted to Rs. 197,725.253 million (2024: Rs. 160,183.053 million).

9.6 Advances - Credit loss allowance / provision against advances

9.6.1 Advances - Gross exposure

Advances - Gross exposure	2025				2024							
	Stage 1	Stage 2	Stage 3	Outstanding exposure	General	Total	Stage 1	Stage 2	Stage 3	Outstanding exposure	General	Total
						(Rupees in '000)						
Opening balance	965,148,866	112,325,725	41,709,057	37,079,262	-	1,156,262,910	4,396,686	-	-	772,901,878	-	777,298,564
Impact of adoption of IFRS 9	32,509,585	3,914,232	655,445	(37,079,262)	-	-	592,407,100	70,489,631	36,965,768	(732,099,528)	-	(32,237,029)
Balance as at January 01 after adopting IFRS 9	997,658,451	116,239,957	42,364,502	-	-	1,156,262,910	596,803,786	70,489,631	36,965,768	40,802,350	-	745,061,535
Exchange and other adjustments	(477,357)	(67,840)	(11,360)	-	-	(556,557)	(51,934)	-	-	(3,768,522)	-	(3,820,456)
New Advances	556,138,257	89,896,134	6,760,970	-	-	652,795,361	602,319,709	39,826,792	5,749,393	1,664,460	-	649,560,354
Advances derecognised or repaid	(593,445,410)	(51,074,323)	(9,211,766)	-	-	(653,731,499)	(200,364,975)	(23,291,617)	(6,806,816)	(1,619,026)	-	(232,082,434)
Transfer to stage 1	25,214,343	(25,214,343)	-	-	-	-	3,811,311	(3,811,311)	-	-	-	-
Transfer to stage 2	(28,164,392)	28,407,849	(243,457)	-	-	-	(32,997,011)	32,997,011	-	-	-	-
Transfer to stage 3	(3,267,759)	(5,885,426)	9,153,185	-	-	-	(4,372,020)	(3,884,781)	8,256,801	-	-	-
Amounts written off	(43,524,961)	36,129,891	6,458,932	-	-	(936,138)	368,397,014	41,836,094	7,199,378	45,434	-	417,477,920
Amounts charged off	-	-	(22,402)	-	-	(22,402)	-	-	(19,688)	-	-	(19,688)
Amounts charged off - agriculture financing	-	-	(1,223,608)	-	-	(1,223,608)	-	-	(2,310,924)	-	-	(2,310,924)
Reversal on derecognition of subsidiary	(137)	-	(25,746)	-	-	(25,746)	-	-	(125,477)	-	-	(125,477)
Closing balance	953,655,996	152,302,008	47,535,773	-	-	1,153,493,777	965,148,866	112,325,725	41,709,057	37,079,262	-	1,156,262,910

9.6.2 Advances - Credit loss allowance / provision against advances

	2025					2024				
	Expected Credit Loss			Specific	General	Total	Expected Credit Loss			
	Stage 1	Stage 2	Stage 3				Stage 1	Stage 2	Stage 3	
Opening balance	2,232,954	1,388,083	38,440,559	587,690	4,237,082	46,886,368	-	-	32,374,940	9,861,797
Impact of adoption of IFRS 9	50,662	49,899	587,751	(587,690)	-	100,622	3,383,875	1,941,645	33,605,109	(1,715,503)
Balance as at January 01 after adopting IFRS 9	2,283,616	1,437,982	39,028,310	-	4,237,082	46,986,990	3,383,875	1,941,645	33,605,109	8,146,294
Exchange and other adjustments	867	-	(10,355)	-	(6,265)	(15,753)	(249)	-	(49,929)	(35,775)
New Advances	625,481	220,290	6,806,443	-	-	7,652,214	589,912	228,688	10,739,861	55,479
Due to credit deterioration	-	-	2,933,284	-	-	2,933,284	-	-	3,472,716	92,815
Advances derecognised or repaid / reversal	(703,271)	(541,415)	(5,400,513)	-	(74,861)	(6,720,060)	(1,348,975)	(337,218)	(6,805,825)	(991)
Transfer to stage 1	148,383	(148,383)	-	-	-	-	209,329	(209,329)	-	-
Transfer to stage 2	(83,450)	314,803	(231,353)	-	-	-	(342,027)	342,027	-	-
Transfer to stage 3	(11,376)	(111,023)	122,399	-	-	-	(31,165)	(234,816)	265,981	-
Changes in risk parameters	(776,948)	(336,831)	123,348	-	-	(990,431)	(227,746)	(342,914)	(381,194)	-
Amounts written off	(801,181)	(602,559)	4,353,608	-	(74,861)	2,875,007	(1,150,672)	(553,562)	7,291,539	147,303
Amounts charged off	-	-	(22,402)	-	-	(22,402)	-	-	(19,688)	-
Reversal on derecognition of subsidiary	-	-	(1,249,354)	-	-	(1,249,354)	-	-	(2,436,401)	-
Closing balance	1,483,302	835,423	42,095,261	-	4,155,956	48,569,942	2,232,954	1,388,083	38,440,559	587,690
										4,237,082
										46,886,368

9.6.3 Net advances - Credit loss allowance / provision details Internal / External rating / stage classification

	2025				Total	2024				
	Expected Credit Loss			Outstanding exposure		Expected Credit Loss			Outstanding exposure	
	Stage 1	Stage 2	Stage 3			Stage 1	Stage 2	Stage 3		
	(Rupees in '000)									
	Outstanding gross exposure									
Performing - Stage 1										
ORR 1 to 9	689,798,311	-	-	-	689,798,311	837,822,675	-	-	-	837,822,675
Others	263,857,685	-	-	-	263,857,685	127,326,191	-	-	-	127,326,191
Under Performing - Stage 2										
ORR 1 to 9	-	144,208,335	-	-	144,208,335	-	110,503,850	-	-	110,503,850
Others	-	8,093,673	-	-	8,093,673	-	1,821,875	4,545	36,423,817	38,250,237
Non-performing - Stage 3										
OAEM	-	-	156,345	-	156,345	-	-	237,808	-	237,808
Substandard	-	-	3,376,759	-	3,376,759	-	-	2,991,264	39,700	3,029,964
Doubtful	-	-	6,256,133	-	6,256,133	-	-	2,311,039	-	2,311,039
Loss	-	-	37,746,536	-	37,746,536	-	-	36,164,401	616,745	36,781,146
	-	-	47,535,773	-	47,535,773	-	-	41,704,512	655,445	42,359,957
Total	953,655,996	152,302,008	47,535,773	-	1,153,493,777	965,148,866	112,325,725	41,709,057	37,079,262	1,156,262,910
Corresponding ECL										
Stage 1 and stage 2	(1,483,302)	(835,423)	-	-	(4,155,956)	(6,474,681)	(2,232,954)	(1,388,083)	-	(4,237,082)
Stage 3	-	-	(42,095,261)	-	(42,095,261)	-	-	(38,440,559)	(587,690)	(39,028,249)
	952,172,694	151,466,585	5,440,512	-	(4,155,956)	1,104,923,835	962,915,912	110,937,642	3,268,498	36,491,572
										(4,237,082)
										1,109,376,542

9.7 Advances include Rs. 47,535,773 million (2024: Rs. 42,364,502 million) which have been placed under non-performing status as detailed below:

Category of classification in Stage 3

	2025			2024		
	Non-Performing Loans	Credit loss allowance / provision	Non-Performing Loans	Credit loss allowance / provision	Non-Performing Loans	Credit loss allowance / provision
(Rupees in '000)						
Domestic						
Other Assets Especially Mentioned (OAEM)	156,345	366	237,808	-	-	-
Substandard	3,347,182	1,385,197	2,991,264	1,260,906	-	-
Doubtful	6,256,133	3,106,590	2,311,039	1,103,457	-	-
Loss	37,093,274	36,992,066	36,168,946	36,076,196	-	-
	46,852,934	41,484,219	41,709,057	38,440,559	-	-
Overseas						
Substandard	29,577	13,154	38,700	23,355	-	-
Doubtful	653,262	597,888	616,745	564,335	-	-
Loss	682,839	611,042	655,445	587,690	-	-
Total	47,535,773	42,095,261	42,364,502	39,028,249	-	-

9.8 Particulars of credit loss allowance / provision against advances

	2025					2024						
	Expected Credit Loss			Specific	General	Total	Expected Credit Loss			Specific	General	Total
	Stage 1	Stage 2	Stage 3				Stage 1	Stage 2	Stage 3			
----- (Rupees in '000) -----												
Opening balance	2,232,954	1,388,083	38,440,559	587,690	4,237,082	46,886,368	-	-	-	32,374,940	9,861,797	42,236,737
Impact of adoption of IFRS 9	50,662	49,899	587,751	(587,690)	-	100,622	3,383,875	1,941,645	33,605,109	(31,884,624)	(1,715,503)	5,330,502
Balance as at January 01 after adopting IFRS 9	2,283,616	1,437,982	39,028,310	-	4,237,082	46,986,990	3,383,875	1,941,645	33,605,109	490,316	8,146,294	47,567,239
Exchange and other adjustments	867	-	(10,355)	-	(6,265)	(15,753)	(249)	-	-	(49,929)	(35,775)	(85,953)
Charge for the year	625,481	220,291	9,739,727	-	-	10,585,499	589,912	228,688	14,212,577	148,294	-	15,179,471
Reversals	(1,480,219)	(878,247)	(5,277,165)	-	(74,861)	(7,710,492)	(1,576,721)	(680,132)	(7,187,019)	(991)	(3,873,437)	(13,318,300)
	(854,738)	(657,956)	4,462,562	-	(74,861)	2,875,007	(986,809)	(451,444)	7,025,558	147,303	(3,873,437)	1,861,171
Transfer	53,557	55,397	(108,954)	-	-	-	(163,863)	(102,118)	265,981	-	-	-
Amounts written off	-	-	(22,402)	-	-	(22,402)	-	-	(19,688)	-	-	(19,688)
Amounts charged off	-	-	(1,223,608)	-	-	(1,223,608)	-	-	(2,310,924)	-	-	(2,310,924)
Amounts charged off - agriculture financing	-	-	(25,746)	-	-	(25,746)	-	-	(125,477)	-	-	(125,477)
	53,557	55,397	(1,380,710)	-	-	(1,271,756)	(163,863)	(102,118)	(2,190,108)	-	-	(2,456,089)
Reversal on derecognition of subsidiary	-	-	(4,546)	-	-	(4,546)	-	-	-	-	-	-
Closing balance	1,483,302	835,423	42,095,261	-	4,155,956	48,569,942	2,232,954	1,388,083	38,440,559	587,690	4,237,082	46,886,368

9.8.1 Particulars of credit loss allowance / provision against advances

	2025			2024		
	Stage 1 & 2 / General	Stage 3 / Specific	Total	Stage 1 & 2 / General	Stage 3 / Specific	Total
(Rupees in '000)						
In local currency	5,930,608	41,484,219	47,414,827	7,368,037	38,440,559	45,808,596
In foreign currencies	544,073	611,042	1,155,115	490,082	587,690	1,077,772
	6,474,681	42,095,261	48,569,942	7,858,119	39,028,249	46,886,368

9.8.2 Particulars of charged-off loans/ advances / finances

	2025		2024	
	No of borrowers	Rupees in '000	No of borrowers	Rupees in '000
Corporate, Commercial and SME				
Opening balance of charged-off	186	2,982,475	44	2,267,137
Charge-off during the year	165	174,416	145	1,331,003
Sub total	351	3,156,891	189	3,598,140
Recoveries made during the year against already charged-off cases	(22)	(292,397)	(2)	(247,585)
Amount written off from already charged off loans	-	-	-	-
Other movement	-	-	(1)	(368,080)
Closing balance of charged-offs	329	2,864,494	186	2,982,475

9.8.3 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax as at December 31, 2025 which is not available for distribution as either cash or stock dividend to shareholders / bonus to employees amounted to Rs. 29.418 million (2024: Rs. 24.108 million).

9.8.4 During the year, non performing loans and provisions were reduced by Rs. 442.462 million (2024: Rs. 5,317.765 million) due to debt property swap transactions.

9.8.5 General provision includes:

(i) Provision held at overseas branches to meet the requirements of the regulatory authorities of the respective countries in which overseas branches operate; and

(ii) Provision of Rs. 3,878.000 million (2024: Rs. 3,878.000 million) against the high risk portfolio. The portfolio excludes GoP backed exposure, staff loans and loans secured against liquid collaterals.

9.8.6 Although the Holding Company has made provision against its non-performing portfolio as per the category of classification of the loan, the Holding Company holds enforceable collateral in the event of recovery through litigation. These securities comprise of charge against various tangible assets of the borrower including land, building and machinery, stock in trade etc.

9.9 Particulars of Write Offs:	Note	2025	2024
		----- (Rupees in '000) -----	
9.9.1 Against provisions	9.9.2	22,402	19,688
Directly charged to the consolidated statement of profit and loss account		-	-
		<u>22,402</u>	<u>19,688</u>
9.9.2 Write Offs of Rs. 500,000 and above :			
- Domestic	9.10	2,255	2,243
- Overseas		-	-
Write offs below Rs. 500,000		20,147	17,445
		<u>22,402</u>	<u>19,688</u>

9.10 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 as Annexure-I to these consolidated financial statements.

10 PROPERTY AND EQUIPMENT	Note	2025	2024
		----- (Rupees in '000) -----	
Capital work-in-progress	10.1	4,777,691	3,473,754
Property and equipment	10.2	66,517,334	60,200,095
		<u>71,295,025</u>	<u>63,673,849</u>
10.1 Capital work-in-progress			
Civil works		4,149,100	3,190,303
Equipment		620,749	252,122
Others		7,842	31,329
		<u>4,777,691</u>	<u>3,473,754</u>

10.2 Property and equipment

2025								
Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Leasehold improvement	Furniture and fixture	Office equipment	Vehicles	Total

(Rupees in '000)

At January 1, 2025

Cost / revalued amount	14,163,936	14,585,369	4,682,652	6,016,472	13,542,592	3,643,398	28,486,931	1,129,027	86,250,377
Accumulated depreciation	-	-	-	-	(6,470,356)	(2,086,601)	(16,972,331)	(520,994)	(26,050,282)
Net book value	14,163,936	14,585,369	4,682,652	6,016,472	7,072,236	1,556,797	11,514,600	608,033	60,200,095

Year ended December 2025

Opening net book value	14,163,936	14,585,369	4,682,652	6,016,472	7,072,236	1,556,797	11,514,600	608,033	60,200,095
Additions	283,710	12,606	258,687	367,924	3,048,885	724,015	5,240,545	1,793,172	11,729,544
Disposals	-	-	-	-	(1,598)	(1,318)	(26,346)	(31,619)	(60,881)
Depreciation charge	-	-	(139,376)	(185,061)	(1,057,712)	(238,498)	(4,083,425)	(344,666)	(6,048,738)
Exchange rate adjustments	-	-	-	-	1,309	211	(968)	124	676
Other adjustments / transfers	-	-	-	761,977	(201)	(118)	(15,880)	-	745,778
Derecognition of subsidiary	-	-	-	-	-	(15,773)	(8,454)	(24,913)	(49,140)
Closing net book value	14,447,646	14,597,975	4,801,963	6,961,312	9,062,919	2,025,316	12,620,072	2,000,131	66,517,334

At December 31, 2025

Cost / revalued amount	14,447,646	14,597,975	4,941,338	7,164,397	16,591,300	4,244,289	33,121,355	2,737,664	97,845,964
Accumulated depreciation	-	-	(139,375)	(203,085)	(7,528,381)	(2,218,973)	(20,501,283)	(737,533)	(31,328,630)
Net book value	14,447,646	14,597,975	4,801,963	6,961,312	9,062,919	2,025,316	12,620,072	2,000,131	66,517,334

Rate of depreciation (percentage)	-	-	2.5%	2.5%	10% - 20%	10% - 25%	12.5% - 50%	14.2%-25%

2024								
Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Leasehold improvement	Furniture and fixture	Office equipment	Vehicles	Total

(Rupees in '000)

At January 1, 2024

Cost / revalued amount	10,645,215	5,770,417	3,248,703	5,164,912	10,294,025	2,863,928	23,598,946	510,450	62,096,596
Accumulated depreciation	-	-	(185,400)	(262,957)	(5,776,521)	(2,015,855)	(15,130,678)	(396,233)	(23,767,644)
Net book value	10,645,215	5,770,417	3,063,303	4,901,955	4,517,504	848,073	8,468,268	114,217	38,328,952

Year ended December 2024

Opening net book value	10,645,215	5,770,417	3,063,303	4,901,955	4,517,504	848,073	8,468,268	114,217	38,328,952
Additions	1,291,657	5,610,174	662,379	456,936	3,367,750	867,413	6,377,219	666,523	19,300,051
Movement in surplus on assets revalued during the year	2,298,814	3,204,778	1,073,947	824,954	-	-	-	-	7,402,493
Deficit on revaluation recognised in the profit and loss account - net	(4,500)	-	(7,560)	(9,410)	-	-	-	-	(21,470)
Disposals	(67,250)	-	-	-	(4,016)	(1,393)	(34,030)	(216)	(106,905)
Depreciation charge	-	-	(110,286)	(158,086)	(797,864)	(162,975)	(3,284,110)	(171,244)	(4,684,565)
Exchange rate adjustments	-	-	-	-	(3,358)	(498)	(3,020)	(138)	(7,014)
Other adjustments / transfers	-	-	869	123	(7,780)	6,177	(9,727)	(1,109)	(11,447)
Closing net book value	14,163,936	14,585,369	4,682,652	6,016,472	7,072,236	1,556,797	11,514,600	608,033	60,200,095

At December 31, 2024

Cost / revalued amount	14,163,936	14,585,369	4,682,652	6,016,472	13,542,592	3,643,398	28,486,931	1,129,027	86,250,377
Accumulated depreciation	-	-	-	-	(6,470,356)	(2,086,601)	(16,972,331)	(520,994)	(26,050,282)
Net book value	14,163,936	14,585,369	4,682,652	6,016,472	7,072,236	1,556,797	11,514,600	608,033	60,200,095

Rate of depreciation (percentage)	-	-	2.5%	2.5%	10% - 20%	10% - 25%	12.5% - 50%	25%

10.2.1 Land and buildings were revalued on December 31, 2024 on the basis of market values, determined by independent valuers M/s Akbani & Javed Associates, M/s Savills, M/s Harvester Service (Private) Limited, M/s Hamid Mukhtar & Co. (Private) Limited, M/s Creative Consultants & Construction, Joseph Lobo (Private) Limited and Paradigm Inspections (Private) Limited. Had there been no revaluation, the carrying amount of the revalued assets as at December 31, 2025 would have been Rs. 20,978.976 million (2024: Rs. 19,508.477 million).

	2025		2024	
	Net book value at cost	Net book value at revalued amount	Net book value at cost	Net book value at revalued amount
	----- (Rupees in '000) -----			
Freehold land	5,524,599	14,447,646	5,240,889	14,163,936
Leasehold land	8,386,091	14,597,975	8,373,485	14,585,369
Buildings on freehold land	3,146,984	4,801,963	2,983,814	4,682,652
Buildings on leasehold land	3,921,302	6,961,312	2,910,289	6,016,472
	<u>20,978,976</u>	<u>40,808,896</u>	<u>19,508,477</u>	<u>39,448,429</u>

	2025	2024
	----- (Rupees in '000) -----	
10.2.2 The cost of fully depreciated assets that are still in the Group's use is as follows:		
Furniture and fixtures	1,632,666	1,690,688
Office equipment	11,941,020	10,460,643
Vehicles	250,975	311,855
Leasehold improvements	4,509,570	4,329,492
	<u>18,334,231</u>	<u>16,792,678</u>

10.2.3 There are no restrictions or discrepancies on the property's title, and no mortgage is associated with it.

10.2.4 During the year, a non banking asset having net book value of Rs. 761.977 million (including surplus of Rs. 12.541 million) was transferred to property and equipment.

10.2.5 Disposal of property and equipments to related parties is disclosed in Annexure III to these consolidated financial statements.

11	RIGHT-OF-USE ASSETS	Note	2025 Buildings	2024 Buildings
			----- (Rupees in '000) -----	
	At January 01			
	Cost / revalued amount		36,730,369	28,896,873
	Accumulated depreciation		(11,364,670)	(8,929,916)
	Net book value		<u>25,365,699</u>	<u>19,966,957</u>
	Year ended December			
	Opening net book value		25,365,699	19,966,957
	Additions / renewals / amendments / (terminations) - net		5,697,933	9,392,220
	Depreciation charge		(4,564,692)	(3,946,074)
	Exchange rate / other adjustments		(1,225)	(47,404)
	Derecognition of subsidiary	36.2	(32,469)	-
	Closing net book value		<u>26,465,246</u>	<u>25,365,699</u>
	At December 31			
	Cost / revalued amount		40,343,508	36,730,369
	Accumulated depreciation		(13,878,262)	(11,364,670)
	Net book value		<u>26,465,246</u>	<u>25,365,699</u>
	Rate of depreciation (percentage)		<u>5% - 100%</u>	<u>5% - 100%</u>

12	INTANGIBLE ASSETS			
	Capital work-in-progress / advance payments to suppliers		432,589	398,802
	Software	12.1	1,295,879	1,154,088
	Membership card		-	6,000
	License fee		-	750
	Trademark & copyrights		468	-
			<u>1,728,936</u>	<u>1,559,640</u>

2025				
Softwares	Membership card	License fee	Trademark & copyrights	Total

----- (Rupees in '000) -----

12.1 At January 01

Cost	6,205,384	8,426	1,000	-	6,214,810
Accumulated amortisation and impairment	(5,051,296)	(2,426)	(250)	-	(5,053,972)
Net book value	1,154,088	6,000	750	-	1,160,838

Year ended December 31

Opening net book value	1,154,088	6,000	750	-	1,160,838
Additions - directly purchased	558,041	-	-	540	558,581
Amortisation charge	(414,251)	-	(750)	(72)	(415,073)
Exchange and other adjustments	(179)	-	-	-	(179)
Derecognition of subsidiary	(1,820)	(6,000)	-	-	(7,820)
Closing net book value	1,295,879	-	-	468	1,296,347

At December 31

Cost	6,750,560	-	1,000	540	6,752,100
Accumulated amortisation and impairment	(5,454,681)	-	(1,000)	(72)	(5,455,753)
Net book value	1,295,879	-	-	468	1,296,347

Rate of amortisation (percentage)	20% - 25%	-	50%	20%

Useful life	4 - 5 years	-	2 years	5 years

2024			
Softwares	Membership card	License fee	Total

----- (Rupees in '000) -----

At January 01

Cost	5,618,297	8,426	-	5,626,723
Accumulated amortisation and impairment	(4,683,444)	(2,426)	-	(4,685,870)
Net book value	934,853	6,000	-	940,853

Year ended December 31

Opening net book value	934,853	6,000	-	940,853
Additions - directly purchased	595,846	-	1,000	596,846
Amortisation charge	(376,281)	-	(250)	(376,531)
Exchange and other adjustments	(330)	-	-	(330)
Closing net book value	1,154,088	6,000	750	1,160,838

At December 31

Cost	6,205,384	8,426	1,000	6,214,810
Accumulated amortisation and impairment	(5,051,296)	(2,426)	(250)	(5,053,972)
Net book value	1,154,088	6,000	750	1,160,838

Rate of amortisation (percentage)	20% - 25%	-	33%

Useful life	4 - 5 years	-	3 years

12.2 Included in cost of intangible assets (software) are fully amortised items still in use having cost of Rs. 4,629.979 million (2024: Rs. 4,212.285 million).

13	OTHER ASSETS	Note	2025 ------(Rupees in '000)-----	2024
	Income / mark-up accrued in local currency - net		60,144,782	82,073,211
	Income / mark-up accrued in foreign currency - net		2,971,667	2,724,193
	Advances, deposits, advance rent and other prepayments		4,187,007	4,619,209
	Advance taxation (payments less provisions)		1,802,088	3,729,029
	Advance against subscription of share		55,343	-
	Non-banking assets acquired in satisfaction of claims	13.1	7,541,885	7,830,251
	Mark to market gain on forward foreign exchange contracts		1,794,697	1,288,538
	Mark to market gain on derivatives	24.2	1,643,940	3,128,782
	Stationery and stamps on hand		23,355	28,155
	Defined benefit plan	40.1.4	2,713,892	1,331,990
	Branch adjustment account		-	29,195
	Alternative Delivery Channel (ADC) settlement accounts	13.3	8,918,232	-
	Due from card issuing banks		3,697,630	2,817,994
	Accounts receivable		19,104,140	10,613,225
	Claims against fraud and forgeries	13.2	122,736	108,907
	Acceptances		45,736,218	33,015,615
	Receivable against Government of Pakistan and overseas government securities		12,448	44,928
	Receivable against marketable securities		1,054,801	1,935,323
	Deferred cost on staff loans	13.4	23,828,039	21,080,743
	Others		91,379	135,605
			<u>185,444,279</u>	<u>176,534,893</u>
	Less: Credit loss allowance / provision held against other assets	13.5	<u>(4,920,297)</u>	<u>(4,709,539)</u>
	Other assets (net of credit loss allowance / provision)		180,523,982	171,825,354
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net	13.1 & 22.2	<u>609,549</u>	<u>491,882</u>
	Other assets - total		<u><u>181,133,531</u></u>	<u><u>172,317,236</u></u>

13.1 Market value of non-banking assets acquired in satisfaction of claims:

- Properties		8,151,434	8,304,691
- Shares		-	17,442
	13.1.1	<u>8,151,434</u>	<u>8,322,133</u>

The non-banking assets (properties) of the Holding Company have been revalued by independent professional valuers as at December 31, 2025. The revaluation was carried out by M/s. Harvestor Service (Private) Limited and M/s Joseph Lobo (Private) Limited on the basis of professional assessment of present market values which resulted in an increase in surplus by Rs. 144.707 million (2024: Rs. 337.561 million).

13.1.1	Non-banking assets acquired in satisfaction of claims - gross of provision	Note	2025 ------(Rupees in '000)-----	2024
	Opening balance		8,322,133	1,857,092
	Additions		534,000	6,414,100
	Disposals	13.1.2	(23,721)	(240,000)
	Revaluation (charged to OCI)		150,985	337,561
	Transfer to property and equipment	13.1.1.1	(761,977)	-
	Depreciation	31	<u>(69,986)</u>	<u>(46,620)</u>
	Closing balance		<u><u>8,151,434</u></u>	<u><u>8,322,133</u></u>

13.1.1.1 During the year, a non banking asset having net book value of Rs. 761.977 million (including surplus of Rs. 12.541 million) was transferred to property and equipment.

	2025	2024
	----- (Rupees in '000) -----	
13.1.2 Gain on disposal of non-banking assets acquired in satisfaction of claims		
Disposal proceeds	27,089	267,800
less		
- Cost	8,227	240,000
- Surplus	15,494	-
	23,721	240,000
Gain on disposal	3,368	27,800

13.2 This represents fraud and forgery amount receivable from an insurance company and other sources. Credit loss allowance has been held against non-recoverable amount.

13.3 This represents settlement arising from channel transaction at the cut off date which were subsequently cleared.

13.4 This refers to notional deferred cost on subsidised staff loans fair valuation.

	Note	2025	2024
		----- (Rupees in '000) -----	
13.5 Credit loss allowance / provision held against other assets			
Impairment against overseas operations	13.5.2	3,762,351	2,708,477
Expected credit loss		32,456	181,325
Fraud and forgeries		122,736	108,907
Receivable against marketable securities		-	1,243,517
Accounts receivable		772,498	223,161
Others		230,256	244,152
		4,920,297	4,709,539

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

Opening balance	4,709,539	4,619,037
Impact of adoption of IFRS 9	862	370,152
Balance as at January 01 after adopting IFRS 9	4,710,401	4,989,189
Exchange and other adjustments	(5,293)	(2,777)
Charge for the year	1,680,896	531,375
Reversals for the year	(192,536)	(753,490)
	1,488,360	(222,115)
Amount written off	(34,215)	(54,758)
Reversal on derecognition of subsidiary	(1,238,956)	-
Closing balance	4,920,297	4,709,539

13.5.2 The Holding Company, in light of uncertain conditions in one of the countries where the Holding Company operates, holds an impairment of Rs. 3,762.351 million (2024: Rs. 2,708.477 million) against the cross border risk.

	2025	2024
	----- (Rupees in '000) -----	
14 BILLS PAYABLE		
In Pakistan	55,189,647	41,462,676
Outside Pakistan	1,768,322	305,650
	56,957,969	41,768,326

15 BORROWINGS

Note

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

Secured

Borrowings from the State Bank of Pakistan under:

Export Refinance Scheme	16,530,301	26,867,803
Long-Term Finance Facility	15,939,430	20,278,409
Financing Facility for Renewable Energy Projects	11,730,666	13,762,263
Financing Facility for Storage of Agriculture Produce (FFSAP)	750,932	698,919
Temporary Economic Refinance Facility (TERF)	22,080,355	25,697,206
Export Refinance under Bill Discounting	15,189,403	14,253,363
SME Asaan Finance (SAAF)	4,785,327	7,073,103
Refinance Facility for Combating COVID (RFCC)	688,185	932,258
Refinance and Credit Guarantee Scheme for Women Entrepreneurs	458,974	117,106
Modernization of Small and Medium Entities (MSMES)	2,105,849	1,855,749
Other Refinance schemes	57,526	55,730
Repurchase agreement borrowings	639,717,757	911,260,540
	730,034,705	1,022,852,449

Repurchase agreement borrowings

67,541,995 32,209,792

Bai Muajjal

- 48,654,565

Others

- 314,967

Total secured

797,576,700 1,104,031,773

Unsecured

Call borrowings

20,988,165 11,414,695

Overdrawn nostro accounts

2,684,675 15,736,314

Borrowings of overseas branches

90,950 5,750,351

Others

- Pakistan Mortgage Refinance Company

7,872,733 2,464,030

- Karandaaz Risk Participation

2,914,659 2,803,546

Total unsecured

34,551,182 38,168,936

15.1

832,127,882 1,142,200,709

15.1 Mark-up & maturities of borrowing facilities

	2025		2024	
	Mark-up per annum	Maturities upto	Mark-up per annum	Maturities upto
Borrowings from State Bank of Pakistan (secured)				
Export Refinance Scheme	6.00% - 7.00%	June-26	9.00% - 16.50%	June-25
Long-Term Finance Facility	2.00% - 7.00%	July-32	2.00% - 7.00%	July-32
Financing facility for renewable energy projects	2.00% - 3.00%	June-36	2.00% - 3.00%	June-36
Financing Facility for Storage of Agriculture Produce (FFSAP)	2.00% - 3.25%	June-34	2.00% - 3.25%	June-34
Temporary Economic Refinance Facility	1.00%	September-33	1.00%	September-33
Export Refinance under Bill Discounting	1.00% - 2.00%	June-26	1.00% - 2.00%	June-25
SME Asaan Finance (SAAF)	1.00% - 3.00%	June-34	1.00% - 3.00%	June-34
Refinance Facility for Combating COVID (RFCC)	0.00%	June-27	0.00%	June-27
Refinance and Credit Guarantee Scheme for Women Entrepreneurs	0.00%	August-30	0.00%	November-29
Modernization of Small and Medium Entities (MSMES)	2.00%	August-32	2.00%	October-31
Other refinance schemes	0.00% - 2.00%	December-29	0.00%	December-25
Repurchase Agreement Borrowings	10.55% - 11.50%	January-26	13.09% - 13.11%	January-25
Other Borrowing (secured)				
Repurchase agreement borrowings	4.20% - 11.00%	November-26	4.95% - 13.00%	January-25
Bai Muajjal	-	-	8.38% - 8.48%	July-25
Other Borrowing (unsecured)				
Call borrowings	5.13% - 11.00%	January-26	5.25% - 18.43%	June-25
Overdrawn nostro accounts	0.00%	No Maturity	0.00%	No Maturity
Borrowings of overseas branches	1.00%	October-29	3.00% - 6.78%	June-29
Others - Pakistan Mortgage Refinance Company	6.50% - 18.23%	September-28	6.50% - 18.23%	May-27
Others - Karandaaz Risk Participation	9.00% - 28.49%	September-34	9.00% - 28.49%	April-25

15.2	Particulars of borrowings with respect to currencies	2025	2024
		----- (Rupees in '000) -----	
	In local currency	776,478,226	1,103,918,057
	In foreign currencies	55,649,656	38,282,652
		<u>832,127,882</u>	<u>1,142,200,709</u>

16 DEPOSITS AND OTHER ACCOUNTS

	2025			2024		
	In Local currency	In Foreign currencies	Total	In Local currency	In Foreign currencies	Total
----- (Rupees in '000) -----						
Customers						
Current deposits	797,623,294	146,092,338	943,715,632	644,305,838	165,613,660	809,919,498
Savings deposits	582,480,833	46,121,610	628,602,443	607,199,365	34,755,471	641,954,836
Term deposits	489,942,118	91,166,717	581,108,835	315,007,439	69,798,774	384,806,213
Others	32,836,812	11,027,005	43,863,817	35,232,274	12,915,513	48,147,787
	<u>1,902,883,057</u>	<u>294,407,670</u>	<u>2,197,290,727</u>	<u>1,601,744,916</u>	<u>283,083,418</u>	<u>1,884,828,334</u>
Financial Institutions						
Current deposits	4,812,028	5,745,103	10,557,131	4,204,792	2,747,963	6,952,755
Savings deposits	150,682,659	525,614	151,208,273	185,650,940	2,372,391	188,023,331
Term deposits	98,246,000	8,272,581	106,518,581	47,797,204	8,366,800	56,164,004
Others	6,972,358	22,841,858	29,814,216	136,154	120	136,274
	<u>260,713,045</u>	<u>37,385,156</u>	<u>298,098,201</u>	<u>237,789,090</u>	<u>13,487,274</u>	<u>251,276,364</u>
	<u>2,163,596,102</u>	<u>331,792,826</u>	<u>2,495,388,928</u>	<u>1,839,534,006</u>	<u>296,570,692</u>	<u>2,136,104,698</u>

16.1	Composition of deposits	2025	2024
		----- (Rupees in '000) -----	
	- Individuals	1,022,157,034	919,929,695
	- Government (Federal and Provincial)	240,202,369	134,884,401
	- Public Sector Entities	214,091,399	148,273,278
	- Banking Companies	3,128,546	334,557
	- Non-Banking Financial Institutions	294,969,655	250,941,807
	- Private Sector / Others	720,839,925	681,740,960
		<u>2,495,388,928</u>	<u>2,136,104,698</u>

16.2 Current deposits include remunerative current deposits of Rs. 40,186.585 million (2024: Rs. 26,618.402 million).

16.3 Deposits include eligible deposits of Rs. 1,297,818.837 million (2024: Rs. 1,127,444.250 million) protected under Depositors Protection Mechanism introduced by the SBP.

