AL BARAKA BANK (PAKISTAN) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the members of Al Baraka Bank (Pakistan) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Al Baraka Bank (Pakistan) Limited (the Bank), which comprise the statement of financial position as at December 31, 2024, and the statement of 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, along with unaudited certified returns received from the branches except for 42 branches which have been audited by us and 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, statement of profit and loss account, the statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2024 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.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Directors' report, but does not include the financial statements and our auditor's report thereon.

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as 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.

The Board of Directors 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.

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We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:

   a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;

   b) the statement of financial position, the statement of profit and loss account, the statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

   c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and

   d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

2. We confirm that for the purpose of our audit we have covered more than sixty percent of the total Islamic financing and related assets of the Bank.

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

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A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: February 28, 2025
UDIN: AR202410611IaN9tv0wA

AL BARAKA BANK (PAKISTAN) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024	2023
		---------- (Rupees in '000) ----------	
ASSETS			
Cash and balances with treasury banks	6	18,834,915	21,877,439
Balances with other banks	7	1,800,742	1,683,007
Due from financial institutions	8	1,398,776	8,098,788
Investments	9	126,851,952	122,881,484
Islamic financing and related assets - net	10	101,438,819	79,755,889
Property and equipment	11	2,792,479	2,726,266
Right of use assets	12	2,297,928	1,543,900
Intangible assets	13	1,249,863	1,275,180
Deferred tax assets	14	2,968,011	2,545,871
Other assets	15	13,627,468	12,985,825
		273,260,953	255,373,649
LIABILITIES			
Bills payable	16	7,282,964	5,646,089
Due to financial institutions	17	6,144,594	7,649,661
Deposits and other accounts	18	223,402,080	207,337,745
Lease liabilities	19	2,476,776	1,677,081
Subordinated mudaraba	20	3,124,241	4,624,241
Deferred tax liabilities		-	-
Other liabilities	21	9,211,885	10,185,675
		251,642,540	237,120,492
NET ASSETS		21,618,413	18,253,157
REPRESENTED BY			
Share capital - net	22	14,500,490	14,500,490
Reserves		2,187,858	1,381,115
Surplus on revaluation of assets	23	1,227,933	793,083
Unappropriated profit		3,702,132	1,578,469
		21,618,413	18,253,157
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 52 and annexures I and II form an integral part of these financial statements.

Chief Executive Officer	Chief Financial Officer	Chairman	Director	Director

AL BARAKA BANK (PAKISTAN) LIMITED
STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023
		------- (Rupees in '000) -------	
Profit / return earned	25	40,097,052	36,501,713
Profit / return expensed	26	(24,152,866)	(23,139,120)
Net profit / return		15,944,186	13,362,593
Other income			
Fee and commission income	27	923,906	999,827
Dividend income		4,743	8,114
Foreign exchange income		1,160,189	1,028,305
Gain on securities - net	28	362,296	62,634
Other income	29	32,867	18,355
Total other income		2,484,001	2,117,235
Total income		18,428,187	15,479,828
Other expenses			
Operating expenses	30	(9,694,395)	(7,646,407)
Workers' Welfare Fund		(170,981)	(124,985)
Other charges	31	(25,193)	(17,430)
Total other expenses		(9,890,569)	(7,788,822)
Profit before credit loss allowance		8,537,618	7,691,006
Credit loss allowance / provisions and write offs - net	32	(159,526)	(1,566,728)
Profit before taxation		8,378,092	6,124,278
Taxation	33	(4,344,378)	(3,020,102)
Profit after taxation		4,033,714	3,104,176
		----------- Rupees ---------	
Basic / diluted earning per share	34	2.94	2.26

The annexed notes 1 to 52 and annexures I and II form an integral part of these financial statements.

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

AL BARAKA BANK (PAKISTAN) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023
	---------- (Rupees in '000) ----------	
Profit after taxation for the year	4,033,714	3,104,176
Other comprehensive income		
Items that may be reclassified to statement of profit and loss account in subsequent periods:		
Movement in surplus on revaluation of investments - net of tax	485,700	653,478
Items that will not be reclassified to statement of profit and loss account in subsequent periods:		
Remeasurement loss on defined benefit obligations - net of tax	(20,181)	(72,420)
Movement in surplus on revaluation of non-banking assets - net of tax	(18,403)	(36,806)
	(38,584)	(109,226)
Total comprehensive income	4,480,830	3,648,428

The annexed notes 1 to 52 and annexures I and II form an integral part of these financial statements.

