



KPMG Taseer Hadi & Co.
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Independent Auditor's Report to the Directors

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Citibank N.A., Pakistan Branch (the Bank), which comprise the statement of financial position as at 31 December 2025, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity, and the cash flow statement for the year then ended, notes to the 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 statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity, and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2025 and of the profit and other comprehensive income, the changes in equity and its cash 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 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.

Responsibilities of Management for the Financial Statements

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

In preparing the 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.



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Management is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management 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.

A handwritten signature in blue ink is located at the bottom left of the page. The signature is stylized and appears to be 'H. Hadi'.



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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.

Report on Other Legal and Regulatory Requirements

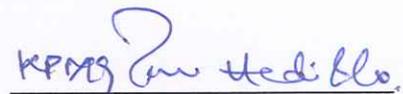
1. Based on our audit, we further report that in our opinion:
 - a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017);
 - b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;
 - c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the object and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
 - d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.
2. We confirm that for the purpose of our audit we have covered more than sixty percent of the total loans and advances of the Bank.

The engagement partner on the audit resulting in this independent auditor's report is Ameen Malik.

Date: 30 March 2026

Karachi

UDIN: AR202510096cNvKLMqd2


KPMG Taseer Hadi & Co.
Chartered Accountants

Citibank N.A., Pakistan Branch
(Incorporated In The U.S.A. The Liability of Members Being Limited)
Statement of Financial Position
As at 31 December 2025

	Note	2025	2024
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks	7	24,248,780	26,973,691
Balances with other banks	8	1,838,879	4,312,528
Lendings to financial institutions	9	-	-
Investments	10	246,231,259	237,611,294
Advances	11	41,720,631	56,670,582
Property and equipment	12	1,480,196	1,194,430
Right-of-use assets	13	635,967	780,865
Intangible assets		-	-
Deferred tax assets	14	702,382	-
Other assets	15	12,431,153	9,563,275
		329,289,247	337,106,665
LIABILITIES			
Bills payable	17	2,330,033	1,768,903
Borrowings	18	78,853,151	60,676,463
Deposits and other accounts	19	214,733,817	241,454,059
Lease liabilities	20	717,186	793,853
Subordinated debt		-	-
Deferred tax liabilities	14	-	703,516
Other liabilities	21	14,819,465	13,103,609
		311,453,652	318,500,403
NET ASSETS		17,835,595	18,606,262
REPRESENTED BY			
Head office capital account	22	6,812,671	6,812,671
Surplus / (deficit) on revaluation of assets	23	152,763	1,514,650
Reserve		163,719	163,719
Unremitted profit		10,706,442	10,115,222
		17,835,595	18,606,262
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 46 form an integral part of these financial statements.

HABIB YOUSUF
Managing Director and
Citi Country Officer

MUHAMMAD UZAIR BALAGAMWALA
Acting Country Finance Officer

Citibank N.A., Pakistan Branch
(Incorporated In The U.S.A. The Liability of Members Being Limited)
Profit and Loss Account
For the year ended 31 December 2025

	Note	2025	2024
(Rupees in '000)			
Mark-up / return / interest earned	25	35,328,639	54,408,833
Mark-up / return / interest expensed	26	17,029,271	31,787,245
Net mark-up / interest income		18,299,368	22,621,588
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	1,101,050	1,144,495
Foreign exchange income		4,138,107	3,560,302
Gain on securities	28	2,367,798	1,700,483
Other income	29	17,434	4,566
Total non-markup / interest income		7,624,389	6,409,846
Total income		25,923,757	29,031,434
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	30	3,467,589	3,789,457
Workers welfare fund	21.2	465,314	502,962
Other charges	31	-	-
Total non-markup / interest expenses		3,932,903	4,292,419
Profit before credit loss allowance / provisions		21,990,854	24,739,015
Credit loss allowance / provisions / reversals and write offs - net	32	(743,762)	1,590,928
PROFIT BEFORE TAXATION		22,734,616	23,148,087
Taxation	33	11,970,982	12,854,181
PROFIT AFTER TAXATION		10,763,634	10,293,906

The annexed notes 1 to 46 form an integral part of these financial statements.

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Citibank N.A., Pakistan Branch
(Incorporated In The U.S.A. The Liability of Members Being Limited)
Statement of Comprehensive Income
For the year ended 31 December 2025

	<i>Note</i>	2025	2024
		(Rupees in '000)	
Profit after taxation for the year		10,763,634	10,293,906
Other comprehensive income			
Items that may be reclassified to profit and loss account in subsequent periods:			
Movement in surplus on revaluation of debt investments through FVOCI - net of tax		(1,361,887)	1,598,834
Items that will not be reclassified to profit and loss account in subsequent periods:			
Remeasurement loss on defined benefit obligations - net of tax		(57,192)	(52,716)
		(1,419,079)	1,546,118
Total comprehensive income		<u>9,344,555</u>	<u>11,840,024</u>

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Citibank N.A., Pakistan Branch
(Incorporated In The U.S.A. The Liability of Members Being Limited)
Statement of Changes in Equity
For the year ended 31 December 2025

	Note	Head office capital account	Surplus / (deficit) on revaluation of investments	Share based payment contribution reserve by the ultimate holding company	Unremitted profit	Total
----- (Rupees in '000) -----						
Opening balance as at 1 January 2024		6,812,671	(84,184)	163,719	19,201,703	26,093,909
Profit after taxation for the year ended 31 December 2024		-	-	-	10,293,906	10,293,906
Other comprehensive income / (loss) - net of tax		-	1,598,834	-	(52,716)	1,546,118
Transactions with owners, recorded directly in equity						
Remittances made to head office		-	-	-	(19,327,671)	(19,327,671)
Opening balance as at 1 January 2025		6,812,671	1,514,650	163,719	10,115,222	18,606,262
Profit after taxation for the current year		-	-	-	10,763,634	10,763,634
Other comprehensive income / (loss) - net of tax		-	(1,361,887)	-	(57,192)	(1,419,079)
Transactions with owners, recorded directly in equity						
Remittances made to head office	45	-	-	-	(10,115,222)	(10,115,222)
Closing Balance as at 31 December 2025		6,812,671	152,763	163,719	10,706,442	17,835,595

The annexed notes 1 to 46 form an integral part of these financial statements.

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Citibank N.A., Pakistan Branch
(Incorporated In The U.S.A. The Liability of Members Being Limited)
Cash Flow Statement
For the year ended 31 December 2025

	Note	2025	2024
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		22,734,616	23,148,087
Adjustments:			
Net mark-up / interest income		(18,299,368)	(22,621,588)
Depreciation	12.2	368,162	111,240
Depreciation on right-of-use assets	13	205,524	176,563
Interest expense on lease liability against right-of-use assets	30	165,513	147,787
Credit loss allowance - net	32	(721,193)	1,599,966
Gain on sale of property and equipment	29	(14,704)	(62)
Unrealised loss on revaluation of investments - measured at FVTPL	28	(40,753)	3,413
Charge for defined benefit plan	30.1	110,048	113,846
		<u>(18,226,771)</u>	<u>(20,468,835)</u>
		4,507,845	2,679,252
<i>(Increase) / decrease in operating assets</i>			
Lendings to financial institutions		-	6,000,000
Securities classified as FVTPL		(7,914,320)	(13,502,970)
Advances		15,505,658	1,310,985
Other assets (excluding advance taxation)		(522,764)	318,624
		7,068,574	(5,873,361)
<i>Increase / (decrease) in operating liabilities</i>			
Bills payable		561,130	(940)
Borrowings from financial institutions		18,316,609	60,536,542
Deposits		(26,720,242)	(25,347,395)
Other liabilities (excluding current taxation)		1,013,822	(39,694)
		(6,828,681)	35,148,513
Payments against off-balance sheet obligations		-	-
Mark-up / interest received		35,231,735	53,786,541
Mark-up / interest paid		(16,766,073)	(31,793,800)
Income tax paid		(13,594,204)	(13,783,744)
Contribution to gratuity fund	36.7	(55,793)	(205,880)
Remittances made during the year on account of head office expenses		(108,384)	(131,639)
Net cash flow generated from operating activities		<u>9,455,019</u>	<u>39,825,882</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net Investments in securities classified as FVOCI		(3,502,157)	(37,510,609)
Investments in operating property and equipment		(654,652)	(935,720)
Proceeds from sale of property and equipment		15,428	88
Net cash flow used in investing activities		<u>(4,141,381)</u>	<u>(38,446,241)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(259,810)	(289,397)
Profit repatriated to head office during the year	45	(10,115,222)	(19,327,671)
Net cash flow used in financing activities		<u>(10,375,032)</u>	<u>(19,617,068)</u>
Decrease in cash and cash equivalents		<u>(5,061,394)</u>	<u>(18,237,427)</u>
Cash and cash equivalents at the beginning of the year	34	<u>31,150,225</u>	<u>49,387,652</u>
Cash and cash equivalents at the end of the year	34	<u><u>26,088,831</u></u>	<u><u>31,150,225</u></u>

The annexed notes 1 to 46 form an integral part of these financial statements.

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Managing Director and
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MUHAMMAD UZAIR BALAGAMWALA
Acting Country Finance Officer

Citibank N.A., Pakistan Branch

(Incorporated in the U.S.A. the liability of members being limited)

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2025

1. STATUS AND NATURE OF BUSINESS

Citibank N.A., Pakistan Branch (the Bank) operates as a branch of Citibank N.A. which is a foreign banking company incorporated and domiciled in the U.S.A. with limited liability and is a member of Citigroup Inc., which is the Ultimate Holding Company.

The Bank is engaged in banking business as described in the Banking Companies Ordinance, 1962. Its principal office has been changed to 13th Floor, Sky Tower B, East Wing – Dolmen City, Block 4 Scheme 5, Clifton Karachi. At December 31, 2025, the Bank operates through 3 branches (December 31, 2024: 3 branches) in Pakistan.

Credit ratings assigned to Citigroup Inc. and Citibank N.A., by Moody's Investor Services are as follows:

	Long-term senior debt	Short-term debt
Citigroup Inc.	A3	P-2
Citibank N.A.	Aa3	P-1

2. BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding the shifting of the banking system to the Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by the Bank from its customers and immediate resale to them at appropriate profit on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon.

3. STATEMENT OF COMPLIANCE

3.1 These 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;
- Provisions of, directives and notifications issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives and notifications issued by the SBP and the SECP differ with the requirements of IFRS Accounting Standards or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives and notifications, shall prevail.

The disclosures made in these financial statements have been based on a format prescribed by SBP vide BPRD Circular No. 02 dated 09 February 2023 with further addition made vide BPRD Circular Letter No. 13 of 2024, dated 01 July 2024 and accounting and financial reporting standards as applicable in Pakistan.

3.2 SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10 dated 26 August 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. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements.

3.3 Standards, interpretations of and amendments to accounting and reporting standards that are effective in the current year

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after 1 January 2025. These are considered either to not be relevant or to not have any material impact on these financial statements.

3.4 Standards, interpretations of and amendments to accounting and reporting standards that are not yet effective

Further, the following IFRS as notified under the Companies Act, 2017 and the amendments thereto will be effective for future periods and not early adopted:

Standards and amendments	Effective date (accounting periods beginning on or after)
- Amendments to Classifications and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	01 January 2026
- Annual improvement to IFRS Accounting Standards - Volume 11	01 January 2026
- IFRS S1 - General Requirements for Disclosure of Sustainability - related Financial Information	01 January 2026
- IFRS S2 - Climate - related disclosure	01 January 2026
- IFRS 18 Presentation and Disclosure in Financial Statements	01 January 2027

Standard	IASB effective date (accounting periods beginning on or after)
- IFRS 1 – First-time Adoption of International Financial Reporting Standards	01 January 2004

The above standards are either not applicable to the Bank or are not expected to have any material impact on the Bank's financial statements. However, SECP vide S.R.O 742 (I) / 2025 (dated 16 April 2025) notified that International Financial Reporting Standard IFRS 7 - 'Financial Instruments: Disclosures' shall be followed by Banks, for the purpose of financial statements, from the annual reporting periods beginning on or after 01 January 2026 (earlier application is permitted).

4. BASIS OF MEASUREMENT

4.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments, foreign currency balances, commitments in respect of foreign exchange contracts and derivative financial instruments which have been marked to market and are carried at fair value and net defined benefit (asset)/liability are carried at fair value of plan assets less the present value of defined benefits obligation.

4.2 Functional and presentation currency

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

5. Critical accounting estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in 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 estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are as follows:

- i) valuation and impairment of financial instruments (notes 6.1, 6.11 and 44.2);
- ii) current and deferred taxation (notes 6.12, 14 and 33);
- iii) impairment of non financial asset (note 6.11);
- iv) accounting for defined benefit plan (notes 6.13 and 36);
- v) depreciation and useful lives of property and equipment (notes 6.9 and 12);
- vi) valuation of share based payments (note 6.14);
- vii) fair value of financial instruments (note 39);
- viii) right of use assets and related lease liabilities (notes 6.10, 13 and 20); and
- ix) provisions and contingent liabilities (notes 6.16 and 24).

6 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

6.1 IFRS 9 - 'Financial Instruments'

6.1.1 Classification and measurement

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Bank 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 account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

A financial asset or financial liability is initially measured at fair value plus/minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial asset on initial recognition is generally its transaction price. If the Bank determines that the fair value on initial recognition differs from the transaction price then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in statement of profit and loss account on an appropriate basis over the life of the asset but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out.

Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL.

- the asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Advances are measured at amortized cost net of expected credit loss allowances

Financial liabilities

Financial liabilities are either classified as FVTPL, when they are held for trading purposes, or at amortized cost. Financial liabilities classified as FVTPL are measured at fair value and all the fair value changes are recognized in statement of profit and loss account. Financial liabilities classified at amortized cost are initially recorded at their fair value and subsequently measured using the effective interest rate method. Markup expense and foreign exchange gain and losses are recognised in statement of profit and loss account. Any gain or loss on derecognition is also recognised in statement of profit and loss account.

6.1.2 Business model assessment

A financial asset is classified as either Held to collect, Held to collect and sale and others based on business model assessment. The Bank makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The assessment requires judgement based on facts and circumstances on the date of assessment. The assessment considers the policies and objectives for the portfolio of financial assets, risk affecting, performance evaluation, business manager's compensation and historical sales information.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

6.1.3 Assessment of whether contractual cash flows are Solely Payments of Principal and Interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as interest margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

A prepayment feature aligns with SPPI if it mainly represents unpaid principal and profit, including reasonable compensation for early termination.