16.4 Current deposits include prepaid cards amounting to Rs. 0.231 million (2024: Rs. 17.663 million).

17	LEASE LIABILITIES	Note	2025	2024
			----- (Rupees in '000) -----	
	Opening as at January 01		29,555,307	22,899,808
	Additions / renewals / amendments / (terminations) - net		5,537,611	9,328,489
	Finance charges		4,325,970	3,518,804
	Lease payments including interest		(6,801,788)	(6,138,088)
	Exchange rate / other adjustment		(805)	(53,706)
	Derecognition of subsidiary	36.2	(42,920)	-
	Closing net carrying amount		<u>32,573,375</u>	<u>29,555,307</u>

17.1 Contractual maturity of lease liabilities

Short-term lease liabilities - within one year	2,432,462	2,061,668
Long-term lease liabilities		
- 1 to 5 years	13,307,140	11,067,332
- 5 to 10 years	16,833,773	14,061,984
- More than 10 years	-	2,364,323
	<u>32,573,375</u>	<u>29,555,307</u>

18 SUBORDINATED DEBT

Term Finance Certificates VI - Additional Tier-I (ADT-1)	18.1	7,000,000	7,000,000
Term Finance Certificates VIII - Additional Tier-I (ADT-1)	18.2	7,000,000	7,000,000
		<u>14,000,000</u>	<u>14,000,000</u>

18.1 Term Finance Certificates VI - Additional Tier-I (ADT-1) - Quoted, Unsecured

The Holding Company issued listed, fully paid-up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by the SBP under BPRD Circular No. 6 dated August 15, 2013. Summary of terms and conditions of the issue are:

Issue amount	Rs. 7,000,000,000
Issue date	March 2018
Maturity date	Perpetual
Rating	"AA+" (Double A plus) by the Pakistan Credit Rating Agency Limited.
Security	Unsecured
Ranking	Subordinated to all other indebtedness of the Holding Company including deposits but superior to equity.
Profit payment frequency	Payable semi-annually in arrears.
Redemption	Perpetual
Mark-up	For the period at end of which the Holding Company is in compliance with the Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 1.50% with no step up feature. Base Rate is defined as the six month KIBOR (ask side) prevailing on one (1) business day prior to the previous profit payment date.
Lock-in-clause	Mark-up will only be paid from the Holding Company's current year's earnings and if the Holding Company is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.
Loss absorbency clause	In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Holding Company to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.
Call option	The Holding Company may, at its sole discretion, exercise a call option any time after five years from the issue date, subject to prior approval of the SBP and instrument is replaced with capital of the same and better quality.

18.2 Term Finance Certificates VIII - Additional Tier-I (ADT-1) - Quoted, Unsecured

The Holding Company issued Rs. 7,000 million of privately placed, listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by the SBP under BPRD circular No. 06 dated August 15, 2013. Summary of key terms and conditions of the issue are as follows:

Issue amount	Rs. 7,000,000,000
Issue date	December 2022
Maturity date	Perpetual
Rating	"AA+" (Double A plus) by the Pakistan Credit Rating Agency Limited.
Security	Unsecured
Ranking	Subordinated to all other indebtedness of the Holding Company including deposits but superior to equity.
Profit payment frequency	Payable semi-annually in arrears.
Redemption	Perpetual
Mark-up	For the period at end of which the Holding Company is in compliance with the Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 2.00% with no step up feature. Base Rate is defined as the six month KIBOR (ask side) prevailing on one (1) business day prior to previous profit payment date.
Lock-in-clause	Mark-up will only be paid from the Holding Company's current year's earnings and if the Holding Company is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.
Loss absorbency clause	In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Holding Company to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.
Call option	The Holding Company may, at its sole discretion, exercise a call option any time after five years from the issue date, subject to prior approval of the SBP and instrument is replaced with capital of the same and better quality.

19 DEFERRED TAX LIABILITIES

2025						
At January 01, 2025	Impact of adoption of IFRS 9	Balance as at January 01 after adopting IFRS 9	Recognised in P&L charge / (reversal)	Recognised in OCI	Reversal on derecognition of subsidiary	At December 31, 2025
(Rupees in '000)						
Deductible Temporary Differences on:						
- Credit loss allowance / provision against investments	(2,375,374)	(31,238)	(2,406,612)	464,717	-	(1,941,895)
- Credit loss allowance / provision against advances	(4,857,280)	(53,734)	(4,911,014)	974,836	-	(3,936,178)
- Modification of advances	(49,009)	-	(49,009)	9,101	-	(39,908)
- Credit loss allowance / provision against other assets	(1,536,101)	(448)	(1,536,549)	(808,623)	-	(2,345,172)
- Lease liabilities	(14,129)	-	(14,129)	(17,804,244)	-	(17,818,373)
- Credit loss allowance against balances with treasury banks	(8,679)	(1,964)	(10,643)	(14,590)	-	(25,233)
- Credit loss allowance against balances with other banks	(2,111)	(469)	(2,580)	(731)	-	(3,311)
- Credit loss allowance against lendings to financial institutions	(311)	-	(311)	421	-	110
- Workers' welfare fund	(2,504,065)	-	(2,504,065)	(719,729)	-	(3,223,794)
- Pre-commencement expenditures	(3,697)	-	(3,697)	(1,322)	-	(5,019)
- Others	(45,636)	-	(45,636)	-	45,636	-
	(11,396,392)	(87,853)	(11,484,245)	(17,900,164)	-	(29,338,773)
Taxable Temporary Differences on:						
- Unrealised gain on FVPL investments	2,087,274	-	2,087,274	(1,704,594)	-	382,680
- Unrealised gain on FVPL advances	111,143	-	111,143	(111,143)	-	-
- Unrealised net gain on fair value of refinancing schemes	643,213	-	643,213	(74,588)	-	568,625
- Right-of-use assets	12,812	-	12,812	13,728,945	-	13,741,757
- Surplus on revaluation of FVOCI investments	17,238,393	1,629,242	18,867,635	-	8,729,189	27,596,824
- Surplus on revaluation of property and equipments	2,386,906	-	2,386,906	-	80,281	2,467,187
- Surplus on revaluation of non banking assets	177,167	-	177,167	(8,057)	71,583	240,693
- Exchange translation reserve	-	-	-	3,538,319	-	3,538,319
- Share of profit and other comprehensive income from associates	2,989,028	-	2,989,028	87,042	(21,956)	3,054,114
- Accelerated tax depreciation	5,209,488	-	5,209,488	(61,728)	-	5,147,760
	30,855,424	1,629,242	32,484,666	11,855,877	12,397,416	56,737,959
	19,459,032	1,541,389	21,000,421	(6,044,287)	12,397,416	27,399,186

2024						
At January 01, 2024	Impact of adoption of IFRS 9	Balance as at January 01 after adopting IFRS 9	Recognised in P&L charge / (reversal)	Recognised in OCI		At December 31, 2024
(Rupees in '000)						
Deductible Temporary Differences on:						
- Credit loss allowance / provision against investments	(2,224,378)	214,487	(2,009,891)	(365,483)	-	(2,375,374)
- Credit loss allowance / provision against advances	(4,183,318)	(3,143,925)	(7,327,243)	2,469,963	-	(4,857,280)
- Modification of advances	-	(5,910)	(5,910)	(43,099)	-	(49,009)
- Unrealised loss on revaluation of held for trading investments	(192,350)	192,350	-	-	-	-
- Deficit on revaluation of available for sale investments	(870,169)	-	-	-	-	-
- Credit loss allowance / provision against other assets	(1,251,950)	(181,375)	(1,433,325)	(102,776)	-	(1,536,101)
- Lease liabilities	-	-	-	(14,129)	-	(14,129)
- Credit loss allowance against cash with treasury banks	-	(12,049)	(12,049)	3,370	-	(8,679)
- Credit loss allowance against balance with other banks	-	(790)	(790)	(1,321)	-	(2,111)
- Credit loss allowance / provision against lending to financial institutions	(73)	(6,403)	(6,476)	6,165	-	(311)
- Workers' Welfare Fund	(1,528,648)	-	(1,528,648)	(975,417)	-	(2,504,065)
- Pre-commencement expenditures	-	-	-	(3,697)	-	(3,697)
- Others	-	-	-	(45,636)	-	(45,636)
	(10,250,886)	(2,073,446)	(12,324,332)	927,940	-	(11,396,392)
Taxable Temporary Differences on:						
- Unrealised gain on FVPL investments	-	99,527	99,527	1,987,747	-	2,087,274
- Unrealised gain on FVPL advances	-	59,847	59,847	51,296	-	111,143
- Unrealised net gain on fair value of refinancing schemes	-	621,803	621,803	21,410	-	643,213
- Right-of-use assets	-	-	-	12,812	-	12,812
- Surplus on revaluation of FVOCI investments	-	3,936,343	3,936,343	-	13,302,050	17,238,393
- Surplus on revaluation of property and equipments	593,695	-	593,695	-	1,793,211	2,386,906
- Surplus on revaluation of non banking assets	85,595	-	85,595	(9,360)	100,932	177,167
- Share of profit and other comprehensive income from associates	2,388,685	-	2,388,685	560,889	39,454	2,989,028
- Accelerated tax depreciation	3,563,436	-	3,563,436	1,646,052	-	5,209,488
	6,631,411	4,717,520	11,348,931	4,270,846	15,235,647	30,855,424
	(3,619,475)	2,644,074	(975,401)	5,198,786	15,235,647	19,459,032

	Note	2025	2024
		------(Rupees in '000)-----	
20 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		26,959,506	35,014,735
Mark-up / return / interest payable in foreign currencies		1,823,824	1,715,640
Unearned fee commission and income on bills discounted and guarantees		5,092,375	4,063,795
Accrued expenses		25,616,958	17,352,068
Acceptances		45,736,218	33,015,615
Dividends payable		361,864	307,709
Mark to market loss on forward foreign exchange contracts		1,815,628	1,090,874
Mark to market loss on derivatives	24.2	64,270	69,063
Branch adjustment account		313,976	-
Alternative Delivery Channel (ADC) settlement accounts	20.2	-	1,719,649
Provision for compensated absences		1,720,500	1,290,476
Payable against redemption of customer loyalty / reward points		1,616,879	1,041,845
Charity payable		131,931	176,604
Credit loss allowance / provision against off-balance sheet obligations	20.1	1,036,203	780,711
Security deposits against leases, lockers and others		20,362,311	13,058,856
Workers' Welfare Fund		8,174,813	6,790,718
Payable to vendors and suppliers		3,180,907	630,070
Margin deposits on derivatives		1,042,368	2,415,337
Payable to merchants (card acquiring)		1,275,006	959,295
Withholding taxes payable		5,267,418	6,467,747
Payable against marketable securities		-	881,360
Liability against share based payment		1,350,000	870,000
Trading liability		15,118,700	15,600,626
Others		8,365,624	7,268,135
		<u>176,427,279</u>	<u>152,580,928</u>

20.1 Credit loss allowance / provision against off-balance sheet obligations

Opening balance		780,711	78,624
Impact of adoption of IFRS 9		2,714	1,085,673
Balance as at January 01 after adopting IFRS 9		<u>783,425</u>	<u>1,164,297</u>
Exchange adjustments		5,033	(4,925)
Charge for the year		<u>449,783</u>	<u>472,414</u>
Reversals for the year		<u>(202,038)</u>	<u>(851,075)</u>
	34	<u>247,745</u>	<u>(378,661)</u>
Closing balance		<u>1,036,203</u>	<u>780,711</u>

20.1.1 The provision against off balance sheet obligations includes a general provision of Rs. 34.615 million (2024: Rs. 21.239 million) held in Bangladesh books, Rs. 1.463 million (2024: Rs. 1.726 million) held in Afghanistan books as required under the local regulations and specific provision of Rs. 35.828 million (2024: Rs. 35.828 million) held in Pakistan against defaulted letter of guarantees.

20.2 This represents settlement arising from channel transaction at the cut off date which were subsequently cleared.

21 SHARE CAPITAL

21.1 Authorised capital

2025	2024		2025	2024
------(Number of shares)-----			------(Rupees in '000)-----	
<u>2,300,000,000</u>	<u>2,300,000,000</u>	Ordinary shares of Rs. 10 each	<u>23,000,000</u>	<u>23,000,000</u>

21.2 Issued, subscribed and paid up capital

2025 ------(Number of shares)-----	2024		2025 ------(Rupees in '000)-----	2024
		Ordinary shares		
891,453,153	891,453,153	Fully paid in cash	8,914,531	8,914,531
885,711,966	885,711,966	Issued as bonus shares	8,857,120	8,857,120
(200,000,000)	(200,000,000)	Treasury shares cancelled	(2,000,000)	(2,000,000)
<u>1,577,165,119</u>	<u>1,577,165,119</u>		<u>15,771,651</u>	<u>15,771,651</u>

21.3 Statutory reserve

A Banking company incorporated in Pakistan is required to transfer 20% of its profit after tax to a statutory reserve until the amount of the reserve plus share premium equals the paid-up share capital. Thereafter, 10% of the profit after tax of the banking company is required to be transferred to this reserve. Accordingly, the Holding Company transfers 10% of its profit after tax every year to the statutory reserve.

22 SURPLUS ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of:

- Securities measured at FVOCI - debt
- Securities measured at FVOCI - equity
- Available for sale securities of associates
- Property and equipment
- Non-banking assets acquired in satisfaction of claims

Note	2025 ------(Rupees in '000)-----	2024
8.1	33,818,571	23,227,089
8.1	17,444,462	6,746,862
	44,638	84,963
22.1	19,829,920	19,939,951
22.2	609,549	491,882
	<u>71,747,140</u>	<u>50,490,747</u>
	(17,585,031)	(12,077,792)
	(9,071,120)	(3,508,368)
	(23,212)	(44,181)
22.1	(2,467,187)	(2,386,906)
22.2	(240,693)	(177,167)
	<u>(29,387,243)</u>	<u>(18,194,414)</u>
	1,806,920	3,175,304
	(939,598)	(1,651,158)
	<u>867,322</u>	<u>1,524,146</u>
22.3	<u>43,227,219</u>	<u>33,820,479</u>

Less: Deferred tax (liability) / asset on surplus / (deficit) on revaluation of:

- Securities measured at FVOCI - debt
- Securities measured at FVOCI - equity
- Available for sale securities of associates
- Property and equipment
- Non-banking assets acquired in satisfaction of claims

Derivatives deficit

Less: Deferred tax asset on derivative

22.1 Surplus on revaluation of property and equipments

Surplus on revaluation of property and equipments as at January 01

Recognised during the year

Transferred from non banking assets to owned property

Related deferred tax liability on surplus transfer to owned property

Realised on disposal during the year

Transferred to unappropriated profit in respect of incremental

depreciation charged during the year

Surplus on revaluation of property and equipments as at December 31

19,939,951	12,682,139
-	7,402,493
6,020	-
6,521	-
-	(55,963)
(122,572)	(88,718)
<u>19,829,920</u>	<u>19,939,951</u>

Less: related deferred tax liability on:

Revaluation as at January 01

- effect of change in tax rate
- recognised during the year
- surplus transferred to owned property

2,386,906	593,695
-	36,349
73,760	1,756,862
6,521	-
<u>2,467,187</u>	<u>2,386,906</u>
<u>17,362,733</u>	<u>17,553,045</u>

		2025	2024	
		----- (Rupees in '000) -----		
22.2	Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
	Surplus on revaluation as at January 01	491,882	172,321	
	Recognised during the year	150,985	337,561	
	Transferred to owned property	(6,020)	-	
	Surplus transferred to owned property	(6,521)	-	
	Realised on disposal during the year	(7,437)	(18,000)	
	Related deferred tax liability on surplus realised on disposal	(8,057)	-	
	Related deferred tax liability on incremental depreciation charged during the year	(5,283)	-	
	Surplus on revaluation as at December 31	609,549	491,882	
	Less: related deferred tax liability on:			
	- revaluation as at January 01	177,167	85,595	
	- effect of change in tax rate	-	5,241	
	- revaluation recognised during the year	78,104	95,691	
	- surplus realised on disposal during the year	(8,057)	(9,360)	
	- surplus transferred to owned property	(6,521)	-	
		240,693	177,167	
		368,856	314,715	
22.3	This includes securities amounting to Rs. 17,122.288 million (2024: Rs. 12,714.25 million) that will be recycled and Rs. 8,373.342 million (2024: Rs. 3,238.494 million) that will not be recycled to the consolidated statement of profit and loss account.			
	Note	2025	2024	
		----- (Rupees in '000) -----		
23	CONTINGENCIES AND COMMITMENTS			
	-Guarantees	23.1	222,502,386	181,819,233
	-Commitments	23.2	946,267,531	693,691,150
	-Other contingent liabilities	23.3	23,827,667	23,153,037
			1,192,597,584	898,663,420
23.1	Guarantees:			
	Financial guarantees		6,702,626	6,048,920
	Performance guarantees		76,529,645	66,136,458
	Other guarantees		139,270,115	109,633,855
			222,502,386	181,819,233
23.2	Commitments:			
	Documentary credits and short-term trade-related transactions			
	- Letters of credit		239,313,344	220,709,466
	Commitments in respect of:			
	- forward foreign exchange contracts	23.2.1	467,011,416	266,938,066
	- forward government securities transactions	23.2.2	165,504,849	149,529,384
	- derivatives	23.2.3	24,504,558	33,466,502
	- forward lending	23.2.4	42,777,444	16,490,171
	Commitments for acquisition of:			
	- property and equipment		4,985,058	5,479,175
	- intangible assets		483,507	332,386
	Commitments in respect of donations		1,687,355	296,000
	Other commitments		-	450,000
			946,267,531	693,691,150

	Note	2025 ------(Rupees in '000)-----	2024
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		271,592,770	144,906,210
Sale		195,418,646	122,031,856
		<u>467,011,416</u>	<u>266,938,066</u>
23.2.2 Commitments in respect of forward government securities transactions			
Purchase		44,558,744	55,393,978
Sale		120,946,105	94,135,406
		<u>165,504,849</u>	<u>149,529,384</u>
23.2.3 Commitments in respect of derivatives			
23.2.3.1 Interest rate swap			
Purchase	24.1	15,364,164	23,054,358
Sale		-	-
		<u>15,364,164</u>	<u>23,054,358</u>
23.2.3.2 Cross Currency Swaps			
Purchase		-	-
Sale	24.1	9,140,394	10,412,144
		<u>9,140,394</u>	<u>10,412,144</u>
Total commitments in respect of derivatives		<u>24,504,558</u>	<u>33,466,502</u>
23.2.4 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.4.1	<u>42,777,444</u>	<u>16,490,171</u>
23.2.4.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Holding Company without the risk of incurring significant penalty or expense.			

	2025 ------(Rupees in '000)-----	2024
23.3 Other contingent liabilities		
23.3.1 Claims against the Holding Company not acknowledged as debts	<u>23,827,667</u>	<u>23,153,037</u>

These mainly represent counter claims filed by the borrowers for restricting the Holding Company from disposal of collateral assets (such as hypothecated / mortgaged / pledged assets kept as security) and damage to reputation. Based on legal advices and / or internal assessments, management is confident that the matters will be decided in the Holding Company's favour and the possibility of any outcome against the Holding Company is remote and accordingly no provision has been made in these consolidated financial statements.

23.4 Contingency for tax payable

23.4.1 There were no tax related contingencies other than as disclosed in note 35.2.

24 DERIVATIVE INSTRUMENTS

Derivatives are a type of financial contract, the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include futures, swaps and options. Derivatives also include structured financial products that have one or more characteristics of forwards, futures, swaps and options.

24.1 Product Analysis
Counterparties

With Banks for
Hedging

With other entity for
Market making

2025					
Interest Rate Swaps			Cross Currency Swaps		
No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net
----- (Rupees in '000) -----			----- (Rupees in '000) -----		
18	15,364,164	839,754	-	-	-
-	-	-	4	9,140,394	739,916
18	15,364,164	839,754	4	9,140,394	739,916
2024					
Interest Rate Swaps			Cross Currency Swaps		
No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net
----- (Rupees in '000) -----			----- (Rupees in '000) -----		
27	23,054,358	2,172,667	-	-	-
-	-	-	6	10,412,144	887,052
27	23,054,358	2,172,667	6	10,412,144	887,052

24.2 Maturity Analysis

Remaining maturity

6 months to 1 Year
1 to 2 Years
2 to 3 Years
3 to 5 Years
5 to 10 years
Total

2025				
No. of Contracts	Notional Principal	Mark to Market		Net
		Negative	Positive	
----- (Rupees in '000) -----				
2	2,338,440	-	40,529	40,529
5	4,061,785	-	86,333	86,333
3	2,521,108	-	129,795	129,795
6	4,762,093	-	405,516	405,516
6	10,821,132	64,270	981,767	917,497
22	24,504,558	64,270	1,643,940	1,579,670

2024				
No. of Contracts	Notional Principal	Mark to Market		Net
		Negative	Positive	
----- (Rupees in '000) -----				
2	584,955	-	2,379	2,379
1	580,164	-	4,860	4,860
2	227,144	-	23,067	23,067
3	2,808,564	-	134,879	134,879
6	4,596,075	-	253,253	253,253
8	7,799,400	-	856,738	856,738
11	16,870,200	69,063	1,853,606	1,784,543
33	33,466,502	69,063	3,128,782	3,059,719

Remaining maturity

1 to 3 months
3 to 6 months
6 month to 1 Year
1 to 2 Years
2 to 3 Years
3 to 5 Years
5 to 10 years
Total

24.3 The risk management policy related to derivatives is disclosed in note 49.7 to these consolidated financial statements.

25 MARK-UP/RETURN/INTEREST EARNED

On:

	2025	2024
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
a) Loans and advances	120,362,754	137,471,893
b) Investments	227,505,202	359,067,919
c) Lendings to financial institutions	4,514,921	5,715,027
d) Balances with banks / financial institutions	295,209	474,614
e) On securities purchased under resale agreements	4,273,832	4,390,823
	356,951,918	507,120,276

26	MARK-UP/RETURN/INTEREST EXPENSED	Note	2025	2024
			----- (Rupees in '000) -----	
	On:			
	a) Deposits		118,482,045	223,847,169
	b) Borrowings		15,345,624	19,692,855
	c) Securities sold under repurchase agreements		77,325,753	123,136,221
	d) Subordinated debt		1,952,519	3,119,463
	e) Cost of foreign currency swaps against foreign currency deposits / borrowings		2,667,839	6,506,691
	f) Leased assets		4,323,446	3,518,804
	g) Reward points / customer loyalty		971,370	425,470
			<u>221,068,596</u>	<u>380,246,673</u>
27	FEE & COMMISSION INCOME			
	Branch banking customer fees		1,955,353	1,577,087
	Consumer finance related fees		813,590	637,572
	Card related fees (debit and credit cards)		3,560,455	3,203,474
	Credit related fees		660,167	773,192
	Investment banking fees		452,717	227,896
	Commission on trade		3,300,871	3,074,541
	Commission on guarantees		930,544	779,758
	Commission on cash management		76,890	69,969
	Commission on remittances including home remittances		624,397	2,585,729
	Commission on bancassurance		599,648	530,573
	Card acquiring business		993,794	1,166,249
	Wealth management fee		573,002	506,007
	Commission on Benazir Income Support Programme (BISP)		346,668	1,161,339
	Alternative Delivery Channel (ADC) settlement accounts		1,269,182	956,009
	Brokerage / commission Income		-	337,579
	Others		251,882	281,172
			<u>16,409,160</u>	<u>17,868,146</u>
28	FOREIGN EXCHANGE INCOME			
	Foreign exchange income		12,422,086	10,974,183
	Foreign exchange loss related to derivatives		(336,124)	(1,429,106)
			<u>12,085,962</u>	<u>9,545,077</u>
29	GAIN ON SECURITIES			
	Realised gain	29.1	12,096,592	9,972,688
	Unrealised gain - measured at FVPL	8.1	1,342,980	4,080,557
	Unrealised loss on trading liabilities - net		(574,095)	(32,087)
			<u>12,865,477</u>	<u>14,021,158</u>
29.1	Realised gain on:			
	Federal government securities		9,811,603	8,554,898
	Shares		992,319	1,014,751
	Non government debt securities		99,920	-
	Foreign securities		1,192,750	403,039
			<u>12,096,592</u>	<u>9,972,688</u>
29.2	Net gain on financial assets / liabilities measured:			
	At FVPL			
	Designated upon initial recognition		5,481,711	9,162,355
	Mandatorily measured at FVPL		277,259	2,902,399
			5,758,970	12,064,754
	Net gain on financial assets measured at FVOCI - Debt		7,106,507	1,956,404
			<u>12,865,477</u>	<u>14,021,158</u>

30	OTHER INCOME	Note	2025 ------(Rupees in '000)-----	2024
	Rent on property		13,952	26,685
	Gain on sale of property and equipment - net		88,573	108,718
	Gain on sale of non banking assets - net	13.1.2	3,368	27,800
	(Loss) / profit on termination of leased contracts (Ijarah)		(37)	19
	Gain on termination of leases		160,323	63,731
	Gain on FVPL loans / advances		72,472	91,600
	Insurance premium of overseas branch recovered	30.1	719,128	-
	Others		9,717	1,642
			<u>1,067,496</u>	<u>320,195</u>

30.1 During the year, Da Afghanistan Bank (DAB) refunded an amount to the Holding Company (which was collected by the Department of Bank's Deposit Protection Fund) in respect of insurance premium pertaining to prior years from 2009 to 2024 as per decision of the Honorable Supreme Court of Islamic Emirate of Afghanistan and DAB.

31	OPERATING EXPENSES	Note	2025 ------(Rupees in '000)-----	2024
	Total compensation expense	31.1	50,078,756	39,775,290
	Property expense			
	Rates and taxes		534,362	437,159
	Utilities cost		3,906,542	3,886,839
	Security (including guards)		2,386,844	1,768,953
	Repair and maintenance (including janitorial charges)		2,359,713	2,071,084
	Depreciation on right-of-use assets		4,557,346	3,946,074
	Depreciation on non-banking assets acquired in satisfaction of claims	13.1.1	69,986	46,620
	Depreciation on owned assets		1,379,583	1,066,236
			15,194,376	13,222,965
	Information technology expenses			
	Software maintenance		3,936,016	3,160,609
	Hardware maintenance		1,516,351	946,489
	Depreciation		1,779,495	1,429,581
	Amortisation		414,769	376,531
	Network charges		841,606	754,934
	Consultancy and support services		253,589	193,084
			8,741,826	6,861,228
	Other operating expenses			
	Directors' fees and allowances	43.2	157,440	154,720
	Fees and allowances to Shariah Board	43.3	31,180	22,701
	Legal and professional charges		996,371	553,455
	Outsourced services costs	31.2	1,680,777	1,317,748
	Travelling and conveyance		2,254,429	1,681,352
	Clearing and custodian charges		283,028	213,511
	Depreciation		2,884,616	2,188,748
	Training and development		300,069	300,211
	Postage and courier charges		629,754	481,237
	Communication		3,987,477	3,140,969
	Stationery and printing		2,583,045	1,752,176
	Marketing, advertisement and publicity	31.3	15,290,171	3,868,285
	Donations	31.4	315,005	505,662
	Auditors' remuneration	31.5	245,923	271,603
	Brokerage and commission		1,682,135	1,414,924
	Entertainment		1,050,028	912,664
	Repairs and maintenance		1,439,302	972,606
	Insurance		2,352,448	1,968,221
	Cash handling charges		2,154,235	2,014,090
	CNIC verification		737,095	549,121
	Others		1,451,487	975,557
			42,506,015	25,259,561
			<u>116,520,973</u>	<u>85,119,044</u>

31.1	Total compensation expense	Note	2025 ------(Rupees in '000)-----	2024 ------(Rupees in '000)-----
	Managerial Remuneration			
	i) Fixed		26,607,683	23,103,493
	ii) Variable:			
	a) Cash bonus / awards etc.		8,997,359	7,180,647
	b) Bonus and awards in shares etc.		1,202,131	722,230
	Charge for defined benefit plan	40.1.8.1	650,373	771,603
	Contribution to defined contribution plan	41	1,134,693	878,699
	Medical		2,759,181	2,058,191
	Conveyance		3,300,543	1,566,248
	Staff compensated absences	42.1	430,024	416,359
	Staff life insurance		251,241	199,245
	Staff welfare		114,743	66,872
	Club subscription		7,452	9,182
	Others		-	18,538
	Sub-total		45,455,423	36,991,307
	Sign-on bonus	31.1.1	33,817	39,499
	Staff loans - notional cost	31.1.2	4,433,874	2,744,484
	Severance allowance		155,642	-
	Grand Total		50,078,756	39,775,290

	No of persons
31.1.1 Sign-on Bonus	12

31.1.2 This refers to unwinding of notional deferred cost on subsidised staff loans fair valuation under IFRS 9.

31.2 The cost of outsourced activities included in other operating expenses is Rs. 1,455.996 million (2024: Rs. 1,179.814 million). This pertains to payment to companies incorporated in Pakistan.

31.3 This includes marketing expenses of home remittance business.

31.4	Donations	2025 ------(Rupees in '000)-----	2024 ------(Rupees in '000)-----
	Akhuwat Islamic Microfinance	10,000	-
	Al Furqan Welfare Organisation	4,000	-
	Alamgir Welfare Trust International	6,000	4,500
	Association for Mothers & New Borns (AMAN)	9,000	-
	Aziz Jehan Begum Trust	4,000	-
	Bait-ul-Sukoon Trust	2,000	-
	Behbud Association Karachi	3,900	2,500
	Cancer Care Hospital and Research Centre Foundation	9,000	-
	Cancer Foundation Hospital	7,529	5,378
	Child Aid Association	5,400	4,500
	Development in Literacy	7,000	6,000
	Dua Foundation	-	1,750
	Durbeen	-	3,000
	Habib University Foundation	26,400	6,400
	Hope Uplift Foundation	2,000	1,000
	Indus Earth Trust	3,000	-
	Indus Hospital & Health Network	15,349	-
	Institute of Business Administration	8,500	14,338
	Karachi Down Syndrome Program	-	2,400
	Karachi Vocational Training Centre	7,559	7,800
	Lahore University of Management Sciences	18,000	-
	Legal Aid Society	6,000	-
	Marie Adelaide Leprosy Centre	2,500	2,500
	Memon Health and Education Foundation	25,000	-
	National Disability & Development Forum (NDF)	-	1,000
	Nice Welfare Society	-	1,000
	Balance carried forward	182,137	64,066

	2025 ------(Rupees in '000)-----	2024 ------(Rupees in '000)-----
Balance brought forward	182,137	64,066
NOWPDP	-	4,000
Pakistan National Polio Plus Charitable Trust	4,000	2,778
Path Educational Society	5,200	-
Patients' Aid Foundation	9,000	-
Protection and Help of Children Abuse and Neglect	4,900	2,500
Shaukat Khanum Memorial Cancer Hospital and Research Centre	-	33,000
Special Olympics Pakistan	4,500	4,500
Thar Education Alliance	5,000	-
The Aga Khan University	50,000	-
The Citizen Foundation	13,399	-
The Dawood Foundation	-	11,898
The Society for the Rehabilitation of Special Children	-	2,000
Vital Pakistan Trust	9,919	-
WWF - Pakistan	8,000	14,000
Zindagi Trust	3,950	7,420
	300,005	146,162
Donation paid for Flood Relief		
Alamgir Welfare Trust International	15,000	7,000
ChildLife Foundation	-	50,000
Family Educational Services	-	24,000
Karachi Relief Trust	-	26,500
Orange Tree Foundation	-	25,000
Taraqee Foundation	-	25,000
The Citizen Foundation	-	177,000
The Layton R. Benevolent Trust	-	25,000
	15,000	359,500
Total donations	315,005	505,662

31.4.1 None of the directors, sponsor shareholders, key management personnel or their spouses have any direct interest in the Donees, except Patients' Aid Foundation (located at JPMC, Rafiqi Shaheed Road, Karachi) where spouse of CEO / President of the Holding Company is the member of fund raising committee; and Child Life Foundation (located at LG-49, LuckyOne Mall, Rashid Minhas Road, Karachi) where brother of a key management person of the Holding Company is the CEO.