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

AL BARAKA BANK (PAKISTAN) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital				Reserves			
					Surplus / (deficit) on revaluation of			
	Issued, subscribed and paid up	Capital support fund	Discount on issue of shares	Statutory reserve*	Invest-ments	Non banking assets	Unapprop-riated profit	Total
	(Rupees in '000)							
Balance as at 1 January 2023	13,739,628	1,393,628	(632,766)	760,280	(173,242)	349,653	(832,452)	14,604,729
Profit after taxation for the year	-	-	-	-	-	-	3,104,176	3,104,176
Other comprehensive income / (loss) - net of tax								
Movement in surplus on revaluation of investments - net of tax	-	-	-	-	653,478	-	-	653,478
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	(36,806)	-	(36,806)
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	(72,420)	(72,420)
	-	-	-	-	653,478	(36,806)	(72,420)	544,252
Transfer to statutory reserve	-	-	-	620,835	-	-	(620,835)	-
Balance as at 31 December 2023	13,739,628	1,393,628	(632,766)	1,381,115	480,236	312,847	1,578,469	18,253,157
Impact of adoption of IFRS - 9 (note 5.1)					(32,447)		(1,083,127)	(1,115,574)
	13,739,628	1,393,628	(632,766)	1,381,115	447,789	312,847	495,342	17,137,583
Profit after taxation for the year	-	-	-	-	-	-	4,033,714	4,033,714
Other comprehensive income / (loss) - net of tax	-							
Movement in surplus on revaluation of debt investments through FVOCI - net of tax	-	-	-	-	485,700	-	-	485,700
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	(18,403)	-	(18,403)
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	(20,181)	(20,181)
	-	-	-	-	485,700	(18,403)	(20,181)	447,116
Transfer to statutory reserve	-	-	-	806,743	-	-	(806,743)	-
Balance as at 31 December 2024	13,739,628	1,393,628	(632,766)	2,187,858	933,489	294,444	3,702,132	21,618,413

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

The annexed notes 1 to 52 and annexures I and II form an integral part of these financial statements.

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

AL BARAKA BANK (PAKISTAN) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023
		---------- (Rupees in '000) ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		8,378,092	6,124,278
Less: Dividend income		(4,743)	(8,114)
		8,373,349	6,116,164
Adjustments:			
Net profit / return - excluding finance charge on lease liability		(16,342,485)	-
Depreciation on property and equipment	30	296,808	251,854
Depreciation on right-of-use assets	30	638,292	518,438
Amortisation	30	158,602	157,993
IFRS - 9 - Notional income		(2,098)	-
Depreciation - non banking assets	30	39,361	39,361
Credit loss allowance and write-offs - net	32	159,526	1,566,728
Gain on sale of fixed assets - net	29	(11,084)	(4,838)
Finance charges on lease liability against right-of-use assets	26	398,299	219,693
Unrealised (gain) / loss on revaluation of securities classified as FVTPL	28	(66,645)	11
Workers' Welfare Fund		170,981	124,985
		(14,560,443)	2,874,225
		(6,187,094)	8,990,389
Decrease / (Increase) in operating assets			
Due from financial institutions		6,700,012	(8,098,788)
Securities classified as FVTPL		11,942,697	(11,901,778)
Islamic financing and related assets - net		(25,378,109)	4,817,518
Others assets (excluding advance taxation)		(1,208,940)	(1,111,177)
		(7,944,340)	(16,294,225)
Increase / (decrease) in operating liabilities			
Bills payable		1,636,875	269,147
Due to financial institutions		(1,621,966)	(5,300,340)
Deposits and other accounts		16,064,335	22,288,576
Other liabilities		253,313	917,604
		16,332,557	18,174,987
Profit / return received		42,238,852	-
Profit / return paid		(24,728,304)	-
Income tax paid		(4,881,575)	(2,744,191)
Net cash flows generated from operating activities		14,830,096	8,126,960
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in securities classified as FVOCI		(14,827,713)	-
Net investments in available-for-sale securities		-	(350,527)
Net investments in held-to-maturity securities		-	512,848
Dividends received		4,743	8,114
Investments in fixed assets		(500,328)	(743,326)
Proceeds from sale of fixed assets		12,055	12,607
Net cash used in investing activities		(15,311,243)	(560,284)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(943,339)	(697,497)
Repayment of Tier II mudaraba sukuk - second issue		(1,500,000)	-
Net cash used in financing activities		(2,443,339)	(697,497)
(Decrease) / increase in cash and cash equivalents		(2,924,486)	6,869,179
Credit loss on cash and cash equivalent		(303)	-
Cash and cash equivalents at the beginning of the year	35	23,560,446	16,691,267
Cash and cash equivalents at the end of the year	35	20,635,657	23,560,446

The annexed notes 1 to 52 and annexures I and II form an integral part of these financial statements.