6.1.4 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any mark-up or dividend income, are recognised in statement of profit and loss account.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The amortised cost is reduced by impairment losses. Mark-up, foreign exchange gains and losses and impairment are recognised in statement of profit and loss account.
Debt investments at FVOCI	These assets are subsequently measured at fair value and is assessed for impairment under the new ECL model. Mark-up income is calculated using the EIR method and includes amortisation of premiums and accretion of discount, foreign exchange gains and losses and impairment are recognised in profit and loss account. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss account.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss account unless the dividend clearly represents a recovery of part of the cost of the investment, in which case they are adjusted from the carrying value of investment. Other net gains and losses are recognised in OCI and are never reclassified to profit and loss account.

6.1.5 Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount for investments and lendings to financial institution.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

6.1.6 Calculation of mark-up income and expense

Income from performing advances is recognised on accrual basis as per the terms of the contract. However, where debt securities, classified as investments in the financial statements, are purchased at premium or discount, such premium / discount including the transaction cost is amortized through the statement of profit and loss account over the remaining maturity of the debt security using the effective interest rate method. Income from advances is recognized in statement of profit and loss account using effective interest rate (EIR). Similarly, under the local regulatory requirement, income recoverable on classified advances and investments (debt securities), is recognized on a receipt basis.

Income on rescheduled / restructured advances and investments is recognized as permitted by SBP regulations.

Markup expense on financial liabilities (comprising deposits and borrowings) is recognized on an accrual basis in the period in which it is incurred, based on effective interest rate method.

6.1.7 Derecognition

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized), and the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in OCI is recognized in the statement of profit and loss account, except that in case of the derecognition of equity securities held at FVOCI, cumulative gains or losses are transferred to unremitted profit.

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.

6.1.8 Modification

Financial assets

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of its customers. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit and loss account as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

Where derecognition of financial assets is appropriate, the newly recognised residual loans are assessed to determine whether the assets should be classified as purchased or originated credit-impaired assets (POCI).

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognised the resulting adjustment as a modification gain or loss in profit and loss account. Any costs or fees incurred, and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower then the gain or loss is presented together with impairment losses. In other cases, it is presented as markup income calculated using the effective interest rate method.

Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability recognized and consideration paid is recognized in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

6.1.9 Reclassification

Financial liabilities are not reclassified subsequent to initial recognition. Reclassifications of financial assets are made when, and only when, the business model for those assets changes. Such changes are expected to be infrequent and arise as a result of significant external or internal changes.

Financial assets are reclassified at their fair value on the date of reclassification and previously recognised gains and losses are not restated. Moreover, reclassifications of financial assets between financial assets held at amortised cost and financial assets held at FVOCI do not affect interest rate or expected credit loss computations.

Reclassified from amortised cost

Where financial assets held at amortised cost are reclassified to financial assets held at FVTPL, the difference between the fair value of the assets at the date of reclassification and the previously recognised amortised cost is recognised in profit and loss account.

For financial assets held at amortised cost that are reclassified to FVOCI, the difference between the fair value of the assets at the date of reclassification and the previously recognised gross carrying value is recognised in comprehensive income. Additionally, the related cumulative expected credit loss amounts relating to the reclassified financial assets are reclassified from provisions to a separate reserve in comprehensive income at the date of reclassification.

Reclassified from fair value through other comprehensive income (FVOCI)

Where financial assets held at FVOCI are reclassified to financial assets held at FVTPL, the cumulative gain or loss previously recognised in comprehensive income is transferred to the profit and loss.

For financial assets held at FVOCI that are reclassified to financial assets held at amortised cost, the cumulative gain or loss previously recognised in comprehensive income is adjusted against the fair value of the financial asset such that the financial asset is recorded at a value as if it had always been held at amortised cost. In addition, the related cumulative expected credit losses held within comprehensive income are reversed against the gross carrying value of the reclassified assets at the date of reclassification.

Reclassified from fair value through profit or loss (FVTPL)

Where financial assets held at FVTPL are reclassified to financial assets held at FVOCI or financial assets held at amortised cost, the fair value at the date of reclassification is used to determine the effective interest rate on the financial asset going forward. In addition, the date of reclassification is used as the date of initial recognition for the calculation of expected credit losses. Where financial assets held at FVTPL are reclassified to financial assets held at amortised cost, the fair value at the date of reclassification becomes the gross carrying value of the financial asset.

6.2 Expected Credit Loss (ECL)

The impairment requirements apply to financial assets measured at amortized cost, and FVOCI (other than equity instruments) and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, a provision is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL').

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Non-Performing financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost, and debt financial assets carried at FVOCI are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'non-performing' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Under the SBP's IFRS 9 Application instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency. The Bank is required to calculate ECL on its non-performing financial assets as higher of provision under Prudential Regulations (PR) and ECL under IFRS 9. Further, the Banks are advised to recognize income on impaired assets (loans classified under PRs i.e., OAEM and Stage 3 loans) on a receipt basis in accordance with the requirements of PRs issued by SBP.

The Bank calculates the ECL as higher of PR and ECL under IFRS 9 at borrower/facility level as instructed under Annexure A of BPRD Circular no 16 of 2024 dated 29 July 2024.

Based on the requirements of IFRS 9 Application Instructions, the Bank has performed an ECL assessment considering the following key elements:

- PD: The probability that a counterparty will default over the next 12 months from the reporting date (12-month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2). The PD of a customer is determined based on a set of IFRS 9 ECL models that combine the macroeconomic forecasts and point-in-time PDs. The Bank considers three economic scenarios (Pessimistic, Optimistic and Baseline). PD is determined using Citi Central PD model.
- EAD: Exposure at default (EAD) is an estimation of the extent that the Bank may be exposed to an obligor in the event of default. The estimation of EAD should take into account any expected changes in the exposure after the assessment date, including expected drawdowns on committed facilities through the application of a credit conversion factor (CCF). EAD is determined using Citi Central EAD model. Cash and cash equivalent collaterals if any that the Bank holds are adjusted from the LGD.
- LGD: Loss given default (LGD) is an estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. LGD is determined using Citi Central LGD model.

Presentation of allowance for Expected Credit Loss in the Statement of Financial Position

Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: as a provision in other liabilities; and
- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in OCI.

6.3 Write-offs

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

6.4 Undrawn loan commitments and guarantees:

Financial guarantees' are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. 'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

When estimating lifetime ECL for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the loans are drawn down, based on a probability-weighting of the three scenarios.

6.5 Off-setting of financial instruments

Financial assets and financial liabilities are off-set and the net amount is reported in the 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 financial statements.

6.6 Derivative

Derivative financial instruments are recognised at fair value. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the statement of financial position. The resultant gains and losses are taken to the profit and loss account.

6.7 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, balances with treasury banks, balances with other banks in current and deposit accounts, and overdrawn nostro accounts and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

6.8 Lendings to / borrowings from financial institutions

The Bank enters into repurchase agreements (repo) and reverse repurchase agreements (reverse repo) at contracted rates for a specified period of time. These are recorded as under:

(a) Sale of securities under repurchase agreements

Securities sold to a repurchase agreement (repo) are retained in the financial statements as investments and the counter party liability is included in borrowings. The differential between the sale price and contracted repurchase price is amortised over the period of the contract and recorded as an expense.

(b) Purchase of securities under resale agreements

Securities purchased under agreement to resell (reverse repo) are included in lendings to financial institutions. The underlying security is not recognised as a separate asset in the financial statements. The difference between the contracted price and resale price is recognised over the period of the contract and recorded as income.

(c) Call lendings / placements

Call lendings / placements with financial institutions are stated net of provision if any. Return on such lending is accrued to the profit and loss account on a time proportion basis except for mark-up on impaired / delinquent lendings, which is recognized on receipt basis.

(d) Borrowings

These are recorded at the proceeds received. Mark-up on such borrowings is charged on a time proportion basis to the profit and loss account over the period of borrowings.

6.9 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for capital work-in-progress which is carried at cost less impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction / development period are carried under this head. These are transferred to specific assets as and when assets become available for use.

Depreciation on property and equipment is charged using the straight line method in accordance with the rates specified in note 12.2 to these financial statements after taking into account the residual value, if significant. The assets' residual values and useful lives are reviewed and adjusted, if required, at each reporting date. Depreciation on additions during the year is charged from the date in which the asset is put to use, whereas no depreciation is charged from the date the asset is disposed off.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repair and maintenance is charged to the profit and loss account as and when incurred. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repair and maintenance is charged to the profit and loss account as and when incurred.

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 / losses on disposal of property and equipment, if any, are credited / charged to the profit and loss account in the period in which they arise.

6.10 Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in IFRS 16.

The Bank acts as a lessee and applies a single recognition and measurement approach for all the leases except for short-term leases and leases of low value assets (if any). The Bank recognises lease liability to make lease payments and right-of-use assets representing the right to use the underlying assets. At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Bank recognises right-of-use asset (ROU asset) and its related lease liability at the commencement date of the lease.

i) *Right-of-use asset*

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lessee transfers ownership of the underlying asset to the Bank by the end of the lease term or the cost of the right-of-use asset reflects that the Bank will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lessee transfers ownership of the underlying asset to the Bank by the end of the lease term or the cost of the right-of-use asset reflects that the Bank will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

ii) *Lease liability*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

The Bank determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments, if needed to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to nil.

The Bank presents lease liabilities as a separate line item in the statement of financial position.

iii) *Short-term leases and leases of low-value assets*

The Bank applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

6.11 Impairment of non financial asset

The Bank's corporate assets do not generate separate cash inflows and are used by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGUs to which the corporate assets are allocated.

Impairment losses are recognised in profit or loss account. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation if no impairment loss had been recognised.

6.12 Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

(a) Current

The provision for current taxation is based on taxable income for the year, if any, at current rates of taxation, after taking into consideration available tax credits, rebates and tax losses as specified under the seventh schedule to the Income Tax Ordinance, 2001. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. The charge for current tax also includes adjustments, where considered necessary relating to prior years, which arises from assessments / developments made during the year. Current tax assets and liabilities are offset only if certain criteria are met.

(b) Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. In addition, the Bank also records deferred tax asset on available tax losses. Deferred tax is calculated using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

The Bank also recognises deferred tax asset / liability on (deficit) / surplus on revaluation of securities which is adjusted against the related (deficit) / surplus in accordance with the requirements of the International Accounting Standard (IAS-12) "Income taxes".

6.13 Staff retirement benefits

6.13.1 Defined benefit plan

The Bank operates an approved funded gratuity scheme for all its permanent employees having period of service with the Bank exceeding five years. The Bank's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Bank, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) are recognised immediately in OCI. The Bank determines the net interest expense (income) on the net defined benefit liability (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit and loss account.

Gratuity is payable to employees on completion of the prescribed qualifying period of service under the scheme.

6.13.2 Defined contribution plan

The Bank operates a recognised provident fund scheme for all its permanent employees to which equal monthly contributions are made both by the Bank and employees at the rate of 10 percent of basic salary. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

6.14 Share based payments

Cash-settled

Deferred Cash Award Plan: A group of employees may be awarded with deferred cash-stock units under the Deferred Cash Award Plan ("DCAP").

DCAP is a discretionary retention award program consisting of deferred cash stock units of Citigroup common stock. DCAP is a component of Citigroup's Discretionary Incentive and Retention Award Plan.

Deferred cash-stock unit is an unfunded, unsecured promise to make a cash payment at the end of a specified period of time called the vesting period (based on one stock unit being equal to the value of one share of Citi common stock), during which the award is subject to reduction or cancellation if vesting conditions are not satisfied and may be subject to the Citi claw-back.

Equity-settled

Deferred stock: A group of employees may be awarded with deferred stock awards under the Capital Accumulation

CAP is a discretionary retention award program consisting of deferred shares of Citigroup common stock. CAP is a component of Citigroup's Discretionary Incentive and Retention Award Plan, representing an unfunded, unsecured promise to deliver Citigroup common stock at the end of a specified period, called the vesting period, during which the award is subject to reduction or cancellation if vesting conditions are not satisfied and may be subject to the Citi claw-back.

Pursuant to a separate Stock Plans Affiliate Participation Agreement (SPAPA), the Bank makes a cash settlement to Citigroup for the fair value of the share-based incentive awards delivered to the Bank's employees under these plans on vesting date.

The liability is remeasured at the reporting date and ultimately at settlement date with a corresponding adjustment in equity.

6.15 Borrowings / deposits and their cost

Borrowings / deposits are recorded when the proceeds are received. Borrowing / deposit costs are recognised as an expense in the period in which these are incurred using the effective interest rate method to the extent that they are not directly attributable to the acquisition of or construction of qualifying assets. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) is capitalised as part of the cost of that asset.

6.16 Provisions

Provision for claims under guarantees and other off balance sheet obligations is recognised when identified and reasonable certainty exists for the Bank to settle the obligation.

Other provisions are recognised when the Bank has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits 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.

6.17 Revenue recognition

- Mark-up / return / interest on advances and investments is recognised on accrual basis, except in case of advances classified under the Prudential Regulations on which mark-up is recognised on receipt basis. Mark-up / return / interest on rescheduled / restructured loans and advances and investments is recognised as permitted by the regulations of SBP.
- The Bank earns fee and commission income from a banking service and corporate customer. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services.

The Bank recognises fees earned on transaction-based arrangements at a point in time when the Bank has provided the service to the customer the includes, trade commission (e.g., fees on letters of credit, guarantees, and trade finance transactions), cash management commission (e.g., transaction processing fees for cash handling and payments), commission on home remittances (e.g., fees on inward or outward remittances), other transaction-based banking service fees (e.g., funds transfer charges) and custody related fees.

Revenue from account service and servicing fees is recognised over time as the services are provided. Unearned fee and commission are included under other liabilities, this includes, account maintenance fees, loan servicing fees and other recurring banking service charges. The fees pertaining to banking service are based on schedule of charges.

- Gains / losses on termination of lease contracts, documentation charges, front end fee and other lease income are recognised as income when realised.

6.18 Foreign currencies

(a) Foreign currency transactions

Foreign currency transactions are translated into Pakistani Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at exchange rates prevailing at the reporting date. Foreign bills purchased and forward foreign exchange contracts are valued at the rates applicable to their respective maturities.

(b) Translation gains and losses

Translation gains and losses are included in the profit and loss account.

(c) Contingencies and 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 Pakistani rupee terms at the exchange rate prevailing at the reporting date.

6.19 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. As required by the State Bank of Pakistan through the amended format for financial statements for Banks, acceptances are accounted for as on-balance sheet transactions and are reported in "other assets" and "other liabilities" simultaneously.

6.20 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing product or services (business segment), or in providing products or services within a particular economic environment (geographical segment). The Bank's Chief operating decision maker reviews the results and assesses performance of these segments separately. The operations of the Bank are based in Pakistan, therefore geographical segment is not relevant. Segments are reported as per the Bank's functional structure and are as follows:

6.20.1 Business segments

(a) Markets

It includes fixed income, foreign exchange, own position securities, lending, borrowing and derivatives and corporate sales.

(b) Corporate banking & securities services

Corporate banking includes project finance, export finance, trade finance, short-term lending, long-term lending, bill discounting and negotiation, letter of credit, acceptances, guarantees, deposits, custody, agency and trust.