31.5 Auditors' remuneration	2025			2024		
	Domestic	Overseas	Total	Domestic	Overseas	Total
	------(Rupees in '000)-----			------(Rupees in '000)-----		
Audit fee	28,728	51,923	80,651	26,773	41,604	68,377
Fee for other statutory certifications and services	25,272	17,611	42,883	17,065	17,239	34,304
Information technology related and other advisory services	86,842	-	86,842	68,007	-	68,007
Tax services	23,805	-	23,805	30,303	-	30,303
Out-of-pocket expenses	6,932	1,840	8,772	5,740	1,680	7,420
Audit fee and other certifications of subsidiaries	2,970	-	2,970	63,192	-	63,192
	174,549	71,374	245,923	211,080	60,523	271,603

32 WORKERS' WELFARE FUND

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 through the Finance Act, 2008 for the levy of Workers' Welfare Fund (WWF) on banks were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending. A legal advice was obtained by the Pakistan Banking Association which highlights that consequent to filing of these review petitions, a risk has risen and the judgment is not conclusive until the review petitions are decided. Accordingly, the amount charged for WWF since 2008 has not been reversed.

	Note	2025 ------(Rupees in '000)-----	2024
33 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		93,044	222,567
34 CREDIT LOSS ALLOWANCE / PROVISIONS AND WRITE OFFS - NET			
Credit loss allowance / (reversal) against cash with treasury banks		28,058	(43,760)
Credit loss allowance / (reversal) against balance with other banks		1,405	(665)
Reversal of credit loss allowance against lending to financial institutions		(811)	(12,616)
(Reversal of) / credit loss allowance / provision against diminution in value of investments	8.3	(536,074)	(342,657)
Credit loss allowance / provision against loans & advances	9.8	2,875,007	1,861,171
Credit loss allowance against other assets		1,492,921	(222,115)
Credit loss allowance / (reversal) against off-balance sheet obligations	20.1	247,745	(378,661)
Other credit loss allowance / (reversal of other credit loss allowance) / write off - net		32,720	(27,280)
Recovery of written off / charged off bad debts - net		(830,948)	(583,659)
Deficit on revaluation of property and equipment		-	21,470
		<u>3,310,023</u>	<u>271,228</u>
35 TAXATION			
Charge / (reversal):			
Current		36,545,040	42,523,945
Prior years		3,586,048	(2,338,687)
Deferred		(6,044,287)	5,198,786
	35.1	<u>34,086,801</u>	<u>45,384,044</u>
35.1 Relationship between tax expense and accounting profit			
Accounting profit before taxation		<u>61,962,592</u>	<u>85,247,340</u>
Tax at the applicable rate of 53% (2024: 54%)		32,840,174	46,033,564
Effect of:			
- impact of different tax rate of subsidiaries		(76,045)	83,276
- permanent differences		219,611	301,437
- impact of change in tax rates		19,176	(526,558)
- prior year		134,005	-
- others		949,880	(507,675)
Tax expense for the year		<u>34,086,801</u>	<u>45,384,044</u>
35.2			
a) The income tax assessments of the Holding Company have been finalised upto and including tax year 2025. In respect of tax years 2008, 2014, 2017, 2019 and 2021 to 2025, the tax authority has raised certain issues including default in payment of WWF, allocation of expenses to dividends and capital gains, dividend income from mutual funds not being treated under income from business and disallowance of leasehold improvements resulting in a tax demand of Rs. 2,844.103 million (2024: Rs. 1,217.274 million) net of relief provided in appeal. The Holding Company has filed appeals which is pending before the Commissioner Appeals and Tribunal. The management is confident that the matter will be decided in favour of the Holding Company and consequently has not made any provision in this respect.			
b) The Holding Company had received orders from a provincial tax authority for the periods from July 2011 to December 2020 wherein the tax authority demanded sales tax on banking services and a penalty amounting to Rs. 763.312 million (excluding default surcharge) by disallowing certain exemptions of sales tax on these banking services and allegedly for short payment of sales tax. For the periods from July 2011 to June 2014, appeals against these orders are pending before Commissioner Appeals whereas for periods from July 2014 to December 2020, the Holding Company had filed appeals before the Sindh High Court against the order of Appellate Tribunal which has been remanded back to the adjudicating authority subsequent to year end.			
The Holding Company has not made any provision against these orders and the management is of the view that these matters will be settled in the Holding Company's favour through appellate process.			

- c) The Holding Company had received two different orders for the same accounting year 2016 from a tax authority wherein sales tax, further tax and penalty thereon amounting to Rs. 5.191 million and Rs. 8.601 million (excluding default surcharge) were demanded allegedly for non-payment of sales tax on certain transactions. Appeals against these orders are pending before Commissioner Appeals and Appellate Tribunal.

A similar order for the accounting years 2017 and 2018 was issued with a tax demand of Rs. 11.536 million (excluding default surcharge) which is pending before the Commissioner Appeals.

The Holding Company has not made any provision against these orders and the management is of the view that these matters will be favourably settled through appellate process.

- d) There are certain other addbacks made by tax authorities for various assessment years, appeals against which are pending with the Commissioner of Inland Revenue (Appeals), Appellate Tribunal Inland Revenue (ATIR), High Court of Sindh and Supreme Court of Pakistan. The Holding Company has not made any provision against these orders and the management is of the view that these matters will be favourably settled through appellate process.

36 DISCONTINUED OPERATIONS - ALFALAH SECURITIES (PRIVATE) LIMITED

- 36.1 The shareholders of the Holding Company in annual general meeting held on March 20, 2025 approved to sell the entire shareholding in its subsidiary, Alfalah Securities (Private) Limited. The sale transaction was completed during the year in accordance with the applicable legal and regulatory requirements against a consideration of Rs. 396.857 million.

- 36.2 The assets and liabilities attributable to discontinued operation as at the disposal date is as follows:

(Un-audited)
As of
April 30,
2025
(Rupees in
'000)

ASSETS

Cash and balances with treasury banks	115
Balances with other banks	1,442,462
Investments	46,299
Advances	135
Property and equipment	49,140
Right-of-use assets	32,469
Intangible assets	9,543
Other assets	368,385
Total assets	1,948,548

LIABILITIES

Borrowings	300,000
Lease liabilities	42,920
Other liabilities	1,154,563
Total liabilities	1,497,483

NET ASSETS

451,065

Net assets attributable to:

Equity holders of the Holding Company	431,173
Non-controlling interest	19,892
	451,065

Loss on derecognition of subsidiary attributable to equity holders of the Holding Company

Net assets derecognised	431,173
Consideration received against derecognition of net assets of subsidiary	396,857
	(34,316)

36.3 Financial performance of the discontinued operation till the date of disposal is as follows:

	(Un-audited) From January 01 to April 30, 2025 (Rupees in '000)
Mark-up / return / interest earned	33,692
Mark-up / return / interest expensed	13,823
Net mark-up / return / interest income	<u>19,869</u>
NON MARK-UP / INTEREST INCOME	
Fee and commission income	145,835
Loss on securities	(6,508)
Other income	2,355
Total non-mark-up / interest income	141,682
Total income	<u>161,551</u>
NON MARK-UP / INTEREST EXPENSES	
Operating expenses	156,626
Other charges	1,690
Total non-mark-up / interest expenses	158,316
Profit before credit loss allowance / provisions	<u>3,235</u>
Reversal of credit loss allowance and write offs - net	(4,561)
PROFIT BEFORE TAXATION	<u>7,796</u>
Taxation	48,872
LOSS AFTER TAXATION	<u>(41,076)</u>
Loss on derecognition of subsidiary	(34,316)
LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS	<u><u>(75,392)</u></u>
Loss attributable to:	
Equity holders of the Holding Company	(73,581)
Non-controlling interest	(1,811)
	<u><u>(75,392)</u></u>

		2025	2024
		----- (Rupees in '000) -----	
37	BASIC AND DILUTED EARNINGS PER SHARE		
	Attributable to equity holders of the Holding Company		
	Profit for the year from continuing operations	27,875,791	39,853,621
	Loss for the year from discontinued operations	(73,581)	-
	Profit for the year	<u>27,802,210</u>	<u>39,853,621</u>
		--- (Number of shares in '000) ---	
	Weighted average number of ordinary shares	<u>1,577,165</u>	<u>1,577,165</u>
		----- (Rupees) -----	
	Basic and diluted earnings per share from continuing operations	<u>17.67</u>	<u>25.27</u>
	Basic and diluted loss per share from discontinued operations	<u>(0.05)</u>	<u>-</u>
	Basic and diluted earnings per share	<u>17.62</u>	<u>25.27</u>
37.1	Diluted earnings per share has not been presented separately as the Holding Company does not have any convertible instruments in issue.		

	Note	2025	2024	
		----- (Rupees in '000) -----		
38	CASH AND CASH EQUIVALENTS			
	Cash and balance with treasury banks	5	227,631,241	227,884,906
	Balance with other banks	6	24,117,756	19,719,136
	Call / clean money lendings	38.2	4,674,360	1,392,764
	Overdrawn nostro accounts	15	(2,684,675)	(15,736,314)
	Less: Expected credit loss		(56,369)	(21,895)
			<u>253,682,313</u>	<u>233,238,597</u>

38.1 Reconciliation of debt arising from financing activities

	2025			
	Liability			Equity
	Subordinated debt	Lease liabilities against right-of-use assets	Dividend payable	Share capital
	----- (Rupees in '000) -----			
Balances as at January 01, 2025	14,000,000	29,555,307	307,709	15,771,651
Changes from financing cash flows				
Payment of leased liability	-	(6,801,788)	-	-
Dividend paid	-	-	(15,717,497)	-
	-	(6,801,788)	(15,717,497)	-
Other changes				
Additions / renewals / amendments / (terminations) - net	-	5,537,611	-	-
Finance charges on leased assets	-	4,325,970	-	-
Exchange rate adjustment	-	(805)	-	-
Derecognition of subsidiary	-	(42,920)	-	-
Final cash dividend for the year ended December 31, 2024 - 25%	-	-	3,942,913	-
Interim cash dividend for the quarter ended March 31, 2025 - 25%	-	-	3,942,913	-
Interim cash dividend for the half year ended June 30, 2025 - 25%	-	-	3,942,913	-
Interim cash dividend for the nine months period ended September 30, 2025 - 25%	-	-	3,942,913	-
	-	9,819,856	15,771,652	-
Balances as at December 31, 2025	<u>14,000,000</u>	<u>32,573,375</u>	<u>361,864</u>	<u>15,771,651</u>

Reconciliation of debt arising from financing activities

Reconciliation of debt arising from financing activities	2024			
	Liability			Equity
	Subordinated debt	Lease liabilities against right-of-use assets	Dividend payable	Share Capital
	----- (Rupees in '000) -----			
Balances as at January 01, 2024	14,000,000	22,899,808	6,166,682	15,771,651
Changes from financing cash flows				
Payment of leased liability	-	(6,138,088)	-	-
Dividend Paid	-	-	(23,207,789)	-
	-	(6,138,088)	(23,207,789)	-
Other changes				
Additions / renewals / amendments / (terminations) - net	-	9,328,489	-	-
Finance charges on leased assets	-	3,518,804	-	-
Exchange rate adjustment	-	(53,706)	-	-
Final cash dividend for the year ended December 31, 2023 - 50%	-	-	7,885,826	-
Interim cash dividend for the quarter ended March 31, 2024 - 20%	-	-	3,154,330	-
Interim cash dividend for the half year ended June 30, 2024 - 20%	-	-	3,154,330	-
Interim cash dividend for the nine months period ended September 30, 2024 - 20%	-	-	3,154,330	-
	-	12,793,587	17,348,816	-
Balances as at December 31, 2024	14,000,000	29,555,307	307,709	15,771,651

38.2 This represents call / clean money lendings having maturities upto three months.

39 STAFF STRENGTH

	2025			2024		
	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- (Number of employees) -----					
Permanent	17,270	211	17,481	16,250	214	16,464
On the Group's contract	13	49	62	45	54	99
The Group's own staff strength at the end of the year	<u>17,283</u>	<u>260</u>	<u>17,543</u>	<u>16,295</u>	<u>268</u>	<u>16,563</u>

39.1 In addition to the above, 79 (2024: 106) employees of outsourcing services companies were assigned to the Holding Company as at the end of the year to perform services other than guarding, tea and janitorial services etc. Outsourced staff includes 78 (2024: 105) working in Pakistan and 01 (2024: 01) working at an overseas branch.

40 DEFINED BENEFIT PLAN
40.1 The Holding Company
40.1.1 General description

The Holding Company operates an approved funded gratuity scheme which cover all regular permanent employees. The liability of the Holding Company in respect of the plan is determined based on actuarial valuation carried out using the Projected Unit Credit Method. Actuarial valuation of the defined benefit plan is carried out every year and the latest valuation was carried out as at December 31, 2025. The significant assumptions are detailed below:

40.1.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit plan are:

	2025	2024
	----- (Number) -----	
- Gratuity fund	<u>17,115</u>	<u>16,120</u>

40.1.3 Principal actuarial assumptions

The disclosures made below are based on the information included in the actuarial valuation report of the Holding Company as of December 31, 2025:

	Note	2025 ------(Per annum)----- Low SLIC 2001 - 2005	2024 Low SLIC 2001 - 2005
Withdrawal rates			
Mortality rates			
Valuation discount rate (p.a)		11.50%	12.25%
Salary increase rate (p.a) - Short term (5 years)		14.50%	13.60%
Salary increase rate (p.a) - Long term		12.50%	12.75%
Expected rate of return on plan assets (p.a)		11.50%	12.25%
Normal retirement age		65 Years	65 Years
Duration		14 Years 4 months	14 Years 4 months
40.1.4 Reconciliation of receivable from defined benefit plans		2025 ------(Rupees in '000)-----	2024
Present value of obligations	40.1.5	8,226,885	6,525,280
Fair value of plan assets	40.1.6	(10,940,777)	(7,857,270)
Receivable	40.1.7	<u>(2,713,892)</u>	<u>(1,331,990)</u>
40.1.5 Movement in defined benefit obligations			
Obligations at the beginning of the year		6,525,280	4,282,553
Current service cost		1,243,404	886,056
Interest cost		779,164	609,380
Past service cost		(370,717)	-
Benefits paid by the Holding Company		(325,775)	(302,893)
Re-measurement gain		375,529	1,050,184
Obligations at the end of the year		<u>8,226,885</u>	<u>6,525,280</u>
40.1.6 Movement in fair value of plan assets			
Fair value at the beginning of the year		7,857,270	4,723,138
Interest income on plan assets		1,001,478	723,833
Contribution by the Holding Company - net		961,901	671,297
Benefits paid		(325,775)	(302,893)
Re-measurement gain	40.1.8.2	1,445,903	2,041,895
Fair value at the end of the year	40.1.9	<u>10,940,777</u>	<u>7,857,270</u>
40.1.7 Movement in receivable under defined benefit plan			
Opening balance		(1,331,990)	(440,585)
Charge for the year		650,373	771,603
Contribution by the Holding Company - net		(961,901)	(671,297)
Re-measurement gain recognised in OCI during the year	40.1.8.2	(1,070,374)	(991,711)
Closing balance		<u>(2,713,892)</u>	<u>(1,331,990)</u>
40.1.8 Charge for defined benefit plans			
40.1.8.1 Cost recognised in profit and loss			
Current service cost	40.1.5	1,243,404	886,056
Past service cost	40.1.5	(370,717)	-
Net interest on defined benefit liability / (asset)	40.1.5 & 40.1.6	<u>(222,314)</u>	<u>(114,453)</u>
		<u>650,373</u>	<u>771,603</u>

	2025	2024
	----- (Rupees in '000) -----	
40.1.8.2 Re-measurements recognised in OCI during the year		
(Gain) / loss on obligation		
- Demographic assumptions	(546,223)	(23,553)
- Financial assumptions	544,607	1,080,715
- Experience adjustment	377,145	(6,978)
Return on plan assets other than interest income	(1,445,903)	(2,041,895)
Total re-measurements recognised in OCI	<u>(1,070,374)</u>	<u>(991,711)</u>

40.1.9 Components of plan assets

Cash and cash equivalents - net	3,541,107	2,044,959
Non-Government debt securities	841,677	991,677
Ordinary shares	4,868,391	3,720,156
Units of mutual funds	1,689,602	1,100,478
	<u>10,940,777</u>	<u>7,857,270</u>

40.1.9.1 Investment in term finance certificates are subject to credit risk and interest rate risks, while equity securities and mutual funds are subject to price risk. Cash and cash equivalents include balances maintained with the Holding Company which are subject to credit risk. These risks are regularly monitored by Trustees of the employee gratuity funds.

40.1.10 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 are summarised below:

	2025	
	PV of Defined Benefit Obligation	Change
	----- (Rupees in '000) -----	
Particulars		
1% increase in discount rate	7,445,093	(781,792)
1% decrease in discount rate	9,146,185	919,300
1 % increase in expected rate of salary increase	9,167,660	940,775
1 % decrease in expected rate of salary increase	7,413,132	(813,753)
10% increase in withdrawal rate	8,167,977	(58,908)
10% decrease in withdrawal rate	8,289,618	62,733
1 year Mortality age set back	8,232,232	5,347
1 year Mortality age set forward	8,221,587	(5,298)

	2026
	(Rupees in '000)
40.1.11 Expected contributions to be paid to the fund in the next financial year	<u>952,015</u>
40.1.12 Expected charge for the next financial year	<u>952,015</u>

40.1.13 Maturity profile

The undiscounted expected payments maturity is tabulated below:

	2025
	Undiscounted Payments
	(Rupees in '000)
Particulars	
Year 1	494,016
Year 2	521,205
Year 3	577,199
Year 4	699,685
Year 5	670,022
Year 6 to Year 10	4,028,658
Year 11 and above	36,842,738
	<u>43,833,523</u>

40.1.14 Funding policy

The Holding Company's policy for funding the staff retirement benefit scheme, is given in note 4.12 (a).

40.1.15 Risks associated with defined benefit plans

Asset volatility

The risk arises due to the inclusion of risky assets in the gratuity fund portfolio, inflation and interest rate volatility.

Changes in bond yields

The risk arises when the bond yield is lower than the expected return on the plan assets (duration based PIB discount rate).

Inflation risks

The risk arises if gratuity benefits are linked to inflation and inflation is higher than expected, which results in higher liabilities.

Life expectancy / withdrawal risk:

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

Longevity risks:

The risk arises when the actual lifetime of retirees is longer than expected. 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 to final salary. The risk arises when the actual increases in salary are higher than expected and impacts the liability accordingly.

41 DEFINED CONTRIBUTION PLAN

41.1 Holding Company - Bank Alfalah Limited

The Holding Company operates an approved provident fund scheme for all its permanent employees to which the Holding Company contributes 8.33% of basic salary in equal monthly contributions. However, employees have the option of having their provident fund contribution deducted at 8.33%, 10% or 12% of their monthly basic salary.

During the year, the Holding Company contributed Rs. 1,134.693 million (2024: Rs. 878.699 million) to the fund.

42 OTHER EMPLOYEE BENEFIT

42.1 Compensated absences

The Holding Company operates a compensated absences scheme in which employees can carry forward unutilised leaves up to a maximum of 45 days.

42.2 Benefit scheme for overseas branches

The Holding Company operates retirement benefit schemes for its employees at overseas branches in compliance with the local labour laws of the respective countries where the branches operate.

43 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

43.1 Total Compensation expense

43.1.1 Holding Company

2025								
Sr. No.	Items	Chairman	Directors		Members Shariah Board *	President / CEO	Key Executives	Other MRTs / MRCs
			Executives (other than CEO)	Non-Executive				
----- (Rupees in '000) -----								
1	Fees and allowances etc.	2,880	-	154,560	31,180	-	-	-
2	Managerial remuneration							
	i) Fixed	-	-	-	7,555	129,004	547,483	1,787,738
	ii) Total variable							
	a) Cash bonus ** / awards	-	-	-	2,469	167,243	412,891	865,273
	b) Bonus and awards in shares	-	-	-	-	67,599	221,517	310,806
3	Charge for defined benefit plan	-	-	-	-	7,722	29,383	98,420
4	Contribution to defined contribution plan	-	-	-	317	7,722	29,383	89,953
5	Rent & house maintenance	-	-	-	1,524	56,436	153,315	510,277
6	Utilities	-	-	-	-	4,743	3,055	13,807
7	Medical	-	-	-	381	9,269	35,273	103,326
8	Conveyance	-	-	-	-	-	-	2,558
9	Others	-	-	-	1,665	-	18,721	109,613
	Total	2,880	-	154,560	45,091	449,738	1,451,021	3,891,771
	Number of persons	1	-	7	5	1	16	170

2024								
Sr. No.	Items	Chairman	Directors		Members Shariah Board *	President / CEO	Key Executives	Other MRTs / MRCs
			Executives (other than CEO)	Non-Executive				
----- (Rupees in '000) -----								
1	Fees and allowances etc.	4,800	-	149,920	22,701	-	-	-
2	Managerial remuneration							
	i) Fixed	-	-	-	5,617	98,110	427,671	1,614,590
	ii) Total variable							
	a) Cash bonus ** / awards ***	-	-	-	2,406	163,613	365,811	780,075
	b) Bonus and awards in shares	-	-	-	-	36,654	105,288	149,138
3	Charge for defined benefit plan	-	-	-	-	6,894	24,151	90,476
4	Contribution to defined contribution plan	-	-	-	265	6,894	24,151	80,566
5	Rent & house maintenance	-	-	-	1,271	49,451	115,971	432,825
6	Utilities	-	-	-	291	12,589	26,540	89,637
7	Medical	-	-	-	27	690	2,452	8,157
8	Conveyance	-	-	-	-	-	-	710
9	Others	-	-	-	509	-	-	1,464
	Total	4,800	-	149,920	33,087	374,895	1,092,035	3,247,638
	Number of persons	1	-	7	5	1	15	167

The Chief Executive and certain Executives have been provided with car(s), household equipment and fuel.

A certain portion of variable compensation of the CEO, Key Executives, MRTs / MRCs shall be subject to mandatory deferrals for a defined period of three years, whereas the remaining portion of the bonus shall be paid upfront to the MRTs / MRCs. The deferred bonus shall vest proportionately over the deferral period following the year of variable remuneration award.

In case of malus and where accountability has been determined in accordance with the conduct & accountability framework of the Holding Company, the entire or certain portion of the deferred remuneration shall be withheld and not paid to the MRT / MRC upon it becoming due.

The deferred portion is managed internally within the Holding Company. The Holding Company provides for the return on the deferred portion at a rate of return earned on government securities over the time horizon for deferral.

The total movement of deferred bonus during the year ended December 31, 2025 for the President / Chief Executive Officer (CEO), Key Executives and Other Material Risk Takers (MRTs) / Material Risk Controller (MRCs) is as follows:

	2025	2024
	----- (Rupees in '000) -----	
Opening balance	569,521	240,841
Add: deferred during the year	194,777	440,574
Less: paid / vested during the year	(229,121)	(111,894)
Closing balance	<u>535,177</u>	<u>569,521</u>

* This includes salaries and allowances of a resident member of Shariah Board who is an employee of the Holding Company.

**This includes sign-on bonus amounting to Rs. 21.500 million paid to 2 MRTs / MRCs in year 2025 (2024: Rs. 30.000 million to 2 MRTs / MRCs).

*** In 2024, the CEO was also awarded an ex-gratia amounting to Rs. 1,057 million as the Chairman's award for excellence.

43.1.2 Subsidiary - Alfalah Currency Exchange (Private) Limited

Total compensation expense to the CEO is Rs. 27.206 million (2024: 13.554).

43.2 Remuneration paid to Directors for Participation in Board and Board Committees Meetings - Holding Company

Sr. No.	Name of Director	2025								
		Meeting Fees Paid for Board and Board Committee Meetings								Total amount paid
		Board meetings	Board Audit Committee	Board Human Resources, Remuneration & Nomination Committee	Board Information Technology Committee	Board Risk Management Committee	Board Strategy & Finance Committee	Board Crises Management Committee	Board Real Estate Committee	
(Rupees in '000)										
1	H.H. Sheikh Nahayan Mubarak Al Nahayan	2,880	-	-	-	-	-	-	-	2,880
2	Mr. Abdullah Nasser Hawaileel Al Mansoori	3,360	-	-	-	-	-	-	-	3,360
3	Mr. Abdulla Khalil Al Mutawa	3,200	5,200	1,600	3,200	3,200	5,760	4,800	4,800	31,760
4	Mr. Khalid Mana Saeed Al Otaiba	3,200	5,200	1,600	3,200	3,840	4,800	4,000	4,000	29,840
5	Dr. Gorgy Tamas Ladics	3,200	-	1,600	3,840	-	4,800	4,000	-	17,440
6	Mr. Khalid Qurashi	3,200	6,240	1,600	3,200	3,200	4,800	4,000	4,000	30,240
7	Dr. Ayesha Khan	3,200	5,200	1,600	3,200	4,800	4,800	4,000	-	22,000
8	Mr. Efstratios G. Arapoglou	3,200	5,200	1,920	3,200	1,600	4,800	-	-	19,920
	Total	25,440	27,040	9,920	16,640	15,040	29,760	20,800	12,800	157,440

Sr. No.	Name of Director	2024								
		Meeting Fees Paid for Board and Board Committee Meetings								
		Board Meetings	Board Audit Committee	Board Human Resources, Remuneration & Nomination Committee	Board Information Technology Committee	Board Risk Management Committee	Board Strategy & Finance Committee	Board Crises Management Committee	Board Real Estate Committee	Total amount paid
(Rupees in '000)										
1	H.H. Sheikh Nahayan Mubarak Al Nahayan	4,800	-	-	-	-	-	-	-	4,800
2	Mr. Abdullah Nasser Hawaileel Al Mansoori	2,400	-	-	-	-	-	-	-	2,400
3	Mr. Abdulla Khalil Al Mutawa	4,800	4,800	2,400	3,200	4,000	7,680	960	9,600	37,440
4	Mr. Khalid Mana Saeed Al Otaiba	5,600	4,800	2,400	3,200	4,800	6,400	800	8,000	36,000
5	Dr. Gorgy Tamas Ladics	4,800	-	1,600	3,840	-	6,400	800	-	17,440
6	Mr. Khalid Qurashi	5,600	5,760	2,400	800	4,000	6,400	800	2,400	28,160
7	Dr. Ayesha Khan	5,600	4,800	2,560	-	1,600	6,400	800	-	21,760
8	Mr. Efstratios G. Arapoglou	1,600	1,600	1,920	800	-	800	-	-	6,720
	Total	35,200	21,760	13,280	11,840	14,400	34,080	4,160	20,000	154,720

43.3 Remuneration paid to Shariah Board Members

Sr. No.	Items	2025				2024			
		Chairman	Non-Resident Member	Resident Member	Total	Chairman	Non-Resident Member	Resident Member	Total
(Rupees in '000)									
1	Fees / remuneration and allowances	16,406	14,774	-	31,180	12,239	10,462	-	22,701
2	Managerial remuneration - fixed	-	-	7,555	7,555	-	-	5,617	5,617
3	Rent & house maintenance	-	-	1,524	1,524	-	-	1,271	1,271
4	Utilities	-	-	-	-	-	-	291	291
5	Others	-	-	4,832	4,832	-	-	3,207	3,207
Total		16,406	14,774	13,911	45,091	12,239	10,462	10,386	33,087
Total number of persons		1	3	1	5	1	3	1	5

44 FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of quoted securities other than those classified 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. The 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 the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities 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.

44.1 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.

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

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

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2025			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
- Federal government securities	83,830,507	1,730,127,739	-	1,813,958,246
- Shares - listed companies	31,346,426	-	-	31,346,426
- Shares - unlisted companies	-	-	6,486,498	6,486,498
- REIT Fund - listed	1,039,847	-	-	1,039,847
- Non-government debt securities	-	3,799,050	-	3,799,050
- Foreign government securities	-	59,356,590	-	59,356,590
- Foreign equity securities	261,782	-	-	261,782
- Foreign preference shares - unlisted	-	-	560,308	560,308
- Foreign non-government debt securities	-	35,846,788	7,870,010	43,716,798
Financial assets - disclosed but not measured at fair value				
Investments - amortised cost	-	214,074,433	-	214,074,433
Financial assets - measured at fair value				
Advances				
- Loans, cash credits, running finances, etc.	-	-	1,800,000	1,800,000
Off-balance sheet financial instruments - measured at fair value				
- Forward purchase of foreign exchange	-	1,794,697	-	1,794,697
- Forward sale of foreign exchange	-	(1,815,628)	-	(1,815,628)
- Forward purchase of government securities	-	1,242,313	-	1,242,313
- Forward sale of government securities	-	(1,347,880)	-	(1,347,880)
- Derivatives purchases	-	839,754	-	839,754
- Derivatives sales	-	739,916	-	739,916

On balance sheet financial instruments

2024			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			

Financial assets - measured at fair value

Investments

- Federal government securities	67,225,943	1,504,470,243	-	1,571,696,186
- Shares - listed companies	18,556,227	-	-	18,556,227
- Shares - unlisted companies	-	-	2,333,188	2,333,188
- Preference shares - unlisted companies	-	-	500,000	500,000
- REIT Fund - listed	1,514,982	-	-	1,514,982
- Non-government debt securities	14,991,550	4,473,526	-	19,465,076
- Foreign government securities	-	62,233,161	-	62,233,161
- Foreign equity securities	257,181	-	-	257,181
- Foreign non-government debt securities	-	25,193,470	8,315,048	33,508,518

Financial assets - disclosed but not measured at fair value

Investments - amortised cost	-	279,284,570	-	279,284,570

Financial assets - measured at fair value

Advances

- Loans, cash credits, running finances, etc.	-	-	1,413,735	1,413,735

Off-balance sheet financial instruments - measured at fair value

- Forward purchase of foreign exchange	-	1,288,538	-	1,288,538
- Forward sale of foreign exchange	-	(1,090,874)	-	(1,090,874)
- Forward purchase of government securities	-	(12,708)	-	(12,708)
- Forward sale of government securities	-	(451,343)	-	(451,343)
- Derivatives purchases	-	2,172,667	-	2,172,667
- Derivatives sales	-	887,052	-	887,052

44.2 The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer, to occur. There were no transfers between level 1 and 2 during the current year.

44.3 Valuation techniques used in determination of fair values:

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in ordinary shares of listed companies, listed GoP Sukuks and listed non government debt securities.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Market Treasury Bills, Pakistan Investment Bonds, GoP Sukuks, GoP Euro Bonds, Overseas Government Sukuks, Overseas Bonds, Term Finance Certificates, and other than Government Sukuks, forward foreign exchange contracts, forward government securities contracts, cross currency swaps and interest rate swaps.

(c) Financial instruments in level 3

Financial instruments included in level 3 comprise of unlisted ordinary shares, unlisted preference shares, redeemable participating certificates and advances measured at fair value through profit and loss. Valuation techniques are mentioned in the table below.

For subsequent measurement of fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be reliably measured due to the absence of a current and active market for these assets and liabilities and lack of reliable data regarding market rates for similar instruments.

44.3.1 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 (level 3 measurement) determined by professional valuers based on their assessment of market values as disclosed in notes 10 and 13. The valuations are conducted by the valuation experts appointed by the Holding Company which are also on the panel of the State Bank of Pakistan.