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

1 STATUS AND NATURE OF BUSINESS

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

The Bank is a subsidiary of Al Baraka Islamic Bank B.S.C. (c) (Parent Bank) incorporated and domiciled in Bahrain, which is 92.81% (2023: 92.81%) owned by Al Baraka Group B.S.C. (Ultimate Parent).

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

The Bank's registered office is located at 162, Bangalore Town, Main Shahrah-e-Faisal, Karachi. The Bank has 185 branches (31 December 2023: 170 branches) in Pakistan.

1.3 Based on the financial statements of the Bank for the year ended 31 December 2023, the VIS Credit Rating Company Limited has maintained the long-term rating at 'A+' and short-term rating as A1.

1.4 As at 31 December 2024, the Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) stood at Rs. 14.5 billion and 20.27% respectively.

2 BASIS OF PRESENTATION

These financial statements have been prepared in conformity with the format of the financial statements prescribed by the SBP Vide BPRD Circular No. 13 of 2024 dated 01 July 2024.

The Bank provides Islamic financing mainly through Shariah compliant financial products as explained briefly in note 5.4. 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. The income on such financing is recognised in accordance with principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognised as charity payable, if so directed by the Shariah Board Member of the Bank.

The Bank believes that there is no significant doubt on the Bank’s ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

2.1.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated 26 August 2002, until further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated 28 April 2008.

2.1.3 The SBP vide its BPRD Circular No. 04 dated 25 February 2015 has clarified that the reporting requirements of IFAS-3 'Profit and Loss Sharing on Deposit' for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly financial statements would be notified by SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been notified to date. Accordingly, the disclosures requirements under IFAS 3 have not been considered in these financial statements.

2.1.4 The SBP has issued BPRD Circular Letter No. 01 of 2025 dated 22 January 2025, in which certain relaxations / clarifications have been provided upon adoption of IFRS 9, which are disclosed in note 5.1 to the financial statements.

2.1.5 The SBP, vide its BPRD Circular No. 13 dated 01 July 2024, issued the revised forms for the preparation of the annual financial statements of the Banks / DFIs, which are applicable for periods beginning on or after 01 January 2024, as per the applicability criteria given in BPRD Circular Letter No. 07 of 2023 dated 13 April 2023. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of these financial statements. The significant change is related to right-of-use assets and corresponding lease liability, which are now presented separately on the face of the statement of financial position. Previously, these were presented under property and equipment (earlier titled as fixed assets) and other liabilities respectively. There is no impact of this change on the financial statements in terms of recognition and measurement of assets and liabilities.

The Bank has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations, and corresponding figures have been rearranged / reclassified to correspond to the current period presentation, as presented in note 50.

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

There are certain new and amended standards, issued by the International Accounting Standards Board (IASB), interpretations, and amendments that are mandatory for the Bank's accounting periods beginning on or after 01 January 2024, but are considered not to be relevant or do not have any material effect on the Bank's operations and are therefore not detailed in these financial statements except for IFRS 9 (Financial Instruments), the impacts of which are disclosed under note 5.1.

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

There are certain new and amended standards, issued by the International Accounting Standards Board (IASB), interpretations, and amendments that are mandatory for the Bank's accounting periods beginning on or after 01 January 2025, but are considered not to be relevant or will not have any material effect on the Bank's financial statements except for:

- The new standard - IFRS 18 'Presentation and Disclosure in Financial Statements' (IFRS 18) (published in April 2024) with applicability date of 01 January 2027, by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18, when adopted and applicable, shall impact the presentation of the 'Statement of Profit and Loss Account' with certain additional disclosures in the financial statements.

- Amendments to IFRS 9 'Financial Instruments', which clarify the date of recognition and derecognition of a financial asset or financial liability, including settlement of liabilities through banking instruments and channels, including electronic transfers. The amendment, when applied, may impact the timing of recognition and derecognition of financial liabilities.