7	CASH AND BALANCES WITH TREASURY BANKS	Note	2025	2024
			(Rupees in '000)	
	In hand			
	Local currency		109,460	142,626
	Foreign currency		474,402	154,801
			<u>583,862</u>	<u>297,427</u>
	With State Bank of Pakistan in			
	Local currency current account	7.1	20,704,731	21,652,439
	Foreign currency current account			
	- Cash reserve account	7.2	980,431	1,671,300
	- US Dollar clearing account		19,269	12,597
	Foreign currency deposit account			
	- Special Cash reserve account	7.3	1,960,862	3,342,600
			<u>23,665,293</u>	<u>26,678,936</u>
	Less: Credit loss allowance held against cash and balances with treasury banks		(375)	(2,672)
	Cash and balances with treasury banks - net of credit loss allowance		<u>24,248,780</u>	<u>26,973,691</u>

- 7.1** The local currency current account is maintained with the State Bank of Pakistan (SBP) as per the requirements of Section 22 of the Banking Companies Ordinance 1962. This section requires banking companies to maintain a local currency cash reserve in the current account opened with the SBP at a sum not less than such percentage of its time and demand liabilities in Pakistan as may be prescribed by SBP.
- 7.2** This represents cash reserve of 5% which is required to be maintained with the State Bank of Pakistan on deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits).
- 7.3** This represents special cash reserve of 10% which is required to be maintained with the State Bank of Pakistan on FE-25 deposits. Profit rates on these deposits are fixed by SBP on a monthly basis. These carry mark-up rate of 2.86% to 3.35% (2024 3.53% to 4.35%).

8	BALANCES WITH OTHER BANKS	<i>Note</i>	2025	2024
(Rupees in '000)				
	In Pakistan			
	In current account		8,500	8,500
	Outside Pakistan			
	In current account	<i>8.1</i>	1,831,176	4,305,283
			1,839,676	<u>4,313,783</u>
	Less: Credit loss allowance held against balances with other banks		(797)	(1,255)
	Balances with other banks - net of credit loss allowance		<u>1,838,879</u>	<u>4,312,528</u>

- 8.1** This includes balance of Rs.1,824.336 million (2024: Rs.4,151.116 million) held with branches or subsidiaries of Citibank, N.A., outside Pakistan.

9	LENDINGS TO FINANCIAL INSTITUTIONS	2025	2024
(Rupees in '000)			
	Repurchase agreement lendings (Reverse Repo)	-	-
		<u>-</u>	<u>-</u>
	Less: Credit loss allowance held against lending to financial institutions	-	-
	Lending to financial institutions - net of credit loss allowance	<u>-</u>	<u>-</u>

10 INVESTMENTS	2025				2024			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
10.1 Investments by type:								
	----- (Rupees in '000) -----							
Fair value through profit or loss								
Federal Government securities	7,914,320	-	34,120	7,948,440	22,471,710	-	(6,633)	22,465,077
	7,914,320	-	34,120	7,948,440	22,471,710	-	(6,633)	22,465,077
Fair value through other comprehensive income								
Federal Government securities	237,964,562	-	318,257	238,282,819	211,990,695	-	3,155,522	215,146,217
	237,964,562	-	318,257	238,282,819	211,990,695	-	3,155,522	215,146,217
Total Investments	245,878,882	-	352,377	246,231,259	234,462,405	-	3,148,889	237,611,294

10.2 Investments by segments:	Note	2025				2024			
		Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
		----- (Rupees in '000) -----							
Federal Government Securities									
Market Treasury Bills	10.3, 10.4 & 10.5	137,383,302	-	116,791	137,500,093	170,613,802	-	3,013,215	173,627,017
Pakistan Investment Bonds	10.3 & 10.6	108,495,580	-	235,586	108,731,166	63,848,603	-	135,674	63,984,277
		245,878,882	-	352,377	246,231,259	234,462,405	-	3,148,889	237,611,294
Total Investments		245,878,882	-	352,377	246,231,259	234,462,405	-	3,148,889	237,611,294

10.2.1 Investments given as collateral	2025	2024
	(Rupees in '000)	
Market Treasury Bills	7,421,760	12,486,667

10.3 Particulars of credit loss allowance	2025	2024
	(Rupees in '000)	
Domestic		
Performing	246,231,259	237,611,294
Performing Stage 1	-	-
Underperforming Stage 2	-	-
Non-performing Stage 3	-	-
Substandard	-	-
Doubtful	-	-
Loss	-	-
Total	246,231,259	237,611,294

10.4 Investments include certain approved / government securities which are held by the Bank to comply with the Statutory Liquidity Requirement determined on the basis of the Bank's demand and time liabilities as set out under section 29 of the Banking Companies Ordinance, 1962.

10.5 Market Treasury Bills are for a period of one to three months and twelve months. The effective rates of profit on Market Treasury Bills range from 10.40% to 11.99% (2024: 11.81% to 20.85%) per annum with maturities upto April 2026 (2024: December 2025).

10.6 Pakistan Investment Bonds (PIBs) are for periods of three and five years. The yield on these PIBs range from 10.74% to 11.81% (2024: 13.23% to 18.37%) per annum with maturities till July 2030 (2024: May 2026). In addition, Market Treasury Bills having face value of Rs. 7,684 million (2024: Market Treasury Bills - Rs. 7,684 million) and having a market value of Rs. 7,688 million (2024: market value of Rs. 7,461 million) have been deposited with the State Bank of Pakistan as pledged capital.

10.7 Quality of FVOCI Securities

Details regarding quality of securities held under "Held to Collect and Sell" are as follows:

		Cost	
		2025	2024
		(Rupees in '000)	
Federal Government Securities - Government guaranteed			
Market Treasury Bills		132,460,071	153,572,007
Pakistan Investment Bonds		105,504,491	58,418,688
		<u>237,964,562</u>	<u>211,990,695</u>

11 ADVANCES

Note	Performing		Non Performing		Total	
	2025	2024	2025	2024	2025	2024
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	42,170,907	45,461,998	294,270	299,060	42,465,177	45,761,058
Bills discounted and purchased	474,988	12,683,555	-	-	474,988	12,683,555
Advances - gross	42,645,895	58,145,553	294,270	299,060	42,940,165	58,444,613
Credit loss allowance against advances						
- Stage 1	(241,140)	(251,972)	-	-	(241,140)	(251,972)
- Stage 2	(684,124)	(1,222,999)	-	-	(684,124)	(1,222,999)
- Stage 3	-	-	(294,270)	(299,060)	(294,270)	(299,060)
- Specific	-	-	-	-	-	-
Advances - net of credit loss allowance	41,720,631	56,670,582	-	-	41,720,631	56,670,582

11.1 Particulars of advances (Gross)

		2025	2024
		(Rupees in '000)	
In local currency		42,724,788	58,193,176
In foreign currencies		215,377	251,437
		<u>42,940,165</u>	<u>58,444,613</u>

11.2 Advances to Women, Women-owned and Managed Enterprises

Women	-	-
Women Owned and Managed Enterprises	-	-
	<u>-</u>	<u>-</u>

11.2.1 Gross loans disbursed to women, women-owned and managed enterprises is nil during the current year (2024: nil).

11.3 Particulars of credit loss allowance

11.3.1 Advances - Exposure

Note	2025					
	Stage 1	Stage 2	Stage 3	Specific	General	Total
	(Rupees in '000)					
Opening balance	42,210,027	15,935,526	299,060	-	-	58,444,613
Exchange adjustments	-	-	1,210	-	-	1,210
New advances	1,950,707	2,807,908	-	-	-	4,758,615
Advances derecognised or repaid	(6,349,297)	(3,131,345)	(6,000)	-	-	(9,486,642)
Transfer to stage 1	2,270,101	(2,270,101)	-	-	-	-
Transfer to stage 2	(14,254,175)	14,254,175	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-
	(16,382,664)	11,660,637	(6,000)	-	-	(4,728,027)
Amounts written off / charged off	-	-	-	-	-	-
Other movements	(6,980,784)	(3,796,847)	-	-	-	(10,777,631)
Closing balance	18,846,579	23,799,316	294,270	-	-	42,940,165

Note	2024					
	Stage 1	Stage 2	Stage 3	Specific	General	Total
	(Rupees in '000)					
Opening balance	-	-	-	536,172	-	536,172
IFRS 9 transition impact	58,448,921	972,660	536,172	(536,172)	-	59,421,581
Restated balance as at 1 January 2024	58,448,921	972,660	536,172	-	-	59,957,753
Exchange adjustments	-	-	(2,545)	-	-	(2,545)
New advances	5,467,238	-	-	-	-	5,467,238
Advances derecognised or repaid	(5,608,104)	(369,286)	(34,957)	-	-	(6,012,347)
Transfer to stage 1	1,900,000	(1,900,000)	-	-	-	-
Transfer to stage 2	(15,935,526)	15,935,526	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-
	(14,176,392)	13,666,240	(34,957)	-	-	(545,109)
Amounts written off / charged off	-	-	(198,739)	-	-	(198,739)
Other movements	(2,062,502)	1,296,626	(871)	-	-	(766,747)
Closing balance	42,210,027	15,935,526	299,060	-	-	58,444,613

11.3.2 Advances - Credit loss allowance

Note	2025					
	Stage 1	Stage 2	Stage 3	Specific	General	Total
	(Rupees in '000)					
Opening balance	251,972	1,222,999	299,060	-	-	1,774,031
Balance as at 1 January 2025	-	-	1,210	-	-	1,210
Exchange adjustments	-	-	-	-	-	-
New advances	203	135,610	-	-	-	135,813
Advances derecognised or repaid	(63,201)	(299,735)	(6,000)	-	-	(368,936)
Net impairment charged	329,613	(652,197)	-	-	-	(322,584)
Transfer to stage 1	26	(26)	-	-	-	-
Transfer to stage 2	(277,473)	277,473	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-
	(10,832)	(538,875)	(6,000)	-	-	(555,707)
Amounts written off / charged off	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Closing balance	241,140	684,124	294,270	-	-	1,219,534

Note	2024					
	Stage 1	Stage 2	Stage 3	Specific	General	Total
	(Rupees in '000)					
Opening balance	-	-	-	536,172	-	536,172
IFRS 9 transition impact	83,727	14,225	536,172	(536,172)	-	97,952
Restated balance as at 1 January 2024	83,727	14,225	536,172	-	-	634,124
Exchange adjustments	-	-	(2,545)	-	-	(2,545)
New advances	22,343	-	-	-	-	22,343
Advances derecognised or repaid	(2,734)	(12,356)	(34,957)	-	-	(50,047)
Net impairment charged	1,368,881	885	-	-	-	1,369,766
Transfer to stage 1	2,754	(2,754)	-	-	-	-
Transfer to stage 2	(1,222,999)	1,222,999	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-
	168,245	1,208,774	(34,957)	-	-	1,342,062
Amounts written off / charged off	11.6	-	(198,739)	-	-	(198,739)
Other movements	11.6.3	-	(871)	-	-	(871)
Closing balance	251,972	1,222,999	299,060	-	-	1,774,031

11.3.3 Advances - credit loss allowance details

	Stage	2025			2024		
		Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
		(Rupees in '000)			(Rupees in '000)		
Outstanding gross exposure							
Performing	Stage 1	18,846,579	-	-	42,210,027	-	-
Under performing	Stage 2	-	23,799,316	-	-	15,935,526	-
Non-performing:							
Substandard	Stage 3	-	-	-	-	-	-
Doubtful	Stage 3	-	-	-	-	-	-
Loss	Stage 3	-	-	294,270	-	-	299,060
Total		18,846,579	23,799,316	294,270	42,210,027	15,935,526	299,060
Corresponding ECL							
Stage 1		241,140	-	-	251,972	-	-
Stage 2		-	684,124	-	-	1,222,999	-
Stage 3:		-	-	-	-	-	-
Substandard		-	-	-	-	-	-
Doubtful		-	-	-	-	-	-
Loss		-	-	294,270	-	-	299,060
Total		241,140	684,124	294,270	251,972	1,222,999	299,060

11.4 Advances include Rs.294.270 million (2024: 299.06 million) which have been placed under non-performing / stage 3 status as detailed below:-

Category of classification in stage 3

	2025		2024	
	Non performing loans	Credit loss allowance	Non performing loans	Credit loss allowance
	(Rupees in '000)			
Domestic	-	-	-	-
Other Assets Especially Mentioned (OAEM)	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	294,270	294,270	299,060	(299,060)
Total	294,270	294,270	299,060	(299,060)

11.5 Particulars of credit loss allowance against advances

Note	2025					
	Stage 1	Stage 2	Stage 3	Specific	General	Total
	(Rupees in '000)					
Opening balance	251,972	1,222,999	299,060	-	-	1,774,031
Exchange adjustments	-	-	1,210	-	-	1,210
(Reversal) / charge for the year	(10,832)	(538,875)	-	-	-	(549,707)
Reversals due to recoveries	-	-	(6,000)	-	-	(6,000)
Amounts written off	(10,832)	(538,875)	(6,000)	-	-	(555,707)
Other movements	-	-	-	-	-	-
Closing balance	241,140	684,124	294,270	-	-	1,219,534

	2024					
	Stage 1	Stage 2	Stage 3	Specific	General	Total
	(Rupees in '000)					
Opening balance	-	-	-	536,172	-	536,172
IFRS 9 transition impact	83,727	14,225	536,172	(536,172)	-	97,952
Restated balance as at 1 January 2024	83,727	14,225	536,172	-	-	634,124
Exchange adjustments	-	-	(2,545)	-	-	(2,545)
Charge for the year	168,245	1,208,774	-	-	-	1,377,019
Reversals due to recoveries	-	-	(34,957)	-	-	(34,957)
	168,245	1,208,774	(34,957)	-	-	1,342,062
Amounts written off	11.6	-	(198,739)	-	-	(198,739)
Other movements	11.6.3	-	(871)	-	-	(871)
Closing balance	251,972	1,222,999	299,060	-	-	1,774,031

11.5.1 Particulars of credit loss allowance against advances

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)							
In local currency	241,140	684,124	294,270	1,219,534	251,972	1,222,999	299,060	1,774,031

11.5.2 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 for financing other than personal loans. These securities comprise of charge against various tangible assets of the borrower including land, building, machinery and stock in trade etc.

	Note	2025	2024
		(Rupees in '000)	
11.6 Particulars Of Write Offs:			
11.6.1 Against credit loss allowance	11.6.2	-	198,739
Directly charged to profit and loss account		-	-
		-	198,739
11.6.2 Write Offs of Rs. 500,000 and above			
- Domestic		-	197,533
Write Offs of below Rs. 500,000		-	1,206
		-	198,739

11.6.3 This represents principal write off based on the court decree in favour of the client in compliance with the Court Order.