44.3.2 Valuation techniques

Item	Valuation approach and inputs used
Market Treasury Bills (MTB) / Pakistan Investment Bonds (PIB), and GoP Sukuks (GIS) including their forward contracts	The fair value of MTBs and PIBs are determined using PKRV rates. Floating rate PIBs are revalued using PKFRV rates. The fair value of GoP sukuks listed on the Pakistan Stock Exchange is determined through closing rates of the Pakistan Stock Exchange. The fair value of other GIS is revalued using PKISRV rates.
Overseas Sukuks, Overseas and GoP Euro Bonds	The fair value of overseas government sukuks, and overseas bonds is determined on the basis of price available on Bloomberg.
Debt Securities (TFCs and Sukuk other than Government)	Investment in sukuks, debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued based on the rates announced by the Mutual Funds Association of Pakistan in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Ordinary shares - listed	The fair value of investments in listed equity securities is determined on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - unlisted	The fair value of investments in unlisted equity securities is determined on the basis of income and market approach.
Preference shares - unlisted	The fair value of investment in unlisted preference shares is determined at market approach.
Foreign preference shares - unlisted	The fair value of investment in unlisted preference shares is determined at market approach.
Redeemable participating certificates	The fair value of investment in redeemable participating certificates is determined at net asset value.
Advances	The fair value of advances is determined on the basis of Discounted Cashflow Method (DCF) and transaction price.
Forward foreign exchange contracts	The valuation is determined by interpolating the FX revaluation rates announced by the SBP.
Derivative instruments	Derivatives that are valued using valuation techniques based on market observable inputs are mainly interest rate swaps and cross currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Property and equipment and non banking assets acquired in satisfaction of claims	The valuation experts use a market based approach to determine the fair value of the Group's properties. The market approach uses 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 financial statements.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements of investment and advances, (The valuation techniques are stated above):

Description	Fair value as at December 31, 2025	Fair value as at December 31, 2024	Unobservable inputs*	Discount Rate	Relationship of unobservable inputs to fair value
------(Rupees in '000)-----					
Ordinary shares - unlisted (income approach)	6,346,498	2,333,188	Discount rate	13.18% - 20.00%	Increase / (decrease) in discount rate by 1% with all other variables held constant, would (decrease) / increase the fair value by Rs. 228.076 million and Rs. 254.481 million (2024: Rs. 90.457 million and Rs. 97.873 million) respectively.
Ordinary shares - unlisted (market approach)	140,000	-	Transaction price	Not applicable	Not applicable
Foreign preference shares - unlisted	560,308	-	Transaction price	Not applicable	Not applicable
Preference shares - unlisted	-	500,000	Transaction price	Not applicable	Not applicable
Redeemable participating certificates	7,870,010	8,315,048	Net asset value	Not applicable	Not applicable
Advances classified at FVPL	-	1,413,735	Discount rate	30.0%	In year 2024, increase / (decrease) in discount rate by 1% with all other variables held constant, would (decrease) / increase the fair value by Rs. 14.903 million and Rs. 15.134 million respectively.
Advances classified at FVPL	1,800,000	-	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 and advances Level 3 fair value movement:

	2025		2024	
	Investments	Advances	Investments	Advances
------(Rupees in '000)-----				
Opening balance	11,148,236	1,413,735	6,283,601	1,200,000
Impact of adoption of IFRS 9	3,133,601	-	2,271,824	122,135
Balance as at January 01 after adopting IFRS 9	14,281,837	1,413,735	8,555,425	1,322,135
Additions / (disposals) / transfers - net	37,626	386,265	-	-
Remeasurement recognised in OCI or profit and loss / adjustments	597,353	-	2,592,811	91,600
Closing balance	14,916,816	1,800,000	11,148,236	1,413,735

45 SEGMENT INFORMATION

45.1 Segment details with respect to business activities

	2025							
	(Rupees in '000)							
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Subsidiaries	Others**
Consolidated statement of profit and loss account								
Net mark-up / return / profit*	(41,723,045)	28,907,835	30,655,889	109,741,257	(343,115)	8,303,202	33,590	307,709
Inter segment revenue - net	114,007,257	(18,371,964)	(2,928,979)	(93,418,544)	8,212,213	(409,674)	-	(995,096)
Non mark-up / return / interest income*	11,690,251	8,957,069	3,619,448	26,715,318	3,949,505	2,472,915	116,169	1,001,647
Total income / (loss)	83,974,463	19,492,940	31,346,358	43,038,031	11,818,603	10,366,443	149,759	314,260
Segment direct expenses	40,016,073	13,991,517	18,139,894	1,396,025	5,746,026	4,377,328	293,239	34,661,450
Inter segment expense allocation	21,016,863	2,065,400	7,636,594	1,139,402	2,610,160	724,346	-	(34,661,450)
Total expenses	61,032,936	16,056,917	25,776,488	2,535,427	8,356,186	5,101,674	293,239	-
Credit loss allowance / provision / (reversals)	1,328,243	943,826	(150,881)	(31,309)	614,017	459,254	1	146,873
Profit / (loss) before tax - continuing operations	21,613,284	2,492,197	5,720,751	40,533,913	2,848,400	4,805,515	(143,481)	167,387
								(16,075,374)
								61,962,592
								117,998,112
								(531,315)
								(1,154,755)
								(1)
								3,310,023
								61,962,592
								117,998,112
								(531,315)
								(1,154,755)
								(1)
								3,310,023
								61,962,592
								117,998,112
								(531,315)
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2024									
Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Subsidiaries	Others**	Elimination	Total
(Rupees in '000)									
Consolidated statement of profit and loss account									
Net mark-up / return/ profit*	(107,114,744)	21,675,103	34,064,746	171,145,188	103,361	8,568,660	56,013	(1,624,724)	-
Inter segment revenue - net	193,818,709	(9,325,569)	(3,389,448)	(184,253,774)	6,421,499	343,992	-	788,179	(4,403,588)
Non mark-up / return / interest income*	9,854,707	10,837,591	2,739,780	20,357,784	3,982,957	3,857,987	485,067	1,634,435	(8,066,718)
Total income / (loss)	96,558,672	23,187,125	33,415,078	7,249,198	10,507,817	12,770,639	541,080	797,890	(12,470,306)
Segment direct expenses	32,441,976	3,860,927	13,267,673	1,065,733	4,403,287	3,713,532	764,646	27,534,550	(13,699)
Inter segment expense allocation	17,449,320	2,005,214	5,672,890	686,394	2,296,926	769,293	-	(27,534,550)	(1,345,487)
Total expenses	49,891,296	5,866,141	18,940,563	1,752,127	6,700,213	4,482,825	764,646	-	(1,359,186)
Credit loss allowance / provision / (reversals)	1,364,721	2,925,115	(57,063)	(8,407)	16,028	308,620	(377,781)	(3,899,905)	(100)
Profit / (loss) before tax	45,302,655	14,395,869	14,531,578	5,505,478	3,791,576	7,979,194	154,215	4,697,795	(11,111,020)
									85,247,340

	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Subsidiaries	Others**	Elimination	Total
Consolidated statement of financial position										
	(Rupees in '000)									
Cash and bank balances	124,890,103	20,657,207	41,944,162	-	775,190	66,937,500	2,071,561	-	(9,693,576)	247,582,147
Investments	-	5,492,251	242,118,099	1,617,562,126	-	123,313,534	201,676	7,494,575	-	1,996,182,261
Inter segment lending - net	973,390,036	-	-	-	10,562,483	-	-	83,950,529	(1,067,903,048)	-
Lendings to financial institutions	-	-	43,283,518	97,393,885	-	7,103,006	-	-	(46,782,086)	100,998,323
Advances - performing	242,468,773	634,142,272	165,966,971	-	59,194	56,323,050	389	12,650,640	(5,571,000)	1,106,040,289
Advances - non-performing	1,140,010	1,072,573	917,894	-	1,966	67,755	-	106,116	29,939	3,336,253
Others	24,519,271	39,838,680	53,364,017	42,082,631	2,095,622	2,845,338	613,478	100,197,617	(2,640,230)	262,916,424
Total assets	1,366,408,193	701,202,988	547,594,661	1,757,038,642	13,494,455	256,590,183	2,887,104	204,399,477	(1,132,560,001)	3,717,055,697

Borrowings	18,008,205	66,732,348	35,770,158	1,037,179,587	-	28,681,197	314,967	-	(44,485,753)	1,142,200,709
Subordinated debt	-	-	-	-	-	-	-	14,000,000	-	14,000,000
Deposits and other accounts	1,277,413,227	262,957,681	398,788,681	-	12,936,578	185,193,869	-	2,734	(1,188,072)	2,136,104,698
Inter segment borrowing - net	-	333,368,991	30,376,466	689,991,745	-	31,963,913	-	-	(1,085,701,115)	-
Others	70,986,761	38,143,963	76,483,155	18,960,678	557,877	9,902,660	1,056,951	28,455,609	(1,185,061)	243,363,593
Total liabilities	1,366,408,193	701,202,983	541,418,460	1,746,132,010	13,494,455	255,741,639	1,371,918	42,450,343	(1,132,560,001)	3,535,669,000
Net assets	-	-	6,176,201	10,906,632	-	848,544	1,515,186	161,940,134	-	181,386,697
Equity including non-controlling interest										181,386,697
Contingencies and commitments	137,249,361	230,283,930	79,773,852	391,608,905	718	54,965,306	495,725	4,284,623	-	898,663,420

The segment consolidated statement of profit and loss account illustrates revenue based on customer, channel, and product ownership. Consequently, revenue might appear in multiple segments since each one plays a role in capturing that income stream.

* Net mark-up and non mark-up income includes Rs. 360,000 million and Rs. 342,433 million respectively of investment banking.

** Others include head office related activities.

45.2 Segment details with respect to geographical locations

GEOGRAPHICAL SEGMENT ANALYSIS

2025						
Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total	
----- (Rupees in '000) -----						
Consolidated statement of profit and loss account						
Net mark-up / return/ profit*	127,580,120	4,632,236	3,152,247	518,719	-	135,883,322
Inter segment revenue - net	409,674	371,823	(500,833)	(280,664)	-	-
Non mark-up / return / interest income*	44,914,490	1,091,420	251,843	1,129,652	-	47,387,405
Total income / (loss)	172,904,284	6,095,479	2,903,257	1,367,707	-	183,270,727
Segment direct expenses	113,620,784	1,713,556	2,025,076	638,696	-	117,998,112
Inter segment expense allocation	(724,346)	270,722	334,274	119,350	-	-
Total expenses	112,896,438	1,984,278	2,359,350	758,046	-	117,998,112
Credit loss allowance / provision / (reversals)	2,850,769	(249,523)	(116,602)	825,379	-	3,310,023
Profit / (loss) before tax - continuing operations	57,157,077	4,360,724	660,509	(215,718)	-	61,962,592
</						

2024						
Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total	
------(Rupees in '000)-----						
Consolidated statement of profit and loss account						
Net mark-up / return/ profit*	118,304,943	4,045,094	3,578,985	944,581	-	126,873,603
Inter segment revenue - net	(327,052)	557,822	(223,948)	10,118	(16,940)	-
Non mark-up / return / interest income*	41,825,603	2,931,072	921,912	5,003	-	45,683,590
Total income / (loss)	159,803,494	7,533,988	4,276,949	959,702	(16,940)	172,557,193
Segment direct expenses	83,325,093	1,321,061	1,801,817	590,654	-	87,038,625
Inter segment expense allocation	(769,293)	287,252	367,953	114,088	-	-
Total expenses	82,555,800	1,608,313	2,169,770	704,742	-	87,038,625
Credit loss allowance / provision / (reversals)	(37,392)	100,367	(5,805)	214,058	-	271,228
Profit / (loss) before tax	77,285,086	5,825,308	2,112,984	40,902	(16,940)	85,247,340

2024					
Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total
----- (Rupees in '000) -----					
189,555,222	48,389,609	6,375,307	12,172,584	(8,910,575)	247,582,147
1,872,868,727	84,153,241	27,248,234	11,912,059	-	1,996,182,261
31,987,064	-	-	-	(31,987,064)	-
140,677,403	1,392,639	5,710,367	-	(46,782,086)	100,998,323
1,055,288,239	20,258,316	36,064,734	-	(5,571,000)	1,106,040,289
3,238,559	-	67,755	-	29,939	3,336,253
262,708,659	(67,643)	1,197,454	1,715,527	(2,637,573)	262,916,424
3,556,323,873	154,126,162	76,663,851	25,800,170	(95,858,359)	3,717,055,697
1,158,005,265	25,153,365	3,527,833	(1)	(44,485,753)	1,142,200,709
14,000,000	-	-	-	-	14,000,000
1,951,290,977	111,830,116	55,148,867	18,214,886	(380,148)	2,136,104,698
-	11,538,217	14,626,814	5,798,884	(31,963,915)	-
234,668,260	5,663,359	3,417,977	821,324	(1,207,327)	243,363,593
3,357,964,502	154,185,057	76,721,491	24,835,093	(78,037,143)	3,535,669,000
198,359,371	(58,895)	(57,640)	965,077	(17,821,216)	181,386,697
					181,386,697
843,695,114	50,841,551	3,398,029	728,726	-	898,663,420

46 TRUST ACTIVITIES

The Holding Company 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 Holding Company and, are therefore, 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:

		2025			
Category	Number of IPS Accounts	Securities held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Ijarah Sukuks	
----- (Rupees in '000) -----					
Asset management companies / mutual funds	106	115,252,670	13,831,000	127,000	129,210,670
Corporates	347	62,456,765	47,492,500	-	109,949,265
Individuals	9,415	10,423,675	523,900	1,830,200	12,777,775
Insurance companies	15	15,562,520	131,902,100	-	147,464,620
NGO / charitable organisation	14	5,866,505	16,496,500	-	22,363,005
Pension & employee funds	87	43,536,000	32,645,100	500,000	76,681,100
	9,984	253,098,135	242,891,100	2,457,200	498,446,435

		2024			
Category	Number of IPS Accounts	Securities held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Ijarah Sukuks	
----- (Rupees in '000) -----					
Asset management companies / mutual funds	103	291,767,045	29,723,400	127,000	321,617,445
Corporates	269	114,852,680	89,986,900	-	204,839,580
Individuals	5,877	10,590,150	972,615	980,300	12,543,065
Insurance companies	14	1,896,070	90,035,500	-	91,931,570
NGO / charitable organisation	13	7,976,635	9,351,500	-	17,328,135
Pension & employee funds	84	37,791,160	26,077,000	500,000	64,368,160
	6,360	464,873,740	246,146,915	1,607,300	712,627,955

47

The Group has related party transactions with its associates, joint ventures, employee benefit plans, its directors, key management personnel and other related parties.

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.

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

	-----As at December 31, 2025-----				-----As at December 31, 2024-----			
	Directors/ CEO	Key manage- ment personnel	Associates	Other related parties	Directors/ CEO	Key manage- ment personnel	Associates	Other related parties
	(Rupees in '000)				(Rupees in '000)			
Investments								
Opening balance	-	-	6,925,737	2,923,188	-	-	6,052,472	1,802,909
Investment made during the year	-	-	-	825,072	-	-	-	511,863
Investment redeemed / disposed off during the year	-	-	-	(602,436)	-	-	-	(331,613)
Revaluation of investment during the year	-	-	-	3,663,310	-	-	-	2,190,383
Equity method adjustment	-	-	125,164	-	-	-	873,265	-
Transfer in / (out) - net	-	-	-	337,672	-	-	-	(1,250,354)
Closing balance	-	-	7,050,901	7,146,806	-	-	6,925,737	2,923,188
Advances								
Opening balance	11,225	971,469	-	1,052,432	14,918	935,186	-	1,925,526
Addition during the year	1,275	479,348	-	10,759,922	1,715	232,432	-	43,510,218
Repaid during the year	(4,141)	(418,586)	-	(10,599,369)	(5,408)	(194,161)	-	(44,383,312)
Transfer in / (out) - net	-	1,184	-	1,864	-	(1,988)	-	-
Closing balance	8,359	1,033,415	-	1,214,849	11,225	971,469	-	1,052,432
Credit loss allowance held against advances	5	459	-	2,487	34	3,690	-	1,524
Other assets								
Interest / mark-up accrued	5,303	89,704	-	46,590	4,593	81,687	-	22,681
Receivable from staff retirement fund	-	-	-	2,713,892	-	-	-	1,331,990
Prepayment / rent and other receivable	-	-	-	-	-	-	9,209	-
Advance against shares	-	-	-	55,343	-	-	-	-
Acceptances	-	-	-	2,727,155	-	-	-	17,081
Credit loss allowance held against other assets	-	-	-	84	-	-	-	14

	As at December 31, 2025				As at December 31, 2024			
	Directors/ CEO	Key manage- ment personnel	Associates	Other related parties	Directors/ CEO	Key manage- ment personnel	Associates	Other related parties
(Rupees in '000)								
Borrowings								
Opening balance	-	-	-	2,464,030	-	-	-	2,605,576
Borrowings during the year	-	-	-	6,575,000	-	-	-	1,149,273
Settled during the year	-	-	-	(1,166,297)	-	-	-	(1,290,819)
Closing balance	-	-	-	7,872,733	-	-	-	2,464,030

Deposits and other accounts

Opening balance	185,847	392,643	60,026,664	12,533,349	406,959	340,757	17,153,420	18,550,205
Received during the year	2,917,889	6,191,100	2,165,611,698	166,285,596	5,668,276	4,582,080	1,211,982,771	276,598,239
Withdrawn during the year	(2,962,222)	(5,944,527)	(2,200,182,367)	(165,291,009)	(5,889,395)	(4,524,294)	(1,169,109,527)	(278,997,497)
Transfer in / (out) - net	-	(40,200)	-	(46,978)	7	(5,900)	-	(3,617,598)
Closing balance	141,514	599,016	25,455,995	13,480,958	185,847	392,643	60,026,664	12,533,349

Subordinated debt

Opening balance	-	-	-	-	-	-	-	300,000
Transfer in / (out) - net	-	-	-	-	-	-	-	(300,000)
Closing balance	-	-	-	-	-	-	-	-

Other liabilities

Interest / mark-up payable	104	4,619	99,577	202,531	226	248	-	126,062
Dividend payable	-	-	-	13	7	-	-	9
Unearned rent	-	-	2,031	-	-	-	2,532	-
Others	-	-	-	15,601	-	-	-	32,786

Contingencies and commitments

	-	-	-	5,224,995	-	-	-	559,419

	For the year ended December 31, 2025				For the year ended December 31, 2024			
	Directors/ CEO	Key manage- ment personnel	Associates	Other related parties	Directors/ CEO	Key manage- ment personnel	Associates	Other related parties
----- (Rupees in '000) -----								
Income								
Mark-up / return / interest earned	770	33,898	-	143,612	1,860	30,927	-	255,207
Fee and commission income	219	1,589	583,142	20,983	94	832	514,653	6,953
Dividend income	-	-	1,124,993	735,597	-	-	434,993	648,370
Gain / (loss) on sale of securities	-	-	-	27,727	-	120	-	(11,676)
Rent on property	-	-	4,387	-	-	-	3,899	-
Gain on sale of property and equipment - net	7,132	177	13,825	-	1,152	220	11,525	-
Expense								
Mark-up / return / interest paid	2,757	23,047	834,809	1,764,152	24,495	29,217	757,955	2,509,104
Operating expenses	607,178	2,091,736	-	-	1,586,523	1,608,130	-	-
Fee and remuneration	-	-	-	-	-	-	-	109,686
Clearing and custodian charges	-	-	-	68,563	-	-	-	208,022
Software maintenance	-	-	-	7,640	-	-	-	-
Stationery and printing	-	-	-	754,349	-	-	-	696,409
Communication cost	-	-	-	-	-	-	-	50,000
Donations	-	-	-	-	-	-	-	-
Marketing, advertisement and publicity	-	-	-	12,842	-	-	-	-
Charge for defined benefit plan	-	-	-	650,373	-	-	-	771,603
Contribution to defined contribution plan	-	-	-	1,134,693	-	-	-	878,699
Training and subscription	-	-	-	-	-	-	-	694
(Reversal of) credit loss allowance / credit loss allowance against loans & advances	(27)	(3,197)	-	847	(37)	(3,242)	-	(4,691)
Credit loss allowance against off-balance sheet obligations	-	-	-	228	-	-	-	(65)
Credit loss allowance against other assets	-	-	-	70	-	-	-	14
Other information								
Dividend paid	3,669,653	15,322	21,611	3,726,657	6,055,313	19,156	13,954	5,944,564
Insurance premium paid	-	-	1,712,033	-	-	-	1,403,346	-
Insurance claims settled	-	-	984,756	-	-	-	891,123	-
Payment made for intangibles / capital work in progress	-	-	-	148,054	-	-	-	-

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

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	15,771,651	15,771,651

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	154,240,500	146,742,124
Eligible Additional Tier 1 (ADT 1) Capital	13,550,000	13,551,002
Total eligible tier 1 capital	167,790,500	160,293,126
Eligible tier 2 capital	47,497,041	44,256,145
Total eligible capital (tier 1 + tier 2)	215,287,541	204,549,271

Risk weighted assets (RWAs):

Credit risk	1,011,521,641	859,896,850
Market risk	56,599,613	47,911,688
Operational risk	303,655,050	243,639,025
Total	1,371,776,304	1,151,447,563

Common equity tier 1 capital adequacy ratio	11.24%	12.74%
Tier 1 capital adequacy ratio	12.23%	13.92%
Total capital adequacy ratio	15.69%	17.76%

In line with Basel III capital adequacy guidelines, the following capital requirements are applicable to the Holding Company:

	2025	2024
Common Equity Tier 1 Capital Adequacy ratio	6.00%	6.00%
Tier 1 Capital Adequacy Ratio	7.50%	7.50%
Total Capital Adequacy Ratio	11.50%	11.50%

For Capital adequacy calculation, the Holding Company has adopted Standardised Approach for credit and market risk related exposures and Alternate Standardised Approach (ASA) for operational risk.

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

Leverage Ratio (LR):

Eligible tier-1 capital	167,790,500	160,293,126
Total exposures	4,143,747,096	4,077,780,148
Leverage ratio	4.05%	3.93%

Liquidity Coverage Ratio (LCR):

Total high quality liquid assets	1,120,160,986	1,197,167,258
Total net cash outflow	621,924,548	626,056,805
Liquidity coverage ratio	180%	191%

Net Stable Funding Ratio (NSFR):

Total available stable funding	1,916,051,651	1,690,754,449
Total required stable funding	1,365,278,952	1,340,991,900
Net stable funding ratio	140%	126%

48.1 The full disclosures on the Capital Adequacy, Leverage Ratio & Liquidity Requirements as per the SBP instructions have been placed on the website. The link to the full disclosure is available at <https://www.bankalfalah.com/financial-reports/>.

49 RISK MANAGEMENT

The variety of business activities undertaken by the Group require effective identification, measurement, monitoring, integration and management of different financial and non-financial risks that are constantly evolving as business activities change in response to concurrent internal and external developments. The Board Risk Management Committee (BRMC) is appointed and authorised by the Board of Directors (BOD) to assist in the design, regularly evaluating and timely updating the risk management framework of the Bank. The Board has further authorised the management committees i.e. the Central Management Committee (CMC), the Central Credit Committee (CCC) and the Digital Council to supervise risk management activities within their respective scopes. CMC has further established sub-committees such as the Assets & Liabilities Committee (ALCO), the Investment Committee (IC), the Information Technology Steering Committee (ITSC), the Control & Compliance Committee (C&CC), the Process Improvement Committee (PIC), the Governance Committee for Overseas Operations and Sustainability Committee etc.

The risk management framework endeavours to be a comprehensive and evolving guideline to cater to changing business dynamics. The framework includes:

- Clearly defined risk management policies, procedures, responsibilities and accountabilities;
- Well constituted organisational structure, in the form of separate risk management departments within the Credit and Risk Management Group, while ensuring that individuals responsible for risk approval are independent from risk taking units i.e. Business Units; and
- A mechanism for ongoing review of policies and procedures and risk exposures.

The primary objective of this architecture is to inculcate risk management into the organisation's process to ensure that risks are accurately identified & assessed, properly documented, approved, and adequately monitored & managed within the approved Risk Appetite in order to enhance long term earnings and to protect the interests of the Group's depositors and shareholders.

The Group's risk management framework has a well-defined organisational structure for effective management of credit risk, market risk, liquidity risk, operational risk, information security risk, environment and social risk and Credit Policy and Portfolio Management. Compliance & Business Solutions is leading risk related to Anti-Money Laundering, Combating the Financing of Terrorism & Countering Proliferation Financing. Sharia Non Compliance risk is being managed by Sharia Compliance Unit reporting to Group Head Compliance & Business Solutions. Further, there is an advanced focus on optimal utilisation of capital while ensuring compliance with capital requirements. The results of stress tests and internal capital adequacy assessment process and recovery plans are given due consideration in capital and business planning.

49.1 Credit Risk

Credit risk is the identification of the probability that a counterparty will cause a financial loss to the Group due to its inability or unwillingness to meet its contractual obligations. This credit risk arises mainly from lending, hedging, settlement and other financial transactions. The credit risk management processes encompass identification, assessment, measurement, monitoring and control of the Group's exposure to credit risk. The Group's credit risk management philosophy is based on the Group's overall business strategy / direction as established by the Board. The Group is committed to an appropriate level of due diligence to ensure that credit risks have been properly analysed, fully disclosed to the approving authorities and appropriately quantified, also ensuring that the credit commitment is appropriately structured, priced (in line with market practices) and documented.

The Group has built and maintained a sound loan portfolio in terms of a well-defined credit policy approved by the Board of Directors (BOD). Its credit evaluation system comprises of well-designed credit appraisal, sanctioning and review procedures for prudence in lending activities and ensuring the high quality of asset portfolio. In order to have an effective and efficient risk assessment, and to closely align its functions with Business, Credit Division has separate units for Corporate banking, Islamic banking, Retail banking (including Agricultural financing & SME) and Overseas Operations & Financial Institutions. For Consumer & Digital products, loans are booked against defined eligibility criteria as per product programs / credit policy and these have a separate credit risk function.

The Group manages its portfolio of loan assets with a view to limit concentrations in terms of risk quality, industry, maturity and large exposure. Portfolio analysis is also conducted on regular basis. This portfolio level oversight is maintained by the Credit & Risk Management Group.

For domestic operations, the Group determines the amount for provisions / expected credit loss as per the IFRS 9 guidelines / Prudential Regulations issued by the SBP and the management's best estimates. Provisions at overseas branches are held to meet the requirements of the regulatory authorities of the respective countries in which the overseas branches operates and as per the application instructions of IFRS 9 issued by SBP.

A sophisticated internal credit rating system is in place, which is capable of quantifying counter-party and transaction risk in accordance with the best practices. The risk rating system takes into consideration qualitative and quantitative factors of the counter-party, transaction structure & security and generates internal ratings at obligor and facility levels. Furthermore, this system has an integrated loan origination module, which is currently being used in Corporate Banking, Islamic Banking and Retail segments. The system is regularly reviewed for improvements as per the SBP's guidelines for Internal Credit Rating and Risk Management.

During the year, the Holding Company also implemented a revamped version of the Loan Origination and Internal Credit Rating System based on latest technology; which is currently being implemented in a phase wise manner, to replace the existing system.

The risk rating system incorporates comprehensive obligor risk rating models for the Corporate, Commercial, Small & Medium Enterprises, Agricultural, and Project Finance 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. Additionally, the scorecard-based models include a provision for management-level overrides, enabling the incorporation of any critical information or risk factors into the final assessment. Furthermore, the Holding Company has also developed dedicated scorecards for MicroFinance Banks (MFB) and Development Financial Institution (DFI) to more accurately capture the credit dynamics and risk drivers unique to each segment.

The Holding Company also validates Internal Ratings based on statistical tests for all portfolios. It covers both discrimination and calibration statistical tests as per best practices.

Further, the system is backed by a secured database with back-up support and is capable of generating MIS reports providing a snapshot of the entire portfolio for strategizing and decision making. The system is enhanced to compute the ECL calculation for IFRS 9 and risk weighted assets for credit risk related Basel submissions.

A centralised Credit Administration Division (CAD) under the Credit and Risk Management Group is working towards ensuring that terms of approval of credit sanctions and regulatory stipulations are complied with, that all documentation including security documentation is regular and fully enforceable and all disbursements of approved facilities are made only after necessary authorisation by CAD.

Credit Policy and Portfolio Management under Credit and Risk Management Group keeps a watch on the quality of the credit portfolio in terms of borrowers' behaviour, identifies weakening accounts relationships and report them to the appropriate authorities with a view to address further deterioration.

To handle the specialised requirements of managing delinquent and problem accounts, the Holding Company has a separate client facing unit to negotiate repayment / settlement of the Holding Company's non-performing exposure and protect the interests of the Holding Company's depositors and stakeholders. The priority of the Special Asset Management Group (SAMG) 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, SAMG may proceed with legal recourse so as to maximise the recovery of the Holding Company's assets. The Credit and Risk Management Group also monitors the NPL portfolio of the Holding Company and reports the same to CCC / BRMC.

49.1.1 Credit risk - general disclosures Basel specific

The Group is using the Standardised Approach (SA) of the SBP's Basel accord for the purpose of estimating credit risk weighted assets. Under SA, banks are allowed to take into consideration external rating(s) of counter-parties for the purpose of calculating risk weighted assets. A detailed procedural manual specifying processes for deriving Credit Risk Weighted Assets in accordance with the SBP Basel Standardised Approach is in place and firmly adhered to by the Group.

Furthermore, with reference to BPRD Circular no 03 to 2025 issued vide September 24, 2025, Holding Company has implemented the Revised Instructions for Credit Risk (Standardized Approach) on parallel run basis, with submission of results to State Bank of Pakistan on a quarterly basis.

49.1.2 Disclosures for portfolio subject to the standardised approach & supervisory risk weights

49.1.2.1 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 and Moody's, Fitch and Standard & Poor's.

The SBP through its letter number BSD/BAI-2/201/1200/2009 dated December 21, 2009 accorded approval to the Holding Company for use of ratings assigned by Credit Rating Agency of Bangladesh (CRAB) and Credit Rating Information and Services Limited (CRISL). The Holding Company uses these ECAs to rate its exposures denominated in Bangladeshi currency on certain corporate exposures and banks incorporated in Bangladesh.

The Holding Company uses external ratings for the purpose of mapping risk weights as per the Basel III framework. Instances whereby an exposure is rated by two or more ratings agencies, mapping into different risk weights, instructions outlined in Regulatory guidelines on BASEL framework shall be adhered to for selection of applicable rating.

49.1.3 Disclosures with respect to credit risk mitigation for standardised approach

49.1.3.1 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 has the rights of secured creditor in respect of the assets / contracts offered as security for the obligations of the borrower / obligor.

49.1.3.2 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.

49.1.3.3 Types of collaterals

The Group determines the appropriate collateral for each facility based on the type of product and counterparty. In case of corporate and SME financing, fixed assets are generally taken as security for long tenure loans and current assets for working capital finance usually backed by mortgage or hypothecation. For project finance, security of the assets of the borrowers and assignment of the underlying project contracts are generally obtained. Additional security such as pledge of shares, cash collateral, TDRs, SSC/DSCs, charge on receivables may also be obtained. Moreover, in order to cover the entire exposure personal guarantees of directors / borrowers are also obtained generally by the Group. For retail products, the security to be taken is defined in the product policy for the respective products. Housing loans and automobile loans are secured by the property and automobile being financed respectively.

The Group also offers products which are primarily based on collateral such as shares, specified securities and pledged commodities. These products are offered in line with the SBP prudential regulations and approved product policies which also deal with types of collateral, valuation and margining.

The decision on the type and quantum of collateral for each transaction is taken by the credit approving authority as per the credit approval authorisation approved by the CCC under its delegation powers. For facilities provided as per approved product policies (retail products, loan against shares etc.), collateral is taken in line with the policy.

49.1.3.4 Types of eligible financial collateral

For credit risk mitigation purposes (capital adequacy purposes), the Group considers all types of financial collaterals that are eligible under the SBP Basel III Accord (In case of overseas operations, respective regulatory instructions are adhered). This includes cash / TDRs, gold, securities issued by Government of Pakistan such as T-Bills and PIBs, National Savings Certificates, certain debt securities rated by recognised credit rating agencies, mutual fund units where daily Net Asset Value (NAV) is available in public domain and guarantees from certain specified entities (Government of Pakistan, Banks etc.) under substitution effect of Basel.

49.1.3.5 Credit concentration risk

Credit concentration risk arises mainly due to concentration of exposures under various categories viz. industry, geography, and single/group borrower exposures. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on banks' maximum exposure to single borrower, group borrowers and related parties. Moreover, in order to restrict the industry concentration risk, the Holding Company's annual credit plan spells out the maximum allowable exposure that it can take on specific industry. Additionally, the Internal Rating System allows the Holding Company to monitor risk rating concentration of borrowers against different grades / scores ranging from 1 - 12 (1 being the best and 12 being loss category).

49.1.3.6 Methodologies and models used for the measurement of Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

The Holding Company 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 the risk of default occurring over the remaining life of the financial instrument. The Holding Company considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal / external rating grade for subject customer. The Holding Company also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account being restructured. Regardless of the change in credit grades, generally, the Holding Company considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. When estimating ECLs on a collective basis for a group of similar assets, the Holding Company applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Holding Company groups its financial instruments into Stage 1, Stage 2 and Stage 3 as described

Stage 1 (Performing assets): When financial instruments are first recognised, the Holding Company recognises an allowance based on 12mECLs. 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 Holding Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the forward looking LGD and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.

Stage 2 (Underperforming assets): When a financial instrument has shown a significant increase in credit risk since origination, the Holding Company 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 (Non performing assets): For financial instruments considered credit-impaired, the Holding Company recognises LTECLs for these instruments. A description of how the Bank defines credit-impaired and default is given in relevant section. The Holding Company uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP.