- Amendment to IAS 21 ‘The Effects of Changes in Foreign Exchange Rates’, which will require banks to apply a consistent approach in assessing whether a currency can be exchanged into another currency and, when it cannot, in determining the exchange rate to use and the disclosures to provide.

The management is in the process of assessing the impact of these amendments on the financial statements of the Bank.

2.4 Critical accounting estimates and judgments

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

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

i) Classification, valuation, and credit loss allowance / provisioning against investments (notes 5.1, 5.2 and 9);
ii) Classification and credit loss allowance / provisioning against Islamic financing and related assets (notes 5.1, 5.5 and 10.5);
iii) Income taxes (notes 5.14 and 33);
iv) Accounting for defined benefit plan (notes 5.15 and 38);
v) Depreciation of property and equipment (notes 5.6.1 and 11.2);
vi) Depreciation and revaluation of non-banking assets acquired in satisfaction of claims (notes 5.10 and 15.1);
vii) Amortisation of intangible assets (notes 5.8 and 13.1);
viii) Impairment of non-financial assets (note 5.9);
ix) Fair value measurement of financial instruments (note 41);
x) Credit loss allowance / provision against other assets and other provisions (note 15.3);
xi) Credit loss allowance / provision against off-balance sheet obligations (notes 5.17 and 21.2); and
xii) Lease liability, including determination of the lease term for lease contracts with renewal and termination options and right-of-use assets (the Bank as a lessee) (notes 5.7 and 19).

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

3 BASIS OF MEASUREMENT

3.1 Accounting convention

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

4 FUNCTIONAL AND PRESENTATION CURRENCY

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

5 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of these financial statements is set out below. The material accounting policies applied in the preparation of these financial statements are consistent with those of the previous year, except for the changes mentioned in note 5.1.

5.1 Adoption of IFRS 9 - 'Financial Instruments'

As per the SBP BPRD Circular Letter No. 07 of 2023, dated 13 April 2023, IFRS 9 is applicable to banks with effect from 01 January 2024. IFRS 9 introduces fundamental changes to the accounting for financial assets and certain aspects of accounting for financial liabilities. To determine the appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS 9 has also fundamentally changed the impairment method for financial assets, moving to a forward-looking Expected Credit Loss (ECL) approach.

The SBP, through BPRD Circular Letter No. 16 dated 29 July 2024, and BPRD Circular Letter No. 01 dated 22 January 2025 (Letters), has made certain amendments and clarified the timelines for some of the SBP's IFRS 9 Application Instructions to address matters raised by banks, ensuring compliance with the timelines. The Letters have provided clarifications / relaxations regarding the measurement of unquoted equity securities, modification accounting, the maintenance of general provisions over and above ECL, accounting methodology for income recognition on Islamic products, and the treatment of charity. Accordingly, the Bank has adopted the treatment as instructed in the aforementioned Letters in these financial statements. Additionally, the SBP issued a separate instruction dated 22 January 2025, allowing an extension for the application of the Effective Profit Rate until 31 December 2025.

Upon the application of IFRS 9, certain accounting policies have been revised to comply with IFRS 9 requirements. These revised accounting policies are disclosed in their respective policy notes within these financial statements.

5.1.1 Application to the Bank's financial assets

Debt based financial assets

Debt based financial assets held by the Bank (including Islamic financing and related assets, due from financial institutions, investment in federal government securities, corporate bonds and other private sukuks, cash and balances with treasury banks, balances with other Banks, and other financial assets) are measured at amortised cost if they meet both of the following conditions and is not designated as at FVTPL.

- the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The Bank's business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales or sale(s) of significant value are / is made, the Bank assesses whether and how the sales are consistent with the HTC objective. This assessment includes the reason(s) for the sales, the expected frequency of sales, and whether the assets that are sold are held for an extended period of time relative to their contractual maturities.

The aforementioned financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as at FVTPL:

- the asset are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The aforementioned financial assets if held for trading purposes are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Bank's investment in sub-ordinated sukuks issued by other Banks under available for sale portfolio as of December 31, 2023 have been reclassified as FVTPL since they do not pass the SPPI criteria due to equity conversion features and loss absorbency clause embedded in the terms of these sukuks.

The following table reconciles their carrying amounts as reported on 31 December 2023 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 01 January 2024:

	Balances as of 31 December 2023 (Audited)	IFRS 9 Classification	Balances as of 31 December 2023	Balances as of 01 January 2024 - before ECL
	---------- (Rupees in '000) ----------			
Non-government debt securities - AFS	1,530,794	FVOCI	1,430,794	1,430,794
		FVTPL	100,000	100,000

Equity based financial assets

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual share in the issuer's net assets.