12	Property and Equipment	Note	2025 (Rupees in '000)	2024
	Capital work-in-progress	12.1	18,793	642,084
	Property and equipment	12.2	1,461,403	552,346
			<u>1,480,196</u>	<u>1,194,430</u>
12.1	Capital work-in-progress			
	Civil works		8,799	485,853
	Equipment		9,994	156,231
			<u>18,793</u>	<u>642,084</u>

12.1.1 This represents civil works and equipments purchased for relocated leasehold premises.

12.2 Property and Equipment

	2025				Total
	Building on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	
	(Rupees in '000)				
At 1 January 2025					
Cost	4,773	850,426	911,748	68,933	1,835,880
Accumulated depreciation	(4,468)	(674,893)	(535,240)	(68,933)	(1,283,534)
Net book value	<u>305</u>	<u>175,533</u>	<u>376,508</u>	<u>-</u>	<u>552,346</u>
Year ended December 2025					
Opening net book value	305	175,533	376,508	-	552,346
Additions	-	1,086,520	188,964	-	1,275,484
Disposals	-	(242)	(482)	-	(724)
Depreciation charge	(159)	(171,162)	(196,841)	-	(368,162)
Other adjustments / transfers	-	2,746	(287)	-	2,459
Closing net book value	<u>146</u>	<u>1,093,395</u>	<u>367,862</u>	<u>-</u>	<u>1,461,403</u>
At 31 December 2025					
Cost	4,773	1,587,651	958,881	68,933	2,620,238
Accumulated depreciation	(4,627)	(494,256)	(591,019)	(68,933)	(1,158,835)
Net book value	<u>146</u>	<u>1,093,395</u>	<u>367,862</u>	<u>-</u>	<u>1,461,403</u>
Rate of depreciation (percentage)	<u>5</u>	<u>5-50</u>	<u>10-50</u>	<u>20</u>	

	2024				Total
	Building on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	
	(Rupees in '000)				
At 1 January 2024					
Cost	4,773	701,850	688,363	68,966	1,463,952
Accumulated depreciation	(3,666)	(655,568)	(444,101)	(68,933)	(1,172,268)
Net book value	<u>1,107</u>	<u>46,282</u>	<u>244,262</u>	<u>33</u>	<u>291,684</u>
Year ended December 2024					
Opening net book value	1,107	46,282	244,262	33	291,684
Additions	-	167,196	223,385	-	390,581
Disposals	-	-	(26)	-	(26)
Depreciation charge	(802)	(19,325)	(91,113)	-	(111,240)
Other adjustments / transfers	-	(18,620)	-	(33)	(18,653)
Closing net book value	<u>305</u>	<u>175,533</u>	<u>376,508</u>	<u>-</u>	<u>552,346</u>
At 31 December 2024					
Cost	4,773	850,426	911,748	68,933	1,835,880
Accumulated depreciation	(4,468)	(674,893)	(535,240)	(68,933)	(1,283,534)
Net book value	<u>305</u>	<u>175,533</u>	<u>376,508</u>	<u>-</u>	<u>552,346</u>
Rate of depreciation (percentage)	<u>5</u>	<u>5-50</u>	<u>10-50</u>	<u>20</u>	

12.3 The cost of fully depreciated assets still in use amounts to Rs. 710.195 million (2024: Rs.1,082.165million).

13 RIGHT-OF-USE ASSETS

	2025		2024	
	Buildings	Total	Buildings	Total
	(Rupees in '000)			
At 1 January				
Cost	1,597,944	1,597,944	1,478,928	1,478,928
Accumulated Depreciation	(817,079)	(817,079)	(640,516)	(640,516)
Net Carrying amount at 1 January	<u>780,865</u>	<u>780,865</u>	<u>838,412</u>	<u>838,412</u>
Additions during the year	74,931	74,931	190,254	190,254
Depreciation charge for the year	(205,524)	(205,524)	(176,563)	(176,563)
Other adjustments / transfers	(14,305)	(14,305)	(71,238)	(71,238)
Closing net carrying amount	<u>635,967</u>	<u>635,967</u>	<u>780,865</u>	<u>780,865</u>

2025				
At 1 January 2025	Recognised in Profit and Loss Account	Recognised in OCI	At 31 December 2025	
----- Rupees in 000-----				
Deductible Temporary Differences on				
- Post retirement employee benefits	261,994	-	20,094	282,088
- Accelerated tax depreciation	42,703	(34,262)	-	8,441
- Expected credit loss	850,161	(371,901)	-	478,260
- Lease liabilities	-	372,937	-	372,937
- Unrealized (gain) / loss on derivatives	(132,577)	295,546	-	162,969
	1,022,281	262,320	20,094	1,304,695
Taxable Temporary Differences on				
- Surplus on revaluation of investments (FVTPL & FVOCI)	(1,637,423)	(21,191)	1,475,378	(183,236)
- Right of use assets	-	(330,703)	-	(330,703)
- Share based payment in equity	(88,374)	-	-	(88,374)
	(1,725,797)	(351,894)	1,475,378	(602,313)
	(703,516)	(89,574)	1,495,472	702,382

2024				
At 1 January 2024	Recognised in Profit and Loss Account	Recognised in OCI	At 31 December 2024	
----- Rupees in 000-----				
Deductible Temporary Differences on				
- Post retirement employee benefits	181,708	-	80,286	261,994
- Accelerated tax depreciation	63,821	(21,118)	-	42,703
- Expected credit loss	-	850,161	-	850,161
	245,529	829,043	80,286	1,154,858
Taxable Temporary Differences on				
- Surplus on revaluation of investments (FVTPL & FVOCI)	82,460	1,870	(1,721,753)	(1,637,423)
- Share based payment in equity	(88,374)	-	-	(88,374)
- Unrealized gain on derivatives	9,131	(141,708)	-	(132,577)
	3,217	(139,838)	(1,721,753)	(1,858,374)
	248,746	689,205	(1,641,467)	(703,516)

15 OTHER ASSETS	Note	2025 (Rupees in '000)	2024
Income / Mark-up accrued in local currency		3,662,608	3,569,226
Income / Mark-up accrued in foreign currency		17,183	13,661
Advances, deposits, advance rent and other prepayments		124,074	103,468
Mark to market gain on forward foreign exchange contracts		998,119	2,141,599
Acceptances		5,571,107	3,905,178
Advance taxation (payments less provisions)		2,139,153	-
Branch adjustment account		-	9,337
Others		3,798	446
		12,516,042	9,742,915
Less: Credit loss allowance held against other assets / Provision held against other assets	15.1 & 15.2	(84,889)	(179,640)
Other Assets (Net of Provision)		12,431,153	9,563,275
Other Assets - total		12,431,153	9,563,275

15.1 The management has made provision against the amount of non-banking assets acquired in satisfaction of claims taking a conservative view. Therefore, the management has not disclosed the market value of these assets.

15.1.1 Non-banking assets acquired in satisfaction of claims	<i>Note</i>	2025	2024
		(Rupees in '000)	
Opening Balance		-	7,954
Write off		-	(4,804)
Reversal	15.2.1	-	(3,150)
Closing Balance		<u>-</u>	<u>-</u>
15.1.2 Gain / loss on disposal of non-banking assets acquired in satisfaction of claims			
Disposal Proceeds		-	3,150
less			
- Cost		-	7,553
- Impairment		-	(7,553)
		<u>-</u>	<u>-</u>
Gain on sale of non-banking assets acquired in satisfaction of claims		<u>-</u>	<u>3,150</u>
15.2 Credit loss allowance held against other assets			
Income / Mark-up accrued in local currency		14,910	6,450
Income / Mark-up accrued in foreign currency		70	24
Advances, deposits, advance rent & other prepayments		239	110
Acceptances		69,670	173,056
Non-banking assets acquired in satisfaction of claims		-	-
Credit loss allowance against other assets		<u>84,889</u>	<u>179,640</u>
15.2.1 Movement in credit loss allowance held against other assets			
Opening balance		179,640	7,954
Impact of adoption of IFRS 9		-	13,013
Charge for the year		(94,751)	166,627
Reversals		-	(3,150)
Amount written off		-	(4,804)
	15.1.1	<u>-</u>	<u>(7,954)</u>
Closing balance		<u>84,889</u>	<u>179,640</u>
16 CONTINGENT ASSETS			
There were no contingent assets of the Bank as at 31 December 2025 (2024: Nil).			
17 BILLS PAYABLE			
	<i>Note</i>	2025	2024
		(Rupees in '000)	
In Pakistan	17.1	<u>2,330,033</u>	<u>1,768,903</u>
17.1 In the current year, the Bank has reclassified unclaimed instruments of Rs. 1,494.28 million (2024: Rs. 1,110.24 million) for better presentation.			
18 BORROWINGS			
	<i>Note</i>	2025	2024
		(Rupees in '000)	
Secured			
Repurchase agreement borrowings	18.1	<u>7,421,760</u>	12,486,667
Total secured		<u>7,421,760</u>	12,486,667
Unsecured			
Call borrowings	18.2	<u>71,431,391</u>	48,049,875
Overdrawn nostro accounts		-	139,921
Total unsecured		<u>71,431,391</u>	48,189,796
		<u>78,853,151</u>	<u>60,676,463</u>
18.1 This represents secured borrowing that carries mark-up rate of 11.4% (2024: 13.9%) per annum and are due to mature in January 2026 (2024: January 2025).			
18.2 This represents unsecured borrowing that carries mark-up rate of 3.75% - 3.97% (2024: 4.37% - 4.52%) per annum and are due to mature in March 2026 (2024: January 2025).			

18.3 Particulars of borrowings with respect to currencies	2025		2024	
	(Rupees in '000)			
In local currency		7,421,760		12,486,667
In foreign currencies		71,431,391		48,189,796
		<u>78,853,151</u>		<u>60,676,463</u>

19 DEPOSITS AND OTHER ACCOUNTS

	2025			2024		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)						
Customers						
Current deposits	34,954,219	3,437,851	38,392,070	41,835,881	9,763,684	51,599,565
Savings deposits	109,252,580	4,286,017	113,538,597	117,430,972	14,070,229	131,501,201
Term deposits	57,025,268	61,171	57,086,439	49,250,144	60,827	49,310,971
Others - margin deposits	2,400,187	1,034,814	3,435,001	3,522,677	412,410	3,935,087
	<u>203,632,254</u>	<u>8,819,853</u>	<u>212,452,107</u>	<u>212,039,674</u>	<u>24,307,150</u>	<u>236,346,824</u>
Financial Institutions						
Current deposits	1,872,083	409,627	2,281,710	4,825,594	281,641	5,107,235
	<u>1,872,083</u>	<u>409,627</u>	<u>2,281,710</u>	<u>4,825,594</u>	<u>281,641</u>	<u>5,107,235</u>
	<u>205,504,337</u>	<u>9,229,480</u>	<u>214,733,817</u>	<u>216,865,268</u>	<u>24,588,791</u>	<u>241,454,059</u>

19.1 Composition of deposits

	2025	2024
	(Rupees in '000)	
- Individuals	226,743	227,753
- Public Sector Entities	4,886	3,883
- Banking Companies	2,862,933	2,257,115
- Non-Banking Financial Institutions	1,424,510	4,785,643
- Private Sector	210,214,745	234,179,665
	<u>214,733,817</u>	<u>241,454,059</u>

19.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 223.792 million (2024: Rs. 222.336 million).

20 LEASE LIABILITIES

	2025	2024
	(Rupees in '000)	
Outstanding amount at the start of year	793,853	789,725
Additions during the year	74,931	190,254
Lease payments including interest	(259,810)	(289,397)
Interest expense	165,513	147,787
Other adjustments / transfers	(57,301)	(44,516)
Outstanding amount at the end of the year	<u>717,186</u>	<u>793,853</u>

20.1 Contractual maturity of lease liabilities

Short-term lease liabilities - within one year	91,883	79,990
Long-term lease liabilities		
- 1 to 5 years	333,112	303,657
- 5 to 10 years	292,191	410,206
	<u>625,303</u>	<u>713,863</u>
Total lease liabilities	<u>717,186</u>	<u>793,853</u>

21 OTHER LIABILITIES

Mark-up / Return / Interest payable in local currency		161,011	78,029
Mark-up / Return / Interest payable in foreign currency		195,992	15,776
Unearned commission and income on bills discounted		34,089	178,942
Accrued expenses		624,633	739,297
Workers' welfare fund (WWF) payable	21.2	2,525,384	2,060,070
Current taxation (provisions less payments)		-	426,356
Acceptances		5,571,107	3,905,178
Mark to market loss on forward foreign exchange contracts		1,308,046	1,884,640
Branch adjustment account		8,977	-
Unremitted head office expenses		1,298,089	1,535,179
Payable to regional offices for support services		-	18,174
Deferred cash awards	21.1	186,051	148,257
Payable to Head office against employee benefit	21.1	703,063	704,347
Payable to defined benefit plan	36.7	691,541	560,000
Credit Loss allowance against off-balance sheet obligations / Provision against off-balance sheet obligations	21.3	34,576	102,554
Withholding tax / duties		919,054	340,331
Clearing account balances		58,994	63,139
Others		498,858	343,340
		<u>14,819,465</u>	<u>13,103,609</u>

21.1 Share-Based Incentive Plans

The Bank offers a number of share based incentive plans to attract, retain and motivate employees, to compensate them for their contributions to the Bank, and to encourage employee stock ownership.

The Group had the following share-based payment arrangements.

21.1.1 Deferred Cash-Stock Units - DCSU

Information with respect to deferred cash-stock units is as follows:

	2025	
	Number of shares	Weighted average share price \$ USD
Outstanding at the beginning of the year	6,571.10	116.69
Granted during the period	1,460.20	87.10
Less: vested during the period	2,321.34	87.10
Outstanding at 31 December 2025	<u>5,709.96</u>	<u>87.10</u>

Deferred Cash Award Plan

Certain employees may be granted deferred cash-stock units under the Deferred Cash Award Plan ("DCAP"). DCAP is a discretionary retention award program and a component of Citigroup's Discretionary Incentive and Retention Award Plan, consisting of deferred cash-stock units of Citigroup common stock.

A deferred cash-stock unit ("DCSU") is an unfunded, unsecured promise to make a cash payment at the end of a specified vesting period, with each unit equal in value to one share of Citigroup common stock. During the vesting period, the award is subject to reduction or cancellation if vesting conditions are not satisfied and may be subject to Citigroup's clawback policy.

Generally, DCSUs granted in 2025 vest at 25% per year through 2029. The value that may be realized from a DCSU award depends on the future market price of Citigroup common stock and is payable in local currency using the foreign exchange rate on the applicable vest date.