Undrawn financing commitments When estimating LTECLs for undrawn financings commitments, the Holding Company estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the financings are drawn down, based on a probability-weighting of the three scenarios. For revolving facilities that include both financings and an undrawn commitment, ECLs are calculated on un-drawn portion (after application of CCF) of the facility and presented within other liabilities.

Guarantee and letters of credit contracts The Holding Company estimates ECLs based on the BASEL driven and internally developed credit conversion factor (CCF) for guarantee and letter of credit contracts respectively. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

Forward looking information

The Holding Company has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for Wholesale & Retail portfolio.

Impact of these economic variables on the PD vary by the portfolio.

The rating band / DPD bucket wise PDs are computed through migration analysis using at least 5 years historical transition matrices of respective portfolio. Furthermore, a detailed regression analysis is carried out using macroeconomic variables (i.e. Average Inflation rate and GDP Growth rate were regressed against the Holding Company's Internal Default Rates) in order to attain forward-looking PDs for each subsequent year.

In addition to the base economic scenario, the Holding Company also uses other possible scenarios along with scenario weightings. The number of scenarios and their attributes are reassessed on annual basis. 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.

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

In its ECL models, the Holding Company relies on range of the following forward looking information as economic inputs, such as:

- GDP growth
- Consumer price index

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), discounted at an approximation to the EIR, defined as follows:

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 (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

- For corporate, commercial, SME and agriculture loan portfolios (collectively referred to as the "Wholesale Portfolio"), the Holding Company has used a obligor risk rating (ORR) transition based approach to determine the segment wise PDs for each ORR.
- For auto loans, housing, personal installment loans and credit cards (collectively referred to as the "Retail Portfolio"), a days-past-due ("DPD") based migration approach has been used; and these PD's for wholesale & retail portfolio are then adjusted with forward looking information to arrive at point in time (PIT) PDs;
- For other financial assets (i.e. investments, lending to financial institutions, balances with other banks etc.), historical PDs were estimated on the basis of global default rates taken from S&P rating-wise transition matrices. These annual default rates were converted into forward-looking PDs using the Vasicek model. the forecast global macro-economic variables were derived using historical regression between global macro-economic variables and Pakistan macro-economic variables.

Exposure at Default (EAD)

The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Holding Company has a legal right to call it earlier. The Holding Company's product offering includes a variety of corporate and retail facilities, in which the Holding Company has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Holding Company does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Holding Company's expectations of the customer behaviour, its likelihood of default and the Holding Company'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 Holding Company expects to receive. It is expressed as a percentage of the EAD. Holding Company has estimated segment wise LGDs for Corporate/Commercial, SE, ME & Agri Portfolio as well as product wise LGDs for Auto Finance, Personal Loan, Home Finance and Credit Card portfolio. 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 Holding Company has converted the estimates for segment / product wise historical LGDs (Through the cycle LGDs) into forward looking point in time LGDs, through use of term structure of Point in time PDs.

49.1.3.7 ECL principles, grouping and calculations

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. In the absence of computation of the effective interest rate (at reporting date), the Holding Company uses an approximation e.g. contractual rate (at reporting date).

When estimating the ECLs, the Holding Company considers three scenarios (a base, best and a worst case). Each of these scenario's is based on different macro-economic forecasts and is associated with different set of PDs & LGD.

Furthermore, to mitigate its credit risks on financial assets, the Holding Company seeks to use collateral, where possible. The Bank considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

- History of legal certainty & enforceability
- History of recovery

The Holding Company's management has only considered cash, liquid securities, and Government of Pakistan guarantees as eligible collaterals, while calculating EADs. Furthermore, the credit exposure (in local currency) that has been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

Impact on Regulatory Capital:

The introduction of IFRS 9 has resulted in a reduction in regulatory capital of the Group, which has reduced its lending capacity and ability to support its clients. In order to mitigate the impact of ECL models on capital, SBP has permitted Banks to opt for a transitional arrangement for the ECL impact on regulatory capital from the application of ECL accounting. Annexure B of the 'Application Instructions' issued by SBP has detailed the transitional arrangement.

Accordingly, the Holding Company has opted for a transition arrangement to phase in ECL impact and below tabulated is the impact on key ratios, had the transitional arrangement not applied.

Key Ratios	With Transitional arrangement	Without Transitional arrangement
Total Capital to total RWA (CAR)	15.69%	15.86%
Leverage Ratio	4.05%	3.99%

49.1.3.8 ECL Modeling and staging criteria/ Significant increase in ECLs

Significant increase in credit risk (SICR): A SICR is assessed in the context of an increase in the risk of default occurring over the life of the financial instrument compared to the risk of default expected at the time of initial recognition.

The Holding Company uses a number of qualitative and quantitative measures in assessing SICR including, inter alia, the deterioration of Obligor Risk Ratings (ORR), in line with the Holding Company's internally approved grid outlining specific notches downgrade for each ORR / external rating, payments being past due by 60 days or more, and other qualitative factors (such as watchlisting or restructuring of accounts).

49.1.4 Loans and advances definitions and methodologies of categorisation, credit loss allowance stages and movements between stages

Backward Transition:

In line with the Holding Company's IFRS 9 Policy and Regulatory guidelines, financial assets shall be reclassified out of Stage 3 if they fulfill 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.

Particulars of the Group's on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

49.1.5 Lendings to financial institutions

Credit risk by public / private sector

Gross lendings		Non-performing lendings		Credit loss allowance held					
2025	2024	2025	2024	2025			2024		
				Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Specific
(Rupees in '000)									
-	11,982,500	-	-	-	-	-	486	-	-
19,674,360	89,016,702	-	-	68	-	-	393	-	-
19,674,360	100,999,202	-	-	68	-	-	879	-	-

49.1.6 Investment in debt securities

Credit risk by industry sector

Credit risk by industry sector	Gross investments		Non-performing investments		Credit loss allowance held					
	2025	2024	2025	2024	2025			2024		
					Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Specific
	(Rupees in '000)									
Textile	189,806	201,628	189,806	201,628	-	-	189,806	-	-	201,628
Chemical and Pharmaceuticals	-	27,126	-	27,126	-	-	-	-	-	27,126
Electronics and electrical appliances	1,785	1,785	1,785	1,785	-	-	1,785	132	-	1,785
Engineering	495,060	846,035	-	-	84	-	-	-	-	-
Power (electricity), Gas, Water, Sanitary	2,912,478	2,231,203	-	-	445	-	-	471	-	-
Financial	33,494,447	24,043,784	83,768	83,768	6,368	-	83,768	6,987	-	83,768
Others (see note 49.1.6.1)	78,666,034	78,661,614	-	-	42,853	1,770,177	-	77,750	2,145,627	-
	115,759,610	106,013,175	275,359	314,307	49,750	1,770,177	275,359	85,340	2,145,627	314,307

Credit risk by public / private sector

Credit risk by public / private sector	Gross investments		Non-performing investments		Credit loss allowance held					
	2025	2024	2025	2024						
					Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Specific
	(Rupees in '000)									
Public Sector	78,666,034	78,661,614	-	-	42,853	-	-	138,828	-	-
Private Sector	37,093,576	27,351,561	275,359	314,307	6,897	1,770,177	275,359	(53,488)	2,145,627	314,307
	115,759,610	106,013,175	275,359	314,307	49,750	1,770,177	275,359	85,340	2,145,627	314,307

49.1.6.1 This includes Pakistan Euro Bonds and foreign government securities.

49.1.7 Advances

Credit risk by industry sector

Credit risk by industry sector														
Gross advances		Non-performing advances		Credit loss allowance / provision held										
2025	2024	2025	2024	Stage 1	Stage 2	Stage 3	General	Specific	Stage 1	Stage 2	Stage 3	General	Specific	
(Rupees in '000)														
Agriculture, forestry, hunting and fishing	149,674,035	270,007,590	1,936,013	2,058,728	92,528	25,783	1,734,277	-	-	139,192	44,792	1,800,611	-	-
Automobile and transportation equipment	14,253,353	10,786,305	785,278	1,329,115	5,365	8,310	784,968	-	-	15,383	33,685	1,274,884	-	-
Cement	8,460,992	8,537,975	-	-	3,961	4,642	-	-	-	11,912	9,399	-	-	-
Chemical and pharmaceuticals	56,663,277	38,373,631	539,694	542,177	27,989	6,259	538,519	-	-	61,454	23,313	539,064	-	-
Construction	24,511,693	19,448,646	2,446,346	2,862,541	37,110	49,195	2,446,346	-	-	54,580	54,185	2,861,912	-	-
Electronics and electrical appliances	15,339,118	17,072,367	1,281,100	1,329,680	6,201	3,478	1,280,267	-	-	7,258	15,012	1,326,398	-	-
Exports / imports	2,008,813	2,669,426	258,928	215,646	2,009	1,173	256,392	-	-	3,837	9,173	194,502	-	-
Financial	25,278,833	85,551,503	511,183	629,971	129,924	-	511,183	-	-	75,917	1,649	629,971	-	-
Food & allied products	85,523,676	84,424,442	8,009,626	6,358,528	70,097	46,168	7,893,560	-	-	128,255	102,209	6,329,001	-	-
Footwear and leather garments	6,182,161	3,992,209	65,163	74,748	4,392	325	64,546	-	-	5,152	265	74,502	-	-
Glass and ceramics	860,690	903,446	-	-	694	-	-	-	-	1,964	1,199	-	-	-
Individuals	186,425,260	130,236,463	3,030,159	2,653,137	739,318	258,374	2,030,120	-	-	1,156,608	466,669	1,673,756	-	-
Insurance	113,761	517,652	-	-	32	-	-	-	-	-	380	-	-	-
Metal & allied industries	33,239,975	29,062,770	4,652,101	5,455,436	11,599	22,274	4,649,807	-	-	17,934	23,001	5,444,587	-	-
Mining and quarrying	6,359,555	4,751,764	10,098	13,116	1,510	92	7,070	-	-	1,432	292	10,088	-	-
Oil and allied	56,032,089	43,158,591	5,808,207	6,143,132	4,339	1,203	4,793,916	-	-	5,151	3,651	5,143,887	-	-
Paper and board	10,326,483	9,690,665	-	-	62,670	38,030	-	-	-	15,910	29,984	-	-	-
Plastic and allied industries	8,332,507	6,588,177	166,023	145,200	5,972	1,687	166,023	-	-	13,219	28,207	141,329	-	-
Power (electricity), gas, water, sanitary	108,742,269	64,395,584	1,390,769	1,732,762	24,360	124,576	1,390,769	-	-	87,497	141,137	1,732,762	-	-
Services	20,429,835	18,474,211	1,434,089	1,489,295	21,301	11,455	1,384,348	-	-	40,233	46,766	1,457,291	-	-
Sugar	18,300,507	20,456,948	369,517	434,517	9,281	5,502	369,517	-	-	20,211	10,513	434,517	-	-
Technology and related services	1,422,904	177,720	1,047	4,949	2,615	672	886	-	-	523	1,596	2,832	-	-
Textile	178,680,917	184,360,367	11,546,480	5,561,642	75,525	148,987	8,686,147	-	-	186,497	139,668	4,944,846	-	-
Transport, storage and communication	52,952,274	41,054,494	-	9,680	31,389	46,637	-	-	-	54,936	143,449	3,358	-	-
Wholesale & retail trade	61,463,817	45,321,391	2,145,469	2,205,335	93,512	16,689	2,038,735	-	-	103,169	36,205	2,050,217	-	-
Others	21,914,983	16,248,573	1,148,483	1,115,167	19,609	13,912	1,067,865	4,155,956	-	24,730	21,684	370,244	4,237,082	587,690
	1,153,493,777	1,156,262,910	47,535,773	42,364,502	1,483,302	835,423	42,095,261	4,155,956	-	2,232,954	1,388,083	38,440,559	4,237,082	587,690

Credit risk by industry sector

Credit risk by industry sector	Gross advances				Non-performing advances				Credit loss allowance / provision held																				
	2025		2024		2025		2024		2025					2024															
									Stage 1		Stage 2		Stage 3		General		Specific		Stage 1		Stage 2		Stage 3		General		Specific		
	(Rupees in '000)																												
Public sector	224,032,926	293,763,995	201,852	252,552	9,324	9,051	201,852	9,324	-	26,982	47,628	201,852	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private sector	929,460,851	862,498,915	47,333,921	42,111,950	1,473,978	826,372	41,893,409	4,146,632	-	2,205,972	1,340,455	38,238,707	4,237,082	587,690															
	1,153,493,777	1,156,262,910	47,535,773	42,364,502	1,483,302	835,423	42,095,261	4,155,956	-	2,232,954	1,388,083	38,440,559	4,237,082	587,690															

		2025	2024
		----- (Rupees in '000) -----	
49.1.8	Contingencies and Commitments		
	Credit risk by industry sector		
	Agriculture, forestry, hunting and fishing	2,376,054	2,521,658
	Automobile and transportation equipment	23,550,686	24,901,209
	Cement	4,058,012	1,435,118
	Chemical and pharmaceuticals	32,274,029	28,717,183
	Construction	55,852,723	49,152,061
	Electronics and electrical appliances	11,398,168	8,537,620
	Exports / imports	832,229	645,335
	Financial	594,532,807	406,890,234
	Food & allied products	35,228,967	26,330,807
	Footwear and leather garments	1,516,162	1,274,443
	Glass and ceramics	1,458,750	1,012,427
	Individuals	5,910,407	5,517,879
	Insurance	857,469	901,691
	Metal & allied industries	20,914,716	18,893,027
	Mining and quarrying	1,176,622	7,186,882
	Oil and allied	116,550,826	72,371,816
	Paper and board	3,797,510	3,704,026
	Plastic and allied industries	4,878,675	3,720,775
	Power (electricity), gas, water, sanitary	75,529,266	48,541,082
	Services	10,755,657	4,336,041
	Sugar	987,939	4,118,531
	Technology and related services	6,072,859	3,640,895
	Textile	88,222,001	76,462,818
	Transport, storage and communication	13,525,740	12,127,967
	Wholesale and retail trade	37,448,486	41,853,930
	Others	42,890,824	43,867,965
		<u>1,192,597,584</u>	<u>898,663,420</u>
	Credit risk by public / private sector		
	Public/ Government	146,705,912	75,628,540
	Private	<u>1,045,891,672</u>	<u>823,034,880</u>
		<u>1,192,597,584</u>	<u>898,663,420</u>

49.1.9 Concentration of Advances

The Holding Company's top 10 exposures on the basis of total funded and non-funded exposures aggregated to Rs. 350,864.293 million (2024: Rs. 468,501.847 million) are as following:

	2025	2024
	----- (Rupees in '000) -----	
Funded	232,790,183	381,239,490
Non funded	<u>118,074,110</u>	<u>87,262,357</u>
Total exposure	<u>350,864,293</u>	<u>468,501,847</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 596,934.997 million (2024: Rs. 608,466.300 million).

None of the top 10 exposures are classified.

For the purpose of this note, exposure means outstanding funded facilities and utilised non-funded facilities as at the reporting date.

49.1.10 Advances - province / region-wise disbursement & utilisation

Province/Region	2025						
	Disbursements	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
(Rupees in '000)							
Punjab	2,774,429,540	2,720,491,368	34,117,229	2,442,126	4,037	17,174,669	200,111
Sindh	3,000,233,188	33,740,786	2,954,762,623	795,562	1,144,226	9,789,991	-
KPK including FATA	37,194,727	504,984	-	36,676,213	-	13,530	-
Balochistan	8,930,919	-	32,266	-	8,898,653	-	-
Islamabad	399,064,499	143,980,430	7,896	40,420,219	-	214,655,954	-
AJK including Gilgit-Baltistan	2,811,732	2,206	-	1,500	-	-	2,808,026
Total	6,222,664,605	2,898,719,774	2,988,920,014	80,335,620	10,046,916	241,634,144	3,008,137

Province/Region	2024						
	Disbursements	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	2,513,709,219	2,473,196,030	22,611,100	821,849	21,607	17,048,793	9,840
Sindh	2,267,413,093	18,676,583	2,247,412,632	906,383	367,735	49,760	-
KPK including FATA	28,354,738	261,032	-	27,313,263	-	780,443	-
Balochistan	8,701,243	4,000	18,226	-	8,679,017	-	-
Islamabad	267,859,146	94,001,091	10,220,253	28,450,651	-	135,187,151	-
AJK including Gilgit-Baltistan	2,182,801	2,197	-	-	6,564	-	2,174,040
Total	5,088,220,240	2,586,140,933	2,280,262,211	57,492,146	9,074,923	153,066,147	2,183,880

49.2 Market Risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to movements in market prices. It results from changes in interest rates, exchange rates and equity prices as well as from changes in the correlations between them. To manage and control market risk, a comprehensive Board approved Market & Liquidity Risk Management Policy, is in place. The policy outlines a well-defined risk control structure, responsibilities of relevant stakeholders with respect to market risk management and methods to measure and control market risk at a portfolio level. These controls include limits on exposure to individual market risk variables as well as limits on concentrations of tenors. This structure is reviewed, adjusted and approved periodically.

Under the BoD approved policy, the Holding Company's Asset and Liability Committee (ALCO) and Investment Committee (IC) are primarily responsible for the oversight of market risk, supported by the Market & Liquidity Risk Department of Risk Management Division (RMD). Furthermore, the Group carries out risk assessment via diversified tools including Value at Risk (VaR), PVBP (Price Value per Basis Point) and Duration on a regular basis. The Group also ascertains the impact of market risk on relevant portfolios through stress testing and the Internal Capital Adequacy Assessment Processes.

49.3 Foreign exchange risk

Foreign exchange (FX) risk arises from fluctuations in the value of financial instruments due to changes in foreign exchange rates. The Group's FX Risk is largely mitigated by taking a matched funding positions.

The Group manages FX risk by setting and monitoring through approved currency wise net open position limits and Foreign Exchange Exposure Limit (FEEL). Foreign exchange risk is controlled and monitored through limits approved by ALCO, within the overall FEEL limit advised by the SBP.

The analysis below represents the concentration of the Group's foreign currency risk for on and off balance sheet financial exposure:

	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)				(Rupees in '000)			
United States Dollar	188,760,082	247,193,785	65,524,816	7,091,113	159,224,411	177,508,595	17,763,697	(520,487)
Great Britain Pound Sterling	4,299,950	12,710,790	8,472,966	62,126	4,123,220	10,516,911	6,421,132	27,441
Euro	6,683,823	11,180,127	4,596,800	100,496	5,351,227	8,683,527	3,396,000	63,700
Japanese Yen	48,922	204,706	178,920	23,136	7,082	261,585	312,095	57,592
Other currencies	167,145,906	166,545,255	5,993	606,644	152,570,740	151,799,596	(222,958)	548,186
	366,938,683	437,834,663	78,779,495	7,883,515	321,276,680	348,770,214	27,669,966	176,432

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% adverse movement in foreign exchange rates on				
- Profit and loss account	-	78,835	-	1,764
- Other comprehensive income	(353,459)	-	(302,624)	-

49.3.1 Balance sheet assets 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	227,583,076	-	227,583,076	227,868,901	-	227,868,901
Balances with other banks	24,109,552	-	24,109,552	19,713,246	-	19,713,246
Lendings to financial institutions	19,674,292	-	19,674,292	100,998,323	-	100,998,323
Investments	1,419,443,062	758,728,613	2,178,171,675	1,706,466,894	289,715,367	1,996,182,261
Advances	1,104,923,835	-	1,104,923,835	1,109,376,542	-	1,109,376,542
Property and equipment	71,295,025	-	71,295,025	63,673,849	-	63,673,849
Right-of-use assets	26,465,246	-	26,465,246	25,365,699	-	25,365,699
Intangible assets	1,728,936	-	1,728,936	1,559,640	-	1,559,640
Other assets	178,663,188	2,470,343	181,133,531	170,141,646	2,175,590	172,317,236
	3,073,886,212	761,198,956	3,835,085,168	3,425,164,740	291,890,957	3,717,055,697

49.3.1.1 In accordance with the transitional arrangement allowed by the SBP circular BPRD/BA&CP/881411/2025 dated 16 May 2025, the Holding Company is progressively reclassifying its FVOCI portfolio from the Banking Book to the Trading Book for Capital Adequacy Ratio calculations. As of December 2025, 27% of the FVOCI portfolio has been reclassified, with cumulative targets of 50% by December 2026 and 100% by December 2027.

49.3.2 Equity position risk

Equity position risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in the prices of individual stocks or market indices. The Group's equity investments are classified as fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVPL) investments. The objective of classifying investments as FVPL is to take advantage of short term capital gains, while the FVOCI portfolio is maintained with a medium term view of capital gains and dividend income. The Holding Company's Investment Committee is primarily responsible for the oversight of the equity investment risk. The Group has an active and regular monitoring mechanism for utilisation against approved portfolio limits, scrip wise limits, sector limits, loss triggers and timely escalation of Management Action Trigger Levels (MAT).

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% adverse movement in equity prices on				
- Profit and loss account	-	(257,025)	-	(179,246)
- Other comprehensive income	(1,375,378)	-	(761,424)	-

49.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

Interest Rate Risk is the adverse impact on the Group's shareholder's equity due to changes in the interest rates. It may be further elaborated as changes in the present value of the asset, liabilities and commitments due to changes in interest rates, including changes in the shape of yield curves. The Group is exposed to interest rate risk primarily as a result of mismatches in the amounts of assets, liabilities and off-balance sheet interest sensitive instruments within a certain range of maturity or re-pricing (whichever is earlier). The Group has formulated a separate Interest Rate Risk Management (IRR) framework which establishes aggregate and tenor-wise balance sheet level PVBP (Price Value per basis points) limits to manage interest rate risk within the Board approved risk appetite. Global Treasury and Capital Markets Group is primarily responsible for management of interest rate risk on a daily basis, and the Asset and Liability Committee (ALCO) oversees the interest rate risk at Group level. Market & Liquidity Risk Department of Risk Management Division independently monitors, analyses and reports various limits including management action point limits and re-pricing of the assets and liabilities on a regular basis.

2025		2024	
Banking book	Trading book	Banking book	Trading book
----- (Rupees in '000) -----			

Impact of 1% increase in interest rates on

- Profit and loss account (2,408,692) (2,094,295) (2,652,958) (4,655,830)
- Other comprehensive income (21,892,873) (1,012,126) (16,800,740) -

49.4.1 Mismatch of Interest Rate Sensitive Assets and Liabilities

Effective Yield/ Interest rate	Total	2025									
		Exposed to Yield / Interest risk									
		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	Non-interest bearing financial instruments

On-balance sheet financial instruments

----- (Rupees in '000) -----											
Assets											
Cash and balances with treasury banks	0.19%	227,583,076	17,684,174	-	-	-	-	-	-	-	209,898,902
Balances with other banks	2.16%	24,109,552	32,014	-	-	-	-	-	-	-	24,077,538
Lending to financial institutions	9.90%	19,674,292	19,674,292	-	-	-	-	-	-	-	-
Investments	12.22%	2,178,171,675	160,074,449	329,415,602	614,955,429	176,976,145	59,844,306	122,236,497	116,846,930	-	54,615,772
Advances	12.54%	1,104,923,835	514,341,136	204,192,739	70,777,653	24,856,199	35,707,433	40,037,237	53,477,065	17,716,598	5,440,512
Other assets	-	166,878,268	-	-	-	-	-	-	-	-	166,878,268
		3,721,340,698	711,806,065	533,608,341	685,733,082	201,782,344	95,551,739	162,273,734	170,323,995	17,716,598	460,910,992
Liabilities											
Bills payable	-	56,957,969	-	-	-	-	-	-	-	-	56,957,969
Borrowings	10.61%	832,127,882	725,063,915	15,149,685	9,853,888	2,683,346	9,149,040	14,279,278	32,183,671	49,500	-
Deposits and other accounts	5.67%	2,495,388,928	1,061,595,041	115,943,341	165,387,103	1,483,648	1,809,949	6,105,486	-	-	1,027,950,797
Lease liabilities	14.13%	32,573,375	64,592	233,947	1,370,254	2,894,962	3,269,454	7,142,722	14,799,390	2,034,383	-
Subordinated debt	13.95%	14,000,000	-	7,000,000	7,000,000	-	-	-	-	-	-
Other liabilities	-	100,078,470	-	-	-	-	-	-	-	-	100,078,470
		3,531,126,624	1,786,723,548	138,326,973	146,592,793	176,611,245	14,228,443	27,527,486	46,983,061	2,083,883	1,184,987,236
On-balance sheet gap		190,214,074	(1,074,917,483)	395,281,368	535,041,015	509,121,837	194,720,388	134,746,248	123,340,934	15,632,715	(724,076,244)

Off-balance sheet financial instruments

Documentary credits and short-term trade-related transactions

Commitments in respect of:

- Forward exchange contracts - purchase
- Forward exchange contracts - sale
- Forward security - purchase
- Forward security - sale
- Interest Rate Swaps - purchase
- Interest Rate Swaps - sale
- Cross Currency Swaps - purchase
- Cross Currency Swaps - sale

Off-balance sheet gap

Total yield / Interest risk sensitivity gap

Cumulative yield / Interest risk sensitivity gap

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
	461,815,730	-	-	-	-	-	-	-	-	461,815,730
	271,592,770	141,158,281	78,598,706	50,690,503	1,145,280	-	-	-	-	-
	(195,418,646)	(122,913,491)	(42,445,103)	(23,692,977)	(6,367,075)	-	-	-	-	-
	44,558,744	11,240,408	33,318,336	-	-	-	-	-	-	-
	(120,946,105)	(120,946,105)	-	-	-	-	-	-	-	-
	15,364,164	10,321,948	5,042,216	-	-	-	-	-	-	-
	(15,364,164)	-	-	-	(2,338,439)	(4,061,785)	(2,521,108)	(4,762,093)	(1,680,739)	-
	9,140,394	-	9,140,394	-	-	-	-	-	-	-
	(9,140,394)	(9,140,394)	-	-	-	-	-	-	-	-
	461,602,493	(90,279,353)	83,654,549	26,997,526	(7,560,234)	(4,061,785)	(2,521,108)	(4,762,093)	(1,680,739)	-
		(1,165,196,836)	478,935,917	562,038,541	501,561,603	190,658,603	78,802,188	129,984,155	121,660,195	15,632,715
		(1,165,196,836)	(686,260,919)	(124,222,378)	377,339,225	567,997,828	646,800,016	776,784,171	898,444,366	914,077,081
										651,816,567

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
	227,868,901	12,652,660	-	-	-	-	-	-	-	215,216,241
	19,713,246	509,281	-	-	-	-	-	-	-	19,703,965
	100,998,323	95,601,099	399,924	4,997,300	-	-	-	-	-	-
	1,996,182,261	180,967,039	288,403,810	730,065,802	165,681,067	157,240,131	127,222,674	174,592,781	132,559,486	39,449,471
	1,109,376,542	611,170,359	136,366,580	155,184,943	52,303,953	16,094,965	19,215,964	29,849,145	66,260,011	3,182,239
	155,453,910	-	-	-	-	-	-	-	-	155,453,910
	3,609,593,183	900,900,438	425,170,314	890,248,045	217,985,020	173,335,096	146,438,638	204,441,926	198,819,497	432,505,826
										19,748,383
										59,019,897
										2,550,296
										17,198,087
										(569,489,500)

On-balance sheet financial instruments

Assets

- Cash and balances with treasury banks
- Balances with other banks
- Lending to financial institutions
- Investments
- Advances
- Other assets

Liabilities

- Bills payable
- Borrowings
- Deposits and other accounts
- Lease liabilities
- Subordinated debt
- Other liabilities

On-balance sheet gap

0.00%	227,868,901	12,652,660	-	-	-	-	-	-	-	-	215,216,241
3.38%	19,713,246	509,281	-	-	-	-	-	-	-	-	19,703,965
15.19%	100,998,323	95,601,099	399,924	4,997,300	-	-	-	-	-	-	-
18.35%	1,996,182,261	180,967,039	288,403,810	730,065,802	165,681,067	157,240,131	127,222,674	174,592,781	132,559,486	-	39,449,471
17.00%	1,109,376,542	611,170,359	136,366,580	155,184,943	52,303,953	16,094,965	19,215,964	29,849,145	66,260,011	19,748,383	3,182,239
-	155,453,910	-	-	-	-	-	-	-	-	-	155,453,910
	3,609,593,183	900,900,438	425,170,314	890,248,045	217,985,020	173,335,096	146,438,638	204,441,926	198,819,497	19,748,383	432,505,826
	41,768,326	-	-	-	-	-	-	-	-	-	41,768,326
16.35%	1,142,200,709	972,124,538	9,103,713	37,275,251	57,210,197	4,261,703	3,619,377	13,462,044	44,957,913	185,973	-
11.18%	2,136,104,698	1,062,676,824	109,136,439	54,656,520	36,128,705	988,608	1,336,147	6,025,141	-	-	865,156,314
14.40%	29,555,307	88,592	310,266	491,422	1,171,388	2,398,647	2,709,681	5,959,004	14,061,984	2,364,323	-
22.28%	14,000,000	-	7,000,000	7,000,000	-	-	-	-	-	-	-
-	95,070,686	-	-	-	-	-	-	-	-	-	95,070,686
	3,458,699,776	2,034,889,954	125,550,418	99,423,193	94,510,290	7,648,958	7,665,205	25,446,189	59,019,897	2,550,296	1,001,995,326
	150,893,457	(1,133,989,516)	299,619,896	790,824,852	123,474,730	165,686,138	138,773,433	178,995,737	139,799,600	17,198,087	(569,489,500)

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											
Documentary credits and short-term trade-related transactions	402,528,699	-	-	-	-	-	-	-	-	-	402,528,699
Commitments in respect of:											
- Forward exchange contracts - purchase	144,906,210	82,323,609	47,360,862	14,967,644	254,095	-	-	-	-	-	-
- Forward exchange contracts - sale	(122,031,856)	(79,019,016)	(21,826,844)	(13,829,134)	(7,356,862)	-	-	-	-	-	-
- Forward security - purchase	55,393,978	5,461,630	25,217,982	-	-	-	-	11,215,131	13,499,235	-	-
- Forward security - sale	(94,135,406)	-	(24,529,560)	-	(5,407,620)	(4,212,576)	(1,884,925)	(3,754,454)	(54,346,271)	-	-
- Interest Rate Swaps - purchase	23,054,358	13,834,353	9,220,005	-	-	-	-	-	-	-	-
- Interest Rate Swaps - sale	(23,054,358)	-	(584,955)	(580,164)	-	(2,808,564)	(4,596,075)	(7,799,400)	(6,685,200)	-	-
- Cross Currency Swaps - purchase	10,412,144	-	10,412,144	-	-	-	-	-	-	-	-
- Cross Currency Swaps - sale	(10,412,144)	(10,412,144)	-	-	-	-	-	-	-	-	-
Off-balance sheet gap	386,661,625	12,188,432	45,269,634	558,346	(12,510,387)	(7,021,140)	(6,481,000)	(338,723)	(47,532,236)	-	402,528,699
Total yield / interest risk sensitivity gap											
	(1,121,801,084)	344,889,530	791,383,198	110,964,343	158,664,998	132,292,433	178,657,014	92,267,364	17,198,087		(166,960,801)
Cumulative yield / interest risk sensitivity gap											
	(1,121,801,084)	(776,911,554)	14,471,644	125,435,987	284,100,985	416,393,418	595,050,432	687,317,796	704,515,883		537,555,082

49.4.2 Reconciliation of financial assets and liabilities exposed to yield / interest rate risk with total assets and liabilities

	2025	2024
	----- (Rupees in '000) -----	
Total financial assets as per note 49.4.1	3,721,340,698	3,609,593,183
Add: Non financial assets		
Property and equipment	71,295,025	63,673,849
Right-of-use assets	26,465,246	25,365,699
Intangibles	1,728,936	1,559,640
Other assets	14,255,263	16,863,326
Total assets as per the statement of financial position	3,835,085,168	3,717,055,697
Total financial liabilities as per note 49.4.1	3,531,126,624	3,458,699,726
Add: Non financial liabilities		
Deferred tax liabilities	27,399,186	19,459,032
Other liabilities	76,348,809	57,510,242
Total liabilities as per the statement of financial position	3,634,874,619	3,535,669,000

49.5 Operational Risk

Operational risk is the risk of loss resulting from inadequate internal processes, people and systems, or from external events including legal risks. This excludes strategic and reputational risk.

The Operational Risk Management Framework, policy and standards of the Holding Company duly approved by the Central Management Committee and the Board, cover the processes, structure and functions of operational risk management and provides guidelines to identify, assess, monitor, control and report operational risk in a consistent and transparent manner across the Group.

49.5.1 Operational Risk Disclosures - Basel Specific

The Holding Company is among the first few banks in the industry to secure the SBP approval for adoption of the Alternative Standardized Approach (ASA) under Basel guidelines for determining capital charge on operational risk in December 2013. The Holding Company started calculating its capital charge for operational risk using ASA from December 31, 2013.

The SBP approval stipulated a capital floor i.e. operational risk charge under ASA should not fall below as a certain percentage of operational risk capital charge calculated under the Basic Indicator Approach for initial three years. These floors were 90% for 2013 and 2014, 80% for 2015 and 70% for 2016. However, removal of the capital floor for calculation of capital charge under ASA was extended in line with international developments and consultations of the Basel Committee on Banking Supervision (BCBS).

Embedding a sustainable risk culture remains our core objective, which includes effective management of operational issues and emerging risks across the Group and in our overseas operations via deployment of required resources, tools and continuous supervision. The new Operational Risk Framework, Policy and Standards, duly approved by the Board, have been rolled out, along with new system platforms (Operational Risk System), for recording and tracking of risk events, including non-financial risks. We are at advance stage of implementing a new process based Risk and Control Self-Assessment method across the Group in order to effectively manage operational risks and continually monitor the effectiveness of defined controls through first-line self-assessment reviews, especially for the processes and activities that may significantly impact the Group's risk appetite. Furthermore, new and amended products, systems, activities and processes are subject to comprehensive operational risk assessments before implementation and launch.

49.5.2 Information Security Risk

Cyber risk is now amongst the top ranked risks that all organizations face and the Holding Company is cognizant of its significance and possible impacts. The Holding Company's Board IT Committee (BITC) and management level IT Steering Committee (ITSC) provide oversight of cyber security matters. The Holding Company has in place a well-defined Information Security Risk Management Policy / Framework, duly approved by the Board of Directors. The framework is supplemented with comprehensive Information Security Risk Management procedures approved by the executive management. The framework is directly aligned with regulatory advisories and international standards, as well as best practices.

A dedicated Information Security Division within the Credit & Risk Management Group is responsible for managing information security risks to the Holding Company's information assets. This division ensures compliance with established information security standards and baselines, continuously monitors cyber threats, and investigates security incidents through a purpose-built Security Operations Centre, which operates 24/7/365 days.

Through periodic Cyber Security Risk Assessments, the Holding Company has implemented a multi-layered Cybersecurity Action Plan that addresses all key domains of information security. Identified threats and vulnerabilities are appropriately mitigated and revalidated. Additionally, the Holding Company regularly conducts Cyber Risk awareness campaigns for both staff and customers, and has established clear standards for the Acceptable Use of Information and Technology Resources.

49.5.3 Environmental Risk Unit

The Holding Company has integrated a sustainable finance approach in its lending activities. In this regard, Green Banking Policy and Environmental & Social Management System (ESMS) have been put in place.

The ESMS Framework essentially requires that any relevant lending opportunity is reviewed and evaluated under:

- Group's exclusion list;
- Applicable national laws on environment, health, safety and social issues; and
- International Finance Corporation performance standards.

This framework is an integral part of the credit approval process. All relevant credit proposals require Environmental & Social review prior to approval of the competent authority.

During 2022, the SBP issued Environmental & Social Risk Management (ESRM) Implementation Manual, based on IFC performance standards, which is applicable to all banks in Pakistan. From November 20, 2023, the Holding Company has implemented the aforementioned SBP manual in letter and spirit.

49.5.4 Country risk

Country risk refers to the possibility that economic and political conditions in a foreign country could adversely impact the Group's exposure in that country. For the Group, country risk arises as a result of the Group's net investment in foreign operations, foreign currency lending, trade and treasury business with counterparties domiciled in other countries as well as investments and capital transactions. In order to manage the risk, the Group has in place a comprehensive country risk management framework. Under this framework, the transfer risk is measured using financial market and economic factors. Political risk is measured using a variety of indicia indicative of a country's willingness to honour its foreign obligations. Based on this framework, risk limits are assigned to countries within the Board approved limits. The limits and their utilisation are monitored and managed at head office level and country risk exposures are reported to the relevant committees at a defined frequency.

49.6 Liquidity Risk

Liquidity is a financial institution's capacity to meet its obligations as they fall due without incurring losses. Liquidity risk is the risk to an institution's earnings, capital and reputation arising from its inability (real or perceived) to meet its contractual obligations in a timely manner without incurring unacceptable losses when they fall due.

With reference to the SBP Basel III Liquidity Standards issued under BPRD circular # 08 dated June 23, 2016, the Holding Company calculates the Liquidity Coverage Ratio (LCR) on a monthly basis. Based on the financial statements as at December 31, 2025, the Holding Company's LCR is 1.67 or 167% against the SBP minimum requirement of 100%, with Total Stock of High Quality Liquid Assets (HQLA) of Rs. 1,413,753.134 million and Net Cash Outflows of Rs. 845,404.943 million.

Moreover, under the same circular the Holding Company is expected to calculate Net Stable Funding Ratio (NSFR) on a quarterly basis. Based on December 31, 2025 figures the the Holding Company's NSFR is 1.40 or 140% against SBP minimum requirement of 100%, with Total Available Stable Funding of Rs. 1,916,051.651 million and Total Required Stable Funding of Rs. 1,365,278.952 million.

The Group manages and controls liquidity risk through a detailed risk management framework, which includes BoD approved policy, the management level procedural documents and Asset & Liability Committee (ALCO) level guidelines. Under this framework, various liquidity metrics are implemented and monitored on a regular basis.

The Board approves the Holding Company's overall liquidity risk appetite and broad liquidity risk strategy through Annual Business Plan. The Group's ALCO is primarily responsible for the implementation of Board's strategy through oversight of the asset liability function including liquidity management. Treasury front office manages the Group's liquidity on a day to day basis and is the Group's first line of defence against liquidity risk. Under Risk Management Division, Liquidity Risk Management Department is responsible for independent monitoring of the overall liquidity risk in line with regulatory requirements and Group's own risk appetite.

The Group's overall funding strategy is based on the principles of diversification and stability. The Group has a diverse funding base, which includes stable funding in the form of equity, sub-ordinated loans, retail and small business deposits and non-stable funding in form of large volume depositors. The Group has in place internally approved limits to monitor and manage risk emanating from volatile funding concentration. Moreover, the Group is fully compliant with Basel III LCR and NSFR, which ensure sufficient stock of high quality liquidity assets in relation to its liability profile.

Stress testing is used in an attempt to highlight the vulnerability of the Group's statement of financial position to hypothetical stress events and scenarios. Based on the scenarios, liquidity risk factors are given major shocks and their resulting impact on the statement of financial position is calculated. The Group carries out the stress testing based on SBP stress tests and internal defined scenarios to gauge the potential impacts of different liquidity stress scenarios and share the results with the senior management, the BoD and the regulator.

At the Group, Contingency Funding Plan (CFP), is in place for all jurisdictions to address liquidity issues in times of stress / crises situations. The Treasury Group prepares the CFPs for all operations on an annual basis for identifying the stress scenarios and the funding plan for such scenarios along with early warning indicators. These plans are reviewed by the Risk Management Division and are approved by the ALCO annually.

Main drivers of LCR results are High Quality Liquid Assets (HQLA) and Net Cash Outflow. HQLA is defined by the liquidity quality of the Group's assets and net cash outflow is mainly determined through volatility of the Group's liability profile. The table below showcases the composition of HQLA as of December 31, 2025.

HQLA*	Market Value	Weighted Amount
	----- (Rupees in '000) -----	
Level 1 Assets	1,400,331,380	1,400,331,380
Level 2A Assets	802,481	682,109
Level 2B Assets	25,292,385	12,739,645
	<u>1,426,426,246</u>	<u>1,413,753,134</u>

* These have been defined in detail in the SBP Circular No. 08, dated June 23, 2016.

49.6.1 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 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	227,583,076	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	24,109,552	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	19,674,292	8,299,961	10,000,000	-	-	-	-	-	-	-	-	-
Investments	2,178,171,675	357,433	4,561,376	14,014,742	116,396,902	131,841,669	70,283,955	643,238,760	191,515,747	154,505,805	285,018,739	462,069,743
Advances	1,104,923,835	204,147,417	10,536,728	124,496,779	91,055,314	86,318,190	20,769,226	19,421,793	51,759,811	68,177,839	93,549,204	191,432,379
Property and equipment	71,295,025	36,686	255,329	618,685	1,042,741	2,690,933	2,643,875	2,611,389	5,849,951	4,841,956	6,254,264	43,079,681
Right-of-use assets	26,465,246	351,965	30	11,785	699,837	23,553	1,070,954	1,062,361	3,912,714	3,505,886	5,942,626	8,866,494
Intangible assets	1,728,936	2,287	16,273	39,521	66,748	73,901	211,849	210,036	355,620	291,850	235,910	-
Other assets	181,133,531	9,215,219	29,144,942	77,452,011	8,792,980	5,465,534	3,941,003	4,892,953	865,317	1,934,269	1,790,303	3,265,178
	3,835,085,168	467,177,966	61,566,069	54,514,678	216,633,523	218,054,522	195,253,935	262,559,833	671,437,292	254,259,160	233,257,605	708,713,475
Liabilities												
Bills payable	56,957,969	-	-	-	-	-	-	-	-	-	-	-
Borrowings	832,127,882	3,128,480	670,428,856	18,151,084	33,355,495	10,941,089	3,603,596	1,531,275	8,322,613	9,754,040	14,279,278	32,233,171
Deposits and other accounts	2,495,388,928	1,811,773,405	72,455,072	67,104,517	86,364,706	88,224,977	68,795,434	42,035,948	132,072,190	1,509,959	6,143,958	-
Lease liabilities	32,573,375	49,398	278	324	14,591	216,275	19,109	655,439	714,814	3,269,454	7,142,724	16,833,773
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	-	-	14,000,000
Deferred tax liabilities	27,399,186	-	-	-	-	-	-	27,399,186	-	-	-	-
Other liabilities	176,427,279	22,826,843	25,659,768	48,347,160	9,808,251	12,270,505	5,268,778	19,965,772	3,557,338	3,548,898	5,497,797	9,000,000
	3,634,874,619	1,876,210,575	765,711,049	110,915,693	168,081,952	109,190,592	78,792,985	153,833,296	10,645,605	18,396,156	33,063,757	72,066,944
Net assets												
	200,210,549	(1,409,032,609)	(704,144,980)	(56,401,015)	48,551,571	108,863,930	116,460,950	108,726,537	49,374,624	482,962,717	243,613,555	636,646,531

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	227,868,901	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	19,713,246	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	100,998,323	8,385,187	18,336,152	68,879,760	399,924	-	4,997,300	-	-	-	-	-	-
Investments	1,996,182,261	5,128,902	1,318,078	5,337,721	9,011,738	28,943,912	75,238,204	150,231,135	116,974,460	473,299,812	142,640,067	559,711,577	428,189,087
Advances	1,109,376,542	380,551,043	34,471,524	34,905,916	40,804,493	73,316,034	125,650,872	16,362,850	95,321,483	27,687,469	44,620,864	71,520,320	154,506,502
Property and equipment	63,673,849	28,145	196,289	475,567	793,694	735,810	2,146,920	2,149,363	2,110,420	4,760,969	4,159,824	5,203,246	40,745,262
Right-of-use assets	25,365,699	330,053	78	90	15,956	31,871	978,827	80,714	1,857,278	3,589,654	3,324,767	5,552,122	8,914,602
Intangible assets	1,559,640	2,177	15,247	36,990	60,767	66,693	192,712	191,867	189,440	301,264	246,522	236,893	6,000
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	172,317,236	21,913,353	25,506,688	69,528,059	14,280,347	7,819,205	7,125,726	1,183,414	3,631,775	5,731,339	1,173,154	1,848,630	3,336,515
	3,717,055,697	637,890,164	45,266,100	79,844,068	179,179,969	66,040,650	216,330,561	170,199,343	220,084,856	515,370,507	196,165,198	644,072,788	635,697,968

Liabilities

Bills payable	41,768,326	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	1,142,200,709	17,225,724	4,665,365	783,570,075	3,765,303	5,338,410	37,275,251	49,794,857	7,415,340	4,261,703	3,619,377	13,462,044	45,143,886
Deposits and other accounts	2,136,104,698	1,698,073,135	50,162,601	88,703,151	58,323,916	58,672,456	59,599,147	20,740,551	25,745,688	1,010,684	1,337,247	6,037,541	-
Lease liabilities	29,555,307	73,441	88	14,988	282,920	27,346	491,422	36,400	1,134,988	2,398,647	2,709,681	5,959,004	16,426,307
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	19,459,032	-	-	-	-	-	-	-	19,459,032	-	-	-	-
Other liabilities	152,580,928	2,540,492	17,165,653	39,480,508	15,186,637	5,737,866	10,291,339	5,797,221	13,294,163	1,678,719	110,683	9,221,366	12,238,983
	3,535,669,000	1,759,681,118	251,527,683	74,665,352	911,768,722	77,558,776	107,657,159	76,369,029	67,049,211	9,349,753	7,776,988	34,679,955	87,809,176

Net assets

	181,386,697	(1,121,790,954)	(206,261,583)	5,178,716	(732,588,753)	(11,518,126)	41,137,447	108,673,402	93,890,314	153,035,645	506,020,754	188,388,210	609,392,833	547,888,792

Share capital	15,771,651
Reserves	43,466,925
Surplus on revaluation of assets	33,820,479
Unappropriated profit	88,305,939
Non-controlling interest	21,703
	181,386,697

Current and saving deposits have been classified under maturity upto one day as these do not have any contractual maturity. Further, the Group, on the basis of behavioural pattern, estimates these deposits are a core part of its liquid resources with long term maturity profile reflected in note 49.6.2.

49.6.2 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	227,583,076	135,347,881	6,571,696	10,276,857	11,937,900	19,424,788	3,144,567	6,289,137	15,722,841	18,867,409
Balances with other banks	24,109,552	-	-	-	-	-	-	-	-	-
Lending to financial institutions	19,674,292	19,674,292	-	-	-	-	-	-	-	-
Investments	2,178,171,675	21,078,117	218,619,140	131,841,669	713,522,715	191,515,747	154,505,805	285,018,739	453,868,844	8,200,899
Advances	1,104,923,835	364,642,227	177,373,504	117,797,852	40,191,019	51,759,811	68,177,839	93,549,204	164,305,820	27,126,559
Property and equipment	71,295,025	1,129,716	2,193,260	2,690,933	5,255,264	5,849,951	4,841,956	6,254,264	7,684,690	35,394,991
Right-of-use assets	26,465,246	363,806	723,390	1,070,954	2,079,376	3,912,714	3,505,886	5,942,626	8,102,562	763,932
Intangible assets	1,728,936	72,032	140,649	211,849	421,026	355,620	291,850	235,910	-	-
Other assets	181,133,531	141,239,418	14,258,514	8,946,576	8,833,956	865,317	1,934,269	1,790,303	3,265,178	-
	3,835,085,168	707,657,041	419,880,153	272,836,690	782,241,256	273,683,948	236,402,172	399,080,183	652,949,935	90,353,790
Liabilities										
Bills payable	56,957,969	56,957,969	-	-	-	-	-	-	-	-
Borrowings	832,127,882	725,063,915	14,544,685	23,715,559	9,853,888	2,683,346	9,754,040	14,279,278	32,183,671	49,500
Deposits and other accounts	2,495,388,928	252,586,273	204,333,398	188,056,665	316,014,108	293,282,365	89,914,192	182,324,814	440,334,552	528,542,561
Lease liabilities	32,573,375	64,591	235,384	762,234	1,370,253	2,894,962	3,269,454	7,142,724	14,799,390	2,034,383
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	14,000,000
Deferred tax liabilities	27,399,186	-	-	-	27,399,186	-	-	-	-	-
Other liabilities	176,427,279	101,135,094	16,183,097	12,270,505	25,234,550	3,557,338	3,548,898	5,497,797	9,000,000	-
	3,634,874,619	1,135,807,842	235,296,564	224,804,963	379,871,985	302,418,011	106,486,584	209,244,613	496,317,613	544,626,444
Net assets										
	200,210,549	(428,150,801)	184,583,589	48,031,727	402,369,271	(28,734,063)	129,915,988	189,835,570	156,632,322	(454,272,654)
Share capital										
Share capital	15,771,651									
Reserves	42,366,356									
Surplus on revaluation of assets	43,227,219									
Unappropriated profit	98,845,323									
	200,210,549									

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
------(Rupees in '000)-----								
Assets								
Cash and balances with treasury banks	227,868,901	141,757,060	6,117,146	5,404,441	10,323,918	20,399,175	3,133,513	6,266,760
Balances with other banks	19,713,246	19,713,246	-	-	-	-	-	-
Lending to financial institutions	100,998,323	95,601,099	399,924	4,997,300	-	-	-	-
Investments	1,996,182,261	11,942,269	37,955,650	75,238,204	267,205,595	473,299,812	142,640,067	559,714,577
Advances	1,109,376,542	454,579,897	114,138,785	125,717,776	111,945,206	25,281,023	48,025,472	98,718,466
Property and equipment	63,673,849	868,341	1,529,504	2,146,920	4,259,783	4,760,969	4,159,824	5,203,246
Right-of-use assets	25,365,699	346,177	721,558	978,827	1,937,992	3,589,654	3,324,767	6,122,150
Intangible assets	1,559,640	67,482	127,460	192,712	381,307	301,264	246,522	8,042,975
Deferred tax assets	-	-	-	-	-	-	-	236,893
Other assets	172,317,236	126,187,131	22,099,552	7,125,726	4,815,189	5,731,339	1,173,154	184,863,000
	3,717,055,697	851,062,702	183,089,579	221,801,906	400,868,990	533,363,236	202,703,319	677,089,461
Liabilities								
Bills payable	41,768,326	41,768,326	-	-	-	-	-	-
Borrowings	1,142,200,709	972,124,538	9,103,713	37,275,251	57,210,197	4,261,703	3,619,377	44,957,913
Deposits and other accounts	2,136,104,698	242,103,099	183,812,446	159,823,258	246,934,460	413,043,138	64,409,641	132,182,328
Lease liabilities	29,555,307	88,592	310,266	491,422	1,171,388	2,398,647	2,709,681	5,959,004
Subordinated debt	14,000,000	-	-	-	-	-	-	-
Deferred tax liabilities	19,459,032	-	-	-	19,459,032	-	-	-
Other liabilities	152,580,928	79,023,951	20,924,503	10,291,339	19,091,384	1,678,719	110,683	9,221,366
	3,535,669,000	1,335,108,506	214,150,928	207,881,270	343,866,461	421,382,207	70,849,382	160,824,742
Net assets								
	181,386,697	(484,045,804)	(31,061,349)	13,920,636	57,002,529	111,981,029	131,853,937	516,264,719
Share capital	15,771,651							
Reserves	43,466,925							
Surplus on revaluation of assets	33,820,479							
Unappropriated profit	88,305,939							
Non-controlling interest	21,703							
	181,386,697							

In line with the SBP BSD Circular Letter No. 03 of 2011 on "Maturity and Interest Rate Sensitivity Gap Reporting" the Holding Company conducted a behavioural study of non-maturity deposits (non-contractual deposits) and performed volatility analysis on relative change balance approach to determine deposit withdrawal pattern on Current and Savings Accounts (CASA). This analysis is used to investigate the relationship between time, the amount of deposits and deposits withdrawals in order to arrive at an estimated deposits withdrawals pattern. This methodology is in line with the industry best practices and regulatory guidance.

49.7 Derivative Risk

The Group deals in derivative instruments including Interest Rate Swaps and Cross Currency Swaps for hedging and market making purposes within the Group's risk appetite. Interest rate swaps are primarily conducted to hedge interest rate risk present in the Group's foreign currency bond portfolio.

Additionally, to facilitate client business enabling them to hedge long term foreign currency exposure, the Group offers solutions through Cross Currency Swaps subject to approval from the State Bank of Pakistan. The counterparty risk associated in the cross currency swaps is approved by the relevant Credit Approval Authority.

Market & Liquidity Risk Department under the Risk Management Division performs hedge effectiveness testing of the foreign currency bonds portfolio against interest rate swaps on a periodic basis. For Cross Currency Swaps, Market & Liquidity Risk Department monitors the revaluation and counterparty exposures on regular basis. The results are then shared with the concerned stakeholders and strategies are devised/revisited in coordination with Treasury to align the outcomes with established risk parameters.

50 AFGHANISTAN OPERATIONS

Bank Alfalah Limited maintains a two-branch presence in Afghanistan. The Board and the management of the Holding Company continue to closely monitor the evolving situation in Afghanistan which has been hampered due to the country's frozen reserves and uncertainty regarding international recognition which prevent normal flows in and out of Afghanistan. Consequently, the Holding Company has taken reserve against Afghanistan operations. The Holding Company remains focused on maintaining its control standards i.e. both onshore and through Head Office oversight.

During the year 2025, a non-binding indicative offer was received from Ghazanfar Bank, Afghanistan ("Ghazanfar Bank") to acquire the Holding Company's Afghanistan Operations (assets and liabilities). In this regard, subsequent to year end, the Holding Company was granted an in-principle approval by the State Bank of Pakistan for Ghazanfar Bank to conduct due diligence. Further, the Central Bank of Afghanistan also accorded its approval to Ghazanfar Bank to commence due diligence.

51 BANGLADESH OPERATIONS

During the year 2024, a non-binding indicative offer was received from Bank Asia Limited, Dhaka, Bangladesh ("Bank Asia") to acquire the Holding Company's Bangladesh Operations (assets and liabilities). In this regard, the Holding Company was granted an in-principle approval by the State Bank of Pakistan for Bank Asia to conduct a due diligence exercise. Further, the Central Bank of Bangladesh also accorded its approval for Bank Asia to commence due diligence.

Subsequently, during the year 2025, the Board of Directors of Bank Alfalah Limited ("the Bank") has accorded its approval to sell the Holding Company's Bangladesh Operations to Bank Asia subject to approval of the State Bank of Pakistan, the Central Bank of Bangladesh, and /or any other regulatory and legal compliance and execution of the definitive agreement.

52 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Holding Company in its meeting held on February 13, 2026 has announced final cash dividend of Rs. 3.0 per share i.e. 30% (2024: Rs. 2.50 per share i.e. 25%). This appropriation will be approved in the forthcoming Annual General Meeting. The consolidated financial statements for the year ended December 31, 2025 do not include the effect of this appropriation which will be accounted for in the consolidated financial statements for the year ending December 31, 2026. The Board had earlier declared and paid cumulatively an interim cash dividend of Rs. 7.50 (2024: interim cash dividend: Rs. 6.0) per share.

53 DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on February 13, 2026 by the Board of Directors of the Holding Company.

54 GENERAL

54.1 Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated financial statements, wherever necessary to facilitate comparison.

ANNEXURE-I

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE DURING THE YEAR ENDED DECEMBER 31, 2025

Details of advances written-off for the year ended December 31, 2025 are disclosed in Annexure I of the unconsolidated financial statements.

ANNEXURE-II

ISLAMIC BANKING BUSINESS (DOMESTIC)

Details of the Islamic banking business (domestic) for the year ended December 31, 2025 are disclosed in Annexure II of the unconsolidated financial statements.

ANNEXURE-III

DISPOSAL OF PROPERTY AND EQUIPMENTS TO RELATED PARTIES

Details of the disposal of property and equipments to related parties for the year ended December 31, 2025 are disclosed in Annexure III of the unconsolidated financial statements.

Pattern of Shareholding

As at December 31, 2025

Number of Shareholders	From	Shareholding	To	Number of Shares Held
3570	1	-	100	115,296
2620	101	-	500	737,297
1919	501	-	1000	1,442,974
3908	1001	-	5000	11,447,296
1004	5001	-	10000	7,454,433
271	10001	-	15000	3,417,101
166	15001	-	20000	3,034,232
131	20001	-	25000	3,051,169
83	25001	-	30000	2,324,964
50	30001	-	35000	1,618,349
33	35001	-	40000	1,269,536
35	40001	-	45000	1,500,536
73	45001	-	50000	3,560,240
24	50001	-	55000	1,282,603
24	55001	-	60000	1,390,886
25	60001	-	65000	1,578,774
18	65001	-	70000	1,233,632
27	70001	-	75000	1,989,575
11	75001	-	80000	852,179
12	80001	-	85000	1,003,561
11	85001	-	90000	966,310
8	90001	-	95000	742,685
41	95001	-	100000	4,086,258
9	100001	-	105000	918,989
9	105001	-	110000	974,083
5	110001	-	115000	561,252
4	115001	-	120000	473,421
9	120001	-	125000	1,107,591
7	125001	-	130000	905,956
5	130001	-	135000	659,942
7	135001	-	140000	967,025
2	140001	-	145000	289,650
16	145001	-	150000	2,365,235
4	150001	-	155000	610,108
5	155001	-	160000	793,251
2	160001	-	165000	329,012
2	165001	-	170000	340,000

Number of Shareholders	From	Shareholding	To	Number of Shares Held
5	170001	-	175000	867,273
4	175001	-	180000	711,434
5	180001	-	185000	919,310
5	185001	-	190000	939,756
2	190001	-	195000	390,000
13	195001	-	200000	2,596,351
3	200001	-	205000	606,718
3	205001	-	210000	622,925
7	210001	-	215000	1,491,569
5	215001	-	220000	1,094,095
4	220001	-	225000	899,268
1	225001	-	230000	225,016
2	230001	-	235000	460,805
1	235001	-	240000	240,000
1	240001	-	245000	242,350
5	245001	-	250000	1,240,334
7	250001	-	255000	1,772,292
2	255001	-	260000	513,883
4	260001	-	265000	1,052,781
5	265001	-	270000	1,342,779
3	270001	-	275000	822,280
1	275001	-	280000	280,000
1	280001	-	285000	280,320
1	285001	-	290000	290,000
1	290001	-	295000	291,871
7	295001	-	300000	2,100,000
4	300001	-	305000	1,206,451
2	305001	-	310000	618,318
1	310001	-	315000	315,000
1	315001	-	320000	317,462
2	320001	-	325000	648,798
4	325001	-	330000	1,315,035
1	330001	-	335000	334,911
4	335001	-	340000	1,354,185
1	340001	-	345000	343,400
3	345001	-	350000	1,047,395
3	350001	-	355000	1,061,002
1	355001	-	360000	360,000
1	360001	-	365000	361,640
1	375001	-	380000	375,722
3	380001	-	385000	1,145,715
2	385001	-	390000	777,696

Number of Shareholders	From	Shareholding	To	Number of Shares Held
1	390001	-	395000	392,000
2	395001	-	400000	795,861
2	400001	-	405000	805,254
1	410001	-	415000	412,164
1	420001	-	425000	422,756
2	425001	-	430000	855,048
1	435001	-	440000	438,323
3	455001	-	460000	1,368,369
1	460001	-	465000	464,000
2	465001	-	470000	932,828
1	475001	-	480000	477,245
1	485001	-	490000	486,001
6	495001	-	500000	2,997,000
2	500001	-	505000	1,007,000
1	505001	-	510000	510,000
1	510001	-	515000	513,199
1	515001	-	520000	518,100
1	520001	-	525000	522,843
1	530001	-	535000	532,498
2	535001	-	540000	1,072,609
1	540001	-	545000	545,000
2	545001	-	550000	1,100,000
1	550001	-	555000	551,830
2	560001	-	565000	1,128,109
1	565001	-	570000	570,000
1	570001	-	575000	570,900
1	575001	-	580000	578,000
1	585001	-	590000	590,000
4	595001	-	600000	2,400,000
1	605001	-	610000	608,774
1	635001	-	640000	638,500
1	640001	-	645000	645,000
1	650001	-	655000	652,000
2	655001	-	660000	1,314,435
1	675001	-	680000	677,068
1	690001	-	695000	692,875
2	695001	-	700000	1,398,055
2	700001	-	705000	1,405,073
1	705001	-	710000	706,000
1	715001	-	720000	719,000
1	745001	-	750000	750,000
1	755001	-	760000	758,650

Number of Shareholders	From	Shareholding	To	Number of Shares Held
1	770001	-	775000	770,100
1	775001	-	780000	778,678
1	780001	-	785000	784,400
1	785001	-	790000	789,789
1	795001	-	800000	800,000
1	800001	-	805000	803,000
2	805001	-	810000	1,613,677
1	820001	-	825000	825,000
1	825001	-	830000	827,333
2	905001	-	910000	1,816,411
1	935001	-	940000	937,052
1	945001	-	950000	950,000
1	950001	-	955000	952,414
4	995001	-	1000000	4,000,000
1	1000001	-	1005000	1,000,696
1	1020001	-	1025000	1,023,550
1	1030001	-	1035000	1,031,118
1	1050001	-	1055000	1,051,306
1	1060001	-	1065000	1,064,306
1	1075001	-	1080000	1,078,236
1	1085001	-	1090000	1,089,141
2	1095001	-	1100000	2,200,000
1	1110001	-	1115000	1,111,043
1	1115001	-	1120000	1,118,000
2	1145001	-	1150000	2,300,000
1	1165001	-	1170000	1,169,797
1	1170001	-	1175000	1,172,545
1	1195001	-	1200000	1,196,158
1	1240001	-	1245000	1,240,500
1	1265001	-	1270000	1,268,889
1	1270001	-	1275000	1,273,300
1	1275001	-	1280000	1,277,000
1	1295001	-	1300000	1,300,000
1	1400001	-	1405000	1,401,618
1	1410001	-	1415000	1,415,000
1	1505001	-	1510000	1,505,421
1	1520001	-	1525000	1,524,805
1	1540001	-	1545000	1,543,434
1	1610001	-	1615000	1,615,000
1	1665001	-	1670000	1,665,433
1	1685001	-	1690000	1,687,000
1	1745001	-	1750000	1,745,400

Number of Shareholders	From	Shareholding	To	Number of Shares Held
1	1760001	-	1765000	1,764,246
1	1770001	-	1775000	1,774,779
3	1795001	-	1800000	5,395,600
1	1855001	-	1860000	1,857,004
1	1925001	-	1930000	1,929,065
3	1995001	-	2000000	6,000,000
1	2005001	-	2010000	2,006,000
1	2020001	-	2025000	2,022,975
1	2025001	-	2030000	2,029,862
1	2040001	-	2045000	2,041,831
1	2100001	-	2105000	2,101,000
1	2110001	-	2115000	2,110,500
1	2185001	-	2190000	2,189,575
1	2210001	-	2215000	2,214,149
1	2220001	-	2225000	2,221,322
1	2365001	-	2370000	2,369,279
1	2440001	-	2445000	2,442,500
1	2495001	-	2500000	2,500,000
1	2570001	-	2575000	2,571,818
1	2785001	-	2790000	2,790,000
2	2795001	-	2800000	5,599,704
1	2875001	-	2880000	2,876,147
1	2995001	-	3000000	2,995,748
1	3010001	-	3015000	3,010,521
1	3135001	-	3140000	3,139,944
1	3260001	-	3265000	3,260,963
1	3315001	-	3320000	3,315,064
1	3430001	-	3435000	3,430,909
1	3465001	-	3470000	3,468,976
1	3710001	-	3715000	3,710,119
1	3725001	-	3730000	3,727,969
1	3820001	-	3825000	3,822,400
1	3880001	-	3885000	3,884,505
1	4025001	-	4030000	4,029,596
1	4075001	-	4080000	4,080,000
1	4365001	-	4370000	4,369,400
1	4400001	-	4405000	4,400,688
1	4430001	-	4435000	4,434,424
1	4495001	-	4500000	4,500,000
1	4745001	-	4750000	4,748,395
1	4790001	-	4795000	4,791,994
1	5400001	-	5405000	5,400,892

Number of Shareholders	From	Shareholding	To	Number of Shares Held
1	6305001	-	6310000	6,310,000
1	6475001	-	6480000	6,478,050
1	6515001	-	6520000	6,518,445
1	6585001	-	6590000	6,588,749
1	6850001	-	6855000	6,851,796
1	6995001	-	7000000	7,000,000
1	7030001	-	7035000	7,032,189
1	7265001	-	7270000	7,267,502
1	7490001	-	7495000	7,493,749
1	7625001	-	7630000	7,628,114
1	7695001	-	7700000	7,700,000
1	9005001	-	9010000	9,006,562
1	9210001	-	9215000	9,212,672
1	11565001	-	11570000	11,565,155
1	12180001	-	12185000	12,181,821
1	13005001	-	13010000	13,008,399
1	14105001	-	14110000	14,110,000
1	14185001	-	14190000	14,189,978
1	14845001	-	14850000	14,850,000
1	19220001	-	19225000	19,224,453
1	21040001	-	21045000	21,041,084
1	22080001	-	22085000	22,082,969
1	23050001	-	23055000	23,053,557
1	23505001	-	23510000	23,509,976
1	25295001	-	25300000	25,300,000
1	35360001	-	35365000	35,364,941
1	40360001	-	40365000	40,363,866
1	42420001	-	42425000	42,422,788
1	44640001	-	44645000	44,643,661
1	59360001	-	59365000	59,362,875
1	60545001	-	60550000	60,548,683
1	63125001	-	63130000	63,126,157
1	75685001	-	75690000	75,685,854
1	77095001	-	77100000	77,097,533
1	83255001	-	83260000	83,255,882
1	113525001	-	113530000	113,528,781
1	244715001	-	244720000	244,718,557
14478				1,577,165,119