21.1.2 Deferred Stock Awards - DSA

	2025	
	Number of shares	Weighted average share price \$ USD
Outstanding at the beginning of the year	2,103.96	61.71
Granted	-	-
Less: vested during the period	525.99	87.10
Outstanding at 31 December 2025	<u>1,577.97</u>	<u>87.10</u>

Certain employees may be granted deferred stock awards under the Capital Accumulation Program ("CAP"). CAP is a discretionary retention award program and a component of Citigroup's Discretionary Incentive and Retention Award Plan, consisting of deferred shares of Citigroup common stock.

A deferred stock award is an unfunded, unsecured promise to deliver shares of Citigroup common stock at the end of a specified vesting period. During the vesting period, the award is subject to reduction or cancellation if vesting conditions are not satisfied and may be subject to Citigroup's clawback policy.

Generally, CAP awards granted in 2025 vest at 25% per year through 2029.

The value that may be realized from a deferred stock award depends on the future market price of Citigroup common stock.

Weighted average price was calculated based on closing prices for all trading days in 2025.

- 21.2** The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful as this is not in the nature of tax and therefore could not have been introduced through the money bill. The Federal Board of Revenue has filed review petitions against the above judgment. These petitions are currently pending with the Supreme Court of Pakistan.

A legal advice has been obtained by the Pakistan Banks Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive or final till the review petitions are decided. Accordingly, the Bank maintains full provision of Rs. 252.638 million in respect of federal WWF law from the date of its levy till December 2013. Further, the Bank maintains gross provision of Rs. 2,748.141 million against Sindh and Punjab WWF laws from the date of its levy till December 31, 2025. The bank along with the banking industry has challenged the Sindh WWF levy, SHC admitted appeal filed by banking industry and issued judgment in favour of banks. SRB filed appeal before Supreme Court of Pakistan which is pending in the Court. No notice has been received from Punjab Revenue Authority in respect of its WWF law.

21.3 Credit loss allowance against off-balance sheet obligations	2025	2024
	(Rupees in '000)	
Opening balance	102,554	202
Impact of adoption of IFRS 9	-	2,004
(Reversal) / charge for the year	(67,978)	100,348
Reversals	-	-
	(67,978)	100,348
Amount written off	-	
Closing balance	<u>34,576</u>	<u>102,554</u>

22 HEAD OFFICE CAPITAL ACCOUNT

Capital held as:

Deposit of un-encumbered approved securities	<u>6,812,671</u>	<u>6,812,671</u>
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- 22.1** This represents Market Treasury Bills having face value of Rs. 7,684 million (2024: Market Treasury Bills - Rs. 7,684 million). The market value of Market Treasury Bills amounts to Rs. 7,688 million (2024: Market Treasury Bills - Rs. 7,461 million) and these have maturities of up to February 2026 (2024: April 2025).

- 22.2** Capital has been deposited with the State Bank of Pakistan in compliance with section 13 of the Banking Companies Ordinance, 1962.

23 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS	<i>Note</i>	2025	2024
		(Rupees in '000)	
Surplus / (deficit) on revaluation of			
- Securities measured at FVOCI	10.1	318,257	3,155,522
Deferred tax on surplus on revaluation of:			
- Securities measured at FVOCI		(165,494)	(1,640,872)
		<u>152,763</u>	<u>1,514,650</u>

24	CONTINGENCIES AND COMMITMENTS	Note	2025	2024
			(Rupees in '000)	
	- Guarantees	24.1	6,873,525	5,449,011
	- Commitments	24.2	392,371,769	501,577,474
	- Other contingent liabilities	24.3	393,071	390,864
			<u>399,638,365</u>	<u>507,417,349</u>
24.1	Guarantees:			
	Financial guarantees		1,997,793	350,000
	Performance guarantees		1,899,667	2,237,929
	Other guarantees		2,976,065	2,861,082
			<u>6,873,525</u>	<u>5,449,011</u>
24.2	Commitments:			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		10,478,905	18,888,167
	Commitments in respect of:			
	- forward foreign exchange contracts	24.2.1	372,109,365	466,308,681
	- forward government securities transactions	24.2.2	7,426,395	12,496,175
	- derivatives - interest rate swaps		-	-
	- forward lending	24.2.3	350,000	-
	Commitments for acquisition of:			
	- operating property and equipment		46,242	541,851
	Other commitments	24.2.4	1,960,862	3,342,600
			<u>392,371,769</u>	<u>501,577,474</u>
24.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		223,944,124	264,124,111
	Sale		148,165,241	202,184,570
			<u>372,109,365</u>	<u>466,308,681</u>
24.2.2	Commitments in respect of forward government securities transactions			
	Purchase		7,426,395	12,496,175
	Sale		-	-
			<u>7,426,395</u>	<u>12,496,175</u>
24.2.3	Commitments in respect of forward lending			
	Undrawn formal standby facilities, credit lines	24.2.3.1	<u>350,000</u>	-
24.2.3.1	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.			
24.2.4	Other commitments		2025	2024
			(Rupees in '000)	
	Forward placement		1,960,862	3,342,600
			<u>1,960,862</u>	<u>3,342,600</u>
24.3	Other contingent liabilities			
	Claims not acknowledged as debt	24.3.1	<u>393,071</u>	<u>390,864</u>
24.3.1	These are not recognised as debt as the probability of these crystallising against the Bank is considered remote.			
24.3.2	Tax related contingencies are disclosed in note 33 to these financial statements.			

25 MARK-UP / RETURN / INTEREST EARNED	<i>Note</i>	2025	2024
		(Rupees in '000)	
On:			
a) Loans and advances		6,603,040	12,169,121
b) Investments		26,777,452	39,197,959
c) Lendings to financial institutions		1,507,189	2,159,306
d) Balances with banks		440,958	882,447
	25.1	<u>35,328,639</u>	<u>54,408,833</u>
25.1 Interest income recognised on:			
Financial assets measured at amortised cost		8,551,186	15,210,874
Financial assets measured at fair value through OCI		25,397,289	37,619,931
Financial assets measured at fair value through PnL		1,380,164	1,578,028
		<u>35,328,639</u>	<u>54,408,833</u>
26 MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		13,936,869	27,951,275
Borrowings		3,092,402	3,835,970
		<u>17,029,271</u>	<u>31,787,245</u>
27 FEE AND COMMISSION INCOME			
Branch banking customer fees		48,173	43,020
Card related fees		-	3,942
Custody related fees		467,928	492,109
Commission on trade		294,945	429,409
Commission on guarantees		11,864	38,437
Commission on cash management		265,683	80,892
Commission on remittances including home remittances		1	22
Others		12,456	56,664
		<u>1,101,050</u>	<u>1,144,495</u>
28 GAIN ON SECURITIES			
Realised gain	28.1	2,327,045	1,703,896
Unrealised gain - measured at FVTPL	10.1	40,753	(3,413)
		<u>2,367,798</u>	<u>1,700,483</u>
28.1 Realised gain on:			
Federal Government Securities		<u>2,327,045</u>	<u>1,703,896</u>
29 OTHER INCOME			
Gain on sale of property and equipment - net		14,704	62
Gain on sale of non banking assets - net	15.1.2	-	3,150
Incidental income		2,730	1,354
		<u>17,434</u>	<u>4,566</u>

30 OPERATING EXPENSES	Note	2025	2024
		(Rupees in '000)	
Total compensation expense	30.1	1,785,857	1,790,754
Property expense			
Rent & taxes		9,185	37,669
Utilities cost		59,483	88,994
Security (including guards)		59,465	68,966
Repair & maintenance (including janitorial charges)		228,873	195,286
Depreciation	12.2	171,321	20,127
Depreciation on right-of-use assets	13	205,524	176,563
Interest expense on lease liability against right-of-use assets		165,513	147,787
		899,364	735,392
Information technology expenses			
Software maintenance		86,639	173,288
Hardware maintenance		12,104	5,266
Depreciation	12.2	196,841	91,113
Network charges		95,300	102,242
Others		2,446	5,312
		393,330	377,221
Other operating expenses			
Legal & professional charges		67,414	63,658
Outsourced services costs	30.2	11,805	11,139
Travelling & conveyance		55,176	53,547
NIFT clearing charges		10,902	6,429
Depreciation	12.2	-	-
Training & development		53	85
Postage & courier charges		11,167	19,180
Communication		17,980	45,277
Head office expenses	30.5	(128,706)	296,863
Stationery & printing		105	16,006
Marketing, advertisement & publicity		2,575	2,736
Donations	30.3	-	1,667
Auditors Remuneration	30.4	18,314	14,041
Banking Service Charges		172,514	143,229
Brokerage and commission		39,367	57,082
Card Association Fees		6,120	71,623
Record Management Expenses		50,115	33,354
Others		54,137	50,174
		389,038	886,090
		3,467,589	3,789,457

30.1 Total compensation expense		2025	2024
		(Rupees in '000)	
Fees and Allowances etc		-	-
Managerial Remuneration			
i) Fixed		1,003,937	901,672
ii) Variable			
a) Cash Bonus / Awards etc.		201,185	255,581
b) Bonus & Awards in Shares etc.		48,698	48,907
Charge for defined benefit plan	36.8.1	110,048	113,846
Contribution to defined contribution plan		65,789	58,409
Rent & house maintenance		78,546	191,909
Utilities		121,039	18,770
Medical		45,029	66,916
Conveyance		84,085	83,783
Sub-total		1,758,356	1,739,793
Severance Allowance *		27,501	50,961
Grand Total		1,785,857	1,790,754

* The number of persons paid severance allowance was 2 (2024: 5).

30.2 The Bank has incurred outsourced services cost of Nil (2024: Rs. 1.59 million) pertaining to payments to companies incorporated outside Pakistan and Rs. 11.805 million (2024: Rs. 9.54 million) pertaining to payments to companies incorporated in Pakistan.

The Bank has outsourced some of its activities to Citi-affiliated entities incorporated outside Pakistan. These include, among others, KYC and AML transaction monitoring, FATCA validation and reporting, e-statement, electronic communication surveillance, regulatory report production, data hosting, system and infrastructure support, suppliers' management and payment processing.

30.3	Donations above Rs. 0.1 Million	Note	2025	2024
		(Rupees in '000)		
	Ayesha Chundrigar Foundation		-	697
	Path Education Society Rehnuma Public School		-	970
			<u>-</u>	<u>1,667</u>
30.3.1	Donations were not made to any donee in which key management personnel or their spouse had any interest.			
30.4	Auditors' remuneration	Note	2025	2024
		(Rupees in '000)		
	Audit fee		8,349	5,404
	Fee for the half yearly review		1,590	1,351
	Special certifications and other services		1,647	5,561
	Out-of-pocket expenses		6,728	1,725
			<u>18,314</u>	<u>14,041</u>
30.5	Head office expenses are estimated based on head office certificate of prior year and are subject to true ups / actualisation. The reversal in 2025 is due to the excess amount of expenses recorded in the prior year.			
31	OTHER CHARGES	Note	2025	2024
		(Rupees in '000)		
	Penalties imposed by State Bank of Pakistan		-	-
32	CREDIT LOSS ALLOWANCE & WRITE OFFS - NET			
	(Reversal) / charge for credit loss allowance against loans & advances - net	11.5	(555,707)	1,342,062
	Reversal against cash and balances with treasury banks -net	7	(2,298)	(2,954)
	Reversal against balances with other banks - net	8	(459)	(6,117)
	(Reversal) / charge for credit loss allowance against balances with other assets - net	15.2.1	(94,751)	166,627
	(Reversal) / charge for credit loss allowance against off-balance sheet obligations - net	21.3	(67,978)	100,348
	Recovery of written off / charged off bad debts	32.1	(22,569)	(9,038)
			<u>(743,762)</u>	<u>1,590,928</u>
32.1	This pertains to recoveries against borrowers whose exposure was written off in prior years.			
33	TAXATION			
	Current		12,146,121	13,543,386
	Prior years	33.4	(264,713)	-
	Deferred		89,574	(689,205)
			<u>11,970,982</u>	<u>12,854,181</u>
33.1	Relationship between tax expense and accounting profit			
	Profit before taxation		22,734,616	23,148,087
	Taxation at the applicable tax rate of 43% (2024: 44%)		9,775,885	10,185,158
	Super tax at the rate of 10% (2024: 10%)		2,273,462	2,314,809
	Prior year charge	33.4	(264,713)	-
	Taxation effect of expenses not deductible		187,797	338,706
	Taxation effect of rate differential		(1,449)	26,037
	Effect of change in deferred tax rate		-	(4,563)
	Others		-	(5,966)
			<u>11,970,982</u>	<u>12,854,181</u>
33.2	Income Tax return for tax year 2025 (accounting year ended December 31, 2024) has been filed.			
	The income tax authorities issued amended assessment orders for up to tax years 2022 whereby aggregate tax demand of Rs. 670 million (December 31, 2024: Rs. 670 million) was raised. Total demand has been paid except for the tax year 2019, where management had decided to pay 10% against the demand of Rs. 175 million. The total payments in this respect aggregated to Rs. 510 million and Rs. 157 million are outstanding. This was done in accordance with the tax opinion from tax advisor in order to obtain stay against demand for the tax year 2019.			
	The Bank has filed appeals before the appellate forums against these amended assessment orders for all years, where the appellate authorities have allowed relief on certain issues, the assessing authorities have filed appeals before higher appellate forums. On the other hand, where the appellate authorities have not allowed relief, the Bank has filed appeals before higher appellate forums. The management of the Bank, in consultation with its tax advisor, is confident that the appeals will be decided in favour of the Bank.			
	In the year 2020, FBR had started proceedings for monitoring of withholding taxes under section 161 of the Income Tax Ordinance 2001 and has passed an order creating demand of Rs. 127 million for the accounting years 2005 and 2006. Penalty amount on alleged short tax payment is Rs. 6.39 million. Surcharge amount for alleged short tax payment, if any, will be in addition to it. Bank has filed appeals and obtained a stay against the demand from the Sindh High Court. Neither the demand is paid nor any provision has been recognised for this demand in the books of accounts as management is of the view that the bank will be able to defend its position in a court of law. Bank's view is supported by external counsel opinion.			
33.3	The Bank received a notice from the tax authorities, whereby the tax authorities have inadvertently intended to levy Federal Excise Duty (FED) on "Income from dealing in foreign currencies" and "other Income" of Rs 308.916 million for the calendar year 2017. As per the tax opinion, the income from dealing in foreign currency does not fall under the ambit of VAT/FED and there is a tribunal judgement in banking industry's favour. In the light of tax opinion, the notice was challenged in the High Court and stay was obtained. No provision has been recognized as management is of the view that the bank will be able to defend its position in the court of law. Bank's view is supported by external counsel opinion.			
33.4	The Finance Act, 2023 incorporated section 99D of the Income Tax Ordinance, 2001 imposing tax on windfall income, profits and gains. In pursuance of sub-section (2) of said section, the interim Federal Government has issued Notification No. SRO.1588(I)/2023 dated November 21, 2023 imposing 40% tax on foreign exchange income of the Banks and has also specified the criteria for calculation of windfall income and tax liability thereon. In pursuance of the same, the management had recognised a provision of Rs 1.36 billion as a prior year tax charge in 2023 financial statements. The Banking sector in general has filed Constitutional Petition before the High Courts through its external legal counsel; challenging the same on various legal grounds and obtained stay orders. The High Court has dismissed the appeals and vacated the stay orders vide judgement dated 20 February 2025, therefore, FBR issued demand notices of Rs. 952 million which is paid by the bank. The banking industry has challenged the order the High Court order in Supreme Court. Excess provision of 408 million has been reversed in the financial statement.			
34	CASH AND CASH EQUIVALENTS	Note	2025	2024
		(Rupees in '000)		
	Cash and balance with treasury banks	7	24,249,155	26,976,363
	Balance with other banks	8	1,839,676	4,313,783
	Overdrawn nostros	18	-	(139,921)
			<u>26,088,831</u>	<u>31,150,225</u>