Categories of Shareholders

As at December 31, 2025

S.No.	Categories of Shareholders	Shares Held	Percentage
1	Directors, Chief Executive Officer their Spouse(s) and Minor Children, if any.	432,369,897	27.41
2	Associated Companies, Undertakings and Related Parties	435,502,096	27.61
3	NIT and ICP	4,891,019	0.31
4	Banks Development Financial Institutions, Non Banking Financial Institutions	29,716,725	1.88
5	Insurance Companies	37,747,010	2.39
6	Modarabas and Mutual Funds	78,744,208	4.99
7	General Public		
	a) Local	221,900,281	14.07
	b) Foreign	79,012,544	5.01
8	Others		
	a) Foreign Companies	81,181,817	5.15
	b) Joint Stock Companies	160,031,200	10.15
	c) Provident Funds, Pension Funds, Gratuity Funds and other entitie	16,068,322	1.02
		1,577,165,119	100.00

Shareholders holding 10% or more shares

	Shareholding	Percentage
H.H. Sheikh Nahayan Mabarak Al Nahayan, Chairman	343,209,655	21.76

Sale/Purchase of Shares of the Bank

By Directors/Executives and their Spouses and minor children during the year 2025

Name	No. of Shares				Form of Share Certificates	Market	Cumulative Shareholding (after each transaction)	
	Date	No. of Shares	Rate	Nature			No. of Shares	Percentage
H.H. Sheikh Nahayan Mubarak Al Nahayan	20-Aug-25	4,726,499	103.04	Purchased	CDC	NDM	343,209,655	21.7612%
Mr. Abdulla Nasser Hawaileel Al Mansoori	20-Aug-25	4,726,499	103.04	Sold	CDC	NDM	83,255,882	5.2788%
		100	103.21			Ready	87,982,381	5.5785%
		73,401	103.10			Ready	87,982,481	5.5785%
		50,000	99.50			Ready	88,055,882	5.5832%
	19-Aug-25	50,000	99.45	Sold	CDC	Ready	88,105,882	5.5863%
		100,000	99.40			Ready	88,155,882	5.5895%
		50,000	92.90			Ready	88,255,882	5.5959%
	15-Jul-25	50,000	95.68	Sold	CDC	Ready	88,305,882	5.5990%
		28,580	94.50			Ready	88,355,882	5.6022%
		1,100	94.49			Ready	88,384,462	5.6040%
		17,583	94.40			Ready	88,385,562	5.6041%
	14-Jul-25	2,737	94.49	Sold	CDC	Ready	88,403,145	5.6052%
		50,000	94.19			Ready	88,405,882	5.6054%
		100,000	93.99			Ready	88,455,882	5.6085%
		50,000	93.49			Ready	88,555,882	5.6149%
		50,000	93.24			Ready	88,605,882	5.6180%
		64,001	92.74			Ready	88,655,882	5.6212%
	11-Jul-25	3,304	94.40	Sold	CDC	Ready	88,719,883	5.6253%
		5,400	94.35			Ready	88,723,187	5.6255%
		50,000	94.00			Ready	88,728,587	5.6258%
		5,984	93.78			Ready	88,778,587	5.6290%
		25,000	93.59			Ready	88,784,571	5.6294%
		25,000	93.50			Ready	88,809,571	5.6310%
	10-Jul-25	50,000	90.29	Sold	CDC	Ready	88,834,571	5.6325%
		50,000	89.90			Ready	88,884,571	5.6357%
		50,000	89.50			Ready	88,934,571	5.6389%
		50,000	89.38			Ready	88,984,571	5.6421%
	09-Jul-25	50,000	88.90	Sold	CDC	Ready	89,034,571	5.6452%
		100,000	88.49			Ready	89,084,571	5.6484%
	08-Jul-25	50,000	89.29	Sold	CDC	Ready	89,184,571	5.6547%
		50,000	89.09			Ready	89,234,571	5.6579%
		50,000	89.00			Ready	89,284,571	5.6611%
		50,000	88.59			Ready	89,334,571	5.6642%
		150,000	88.49			Ready	89,384,571	5.6674%
		50,000	88.33			Ready	89,534,571	5.6769%
	07-Jul-25	100,000	90.59	Sold	CDC	Ready	89,584,571	5.6801%
		100,000	90.40			Ready	89,684,571	5.6864%
		470	90.14			Ready	89,784,571	5.6928%
		100,000	90.10			Ready	89,785,041	5.6928%
		31,971	90.09			Ready	89,885,041	5.6992%
		50,000	90.07			Ready	89,917,012	5.7012%
		100,000	90.00			Ready	89,967,012	5.7043%

Name	No. of Shares				Form of Share Certificates	Market	Cumulative Shareholding (after each transaction)	
	Date	No. of Shares	Rate	Nature			No. of Shares	Percentage
	04-Jul-25	100,000	85.88	Sold	CDC	Ready	90,067,012	5.7107%
		100,000	85.48				90,167,012	5.7170%
		100,000	85.19				90,267,012	5.7234%
		100,000	84.99				90,367,012	5.7297%
		100,000	84.79				90,467,012	5.7361%
		200,000	84.69				90,567,012	5.7424%
		100,000	84.59				90,767,012	5.7551%
		100,000	84.48				90,867,012	5.7614%
		100,000	84.39				90,967,012	5.7678%
		50,000	84.34				91,067,012	5.7741%
		150,000	84.29				91,117,012	5.7773%
		100,000	84.19				91,267,012	5.7868%
		100,000	84.09				91,367,012	5.7931%
		03-Jul-25	50,000				84.99	Sold
	100,000		84.89	91,517,012	5.8026%			
	100,000		84.79	91,617,012	5.8090%			
	03-Jul-25	50,000	84.59	Sold	CDC	Ready	91,717,012	5.8153%
		150,000	84.49				91,767,012	5.8185%
		50,000	84.21				91,917,012	5.8280%
		100,000	84.19				91,967,012	5.8312%
		150,000	84.07				92,067,012	5.8375%
		100,000	84.04				92,217,012	5.8470%
		100,000	84.00				92,317,012	5.8534%
	02-Jul-25	100,000	84.65	Sold	CDC	Ready	92,417,012	5.8597%
		100,000	84.50				92,517,012	5.8660%
		100,000	84.19				92,617,012	5.8724%
		100,000	84.13				92,717,012	5.8787%
		100,000	84.08				92,817,012	5.8851%
		100,000	84.00				92,917,012	5.8914%
		50,000	83.99				93,017,012	5.8977%
		100,000	83.98				93,067,012	5.9009%
		100,000	83.93				93,167,012	5.9072%
		50,000	83.76				93,267,012	5.9136%
		100,000	83.49				93,317,012	5.9168%
		100,000	83.40				93,417,012	5.9231%
	01-Jul-25	50,000	82.95	Sold	CDC	Ready	93,517,012	5.9294%
		100,000	82.93				93,567,012	5.9326%
		50,000	82.89				93,667,012	5.9389%
		50,000	82.83				93,717,012	5.9421%
		100,000	82.69				93,767,012	5.9453%
		50,000	82.58				93,867,012	5.9516%
		100,000	82.39				93,917,012	5.9548%
		50,000	82.24				94,017,012	5.9611%
		50,000	82.19				94,067,012	5.9643%
		50,000	82.14				94,117,012	5.9675%
		100,000	82.09				94,167,012	5.9707%
		50,000	82.06				94,267,012	5.9770%
		100,000	82.00				94,317,012	5.9802%
		50,000	81.98				94,417,012	5.9865%
		100,000	81.75				94,467,012	5.9897%
		100,000	81.50				94,567,012	5.9960%
		50,000	81.48				94,667,012	6.0024%
		100,000	81.23				94,717,012	6.0055%
		100,000	81.00				94,817,012	6.0119%

Name	No. of Shares				Form of Share Certificates	Market	Cumulative Shareholding (after each transaction)	
	Date	No. of Shares	Rate	Nature			No. of Shares	Percentage
	30-Jun-25	20,490	80.85	Sold	CDC	Ready	94,917,012	6.0182%
		25,000	80.47				94,937,502	6.0195%
		50,000	80.45				94,962,502	6.0211%
		100,000	80.24				95,012,502	6.0242%
		25,000	80.20				95,112,502	6.0306%
		50,000	80.00				95,137,502	6.0321%
	27-Jun-25	198,519	80.00	Sold	CDC	Ready	95,187,502	6.0354%
	12-Jun-25	50,000	81.49	Sold	CDC	Ready	95,386,021	6.0479%
		23	81.47				95,436,021	6.0511%
		64	81.40				95,436,044	6.0511%
		50,000	81.35				95,436,108	6.0511%
		25,000	81.29				95,486,108	6.0543%
		25,000	81.25				95,511,108	6.0559%
		50,000	81.23				95,536,108	6.0575%
		25,000	81.10				95,586,108	6.0606%
		125,000	81.00				95,611,108	6.0622%
		21	80.74				95,736,108	6.0701%
	11-Jun-25	197	80.69	Sold	CDC	Ready	95,736,129	6.0701%
		24,752	80.59				95,736,326	6.0701%
		100,000	80.50				95,761,078	6.0717%
		25,000	80.44				95,861,078	6.0781%
		50,000	80.42				95,886,078	6.0796%
	11-Jun-25	25,000	80.39	Sold	CDC	Ready	95,936,078	6.0828%
		50,000	80.36				95,961,078	6.0844%
		25,000	80.35				96,011,078	6.0876%
		100,000	80.00				96,036,078	6.0891%
	19-Feb-25	15,000	80.01	Sold	CDC	Ready	96,136,078	6.0954%
		210,000	80.00				96,151,078	6.0964%
	18-Feb-25	25,000	80.00	Sold	CDC	Ready	96,361,078	6.1097%
	20-Jan-25	25,000	85.10	Sold	CDC	Ready	96,386,078	6.1113%
		25,000	84.90				96,411,078	6.1129%
		5,752	84.80				96,436,078	6.1145%
		2	84.68				96,441,830	6.1149%
		50,000	84.60				96,441,832	6.1149%
		44,248	84.51				96,491,832	6.1181%
		138,779	84.50				96,536,080	6.1209%
		141	84.40				96,674,859	6.1297%
		50,000	84.25				96,675,000	6.1297%
Ms. Mehreen Ahmed	07-Jul-25	2,963	89.40	Sold	CDC	Ready	700,283	0.0444%
		5,500	89.25				703,246	0.0446%
		29,537	89.15				708,746	0.0449%
Mr. Aasim Wajid Jawad	03-Jan-25	5,000	87.00	Sold	CDC	Ready	26,849	0.0017%
Mr. Muhammad Ashraf	29-Aug-25	202	105.16	Sold	CDC	Ready	-	-
Syed Muhammad Asif	02-Jan-25	15,000	87.00	Sold	CDC	Ready	85,000	0.0054%

As required under Rule Book of Pakistan Stock Exchange Limited, the threshold for Executives, set by the Board of Directors of the Bank for the purpose of disclosure of trades in shares of the Bank means the Key Executives (as defined in SBP's Corporate Governance Regulatory Framework) and Employees of Bank Alfalah Limited in the grades SEVP-I & SEVP-II.

NOTICE OF THE 34th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 34th Annual General Meeting (“**AGM**”) of Bank Alfalah Limited (“**the Bank**”) will be held on Thursday, 26th March 2026 at 10:30 AM at Movenpick Hotel, Karachi as well as through electronic means/web link to transact the following businesses:

ORDINARY BUSINESS:

1. To confirm Minutes of the 33rd Annual General Meeting held on 20th March 2025.
2. To receive, consider and adopt the audited Annual Accounts of the Bank for the year ended 31st December 2025 together with Chairman’s Review Report, Directors’ Report and Auditors’ Report thereon including post-facto approval of remuneration paid to the non-executive directors for attending Board and Board Committees meetings as reported under Note No. 42 of the Annual Accounts, in compliance with SBP’s Regulatory Framework.

The Annual Report 2025 including Financial Statements of the Bank for the year ended 31st December 2025 has been placed at the Bank's website at www.bankalfalah.com/financial-reports/ and can also be accessed through scanning of following QR enable Code:



3. To approve, as recommended by the Board of Directors, payment of the Final cash dividend at the rate of Rs. 3/- per share i.e. 30% for the year ended 31st December 2025. This is in addition to the three Interim Cash Dividends @ 25% each (cumulative 75% i.e. Rs. 7.5/- per share) already paid by the Bank.
4. To appoint auditors of the Bank for the year ending 31st December 2026 and to fix their remuneration.
5. To transact any other business with the permission of the Chair.

SPECIAL BUSINESS:

6. To consider and approve amendments in the Directors’ Remuneration Policy of the Bank and its Annexure-A in accordance with the amendments advised by the State Bank of Pakistan (“**the SBP**”) in the Corporate Governance Regulatory Framework for Banks/DFIs vide BPRD Circular Letter No. 24 of 2025 dated 12th December 2025 and to pass the following Ordinary Resolution:

“RESOLVED THAT in order to align the Directors’ Remuneration Policy (“**the Policy**”) of Bank Alfalah Limited (“**the Bank/BAFL**”) with the regulatory amendments, as advised by State Bank of Pakistan (“**SBP**”)

vide its BPRD Circular letter No. 24 of 2025 dated 12th December 2025 ("the SBP Circular"), the amendments made to the Policy and its Annexure-A, as presented before the shareholders, in the 34th Annual General Meeting of the Bank held on 26th March 2026, be and are hereby approved.

RESOLVED FURTHER THAT the revised remuneration of the Non-Executive Directors shall be effective from the date of the SBP Circular.

7. To consider and if deemed fit, pass with or without modification, the following special resolution, to approve/authorize Bank Alfalah Limited ("**Bank Alfalah/the Bank**") to sell its Bangladesh Operations ("**BAFL-Bangladesh Operations**") to Bank Asia Limited, Bangladesh, for a consideration of BDT 5,800,000,000/-, equivalent USD 47.50 Mn approx., being the base consideration, subject to agreed closing adjustments ("**Sale Price**") by way of merger of the BAFL-Bangladesh Operations of Bank Alfalah with and in to Bank Asia Limited as per the applicable laws and regulations, subject to the approval/sanction of the applicable regulatory authorities and compliance with applicable rules/regulations in Pakistan and Bangladesh. It is clarified that this resolution of the members is sought pursuant to the requirements of the Bangladesh Bank (Central Bank of Bangladesh) and not in terms of Section 183(3) (a) of the Companies Act, 2017 of Pakistan, since the BAFL-Bangladesh Operations do not form a 'sizable part' (i.e. not more than 25% of the value) of the overall assets of Bank Alfalah:

"RESOLVED THAT Bank Alfalah Limited ("**the Bank**") be and is hereby authorized to sell the Bangladesh Operations of the Bank ("**BAFL – Bangladesh Operations**") to Bank Asia Limited, Bangladesh for a consideration of BDT 5,800,000,000/-, equivalent USD 47.50 Mn approx., being the base consideration, subject to agreed closing adjustments ("**Sale Price**") by way of merger of BAFL - Bangladesh Operations with and in to Bank Asia Limited as per the applicable laws and regulations, subject to approvals of the State Bank of Pakistan, the Bangladesh Bank (Central Bank of Bangladesh), and/or approval from any other regulatory authority/body (either in Pakistan and/or Bangladesh), and compliance with applicable rules/regulations.

RESOLVED FURTHER THAT the President and CEO, the Chief Financial Officer, the Group Head Corporate, Investment Banking & International Operations and Group Head Strategy, Transformation, Customer Experience & VC Investments of the Bank ("**Authorized Representatives**") be and are hereby jointly authorized (any two acting jointly) to:

- i) negotiate, deal, agree upon and enter into execution of all relevant agreements including but not limited to the definitive agreement(s) and Scheme of Arrangement.
- ii) agree on closing adjustments in the Sale Price and all other detailed terms for the said transaction that shall be included in the agreements and the Scheme of Arrangement in consultation with legal counsels and financial advisors to achieve closure of the said transaction.
- iii) apply for and receive the necessary and regulatory approval(s) to/from the central banks of Bangladesh and Pakistan and/or any relevant authority (ies).
- iv) sign, submit, file and/or withdraw any/all document(s), letter(s), application(s), petition(s), agreement(s), receipt(s) and any other documents relating to the Transaction.
- v) to incur relevant expenses in the matter i.e. stamp duty, excise duty, taxes/tariff(s), legal fees and any other charges etc.

- vi) arrange for and deal all matters for the remittance/repatriation of the funds in FCY etc.
- vii) arrange public announcement(s) of material information pertaining to the above to the Pakistan Stock Exchange and/or any relevant regulator(s).
- viii) do all other acts, deeds and things as may be necessary for the conclusion of the Transaction and incidental matters thereto."

FURTHER RESOLVED THAT all actions taken by the Authorized Representatives in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved, ratified and confirmed in all respects."

8. To consider and, if deemed fit, pass the following Special Resolution (with or without modification), for the purpose of sub-division of share capital of the Bank:

"RESOLVED THAT pursuant to Section 85(1)(c) of the Companies Act, 2017 and Article 29 of the Articles of Association of Bank Alfalah Limited (the Bank), and subject to the approval of the State Bank of Pakistan, the existing capital of the the Bank, including authorised issued and paid up capital, is hereby sub-divided in a manner that each Ordinary Share of the Bank having the face value of PKR 10/- be subdivided into 2 (two) ordinary shares of PKR 5/- each, such that the rights attaching to the new shares will be strictly proportional to the rights attached to the previous shares so sub-divided and the new shares so created shall rank pari passu in all respects with the existing ordinary shares of the Bank.

RESOLVED FURTHER THAT the Authorized Capital of the Bank be and is hereby subdivided from 2,300,000,000 (Two Billion Three Hundred Million) Ordinary Shares of PKR 10/- each to 4,600,000,000 (Four Billion Six Hundred Million) Ordinary Shares of PKR 5/- each.

RESOLVED FURTHER THAT the issued and paid-up capital of the Bank comprising of 1,577,165,119 (One Billion Five Hundred Seventy-Seven Million One Hundred Sixty Five Thousand One Hundred and Nineteen) Ordinary Shares of PKR 10/- (Pak Rupees Ten) each is hereby subdivided into 3,154,330,238 (Three Billion One Hundred Fifty Four Million Three Hundred Thirty Thousand Two Hundred and Thirty Eight) Ordinary Shares of PKR 5/- (Pak Rupees Five) each.

RESOLVED FURTHER THAT as a consequence of the proposed sub-division, Clause (V) of the Memorandum of Association and Article 3 of the Articles of Association of the Bank be and are hereby proposed to be amended as follows:

Clause (V) of Memorandum of Association:

"The Authorised Capital of the Company / Bank is Rs. 23,000,000,000/- divided into 4,600,000,000 shares of Rs. 5/- each with the rights, privileges and conditions attaching thereto as are provided by the regulations of the Bank for the time being with power to modify or increase the capital.

Article 3 of the Articles of Association:

"The authorised Capital of the Company / Bank is Rs. 23,000,000,000/- divided into 4,600,000,000 shares of Rs. 5/- each. The minimum subscribed capital of the Company shall be Rs. 25.500 Million."

RESOLVED FURTHER THAT the President & CEO, Chief Financial Officer, Group Head - Strategy, Transformation, Customer Experience & VC Investments and / or Company Secretary & Group Head - Legal & Corporate Affairs of the Bank (the **"Authorized Representative"**), be and are hereby authorized jointly/severally to take all steps necessary, ancillary, and incidental to the above-mentioned resolutions, as and when required, including but not limited to seeking approval from the State Bank of Pakistan and effectuating the stock split through CDC, and are further authorized to sign, execute, and deliver all necessary documents, agreements, and letters on behalf of the Bank, as may be deemed appropriate and as may be required for the purposes above-mentioned."

9. To consider and, if deemed fit, pass the following Special Resolution (with or without modification) with respect to the issuance of Tier 2 Capital through one or more redeemable capital issuances, in accordance with Section 66 of the Companies Act, 2017, in the form of Term Finance Certificates, to be privately placed and/or subsequently listed pursuant to the Debt Securities Listing Regulations, up to the aggregate amount of PKR 20,000,000,000/- (Pak Rupees Twenty Billion) (the "TFC Issue") as approved by the Board of Directors in their meeting held on 13th February 2026:

"RESOLVED THAT in the event of conversion of the TFC Issue in accordance with the requirements of the Instructions for Basel III Implementation in Pakistan, as issued pursuant to the circulars of the SBP, the maximum number of ordinary shares (subject to the implementation of the stock split) to be issued upon such conversion shall be capped at 400,000,000/- (Four Hundred Million) additional ordinary shares, or such other number as may be determined in consultation with, and subject to the approval of, the SBP, and that any such conversion and issuance of shares shall further be subject to obtaining all requisite approvals of the Securities and Exchange Commission of Pakistan (**"SECP"**).

RESOLVED FURTHER THAT the President & CEO, Chief Financial Officer, Group Head - Strategy, Transformation, Customer Experience & VC Investments, Group Head – Corporate, Investment Banking & International Business and / or Company Secretary & Group Head - Legal & Corporate Affairs , or any of their **duly authorized delegates** (collectively, the **"Authorized Representatives"**), be and are hereby authorized, jointly and severally, to act for and on behalf of the Bank to do all such acts, deeds, and things as may be necessary or desirable in connection with the TFC Issue, including, without limitation, to:

- (i) negotiate, finalize, execute, deliver, and perfect all agreements, deeds, instruments, and documents relating to the TFC Issue, including without limitation the investment agreements, TFC issuance agreements, and any ancillary or supplemental documentation, on such terms and conditions as the Authorized Representatives may deem appropriate;
- (ii) prepare, finalize, approve, and issue the information memorandum and all other offering, disclosure, transaction, and regulatory documents, and to complete, sign, submit, and file any and all applications, forms, notices, undertakings, and instruments required in connection with or incidental to the TFC Issue, including the issuance and/or subsequent listing of the TFC certificates on the Pakistan Stock Exchange Limited (**"PSX"**), as applicable;
- (iii) prepare, finalize, approve, and issue all notices, explanatory statements, disclosures, and other documents required for convening and holding the shareholders' meeting(s) in connection with the TFC Issue, and to complete, sign, submit, and file any related applications, forms, notices, undertakings, and instruments with the SECP or any other competent authority;

- (iv) open, operate, and close one or more subscription and/or transaction bank accounts in connection with the TFC Issue; induct the TFC certificates into the Central Depository Company of Pakistan Limited ("**CDC**") ; appoint the share registrar/transfer agent; issue, sign, transfer, endorse, and deliver TFC certificates or scrips (whether physical or electronic); and pay all fees, charges, duties, and expenses in connection therewith;
- (v) comply with all statutory, regulatory, and procedural requirements in the capacity of an issuer in anticipation of and for the purposes of obtaining declaration of CDS eligibility of the TFC certificates by the CDC under the Central Depository Act, 1997 and the CDC Regulations;
- (vi) make all filings, submissions, and applications and obtain all requisite approvals, consents, and permissions from the SECP, the SBP, the PSX, the CDC, and any other regulatory or governmental authority, and to correspond and liaise with any such authority or stakeholder in connection with the TFC Issue; and
- (vii) generally exercise all powers and perform all acts and things as may be necessary, expedient, incidental, or ancillary to give effect to these resolutions, including managing, overseeing, and carrying out the day-to-day matters relating to the issuance and listing of the TFC certificates and ensuring compliance with all applicable laws, rules, and regulations of Pakistan."

The Statement of Material Facts under Section 134(3) of the Companies Act, 2017 in respect of the aforesaid Special Businesses to be considered at the Annual General Meeting is being sent to the members along with the Notice.

By Order of the Board

Karachi

Dated: 05th March 2026

MIAN EJAZ AHMAD

Company Secretary

NOTES:

1. Closure of Share Transfer Books

The Share Transfer Books of the Bank will be closed from 17th March 2026 to 26th March 2026 (both days inclusive). Transfers received at the office of the Share Registrar of the Bank, M/s. F. D. Registrar Services (Pvt.) Limited, Room No. 1705, 17th Floor, Saima Trade Tower "A", I.I. Chundrigar Road, Karachi-74000 Phone: (92-21) 32271905-6 and (92-21) 32213243 Fax: (92-21) 32621233 before the close of business on 16th March 2026 will be treated in time for the purpose of above entitlement to the transferees and of attending the meeting.

Shareholders having shares in physical form are requested to notify any change in their address and/or email address, to our Share Registrar, in writing, whereas CDC account holders are requested to contact their CDC Participant/CDC Investor Account Services.

2. Participation in AGM through electronic means

The shareholders who wish to participate through online platform/facility (either in person or through proxy) are requested to provide below information at Bank's designated Email: cosec@bankalfalah.com, at least 48 hours before the time of AGM.

Folio/CDC Account No.	Name	CNIC No.	Cell No.	Email address

The login details will be sent to such shareholders through email enabling them to join the AGM on given time through web/internet.

3. Members' Right to Appoint Proxy

Members appointing proxies are requested to submit their proxy forms along with attested copies of proxy's CNIC/Passport mentioning folio/CDC account # of proxy holder at the Office of Share Registrar of the Bank, not less than 48 hours before the time of the Meeting. A corporation appointing a proxy must also submit their proxy forms along with a Power of Attorney or other authority (if any) under which it is signed, or notarized copy of such Power of Attorney.

4. Voting through Postal Ballot and E-Voting

Pursuant to the Companies (Postal Ballot) Regulations, 2018, members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through E-voting, in accordance with the requirements and procedure contained in the aforesaid Regulations. The Ballot Paper and procedures for e-Voting facility and voting through Postal Ballot are annexed to this notice.

The Bank has also placed the Notice of AGM along with Proxy Form and Postal Ballot Paper on its website: www.bankalfalah.com.

5. Payment of Cash Dividend Electronically (e-Dividend)/Dividend Mandate

In accordance with the Companies (Distribution of Dividends) Regulations, 2017, the Bank is required to withhold dividend payment of those shareholders who have not yet provided their dividend mandate/bank account details and/or CNIC details. Such shareholders are requested to provide their CNIC details and/or their dividend mandate information including 1) IBAN number 2) Title of Bank Account; 3) Bank Account number; 4) Bank Code and Branch Code; 5) Bank Name, Branch Name and Address; 6) Cell Number; 7) CNIC number; and 8) Email Address to Bank's Share Register (if shares are held physically), whereas CDC account holders are requested to contact their CDC Participant/CDC Investor Account Services.

6. Un-claimed Dividends/ Shares

In accordance with Section 244 of the Companies Act, 2017 and the Unclaimed Shares, Modaraba Certificates, Dividend, Other Instruments and Undistributed Assets Regulations, 2017, the companies are required to deposit cash dividends to the credit of the Federal Government and shares to the Commission, which are undelivered/ unclaimed for a period of three (3) years or more from the date it is due and payable. The notices to this fact have already been dispatched to the relevant shareholders. Shareholders who have not yet collected/received their dividends/shares are advised to contact our Share Registrar for details.

Attention is sought from those shareholders who have not yet provided their complete and correct information such as address, CNIC number, email, cell number and/or bank mandate etc. They are again requested to furnish the required information to the Share Registrar at the earliest.

7. Withholding Tax on dividends

Withholding Tax on cash dividend of those shareholders, whose name will not appear (at the time of issuance/process of dividend) in the Active Taxpayers List, will be subject to higher rate of tax deduction as required under prevailing Income Tax Laws. Corporate shareholders are also required to update their NTN number in CDC records or provide copy of their NTN certificate to Bank's Share Registrar (if shares are held in physical form).

8. Tax in case of Joint Shareholders

In accordance with the instructions of Federal Board of Revenue, the tax on dividend income of joint holders of shares will be deducted in accordance with their shareholding proportion or in equal proportion, if such proportion is not provided. Therefore, shareholders are requested to provide, if not provided earlier, shareholding proportion of each joint shareholder(s) to the Bank's Share Registrar latest by 16th March 2026 in the following manner:

Folio / CDC A/c No.	Name of Shareholders (Joint Holders)	No. of shares (proportion)	CNIC No. (valid copy attached)	Signature
	1)			
	2)			
				
Total Shares				

9. Conversion of Physical Shares into Book Entry Form

As per provisions of Section 72(2) of the Companies Act, 2017 and as per the instructions issued by SECP vide its Letter No. CSD/ED/Misc./2016-639-640 date March 26, 2021, every existing company is required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission. Respective shareholders are requested to arrange to convert their physical shares into book-entry-form. For this purpose, the shareholder shall be required to have an account either with Central Depository Company of Pakistan Limited (CDC) or with any Trading Rights Entitlement Certificate holder of Pakistan Stock Exchange Limited/CDC Participant.

The benefits associated with the Book-Entry-Form Shares includes "readily available for trading, whereas trading of physical scrips is currently not permitted", "no risk of damaged, lost, forged or duplicate certificates", "reduced stamp duty on physical to book-entry-form transfers", "Instantaneous transfer of ownership", "Instant receipt/credit of dividends and other corporate entitlements (i.e. bonus, rights and new issues etc.)" and convenient pledging of securities etc.

10. In Compliance with the Notification issued by the SECP vide its S.R.O 452 (I)/2025 dated 17th March 2025, it is to inform the shareholders that no gift will be distributed at the Meeting.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 PERTAINING TO THE SPECIAL BUSINESSES BEING TRANSACTED

Agenda Item No. 6:

Remuneration Policy for Directors:

The shareholders of the Bank in 28th Annual General Meeting held on 27th March 2020 at Karachi had unanimously approved the 'Remuneration Policy for Directors' ("the Policy") as required under the provisions of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and SBP's BPRD Circular No. 03 of 2019 dated August 17, 2019. The Policy was further amended by the shareholders in the 30th Annual General Meeting on 29th Mar 2022 to align with the State Bank's Corporate Governance Regulatory Framework' ("the Regulatory Framework").

The State Bank through BPRD Circular Letter No. 24 of 2025 dated 12th December 2025 ("SBP Circular") has advised the amendments in the Regulatory Framework, prescribing parameters to determine the categories of banks/DFIs and maximum limits of Remuneration of Directors for attending a Board/Committee Meeting:

Accordingly, the policy is being amended to align with the said SBP Circular. As per regulatory requirements, the Policy is required to be approved by the shareholders of the Bank on pre or post facto basis in the General Meeting. Therefore, the Board Human Resources, Remuneration & Nomination Committee of the Bank reviewed the proposed amendments to the Policy and recommended the same to the Board of Directors, for onward recommendation to the shareholders for approval. The Board of Directors of the Bank in its meeting held on 13th February 2026 has reviewed the same and recommended to the shareholders of the Bank for their approval in the 34th Annual General Meeting being held on 26th March 2026:

The proposed amendments in the said Policy are being produced as under:

Ref No. Clause	Approved Policy	Proposed Amendment
5. (a)	 A non-executive director who is the Chairman/Chairperson of the Board will be treated as providing extra services and the remuneration for such positions/extra services may additionally be determined with the approval of the shareholders, as the case may be, up to 20% of the remuneration set for him/her as a non-executive director.	 A non-executive director who is the Chairman/Chairperson of the Board will be treated as providing extra services and the remuneration for such positions/extra services will be an additional may additionally be determined with the approval of the shareholders, as the case may be, up to 20% of the remuneration set for him/her as a non-executive director.
5(c)(i)	In accordance with the provisions of Section 170 of the Companies Act, 2017 and applicable regulatory requirements, the Non-Executive Directors may be paid remuneration for attending the meetings of the Board and its committees. Such remuneration shall not exceed the scale determined by the Board from time to time, having regard to applicable legal and regulatory requirements and limitations. Such remuneration shall be subject to approval of the shareholders of the Bank.	In accordance with the provisions of Section 170 of the Companies Act, 2017 and applicable regulatory requirements, the Non-Executive Directors may be paid remuneration for attending the meetings of the Board and its committees. Such remuneration will be in accordance with the regulatory guidelines as fixed/determined by the State Bank of Pakistan, from time to time. For the Bank's non-executive directors, per meeting fee amount will be equal to the maximum limit of remuneration for a Board/Committee Meeting (per meeting), as per latest

Ref No. Clause	Approved Policy	Proposed Amendment																		
	There will be no discrimination in the payment of remuneration to the non-executive Directors (both foreign and Pakistani Directors) and the amount of remuneration paid to them for attending each Board/committee meetings should be the same. However, the remuneration of a non-executive director for performing extra services including chairing the meeting of the Board or Board Committee or holding the office of Chairman of the Board, may additionally be determined with the approval of the shareholders, as the case may be, up to 20% of the remuneration set for him/her under in terms of above stated, with proper justification.	category and parameters determined by SBP, from time to time. ~~Such remuneration shall not exceed the scale determined by the Board from time to time, having regard to applicable legal and regulatory requirements and limitations. Such remuneration shall be subject to approval of the shareholders of the Bank.~~ There will be no discrimination in the payment of remuneration to the non-executive Directors (both foreign and Pakistani Directors) and the amount of remuneration paid to them for attending each Board/committee meetings should be the same. However, the remuneration of a non-executive director for performing extra services including chairing the meeting of the Board or Board Committee or holding the office of Chairman of the Board, will be additional ~~may additionally be determined with the approval of the shareholders, as the case may be, up to 20% of the remuneration set for him/her under in terms of above stated, with proper justification.~~																		
Annexure - A	Actual Text <table> <tr> <th>Category</th><th>Parameters to Determine Category</th><th>Maximum Limits of Remuneration for a Board / Committee Meetings (per meeting)</th></tr> <tr> <td>First</td><td>When the Assets Size of the Bank is above Rs. 500 billion Assets Size OR Above Rs. 1 billion after tax profit (As per last audited annual accounts of the Bank)</td><td>Up to Rs. 800,000/-</td></tr> <tr> <td>Second</td><td>When the Bank do not fall in the first category</td><td>Up to Rs. 500,000/-</td></tr> </table>	Category	Parameters to Determine Category	Maximum Limits of Remuneration for a Board / Committee Meetings (per meeting)	First	When the Assets Size of the Bank is above Rs. 500 billion Assets Size OR Above Rs. 1 billion after tax profit (As per last audited annual accounts of the Bank)	Up to Rs. 800,000/-	Second	When the Bank do not fall in the first category	Up to Rs. 500,000/-	Revised Text <table> <tr> <th>Category</th><th>Parameters to Determine Category</th><th>Maximum Limits of Remuneration for a Board / Committee Meetings (per meeting)</th></tr> <tr> <td>First</td><td>Those banks/DFIs which have: Above Rs. 1 trillion Assets Size OR Above Rs. 5 billion after tax profit (As per last audited annual accounts)</td><td>Up to Rs. 1,200,000/-</td></tr> <tr> <td>Second</td><td>All other banks/DFIs which do not fall in the first category</td><td>Up to Rs. 750,000/-</td></tr> </table>	Category	Parameters to Determine Category	Maximum Limits of Remuneration for a Board / Committee Meetings (per meeting)	First	Those banks/DFIs which have: Above Rs. 1 trillion Assets Size OR Above Rs. 5 billion after tax profit (As per last audited annual accounts)	Up to Rs. 1,200,000/-	Second	All other banks/DFIs which do not fall in the first category	Up to Rs. 750,000/-
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As the Policy for Remuneration of Directors pertains to the Directors of the Bank, therefore, the Non-Executive Directors of the Bank are interested in the above Special Business.