34.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2025								
	Liabilities					Equity			
	Bills payable	Borrowings	Deposits and other accounts	Lease liabilities	Other liabilities	Head office capital account	Surplus / (Deficit) on revaluation of assets	Share based reserves	Unremitted profit
----- (Rupees in '000) -----									
Balance as at 01 January 2025	1,768,903	60,676,463	241,454,059	793,853	13,103,609	6,812,671	1,514,650	163,719	10,115,222
Impact of adoption of IFRS 9									-
Changes from financing cash flows									
Proceeds from sub-ordinated debt	-	-	-	-	-	-	-	-	-
Payment of lease liability against ROU assets	-	-	-	(259,810)	-	-	-	-	-
Profit repatriated to head office during the year	-	-	-	-	-	-	-	-	(10,115,222)
Total changes from financing cash flows	-	-	-	(259,810)	-	-	-	-	(10,115,222)
Other changes									
Liability-related									
Changes in bills payable	561,130	-	-	-	-	-	-	-	-
Changes in borrowings	-	18,176,688	-	-	-	-	-	-	-
Changes in deposits and other accounts	-	-	(26,720,242)	-	-	-	-	-	-
Changes in other liabilities	-	-	-	-	-	-	-	-	-
- Cash based	-	-	-	-	(11,489,413)	-	-	-	-
- Non-cash based	-	-	-	-	13,205,269	-	-	-	(57,192)
Changes in lease liability	-	-	-	183,143	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	10,763,634
Changes in surplus on revaluation of assets	-	-	-	-	-	-	(1,361,887)	-	-
	561,130	18,176,688	(26,720,242)	183,143	1,715,856	-	(1,361,887)	-	10,706,442
Balance as at 31 December 2025	2,330,033	78,853,151	214,733,817	717,186	14,819,465	6,812,671	152,763	163,719	10,706,442

	2024								
	Liabilities					Equity			
	Bills payable	Borrowings	Deposits and other accounts	Lease liabilities	Other liabilities	Head office capital account	Surplus / (Deficit) on revaluation of assets	Reserves	Unremitted profit
----- (Rupees in '000) -----									
Balance as at 01 January 2024	659,608	-	266,801,454	789,725	14,471,740	6,812,671	(84,184)	163,719	19,327,671
Impact of adoption of IFRS 9									(125,968)
Changes from financing cash flows									
Proceeds from sub-ordinated debt	-	-	-	-	-	-	-	-	-
Payment of lease liability against ROU assets	-	-	-	(289,397)	-	-	-	-	-
Profit repatriated to head office during the year	-	-	-	-	-	-	-	-	(19,327,671)
Total changes from financing cash flows	-	-	-	(289,397)	-	-	-	-	(19,327,671)
Other changes									
Liability-related									
Changes in bills payable	(940)	-	-	-	-	-	-	-	-
Changes in borrowings	-	60,676,463	-	-	-	-	-	-	-
Changes in deposits and other accounts	-	-	(25,347,395)	-	-	-	-	-	-
Changes in other liabilities	-	-	-	-	-	-	-	-	-
- Cash based	-	-	-	-	(14,150,482)	-	-	-	-
- Non-cash based	-	-	-	-	13,892,586	-	-	-	(52,716)
Changes in lease liability	-	-	-	293,525	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	10,293,906
Changes in surplus on revaluation of assets	-	-	-	-	-	-	1,598,834	-	-
	(940)	60,676,463	(25,347,395)	293,525	(257,896)	-	1,598,834	-	10,241,190
Inter-liability adjustment	1,110,235	-	-	-	(1,110,235)	-	-	-	-
Balance as at 31 December 2024	1,768,903	60,676,463	241,454,059	793,853	13,103,609	6,812,671	1,514,650	163,719	10,115,222

35 STAFF STRENGTH

	2025	2024
	(Number)	
Permanent	135	137
Bank's own staff strength at the end of the year	135	137

36 DEFINED BENEFIT PLAN

36.1 General description

All permanent employees with a minimum service period of five years or more with the Bank are entitled to end of service benefits calculated at 130 percent of basic salary for each year of service with the Bank. The assets of the funded plan are held independently in a separate trustee administered fund.

36.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2025	2024
	(Number)	
- Gratuity fund	135	137

36.3 Principal actuarial assumptions

The actuarial valuations were carried out as at 31 December 2025 using the following significant assumptions:

	2025	2024
	(Per annum)	
Discount rate	11.55%	12.40%
Expected rate of return on plan assets	12.40%	12.40%
Expected rate of salary increase	11.75%	11.75%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted State Life Insurance Corporation 2001 - 2005 mortality tables with one year age set back.

36.4 Reconciliation of payable to defined benefit plans	Note	Gratuity fund	
		2025	2024
(Rupees in '000)			
Present value of obligations	36.5	790,479	632,170
Fair value of plan assets	36.6	(98,938)	(72,170)
Payable		<u>691,541</u>	<u>560,000</u>
36.5 Movement in defined benefit obligations			
Obligations at the beginning of the year		632,170	592,075
Current service cost		65,310	47,401
Past service cost		(22,661)	-
Interest cost		77,368	76,816
Benefits paid		(36,752)	(203,302)
Re-measurement loss		75,044	119,180
Obligations at the end of the year		<u>790,479</u>	<u>632,170</u>
36.6 Movement in fair value of plan assets			
Fair value at the beginning of the year		72,170	73,041
Interest income on plan assets		9,970	10,372
Contributions- net		55,793	205,880
Benefits paid		(36,752)	(203,302)
Re-measurements: Net return on plan assets over interest income loss	36.8.2	(2,243)	(13,821)
Fair value at the end of the year		<u>98,938</u>	<u>72,170</u>
36.7 Movement in payable under defined benefit schemes			
Opening balance		560,000	519,034
Charge for the year	36.8.1	110,048	113,846
Contributions - net		(55,793)	(205,880)
Re-measurement loss recognised in OCI during the year	36.8.2	77,286	133,000
Closing balance		<u>691,541</u>	<u>560,000</u>
36.8 Charge for defined benefit plans			
36.8.1 Cost recognised in profit and loss			
Current service cost		65,310	47,401
Past service cost		(22,661)	-
Net interest on defined benefit liability		67,399	66,445
		<u>110,048</u>	<u>113,846</u>

36.8.2 Re-measurements recognised in OCI during the year	Gratuity fund	
	2025	2024
	(Rupees in '000)	
Loss on obligation		
- Financial assumptions	82,213	83,990
- Experience adjustment	(7,170)	35,189
Return on plan assets over interest income	2,243	13,821
Total re-measurements recognised in OCI	<u>77,286</u>	<u>133,000</u>

36.8.3 Components of plan assets

Cash and cash equivalents - net	50,693	7,482
Government securities	48,245	64,688
Total	<u>98,938</u>	<u>72,170</u>

36.9 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	2025	2024
	(Rupees in '000)	
1% increase in discount rate	(694,955)	(583,216)
1% decrease in discount rate	904,130	687,774
1% increase in expected rate of salary increase	902,867	687,623
1% decrease in expected rate of salary increase	(694,277)	(582,505)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the Statement of Financial Position.

	2025
	(Rupees in '000)
36.10 Expected charge for the next financial year	<u>162,144</u>

36.11 Maturity profile

The weighted average duration of the obligation is 14.43 years.

36.12 Funding Policy

Funding levels are monitored on an annual basis and are based on actuarial recommendations. Through its defined benefit gratuity plan, the Fund is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The Fund believes that due to long-term nature of the plan liabilities and the strength of the Bank's support, current investment strategy manages this risk adequately.
Inflation risk	The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. However, plan assets are variable rate instruments and are re-priced at regular intervals to off-set inflationary impacts.
Life expectancy / Withdrawal rate	The majority of the plans' obligations are to provide benefits on severance with the Bank on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities.

36.13 The plan assets and defined benefit obligations are based in Pakistan.

37 DEFINED CONTRIBUTION PLAN

All permanent employees of the Bank are entitled to end of service benefits through a recognised provident fund, whereby the Bank and all permanent employees are required to make monthly contributions to the scheme at 10 percent of basic salary.

During the year, the Bank contributed Rs.65.789 million (2024: Rs. 58.409 million) in respect of the defined contribution plan.

38 COMPENSATION OF CHIEF EXECUTIVE AND EXECUTIVES

	Citi Country Officer		Executives	
	2025	2024	2025	2024
----- (Rupees in '000) -----				
Allowances	6,059	33,972	66,828	83,922
Managerial remuneration				
i) Fixed	35,055	92,667	660,621	555,915
ii) Variable				
a) Cash bonus / awards	-	95,294	227,210	199,029
b) Bonus & awards in shares	40,573	22,042	32,980	15,884
Charge for defined benefit plan	-	-	55,030	46,308
Contribution to defined contribution plan	-	-	66,062	55,592
Rent & house maintenance	19,696	41,701	264,248	222,366
Utilities	3,472	3,535	66,062	55,592
Medical	-	-	-	219
Conveyance	1,495	4,074	77,031	72,696
Others	-	-	-	-
Total	<u>106,350</u>	<u>293,285</u>	<u>1,516,072</u>	<u>1,307,523</u>
Number of persons	<u>1</u>	<u>1</u>	<u>128</u>	<u>115</u>

38.1 The Bank also provides free use of furnished accommodation and bank maintained car to the Citi Country Officer (CCO).

38.2 The Bank's Citi Country Officer (CCO) relinquished office on 30 April 2025, and the new CCO assumed charge on 15 December 2025.

39 FAIR VALUE MEASUREMENTS

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in principal or, in its absence, the most advantageous market to which the Bank has access at that date.

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.

39.1 Fair value of financial assets

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

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

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

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

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2025				
	Carrying / Notional value	Fair value			Total
		Level 1	Level 2	Level 3	
----- (Rupees in '000) -----					

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Federal Government Securities	246,231,259	-	246,231,259	-	246,231,259
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**Off-balance sheet financial instruments -
measured at fair value**

Forward foreign exchange contracts	372,109,365	-	(309,927)	-	(309,927)
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	2024				
	Carrying / Notional value	Fair value			Total
		Level 1	Level 2	Level 3	
----- (Rupees in '000) -----					

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Federal Government Securities	237,611,294	-	237,611,294	-	237,611,294
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**Off-balance sheet financial instruments -
measured at fair value**

Forward foreign exchange contracts	466,308,681	-	256,959	-	256,959
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Valuation techniques used in determination of fair valuation of financial instruments within level 2.

Item	Valuation techniques and input used
Federal government securities	The fair value of Market Treasury Bills and Pakistan Investment Bonds are derived using PKRV rates. Floating rate Pakistan Investment Bonds are revalued using PKFRV rates.
Forward contracts	The fair values have been determined by interpolating the mid rates announced by the State Bank of Pakistan or PKRV/PKFRV rates applicable to their respective remaining maturities.

40 SEGMENT INFORMATION

40.1 Segment Details with respect to Business Activities

The Chief Operating Decision Maker (CODM) is the Managing Director and Citi Country Officer of the Bank. The segment analysis with respect to business activity presented to the CODM is as follows:

2025			
Corporate Banking & Securities Services	Markets	Inter Segment Allocation	Total
----- (Rupees in '000) -----			
Profit & Loss			
Net mark-up / return / profit	(7,333,829)	25,633,197	18,299,368
Inter segment revenue - net	16,196,234	(16,196,234)	-
Non mark-up / return / interest income	1,117,120	6,507,269	7,624,389
Total Income	9,979,525	15,944,232	25,923,757
Segment direct expenses	2,166,617	1,766,286	3,932,903
Total expenses	2,166,617	1,766,286	3,932,903
Credit loss allowance / provisions / reversals and write offs - net	(743,762)	-	(743,762)
Profit before tax	8,556,670	14,177,946	22,734,616

Corporate Banking & Securities Services	Markets	Inter Segment Allocation	Total
----- (Rupees in '000) -----			

Balance Sheet

Cash & Bank balances	583,863	25,503,796	-	26,087,659
Investments	-	246,231,259	-	246,231,259
Net inter segment lending	182,730,909	-	(182,730,909)	-
Lendings to financial institutions	-	-	-	-
Advances - performing	41,720,631	-	-	41,720,631
- non-performing - net of provision	-	-	-	-
Others	12,095,092	3,154,606	-	15,249,698
Total Assets	237,130,495	274,889,661	(182,730,909)	329,289,247
Borrowings	-	78,853,151	-	78,853,151
Deposits & other accounts	214,057,345	676,472	-	214,733,817
Net inter segment borrowing	-	182,730,909	(182,730,909)	-
Others	16,360,328	1,506,356	-	17,866,684
Total liabilities	230,417,673	263,766,888	(182,730,909)	311,453,652
Equity	6,712,819	11,122,776	-	17,835,595
Total Equity & liabilities	237,130,492	274,889,664	(182,730,909)	329,289,247
Contingencies & Commitments	18,141,743	381,496,622	-	399,638,365

2024			
Corporate Banking & Securities Services	Markets	Inter Segment Allocation	Total
----- (Rupees in '000) -----			

Profit & Loss			
Net mark-up / return / profit	(15,782,154)	38,403,742	22,621,588
Inter segment revenue - net	25,638,855	(25,638,855)	-
Non mark-up / return / interest income	1,146,801	5,263,045	6,409,846
Total Income	11,003,502	18,027,932	29,031,434
Segment direct expenses	2,606,053	1,686,366	4,292,419
Total expenses	2,606,053	1,686,366	4,292,419
Credit loss allowance / provisions / reversals and write offs - net	1,590,928	-	1,590,928
Profit before tax	6,806,521	16,341,566	23,148,087

Corporate Banking & Securities Services	Markets	Inter Segment Allocation	Total
----- (Rupees in '000) -----			

Balance Sheet

Cash & Bank balances	297,428	30,988,791	-	31,286,219
Investments	-	237,611,294	-	237,611,294
Net inter segment lending	195,761,072	-	(195,761,072)	-
Lendings to financial institutions	-	-	-	-
Advances - performing	56,670,582	-	-	56,670,582
- non-performing net of provision	-	-	-	-
Others	8,045,581	3,492,989	-	11,538,570
Total Assets	260,774,663	272,093,074	(195,761,072)	337,106,665
Borrowings	-	60,676,463	-	60,676,463
Deposits & other accounts	240,838,923	615,136	-	241,454,059
Net inter segment borrowing	-	195,761,072	(195,761,072)	-
Others	14,464,711	1,905,170	-	16,369,881
Total liabilities	255,303,634	258,957,841	(195,761,072)	318,500,403
Equity	5,471,032	13,135,230	-	18,606,262
Total Equity & liabilities	260,774,666	272,093,071	(195,761,072)	337,106,665
Contingencies & Commitments	25,269,893	482,147,456	-	507,417,349

41 TRUST ACTIVITIES

The Bank acts as security trustee on a small number of transactions which are not significant in relation to the size and volume of the Bank's activities. The service is viewed as an ancillary offering for certain transactions.