Agenda Item No. 7:

Sale of Bank Alfalah Limited - Bangladesh Operations

The Bank seeks approval from its shareholders to pass the Special Resolution under Special Business stated at Agenda Item No. 7 of the Notice of Annual General Meeting approving sale of its Bangladesh Operations by way of merger of the Bangladesh Operations of Bank Alfalah with and into Bank Asia Limited, subject to the approval of applicable regulatory authorities and compliance with applicable rules/ regulations.

The Proposed Transaction has already been approved by the Board of Directors of the Bank. The Board has undertaken and confirmed that the necessary due diligence for the sale of the Bank's Bangladesh operations has been carried out and as required by the Bangladesh Bank (the Central Bank of Bangladesh), recommended to the shareholders of the Bank to pass the Special Resolution (as detailed in the notice) to permit the said transaction.

The Board of Directors of the Bank have no direct or indirect interest in the Special Business, except and to the extent of their respective shareholding in the Bank.

Agenda Item No. 8:

Sub-Division of Share Capital

The Bank seeks approval from its shareholders to pass the Special Resolution under Special Business stated at Agenda Item No. 8 of the Notice of Annual General Meeting approving the subdivision of the Bank's shares to increase market accessibility, wider market reach, comparable value with industry peer, enhance market liquidity and stability. The face value of each ordinary share is proposed to be changed from PKR 10/- to PKR 5/-, thereby increasing the number of shares accordingly without altering the total amount of paid-up / authorized capital.

Following the subdivision, the authorized capital of the Bank of PKR 23,000,000,000 comprising of 2,300,000,000 shares of PKR 10/- will be subdivided into 4,600,000,000 shares of PKR 5/- each. Similarly, the subscribed and paid-up capital of the Bank, currently comprising 1,577,165,119 ordinary shares of PKR 10/- each, will be subdivided into 3,154,330,238 ordinary shares of PKR 5/- each. The Bank will announce a book closure date, pursuant to the shareholders' approval of special resolutions at the AGM and subject to approval from regulatory authorities. The entitled shareholders will receive two (2) ordinary shares of PKR 5/- each for every one (1) ordinary share of PKR 10/- held, upon completion of the necessary regulatory procedures and formalities.

The rights attaching to the new shares will be strictly proportional to the rights attached to the previous shares so sub-divided and shall rank *pari passu* in all respects with the existing ordinary shares of the Bank.

The proposed sub-division requires amendments to Clause V of the Memorandum of Association and Article 3 of the Articles of Association to reflect the revised number and face value of the shares in the authorized capital. A comparison of the existing and proposed clauses of Memorandum and Articles is given below:

Existing	Proposed
Clause V of the Memorandum of Association (V) The Authorised Capital of the Company / Bank is Rs. 23,000,000,000/- divided into 2,300,000,000/= shares of Rs. 10/= each with the rights, privileges and conditions attaching thereto as are provided by the regulations of the Bank for the time being with power to increase the capital.	Clause V of the Memorandum of Association (V) The Authorised Capital of the Company / Bank is Rs. 23,000,000,000/- divided into 4,600,000,000 shares of Rs. 5/- each with the rights, privileges and conditions attaching thereto as are provided by the regulations of the Bank for the time being with power to modify or increase the capital.
Article 3 of the Articles of Association The authorised Capital of the Company / Bank is Rs. 23,000,000,000/- divided into 2,300,000,000 shares of Rs. 10/- each. The minimum subscribed capital of the Company shall be Rs. 25.500 Million.	Article 3 of the Articles of Association The authorised Capital of the Company / Bank is Rs. 23,000,000,000/- divided into 4,600,000,000 shares of Rs. 5/- each. The minimum subscribed capital of the Company shall be Rs. 25.500 Million.

The Board recommends the above for shareholders' approval as a Special Resolution in accordance with Section 85(1)(c) of the Companies Act, 2017 and confirms that the proposed alterations comply with the applicable laws and regulatory framework. The directors have no personal interest in the proposed resolution, except to the extent of their shareholding in the Bank.

Agenda Item No. 9:

CONVERSION OF THE TFC INTO ORDINARY SHARES OF THE BANK UPON THE OCCURRENCE OF A CONVERSION EVENT AS DETERMINED BY THE STATE BANK OF PAKISTAN

As per the requirements of Basel III under the SBP circulars, the terms and conditions of the TFC Issue must have a provision of "loss absorbency" for it to be qualified as a Tier 2 Capital instrument.

The relevant portion of the Basel III Circular relating to "loss absorbency" is reproduced below:

"A-5-3 Loss Absorbency of Non-Equity Capital Instruments at the Point of Non-Viability

- (i) The terms and conditions of all non-CET1 and Tier 2 instruments issued by banks must have a provision in their contractual terms and conditions that the instruments, at the option of the SBP, will be fully and permanently converted into common share upon the occurrence of a non-viability trigger event called the Point of Non-Viability (PONV) as described below;*
- (ii) The PONV trigger event is the earlier of;*
 - a) A decision made by SBP that a conversion is necessary without which the bank would become non-viable.*
 - b) The decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non-viable, as determined by SBP.*

- (iii) *The issuance of any new shares as a result of the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted.*
- (iv) *The amount of non-equity capital to be converted will be determined by the SBP.*
- (v) *Where an Additional Tier-1 capital instrument or Tier-2 capital instrument provides for conversion into ordinary shares, the terms of the instruments should include provision that upon a trigger event the investors holding 5% or more of paid-up shares (ordinary or preferred) will have to fulfill fit and proper criteria (FPT) of SBP.*
- (vi) *The conversion terms of the instruments must contain pricing formula linked to the market value of common equity on or before the date of trigger event. However, to quantify the maximum dilution and to ensure that prior shareholder/ regulatory approvals for any future issue of the required number of shares is held, the conversion method must also include a cap on the maximum number of shares to be issued upon a trigger event.*
- (vii) *The conversion method should describe and take into account the order (hierarchy of claims) in which the instruments will absorb losses in liquidation/ gone concern basis. These terms must be clearly stated in the offer documents. However, such hierarchy should not impede the ability of the capital instrument to be immediately converted.*
- (viii) *There should be no impediments (legal or other) to the conversion i.e. the bank should have all prior authorizations (sufficient room in authorized capital etc.) including regulatory approvals to issue the common shares upon conversion.*
- (ix) *The contractual terms of all Additional Tier 1 and Tier 2 capital instruments must state that SBP will have full discretion in deciding/ declaring a bank as a non-viable bank. SBP will, however, form its opinion based on financial and other difficulties by which the bank may no longer remain a going concern on its own unless appropriate measures are taken to revive its operations and thus enable it to continue as a going concern. The difficulties faced by a bank should be such that these are likely to result in financial losses and raising the CET1/ MCR of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable. Such measures will include conversion of non-equity regulatory capital into common shares in combination with or without other measures as considered appropriate by the SBP."*

As per the loss absorbency conditions, upon the occurrence of a "Point of Non-Viability" event ("PONV"), SBP may at its option, direct the full or partial and permanent conversion of the TFC into common shares of the issuer, i.e. the Bank.

In light of the above contemplated conversion events, the Bank is required to obtain all approvals (in advance) for the issuance of such additional shares, which additional shares shall be issued based on the market value of the shares of the Bank (as at the relevant time) and shall be subject to a cap of 400,000,000/- (Four Hundred Million) additional ordinary shares being issued in aggregate. It may further be noted that issuance of such additional shares shall further be subject to approval of the Securities and Exchange Commission of Pakistan in accordance with Section 83(1)(b) of the Act.

The information required to be annexed to the notice is set out below:

Name of the persons to whom shares will be issued	The shares will be issued to the TFC holders (at that time) in accordance with the directions of SBP at the time of trigger of PONV.
Price at which the proposed shares will be issued	The shares shall be at the market value of the shares of the Bank on the date of trigger of PONV as declared by SBP, however, total no. of shares to be issued are capped at 400,000,000/- (Four Hundred Million).
Purpose of the issue, utilization of the proceeds of the issue and benefits to the Company and its shareholders with necessary details	To convert the outstanding TFC amount (in whole or in part) into shares of the Bank in accordance with the directions of SBP.
Existing shareholding of the persons to whom the proposed shares will be issued	Not Applicable.
Total shareholding of the persons after the proposed issue of shares	Not Applicable.
Whether the persons have provided written consent for purchase of such shares	The terms of the TFC Issuance Agreement for the TFC Issue contain the details regarding such conversion.
Justification as to why proposed shares are to be issued otherwise than rights and not as rights shares	This is in accordance with the requirements of SBP vide its Circular No. 6 of Banking Policy and Regulation Department dated August 15, 2013.
Justification, with details of the latest available market price and break-up value per share, if such price differs from par value	Not Applicable.

The shares issued shall rank pari passu in all respects with the existing shares of the Bank. The issue of shares other than by way of rights is subject to approval from the Securities and Exchange Commission of Pakistan.

The Directors of the Bank have no vested interest, directly or indirectly, in the above business, save to the extent of their shareholding of the Bank.

Glossary and Definition of Terms

Acceptances

Promise to pay created when the drawee of a time draft stamps or writes the words 'accepted' above his signature and a designated payment date.

Activity/Turnover Ratios

Evaluate the operational efficiency of the company to convert inventory and receivables into cash against time taken to pay creditors, measured in terms of revenue and cost of sales

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 percent i.e. 0.01 per cent. 100 basis points is 1 percent. 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 shares outstanding at year end.

Bonus Issue (Scrip Issue)

The issue of new shares to existing shareholders in proportion to their shareholdings. It is the process for converting a company's reserves (in whole or part) into issued capital and hence does not involve an infusion of cash.

Cash Equivalents

Short-term highly liquid investments that are readily convertible to known amounts of cash.

Capital Adequacy Ratio

The relationship between capital and risk weighted assets as defined in the framework developed by the State Bank of Pakistan and Basel Committee.

Call Money Rate

Interbank clean (without collateral) lending/borrowing rates are called Call Money Rates

Capital Structure Ratios

Provide an indication of the long-term solvency of the Company and its cost of debt, in relation to equity and profits.

Coupon Rate

Interest rate payable on bond's par value at specific regular periods. In PIBs they are paid on bi-annual basis.

Call Deposits

These include short notice and special notice deposits.

Computer Software (intangible assets)

An asset consisting of computer programmes, programme descriptions and supporting materials for both systems and applications software; included are purchased software and software developed on own account, if the expenditure is large.

Contingencies

A condition or situation existing at date of Statement of Financial Position where the outcome will be confirmed only by occurrence of one or more future events.

CAGR

An abbreviation for Compound Annual Growth Rate.

Corporate Governance

It is 'the system by which companies are directed and controlled' by the Securities and Exchange Commission of Pakistan. It involves regulatory and market mechanisms, which govern the roles and relationships between a company's management, its board, its shareholders and other stakeholders.

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.

Currency (cash in hand)

Notes and coins that are of fixed nominal values and accepted as legal tender in an economy that are issued by the central bank and/or government. This category should also include currency that is no longer legal tender, but that can be exchanged immediately for current legal tender.

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.

Defined Contribution

A post-employment benefit plan under which entity and employee pays fixed contribution into a separate entity (a fund) and will have no legal or constructive obligation to pay further contribution if the fund does not hold sufficient assets to pay all the employee benefits relating to employee service in the current and prior periods.

Derivatives

A financial instrument or a contract where;

- Its value is dependent upon or derived from one or more underlying assets
- Requires no or very little initial net investment
- It is settled at a future date

Defined Benefits

In a defined benefit plan, an employer typically guarantees a worker a specific lifetime annual retirement benefit, based on years of service, final rate of pay, age and other factors. The risks of paying for the plan rest entirely with the plan.

Deferred Taxation

Sum set aside for tax in financial statements that will become payable/receivable in a financial year other than current financial year due to differences in accounting policies and applicable taxation legislations.

Discount Rate

The rate at which SBP provides three-day Repo facility to banks, acting as the lender of last resort.

Dividends

Distribution of earnings to shareholders prorated by the class of security and paid in the form of money, stock, scrip, and rarely company products or property.

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 (DPS) divided by the market value of share.

Earnings per Share (EPS)

Profit after taxation divided by the weighted average number of ordinary shares in issue.

Expected Credit Loss (ECL)

ECL estimates potential losses on financial assets due to credit defaults, based on the probability of default over the asset's life.

Effective Interest Rate (EIR)

The rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Effective Tax Rate

Provision for taxation excluding deferred tax divided by the profit before taxation.

Electrical, Office and Computer Equipment

All office equipment, other than those acquired through financial leases, that are used for the business, including counting and computing equipment, printers, scanners, photocopiers, fax machines, etc.

Finance Lease

The one in which risk and rewards incidental to the ownership of the leased asset is transferred to lessee but not the actual ownership.

Fixed Deposits

Deposits having fixed maturity dates and a rate of return.

Forced Sale Value (FSV)

The value which fully reflects the possibility of price fluctuations and can currently be obtained by selling the mortgaged/pledged assets in a forced/distressed sale conditions.

Forward Exchange Contract

Agreements between two parties to exchange two designated currencies at a specific time in the future.

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.

Furniture and Fixture

All type of furniture and fixtures other than those acquired under financial leases for business are included.

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.

Guarantees

A promise to answer for the payment of some debt, or the performance of some duty, in case of the failure of another person, who is, in the first instance, liable to such payment or performance.

Head Office/Branch Adjustment Account

All adjustments made with head offices or branches and are payable.

Historical Cost Convention

Recording transactions at the actual value received or paid.

Impairment

Impairment of an asset is an abrupt decrease of its fair value and measured in accordance with applicable regulations.

Impairment Provisions

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.

Interest Rate Swap (IRS)

An Interest Rate Swap (the swap) is usually 'fixed to floating' or 'floating to floating' exchanges of interest rate between two parties. As per the contract, on each payment date during the swap period, the cash payments based on difference in fixed/floating or floating/floating rates are exchanged by the parties from one another. The party incurring a negative interest rate differential for that leg pays the other counter-party.

Interest Spread

Represents the difference between the average interest rate earned and the average interest rate paid on funds.

Interest in Suspense

Interest suspended on non-performing loans and advances.

Investment/Market Ratios

Investment ratios measure the capability of the Company to earn an adequate return for its shareholders. Market Ratios evaluate the current market price of a share versus an indicator of the Company's ability to generate profits.

KIBOR (Karachi Interbank Offered Rate)

The Interbank lending rate between banks in Pakistan and is used as a benchmark for lending.

LIBOR (London Interbank Offered Rate)

The 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

Liquid Assets

An asset that can be converted into cash quickly and with minimal impact to the price received.

Liquidity Ratios

The Company's ability to meet its short-term financial obligations. A higher ratio indicates a greater margin of safety to cover current liabilities.

Market Capitalisation

Number of ordinary shares in issue multiplied by the market value of share as at any cut-off date.

Materiality

The relative significance of a transaction or an event, the omission or misstatement of which could influence the economic decisions of users of financial statements.

Medium Enterprise

A Medium Enterprise (E) is a business entity which meets both the following parameters:

Number of employees* more than 50 less than 250
Annual Sales Turnover more than Rs. 150 million but less than Rs. 800 million

*includes contract employees

Non-Performing Loan

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 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.

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.

Nostro Account

An accounts held with a bank outside Pakistan

Net Interest Income

The difference between what a bank earns on interest bearing assets such as loans and securities and what it pays on interest bearing liabilities such as deposits, refinance funds and inter-bank borrowings.

Off Balance Sheet Transactions

Transactions that are not recognised as assets or liabilities in the statement of financial position, but which give rise to contingencies and commitments.

Other Deposits

All claims of customers on banks/DFIs other than transferable or restricted deposits in national currency or in foreign currency that are represented by evidence of deposits. Banks/DFIs commonly raise funds through issuing certificate of deposits. This category also includes call deposits and special notice deposits.

Pakistan Investment Bonds (PIBs)

They are the long-term coupon yielding instruments of the Government of Pakistan with tenors available in 3, 5, 10, 15 and 20 year.

Profitability Ratios

Used to assess the Company's ability to generate profits in relation to its sales, assets and equity.

Prudence

Inclusion of degree of caution in the exercise of judgment needed in making the estimates required under conditions of uncertainty, so that assets or income are not overstated and liabilities or expenses are not understated.

Price Earnings Ratio (P/E Ratio)

Market price of a share divided by earnings per share.

Risk Weighted Assets

On Balance Sheet assets and the credit equivalent of off Balance Sheet assets multiplied by the relevant risk weighting factors.

Repurchase Agreement

Contract to sell and subsequently repurchase securities at a specified date and price.

Reverse Repurchase Agreement

Transaction involving the purchase of securities by a bank or dealer, and resale back to the seller at a future date and specified price.

Return on Average Equity

Net profit for the year, less preference share dividends if any, expressed as a percentage of average ordinary shareholders' equity.

Return on Average Assets

Profit after tax divided by the average assets.

Related Parties

Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Retained Earnings

The category of retained earnings shows all earnings (after tax profit) from the overall operations of the banks/DFIs less any amount allocated to general and special reserves, which is established as a capital cushion to cover operational and financial risks of the banks/DFIs.

Revenue Reserves

Reserves set aside for future distribution and investment.

Small Enterprise

A Small Enterprise (SE) is a business entity which meets both the following parameters:

Number of employees* Up to 50

Annual Sales Turnover Up to Rs. 150 million

*includes contract employees

Subordinated Loans

Funds raised by the banks/DFIs from subsidiary companies, managed modarabas, associated undertakings, director or holders have priority in the event of failure of the institution. Such debts are created by a subordination agreement under which a creditor acknowledges that his claim is secondary to the claim of other creditors, such as depositors.

Strategic Investment

Strategic Investment is an investment which a bank / DFI makes with the intention to hold it for a period of minimum 5 years.

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 or holds some share in it and controls the composition of its Board of Directors.

Shareholders' Funds

Total of Issued and fully paid share capital and revenue reserves.

Statutory Reserve Funds

A capital reserve created as per the provisions of the Banking Companies Ordinance, 1962.

Treasury bills

These are short-term debt instrument issued by the government treasury to raise funds for the government or to regulate money supply through open market operations of the central bank. The market transactions are managed by the State Bank of Pakistan on behalf of the treasury.

Unrealised Gain on Forward Foreign Exchange Contracts

In a forward contract, the counter parties agree to exchange, on a specified date, a specified quantity of an underlying item (real or financial) at an agreed-upon contract price. Either party to a forward contract is a potential debtor. The unrealised gain to be received due to difference between the rates agreed upon and the rate prevailing in the market should be reported under this item. You lock in today's exchange rate instead of a volatile currency exchange rate in the future that could significantly devalue your purchasing power.

Unrealised Gain on Interest Rate Swaps

It is the exchange of one set of cash flows for another. A pre-set index, notional amount and set of dates of exchange determine each set of cash flows. The most common type of interest rate swap is the exchange of fixed rate flows for floating rate flows.

Glossary – Acronyms

AGM	Annual General Meeting
BAC	Board Audit Committee
BAFL	Bank Alfalah Limited
BCC	Board Compensation Committee
BHRNC	Board Human Resource and Nomination Committee
BRMC	Board Risk Management Committee
BSFC	Board Strategy and Finance Committee
BCP	Business Continuity Planning
BOD	Board of Directors
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CPIs	Critical Performance Indicators
CSR	Corporate Social Responsibility
ECL	Expected Credit Loss
EIR	Effective Interest Rate
ERP	Enterprise Resource Planning
HRLG	Human Resource and Learning Group
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretation Committee
ITG	Information Technology Governance
NFI	Non Funded Income
NII	Non Interest Income

Vehicles

Vehicles (as assets) other than those acquired through financial leases consist of equipment for moving people and objects, other than any such equipment acquired by households for final consumption. Transport equipment such as motor vehicles, trailers, ships, aircrafts, motorcycles, bicycles, etc.

Weighted Average Cost of Deposits

Percentage of the total interest expense on average deposits of the bank for the period.



Bank Alfalah
The Way Forward

BALLOT PAPER

Ballot Paper for Voting through Post for the Special Business(es) at the Annual General Meeting of Bank Alfalah Limited to be held on 26th March, 2026 at 10.30 a.m. at Movenpick Hotel, Karachi)

Duly filled/signed ballot paper to be sent to the Chairman, Bank Alfalah Limited, 3rd Floor, B.A. Building, I.I. Chundrigar Road, Karachi (website: www.bankalfalah.com) or by email at cosec@bankalfalah.com:

Folio / CDS Account Number		No. of shares held	
Name of Shareholder / Joint Shareholders			
Registered Address			
CNIC/ NICOP/ Passport Number (copy attached)			
Additional information and enclosures (in case of representative of body Corporate, Corporation and Federal Government)			
Name of the Proxy holder			

I/We hereby exercise my/our vote in respect of the special businesses through ballot by conveying my/our assent or dissent to the resolutions by placing tick (✓) mark in the appropriate box below:

Nature and Description of Resolutions	No. of Ordinary shares held	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
Agenda Item No. 6 Special Business – Ordinary Resolution Amendments in the Directors' Remuneration Policy of the Bank and its Annexure-A in accordance with the amendments advised by the State Bank of Pakistan ("the SBP") in the Corporate Governance Regulatory Framework for Banks/DFIs vide BPRD Circular Letter No. 24 of 2025 dated 12th December 2025.			
Agenda Item No. 7 Special Business – Special Resolution To approve/authorize Bank Alfalah Limited to sell its Bangladesh Operations to Bank Asia Limited, Bangladesh, for a consideration of BDT 5,800,000,000/-, equivalent USD 47.50 Mn approx., being the base consideration, subject to agreed closing adjustments by way of merger of the BAFL-Bangladesh Operations of Bank Alfalah with and in to Bank Asia Limited as per the applicable laws and regulations, subject to the approval/sanction of the applicable regulatory authorities and compliance with applicable rules/regulations in Pakistan and Bangladesh.			
Agenda Item No. 8 Special Business – Special Resolution The existing capital of the Bank, including authorized, issued and paid-up capital, is to be sub-divided in a manner that each ordinary share of the Bank having the face value of PKR 10/- will be subdivided into 2 ordinary shares of PKR 5/- each, the rights attaching to the new shares will be strictly proportional to the rights attached to the previous shares so sub-divided. Accordingly, the Authorized Capital of the Bank will be subdivided from 2,300,000,000 Ordinary Shares of PKR 10/- each to 4,600,000,000 Ordinary Shares of PKR 5/- each and the issued and paid-up capital of the Bank comprising of 1,577,165,119 Ordinary Shares of PKR 10/- each is to be subdivided into 3,154,330,238 Ordinary Shares of PKR 5/- each.			
Agenda Item No. 9 Special Business – Special Resolution In the event of conversion of the TFC Issue in accordance with the requirements of the Instructions for Basel III Implementation in Pakistan, as issued pursuant to the circulars of the SBP, the maximum number of ordinary shares (subject to the implementation of the stock split) to be issued upon such conversion shall be capped at 400,000,000/- (Four Hundred Million) additional ordinary shares, or such other number as may be determined in consultation with, and subject to the approval of, the SBP, and that any such conversion and issuance of shares shall further be subject to obtaining all requisite approvals of the Securities and Exchange Commission of Pakistan.			

Place:

Date:

Signature Shareholder / Proxy Holder
/ Authorized Signatory

Note: The complete text of Resolutions and Statement of Material Facts have already been sent to the members along with Notice of the 34th Annual General Meeting to be held on 26th March 2026.

Procedure for Electronic Voting Facility and Voting through Postal Ballot on Special Business at the Annual General Meeting of the Bank to be held on March 26, 2026 at 10.30 A.M at Movenpick Hotel, Karachi.

The Members are hereby notified that pursuant to the Companies (Postal Ballot) Regulations, 2018 ("the Regulations"), issued by the Securities and Exchange Commission of Pakistan ("SECP") wherein, the SECP has directed the listed companies to provide the right to vote through electronic voting facility and voting by post to the Members on all businesses classified as special business.

Accordingly, the members of Bank Alfalah Limited ("the Bank") will be allowed to exercise their right to vote through electronic voting facility and voting by post for the special business in its forthcoming Annual General Meeting to be held on March 26, 2026 at 10.30 a.m., in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

For the convenience of the members, the ballot paper is also available on the Bank's website at www.bankalfalah.com for download.

SCRUTINIZER:

In compliance with the provisions of the Regulations, the Bank has appointed, M/s. S. M. Suhail & Co. Chartered Accountants, as the Scrutinizer. M/s. S. M. Suhail & Co. 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 that the firm and all their partners are compliant with the requirement of Code of Ethics, as adopted by the Institute of Chartered Accountants of Pakistan.

PROCEDURE FOR E-VOTING:

1. Details of the e-voting facility will be shared through an e-mail with those members of the Bank who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Bank by the close of business on March 18, 2026.
 2. The web address, login details, and password, will be communicated to members via email. The security codes will be communicated through SMS from the web portal of Share Registrar/Balloter (the e-voting service provider).
 3. Identity of the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
 4. E-Voting will start from March 19, 2026, 09:00 a.m. and shall close on March 25, 2026 at 5:00 p.m. members can cast their votes any time during this period. Once the vote on a resolution is cast by a Member, he / she shall not be allowed to change it subsequently.
-

PROCEDURE FOR SUBMISSION OF BALLOT PAPER THROUGH POST:

The members shall ensure that duly filled and signed the provided ballot paper along with copy of CNIC, in case of individual and in case of body corporate, acceptable identification documents should reach the Chairman of the meeting through post at Company Secretariat, Bank Alfalah Limited, 3rd Floor, B.A. Building, I.I. Chundrigar Road, Karachi or by email at cosec@bankalfalah.com one (01) day before the day of voting i.e. March 25, 2026 till 5:00 p.m.

NOTES:

1. Duly filled ballot paper should be sent to the Chairman at (Company Secretariat, Bank Alfalah Limited, 3rd Floor, B.A. Building, I.I. Chundrigar Road, Karachi) or email at cosec@bankalfalah.com
2. Copy of CNIC/ NICOP/ Passport (in case of foreigner) should be enclosed with the postal ballot form.
3. Ballot paper should reach the Chairman within business hours by or before March 25, 2026. Any postal ballot received after this date, will not be considered for voting.
4. Please indicate your vote by ticking (✓) the relevant box.
5. Signature on ballot paper should match with signature on CNIC/ Passport (In case of foreigner).
6. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.
7. In case if both the boxes are marked as (✓), your Ballot Paper shall be treated as "Rejected".
8. 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.
9. Ballot Paper has also been placed on the website of the Bank at bankalfalah.com Members may download the ballot paper from the website or use an original/photocopy published in newspapers.

FORM OF PROXY

Folio/CDC Account No.

I/We, _____ of _____, being a member of Bank Alfalah Limited, holder of _____ Ordinary Share(s) as per Register Folio No./CDC Account No. _____ hereby appoint Mr. _____ Register Folio No. / CDC Account No. (if member) _____ of _____ or failing him Mr. _____ Register Folio No./CDC Account No. _____ (if member) of _____, as my/our proxy in my/our absence to attend and vote for me/us, on my/our behalf at the 34th Annual General Meeting of the Bank to be held on Thursday, March 26, 2026 at 10:30 am and at any adjournment thereof.

Signed under my/our hand this _____ day of _____ 2026.

(Member's signature on Rs. 5/- Revenue Stamp)

Signed in the presence of:

Signature of Witness
Name: _____
CNIC/Passport No. _____
Address: _____

Signature of Witness
Name: _____
CNIC/Passport No. _____
Address: _____

1. A member entitled to attend, and vote at the Meeting is entitled to appoint another member as a proxy to attend, speak and vote on his/her behalf. A corporation being a member may appoint as its proxy any of its official or any other person whether a member of the Bank or otherwise.
2. An instrument of proxy and a Power of Attorney or other authority (if any) under which it is signed, or notarized copy of such Power of Attorney must be valid and deposited at the Share Registrar of the Bank, M/s. F. D. Registrar Services (Pvt.) Limited, Office No: 1705, 17th Floor, Saima Trade Tower-A, I. I. Chundrigar Road, Karachi-74000, not less than 48 hours before the time of the Meeting.
3. In case of proxy for an individual beneficial owner of CDC, attested copy of beneficial owner's Computerized National Identity Card, Account and Participant's ID numbers must be deposited along with the form of proxy with the Share Registrar. The proxy must produce his/her original identity card at the time of the Meeting. In case of proxy for corporate members, he/she should bring the usual documents required for such purpose.

بینک الفلاح لمیٹڈ

نمائندگی کا فارم (پراکسی فارم)

فولیو / سی ڈی سی اکاؤنٹ نمبر

میں مسٹی / مسماہ _____ فولیو / سی ڈی سی اکاؤنٹ نمبر _____ ساکن _____

ضلع _____ بحیثیت ممبر بینک الفلاح لمیٹڈ مسٹی / مسماہ _____

فولیو / سی ڈی سی اکاؤنٹ نمبر _____ ساکن _____ یا ان کی غیر حاضری کی صورت میں مسٹی / مسماہ _____

_____ فولیو / سی ڈی سی اکاؤنٹ نمبر _____ ساکن _____

کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے 34 ویں سالانہ اجلاس عام جو بتاریخ 26 مارچ 2026 بروز جمعرات کو صبح 10:30 بجے منعقد ہو رہا ہے، میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

بتاریخ _____ 2026 کو گواہان کی موجودگی میں دستخط کئے۔

گواہ (وٹنس) کے دستخط

نام:

شناختی کارڈ نمبر:

پتہ:

گواہ (وٹنس) کے دستخط

نام:

شناختی کارڈ نمبر:

پتہ:

(ممبر / ارکن کے دستخط)
5 روپے کی رسیدی ٹکٹ پر

اہم نکات

- ایسا ممبر جو مینٹنگ میں شمولیت اور ووٹ دینے کا اہل ہے وہ کسی دوسرے ممبر کو اپنے / اپنی پراکسی کے طور پر مینٹنگ میں شمولیت اور ووٹ دینے کے لیے نامزد کر سکتا ہے۔ علاوہ ازیں، کارپوریشن ایسے شخص کو نامزد کر سکتی ہے جو ممبر نہ ہو۔
- ہر لحاظ سے مکمل پراکسی فارم اور پاور آف اٹارنی یا کوئی اور متعلقہ اتھارٹی جس کے تحت اس فارم کو مکمل کیا گیا ہو، لازمی طور پر بینک کے شیئرز رجسٹر اریف ڈی رجسٹر اریف سروسز پرائیویٹ لمیٹڈ کے دفتر واقع، آفس نمبر 1705، سترہویں منزل، صائمہ ٹریڈناور اے، آئی آئی چندریگر روڈ، کراچی پر مینٹنگ سے 48 گھنٹے قبل جمع کروادیا جائے۔
- سی ڈی سی اکاؤنٹ ہولڈر فرد کے لیے ضروری ہے کہ وہ ممبر کی تصدیق شدہ شناختی کارڈ کی کاپی بمع سی ڈی سی اکاؤنٹ کی تفصیل شیئرز رجسٹر اریف جمع کروائے۔ جبکہ پراکسی کامینٹنگ کے وقت اصل شناختی کارڈ مہیا کرنا ضروری ہے۔



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