**CAPITAL ADEQUACY, LEVERAGE RATIO &
LIQUIDITY REQUIREMENTS**
2025 **2024**
(Rupees in '000)

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	6,812,671	6,812,671
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	18,080,039	17,852,317
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	18,080,039	17,852,317
Eligible Tier 2 Capital	322,995	1,599,173
Total Eligible Capital (Tier 1 + Tier 2)	18,403,034	19,451,490

Risk Weighted Assets (RWAs):

Credit Risk	18,309,230	21,675,432
Market Risk	4,495,122	17,922,476
Operational Risk	50,775,086	46,323,269
Total	73,579,438	85,921,177

Common Equity Tier 1 Capital Adequacy ratio	24.57%	20.78%
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Tier 1 Capital Adequacy Ratio	24.57%	20.78%
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Total Capital Adequacy Ratio	25.01%	22.64%
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The State Bank of Pakistan through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of losses) for the Banks / Development Finance Institutions to be raised to Rs. 10 billion by the year ending December 31, 2013. The raise is to be achieved in a phased manner requiring Rs.10 billion capital (net of losses) from the end of the financial year 2013 onwards. However, branches of the foreign banks operating in Pakistan whose head office holds paid-up capital (free of losses) of atleast US\$ 300 million, have a CAR of 8% or minimum prescribed by the home regulator and have prescribed number of branches, are allowed to maintain lower amount with prior approval of SBP. In this regard the Bank is maintaining higher capital to support business requirements.

The Head office capital account of the Bank as at December 31, 2025 stands at Rs 6.813 billion and is in compliance with the SBP requirement for the said period. In addition, the Banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 11.50% of the risk weighted exposures of the Bank as of December 31, 2025. The Bank's CAR as at 31 December 2025 is 25.01% of its risk weighted exposure.

In order to dampen the effects of COVID - 19, SBP via BPRD Circular Letter No. 12 dated 26 March 2020 has given regulatory relief and reduced the Capital Conservation Buffer (CCB) as prescribed vide BPRD Circular No. 6 of 15 August 2013, for the time being, from its existing level of 2.50% to 1.50%, till further instructions.

A framework for the Domestic Systemically Important Bank – (D-SIB) was issued by State Bank of Pakistan in April 2018. Under the framework, the Bank is required to hold additional CET 1 capital on its risk weighted assets in Pakistan at the rate applicable on G-SIB. Accordingly, the Bank holds additional 2% (December 2024: 2%) under Pillar 1 capital requirement.

State Bank of Pakistan vide BPRD letter no. BPRD/BA&CP/881411/2025 dated 16 May 2025 permitted the Banks to reclassify its FVOCI portfolio from the Banking Book to the Trading Book over a three year transitional period (25% by December 2025, 50% by December 2026, and 100% by December 2027). Accordingly, the Bank decided to take the benefit of the transitional arrangement.

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

2025 **2024**
(Rupees in '000)

Leverage Ratio (LR):

Eligible Tier-1 Capital	18,080,039	17,852,317
Total Exposures	402,753,875	392,953,501
Leverage Ratio	4.49%	4.54%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	229,975,929	215,725,882
Total Net Cash Outflow	73,487,126	75,982,927
Liquidity Coverage Ratio	312.95%	283.91%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	237,038,518	250,922,940
Total Required Stable Funding	58,580,281	69,838,118
Net Stable Funding Ratio	404.64%	359.29%

43.1 The full disclosures on the capital adequacy, leverage ratio & liquidity requirements as per SBP instructions issued from time to time are placed on the website. The link to the full disclosures is available at <https://www.citi.com/icg/sa/emea/pakistan/about/announcements/liquidity-statements.html>

43.2 For the purpose of calculating CAR, the SBP has allowed the Banks to phase in the impact on retained earnings of the ECL calculated for financial assets classified as stage 1 and stage 2. The phasing is allowed over a period of five years. Had there been no such relaxation, the Bank's total CAR would have been lower by 0 bps and the Leverage Ratio would have been lower by 10 bps.

44 RISK MANAGEMENT

The Head office capital account of the Bank for the year ended December 31, 2025 stands at Rs 6.813 billion (2024: Rs. 6.813 billion) and is in compliance with the SBP requirement for the said period. In addition, the Banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 11.50% of the risk weighted exposures of the Bank as of December 31, 2025. The Bank's CAR as at 31 December 2025 is 25.01% of its risk weighted exposure.

A framework for Domestic Systemically Important Bank – (D-SIB) was issued by State Bank of Pakistan in April 2018. Under the framework, the Bank is required to hold additional CET 1 capital on its risk weighted assets in Pakistan at the rate applicable on G-SIB. Citigroup Inc., an ultimate parent company, is currently required to maintain 2% additional capital buffer under the G-SIB framework. Accordingly, the Bank also holds additional 2% under Pillar 1 capital requirement.

The overall risk management framework relies upon the Bank's internal entity wide standards and covers credit, market, operational and liquidity risks, including undertaking, measuring, monitoring and reporting of risks. It may be noted that:

- These standards are governed by specific policies which are defined and documented.
- Risks are measured using defined methodologies.
- Limits for credit, market and liquidity risks are approved by Risk Management, which is "independent" of the business
- Dedicated risk management and control functions are in place for credit, market, liquidity and operational risks.

Additionally, Risk Management maintains oversight of the regulatory, economic, reputational and legal risks associated with the above-mentioned risk areas.

44.1 Derivative Instruments

A derivative financial instrument is a contract the value of which is determined by reference to one or more underlying financial instruments, reference rates or indices. Forward contracts, options and swaps are the most common types of derivatives. Also included in derivatives are structured financial products that have one or more characteristics of forwards, futures, swaps and options.

The Bank enters into derivatives contracts for market making and for creating effective hedges to enable customers and the Bank to transfer, modify or reduce their interest rate and foreign exchange risks. The Bank as an Authorised Derivative Dealer (ADD) is an active participant in the derivative market of Pakistan.

Overall responsibility for derivatives trading activity lies with the Treasury. Existence of an independent market risk function together with the Country Coordinating Committee (CCC) assists in the identification and quantification of risks on derivatives. This involves:

- co-ordinating approvals of market risk limits;
- formulation of policies and procedures with respect to market risk; and
- monitoring of Market risk and Credit risk exposure.

Treasury operations records transactions in the books, while product control reports the price and liquidity information independently.

44.1.1 The fair value of derivative financial instruments have been determined using valuation techniques with significant inputs such as forecasted market interest rates and foreign exchange rates. The determination of the fair value of these instruments is most sensitive to these key assumptions. Any significant change in these key assumptions may have an effect on the fair value of these derivative financial instruments.

There are no long term derivatives outstanding as at 31 December 2025.

44.2 Credit Risk

This represents the potential for financial loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations arising out of activities which include lendings, sales and trading, derivatives, securities transaction and settlement.

44.2.1 Corporate credit risk

This risk is managed through the following:

- Single centre of control for each credit relationship that coordinates credit activities with the borrower.
- Documented target market and portfolio concentration limits that establish the credit appetite and minimum acceptable standards (both borrower and industry specific), provide portfolio diversification and maintain risk / capital alignment.
- Consistent standards for credit origination, documentation and remedial management.
- Maintenance of accurate and consistent borrower risk ratings through use of statistical models (periodically validated) or approved scoring methodologies after taking into consideration the available credit risk mitigates.
- Periodic stress testing of the credit portfolio based on emerging or expected risk events.
- Majority of the portfolio is secured by SBLC from the Head Office or other associates of the borrowers.

44.2.1.1 Staging and ECL Calculations under IFRS 9

The ECL requirements apply to financial assets measured at amortized cost and at FVOCI (other than equity instruments), and certain loan commitments and financial guarantee contracts. Financial assets are grouped together based on their shared risk characteristics.

A Significant Increase in Credit Risk (SICR) is said to have occurred if there is an increase in the risk of a 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, a deterioration in Obligor Risk Ratings (ORR) and payments being past due.

For calculating ECL, the Bank classifies its financial assets under the following three categories:

Stage 1 - Performing assets: For financial assets where there has not been a SICR since initial recognition, the Bank recognises an impairment allowance based on the 12-month ECL.

Stage 2 - Underperforming assets: For financial assets where there has been a SICR since initial recognition, but which are not credit impaired, the Bank recognises an impairment allowance based on lifetime ECL.

Stage 3 - Non-performing assets: For financial assets which have evidence of credit impairment at the reporting date, the Bank recognises ECL using the higher of (a) the total lifetime ECL and (b) the corresponding provision required as per the Prudential Regulations.

44.2.1.2 Governance

The Bank uses centrally owned model output for ECL and applies the governance guidelines under relevant firmwide policies. The governance around ECL extends from Legal Entity Governance which includes the Bank's CFO and CRO to firmwide governance which includes Central Oversight Forum (COF), Citi Economic Forecast Governance Committee and IFRS 9 Wholesale Credit Advisory Group.

44.2.2 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
	(Rupees in '000)					
Public/ Government	-	-	-	-	-	-

44.2.3 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Credit Loss allowance held	
	2025	2024	2025	2024	2025	2024
	(Rupees in '000)					

Financial	<u>245,878,882</u>	<u>234,462,405</u>	-	-	-	-
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Credit risk by public / private sector

	Gross investments		Non-performing investments		Credit Loss allowance held	
	2025	2024	2025	2024	2025	2024
	(Rupees in '000)					

Federal government securities	<u>245,878,882</u>	<u>234,462,405</u>	-	-	-	-
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44.2.4 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Credit Loss allowance held / provision	
	2025	2024	2025	2024	2025	2024
	(Rupees in '000)					
Chemical and Pharmaceuticals	21,022,246	18,199,306	500	6,500	490,820	445,864
Mining and Quarrying	-	-	-	-	-	-
Electronics and electrical appliances	9,156,236	12,937,867	-	-	202,915	203,531
Automobile and transportation equipment	2,884,612	228,196	-	-	91,748	14,426
Textile	215,377	214,167	215,377	214,167	215,377	214,167
Individuals	31,476	37,334	-	-	492	-
Transport, Storage and Communication	40,570	2,022,109	-	-	323	219,909
Food Manufacturing	3,054,276	12,497,453	-	-	17,752	145,750
Services	30,940	-	-	-	170	-
Others	6,504,432	12,308,181	78,393	78,393	199,937	530,384
	42,940,165	58,444,613	294,270	299,060	1,219,534	1,774,031

Credit risk by public / private sector

	Gross advances		Non-performing advances		Credit Loss allowance held / provision	
	2025	2024	2025	2024	2025	2024
	(Rupees in '000)					
Private	42,940,165	58,444,613	294,270	299,060	1,219,534	1,774,031

44.2.5 Contingencies and Commitments

Credit risk by industry sector

	2025	2024
	(Rupees in '000)	
Financial	376,637,814	483,970,138
Chemical and Pharmaceuticals	7,618,010	4,776,049
Transport, Storage and Communication	-	-
Electronics and electrical appliances	405,390	479,730
Power (electricity), Gas, Water, Sanitary	786,292	2,585,197
Automobile and transportation equipment	1,072,263	773,357
Services	8,016	7,040
Agriculture, Forestry, Hunting and Fishing	-	-
Wholesale and Retail Trade	-	-
Food Manufacturing	4,908,764	10,040,800
Others	8,201,816	4,785,038
	399,638,365	507,417,349

Credit risk by public / private sector

Public / Government	74,707,215	36,055,901
Private	324,931,150	471,361,448
	399,638,365	507,417,349

44.2.6 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 45,421.399 million (2024: Rs. 60,286.045 million) are as following:

	2025	2024
	(Rupees in '000)	
Funded	35,761,250	49,474,200
Non Funded	9,660,149	10,811,845
Total Exposure	45,421,399	60,286,045

The sanctioned limits against these top 10 exposures aggregated to Rs. 67,092.735 million (2024: Rs. 86,705.375 million)

44.2.7 Advances - Province / Region-wise Disbursement & Utilization

Province / Region	2025						
	Disbursements			Utilization			
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan	
	(Rupees in '000)						
Punjab	87,662,056	87,662,056	-	-	-	-	-
Sindh	141,373,616	-	141,373,616	-	-	-	-
KPK including FATA	-	-	-	-	-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	53,132,311	-	-	-	53,132,311	-	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
Total	282,167,983	87,662,056	141,373,616	-	53,132,311	-	-
	2024						
Province / Region	Disbursements			Utilization			
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan	
	(Rupees in '000)						
Punjab	95,104,088	95,104,088	-	-	-	-	-
Sindh	160,661,815	-	160,661,815	-	-	-	-
KPK including FATA	-	-	-	-	-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	70,105,151	-	-	-	70,105,151	-	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
Total	325,871,054	95,104,088	160,661,815	-	70,105,151	-	-

44.3 Market Risk

Market risk is the risk of losses arising from fluctuation in the market value of trading and non-trading portfolios. The primary sources of market risk are fluctuation in interest rates and foreign exchange rates.

Market risk is measured in accordance with the Bank's established standards, under which the business is required to establish, with approval from independent market risk management, a market risk limit framework, including risk measures, limits and controls, that clearly defines approved risk profiles and is within the parameters of the Bank's overall risk appetite. In all cases, businesses are ultimately responsible for the market risk they take and for remaining within their defined limits.

The Bank's principal measure of earnings risk to earnings from non-trading portfolios due to interest rate changes is Interest Rate Exposure (IRE). This measures the change in expected Net Interest Revenue from changes in market rates of interest. Market risk in trading portfolios is measured through a complementary set of tools, including factor sensitivities, value-at-risk and stress testing.

The Bank uses the Standardized Approach to calculate capital charge for market risk as per the current regulatory framework under Basel II. This approach covers the Bank's trading portfolios, comprising off-balance sheet transactions including derivatives and securities classified under the trading portfolio.

44.3.1 Balance sheet split by trading and banking books

	2025			2024		
	Banking book	Trading book	Total	Banking book	Trading book	Total
(Rupees in '000)						
Cash and balances with treasury banks	24,248,780	-	24,248,780	26,973,691	-	26,973,691
Balances with other banks	1,838,879	-	1,838,879	4,312,528	-	4,312,528
Lendings to financial institutions	-	-	-	-	-	-
Investments	238,282,819	7,948,440	246,231,259	215,146,217	22,465,077	237,611,294
Advances	41,720,631	-	41,720,631	56,670,582	-	56,670,582
Property and equipment	1,480,196	-	1,480,196	1,194,430	-	1,194,430
Right-of-use assets	635,967	-	635,967	780,865	-	780,865
Intangible assets	-	-	-	-	-	-
Deferred tax assets	702,382	-	702,382	-	-	-
Other assets	11,433,034	998,119	12,431,153	7,421,676	2,141,599	9,563,275
	320,342,688	8,946,559	329,289,247	312,499,989	24,606,676	337,106,665

44.3.2 Foreign Exchange Risk

Foreign Exchange Risk is the risk of loss resulting from adverse movement in exchange rates. The Bank's principal exchange rate related contracts are forward foreign exchange conducts, cross currency swaps and options. Non traded foreign exchange risk arises through the provision of banking products and services in foreign currency. The objectives of foreign exchange risk management function is to minimise the adverse impact of foreign exchange assets and liabilities mismatch and maximise the earnings observing the limits set by the Bank. Exchange position arising from trading activities are monitored through foreign exchange limits on aggregate and individual basis. Hedging strategies and mark to market valuations are used to mitigate exchange risk resulting from open positions. Overall exchange position risk is maintained in accordance with the regulatory requirements prescribed by the State Bank of Pakistan.

The analysis below represents the concentration of the Bank's foreign currency risk on and off balance sheet financial instruments.

	2025				2024			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
(Rupees in '000)								
United States Dollar	6,887,957	80,313,427	73,257,540	(167,930)	9,031,991	68,834,106	59,022,917	(779,198)
Great Britain Pound Sterling	53,157	51,036	-	2,121	159	88	-	71
Euro	421,343	2,105,687	1,693,454	9,110	1,916,437	4,892,698	3,045,299	69,038
Japanese Yen	4,793	-	27	4,820	-	819,355	139,924	(679,431)
Other currencies	127,382	423,191	231	(295,578)	231,004	421,465	(16,116)	(206,577)
	7,494,632	82,893,341	74,951,252	(447,457)	11,179,591	74,967,712	62,192,024	(1,596,097)

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
(Rupees in '000)				
Impact of 1% change in foreign exchange rates on				
- Profit and loss account				
Increase of 1%	-	10,365	-	9,192
Decrease of 1%	-	(10,365)	-	(9,192)
- Other comprehensive income				
Increase of 1%	-	-	-	-
Decrease of 1%	-	-	-	-

44.3.3 Equity position Risk

The risk arising from taking long or short positions, in the trading book, in the equities and all instruments that exhibit market behaviour similar to equities. The Bank does not maintain equity trading portfolio.

44.3.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

Interest rate risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in interest rates, including changes in the shape of yield curves. Interest rate risk is inherent in many of the Bank's businesses and arises from mismatches between the contractual maturities or the re-pricing of on and off-balance sheet assets and liabilities.

The interest rate sensitivity profile is prepared on a quarterly basis based on the re-pricing or contractual maturities of assets and liabilities. Interest rate risk is monitored and managed by performing periodic gap analysis, sensitivity analysis and stress testing and taking appropriate actions where required.

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
----- (Rupees in '000) -----				
Impact of 1% change in interest rates on				
- Profit and loss account				
Increase of 1%	308,135	58,826	(178,272)	(80,780)
Decrease of 1%	(308,135)	(58,826)	178,272	80,780
- Other comprehensive income				
Increase of 1%	(408,980)	-	(999,995)	-
Decrease of 1%	408,980	-	999,995	-

44.3.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

Effective Yield / Interest rate	Total	2025										Non-interest bearing financial instruments
		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		
----- (Rupees in '000) -----												
On-balance sheet financial instruments												
<u>Assets</u>												
Cash and balances with treasury banks	2.19%	24,248,780	2,941,293	-	-	-	-	-	-	-	-	21,307,487
Balances with other banks	-	1,838,879	-	-	-	-	-	-	-	-	-	1,838,879
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-
Investments	12.14%	246,231,259	54,294,295	111,985,732	73,952,479	5,998,753	-	-	-	-	-	-
Advances	13.28%	41,720,631	37,475,379	1,046,250	1,269,709	1,902,183	4,365	4,365	7,092	10,104	1,184	-
Other assets	-	10,288,202	-	-	-	-	-	-	-	-	-	10,288,202
		324,327,751	94,710,967	113,031,982	75,222,188	7,900,936	4,365	4,365	7,092	10,104	1,184	33,434,568
<u>Liabilities</u>												
Bills payable	-	2,330,033	-	-	-	-	-	-	-	-	-	2,330,033
Borrowings	8.02%	78,853,151	78,853,151	-	-	-	-	-	-	-	-	-
Deposits and other accounts	6.23%	214,733,817	159,025,034	11,600,000	-	-	-	-	-	-	-	44,108,783
Other liabilities	-	11,306,362	-	-	-	-	-	-	-	-	-	11,306,362
		307,223,363	237,878,185	11,600,000	-	-	-	-	-	-	-	57,745,178
On-balance sheet gap		17,104,388	(143,167,218)	101,431,982	75,222,188	7,900,936	4,365	4,365	7,092	10,104	1,184	(24,310,610)

2025

Effective Yield / Interest rate	Total	Exposed to Yield / Interest risk									Non-interest bearing financial instruments	
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
(Rupees in '000)												
Off-balance sheet financial instruments												
Financial guarantee, performance guarantee and letter of credits	17,352,430	-	-	-	-	-	-	-	-	-	-	17,352,430
Commitments in respect of:												
- forward Foreign Exchange contracts - purchase	223,944,124	102,102,243	90,190,012	30,224,869	1,427,000	-	-	-	-	-	-	-
- forward Foreign Exchange contracts - sale	(148,165,241)	(93,578,267)	(39,443,387)	(15,143,587)	-	-	-	-	-	-	-	-
- forward purchase contracts of government securities	7,426,395	7,426,395	-	-	-	-	-	-	-	-	-	-
- forward sale contracts of government securities	-	-	-	-	-	-	-	-	-	-	-	-
- forward placement	1,960,862	1,960,862	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap	102,518,570	17,911,233	50,746,625	15,081,282	1,427,000	-	-	-	-	-	-	17,352,430
Total Yield / Interest Risk Sensitivity Gap		(125,255,985)	152,178,607	90,303,470	9,327,936	4,365	4,365	7,092	10,104	1,184		(6,958,180)
Cumulative Yield / Interest Risk Sensitivity Gap		(125,255,985)	26,922,622	117,226,092	126,554,028	126,558,393	126,562,758	126,569,850	126,579,954	126,581,138		119,622,958

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												
<u>Assets</u>												
Cash and balances with treasury banks	2.85%	26,973,691	3,342,600	-	-	-	-	-	-	-	-	23,631,091
Balances with other banks	-	4,312,528	-	-	-	-	-	-	-	-	-	4,312,528
Lendings to financial institutions	0.00%	-	-	-	-	-	-	-	-	-	-	-
Investments	18.46%	237,611,294	4,556,690	17,908,387	48,605,139	115,033,236	51,507,842	-	-	-	-	-
Advances	21.41%	56,670,582	39,160,380	12,291,046	3,284,134	1,902,312	4,625	4,625	8,583	12,655	2,222	-
Other assets	-	9,553,492	-	-	-	-	-	-	-	-	-	9,553,492
		335,121,587	47,059,670	30,199,433	51,889,273	116,935,548	51,512,467	4,625	8,583	12,655	2,222	37,497,111
<u>Liabilities</u>												
Bills payable	-	1,768,903	-	-	-	-	-	-	-	-	-	1,768,903
Borrowings	8.02%	60,676,463	60,536,542	-	-	-	-	-	-	-	-	139,921
Deposits and other accounts	11.85%	241,454,059	180,462,172	350,000	-	-	-	-	-	-	-	60,641,887
Other liabilities	-	10,421,712	-	-	-	-	-	-	-	-	-	10,421,712
		314,321,137	240,998,714	350,000	-	-	-	-	-	-	-	72,972,423
On-balance sheet gap		20,800,450	(193,939,044)	29,849,433	51,889,273	116,935,548	51,512,467	4,625	8,583	12,655	2,222	(35,475,312)

Effective Yield / Interest rate	Total	2024										Non-interest bearing financial instruments
		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		
(Rupees in '000)												
Off-balance sheet financial instruments												
Financial guarantee, performance guarantee and letter of credits	24,337,178	-	-	-	-	-	-	-	-	-	-	24,337,178
Commitments in respect of:												
- forward Foreign Exchange contracts - purchase	264,124,111	194,020,902	69,986,873	116,336	-	-	-	-	-	-	-	-
- forward Foreign Exchange contracts - sale	(202,184,570)	(144,494,258)	(48,986,342)	(8,703,970)	-	-	-	-	-	-	-	-
- forward sale contracts of government securities	12,496,175	12,496,175	-	-	-	-	-	-	-	-	-	-
- forward placement	3,342,600	3,342,600	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap	102,115,494	65,365,419	21,000,531	(8,587,634)	-	-	-	-	-	-	-	24,337,178
Total Yield / Interest Risk Sensitivity Gap		(128,573,625)	50,849,964	43,301,639	116,935,548	51,512,467	4,625	8,583	12,655	2,222	(11,138,134)	
Cumulative Yield / Interest Risk Sensitivity Gap		(128,573,625)	(77,723,661)	(34,422,022)	82,513,526	134,025,993	134,030,618	134,039,201	134,051,856	134,054,078	122,915,944	

44.3.6 Reconciliation of assets and liabilities exposed to Yield / Interest Rate risk with total assets and liabilities

	2025	2024
	(Rupees in '000)	
Total financial assets as per note 44.3.5	324,327,751	335,121,587
Add: Non financial assets	2,142,951	9,783
Property and equipment	1,480,196	1,194,430
Right-of-use assets	635,967	780,865
Deferred tax asset	702,382	-
Total assets as per statement of financial position	329,289,247	337,106,665
Total financial liabilities as per note 44.3.5	307,223,363	312,972,065
Add: Non financial liabilities	4,230,289	4,824,822
Deferred tax liabilities	-	703,516
Total liabilities as per statement of financial position	311,453,652	318,500,403

44.4 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. Operational risk is inherent in the Bank's activities and as with other risk types is managed through an overall framework with checks and balances that include recognised ownership of the risk by the businesses, independent risk management oversight and independent review by corporate audit. The operational risk policy codifies the core governing principles for operational risk management and provides a framework for operational risk. In accordance with the policy, each business area is responsible to identify its key operational risks as well as the controls established to mitigate those risks and to ensure compliance with laws, regulations, regulatory administrative actions and the Bank's policies.

Total

2024

	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
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(Rupees in '000)

Assets

Cash and balances with treasury banks	26,973,691	-	2,193,510	37,500	24,725,181	17,500	-	-	-	-	-	-	-
Balances with other banks	4,312,528	-	-	-	4,312,528	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	237,611,294	-	-	-	4,556,690	3,405,258	14,503,129	48,605,139	91,992,830	23,040,406	51,507,842	-	-
Advances	56,670,582	90,610	1,025,168	544,084	3,301,054	6,170,604	6,120,442	3,284,134	1,156	1,901,156	4,625	4,625	34,208,047
Property and equipment	1,194,430	42	293	293	628	1,256	96,256	3,769	3,769	3,769	15,285	15,277	29,691
Right-of-use assets	780,865	-	-	-	-	-	-	-	-	39,189	5,345	164,157	76,687
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	9,563,275	2,296,062	383,156	647,198	2,360,562	877,001	1,017,207	1,962,479	9,540	10,070	-	-	-
	337,106,665	2,386,714	3,602,127	1,229,075	39,256,643	10,471,619	21,737,034	53,855,521	92,007,295	24,994,590	51,533,097	184,059	34,314,425
													1,534,466

Liabilities

Bills payable	1,768,903	-	1,439,569	164,667	164,667	-	-	-	-	-	-	-	-
Borrowings	60,676,463	-	60,536,542	-	139,921	-	-	-	-	-	-	-	-
Deposits and other accounts	241,454,059	-	43,870,192	750,000	196,483,867	350,000	-	-	-	-	-	-	-
Lease liabilities	793,853	-	-	-	-	3,257	-	-	-	-	2,718	124,523	78,254
Deferred tax liabilities	703,516	-	2,697	2,698	6,168	11,565	11,565	34,694	34,694	36,622	140,698	140,704	281,411
Other liabilities	13,103,609	1,187,046	403,648	629,430	2,268,170	714,570	447,658	1,834,970	2,544,759	2,646,361	85,398	85,400	170,800
	318,500,403	1,187,046	106,252,648	1,546,795	199,062,793	1,079,392	459,223	1,869,664	2,579,453	2,682,983	228,814	350,627	530,465
													670,500

Net assets

	18,606,262	1,199,668	(102,650,521)	(317,720)	(159,806,150)	9,392,227	21,277,811	51,985,857	89,427,842	22,311,607	51,304,283	(166,568)	33,783,960
													863,966

Head office capital account

6,812,671

Reserves

163,719

Unremitted profit

10,115,222

Deficit on revaluation of assets

1,514,650

18,606,262

45. PROFIT REMITTANCE

During the year, the Bank repatriated profit to its head office for the year 2024 after the approval from the State Bank of Pakistan amounting to Rs. 10,115.22 million (2024: Rs. 19,327.67 million). The details are as follows:

Year	2025 (Rupees in '000)	2024
2021	-	2,296,850
2022	-	5,045,560
2023	-	11,985,261
2024	10,115,222	-
	10,115,222	19,327,671

46. GENERAL / POST-BALANCE SHEET EVENTS

46.1 Figures have been rounded off to the nearest thousand rupees.

46.2 Post-balance sheet events

Subsequent to the reporting date, geopolitical tensions in the Middle East have escalated, resulting in heightened instability and uncertainty in the region. The Bank has put in place a continuation of business plan for vital departments to continue to operate with no disruption. These events are considered non adjusting subsequent events under IAS 10 Events after the Reporting Period. The situation is fast evolving and the effect of the escalations is subject to significant levels of uncertainty. Management is closely monitoring the situation and assessing the potential impact on the Bank's operations, financial position and cash flows. At the date of authorization of these financial statements, the Bank is not able to reliably estimate the financial impact of these events.

46.3 Date of authorization

These financial statements were authorised for issue on 30 March 2026 by the management of the Bank.

HABIB YOUSUF
Managing Director and
Citi Country Officer

MUHAMMAD UZAIR BALAGAMWALA
Acting Country Finance Officer