An equity instrument held by the Bank for trading purposes is classified as measured at FVTPL. 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. The Bank measures all equity investments at fair value through profit or loss, except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income.

The Bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than for trading. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to the statement of profit and loss account, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in the statement of profit and loss account as income when the Bank's right to receive payments is established. The Bank has decided to classify Rs. 98.127 million out of its available for sale equity investment portfolio as of 31 December 2023 as FVOCI on irrevocable basis.

Further, the Bank has reclassified investment in listed equity investment - AFS of Rs. 121.350 million as at 31 December 2023 to investments through FVTPL category.

The following table reconciles the carrying amounts as reported on 31 December 2023 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 01 January 2024:

	Balances as of 31 December 2023 (Audited)	IFRS 9 Classification	Balances as of 31 December 2023	Balances as of 01 January 2024
	---------------- (Rupees in '000)	----------------		----------------
Shares - AFS	219,477	FVOCI	98,127	98,127
		FVTPL	121,350	121,350

The measurement category and carrying amount of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS 9 as at 01 January 2024 are compared as follows:

Before adoption of IFRS 9			After adoption of IFRS 9	
Financial instruments	**Measurement category**	**Carrying amount as at 31 December 2023**	**Measurement category ***	**Carrying amount as at 01 January 2024 ***
		(Rupees in '000)		(Rupees in '000)
Cash and balances with treasury banks	Loans and receivables	21,877,439	Amortised cost	21,877,439
Balances with other banks	Loans and receivables	1,683,007	Amortised cost	1,683,007
Due from financial institutions	Loans and receivables	8,098,788	Amortised cost	8,098,788
Investments	Held-for-trading	11,901,767	Fair value through profit or loss	11,901,767
	Available-for-sale	110,979,717	Fair value through profit or loss	221,349
		-	Fair value through other comprehensive income	110,758,368
		110,979,717		110,979,717
Islamic financing and related assets - net	Loans and receivables	79,755,889	Amortised cost	79,755,889
Other assets (financial assets only)	Loans and receivables	10,713,217	Amortised cost	10,713,217
		245,009,824		**245,009,824**
Due to financial institutions	Held-to-maturity	7,649,661	Amortised cost	7,649,661
Deposits and other accounts	Held-to-maturity	207,337,745	Amortised cost	207,337,745
Subordinated mudaraba	Held-to-maturity	4,624,241	Amortised cost	4,624,241
Other liabilities (financial liabilities only)	Held-to-maturity	9,081,796	Amortised cost	9,081,796
		228,693,443		**228,693,443**

* This does not include the additional impact of "expected credit loss" due to adoption of IFRS 9.

5.1.2 The Bank has adopted IFRS 9 effective from 01 January 2024 with modified retrospective approach for restatement permitted under IFRS 9. The cumulative impact of initial application of Rs. 1,115.574 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

	Balances as of 31 December 2023	Impact due to: Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Reclassifi-cations due to business model and SPPI assessments	Reclassifi-cations of profit receivable / payable	Remeasure-ments	Reversal of provisions held	Total impact - gross of tax	Taxation (current and deferred)	Total impact - net of tax	Balances as of 01 January 2024	IFRS 9 Category
	(Rupees in '000)											
ASSETS												
Cash and balances with treasury banks	21,877,439	-	-	-	-	-	-	-	-	-	21,877,439	Amortised cost
Balances with other banks	1,683,007	(683)	-	-	-	-	-	(683)	-	(683)	1,682,324	Amortised cost
Due from financial institutions	8,098,788	(17)	-	-	-	-	-	(17)	-	(17)	8,098,771	Amortised cost
Investments												
- Classified as available for sale	110,979,717	-	(110,979,717)	-	-	-	-	(110,979,717)	-	(110,979,717)	-	
- Classified as air value through other comprehensive income	-	(71,141)	110,758,368	-	-	-	-	110,687,227	-	110,687,227	110,687,227	FVOCI
- Classified as held to maturity	-	-		-	-	-	-	-	-	-	-	
- Classified as amortised cost	-	-		-	-	-	-	-	-	-	-	Amortised cost
- Classified as held for trading	11,901,767	-	(11,901,767)	-	-	-	-	(11,901,767)	-	(11,901,767)	-	
- Classified as fair value through profit or loss	-	-	12,023,116	100,000	-	-	-	12,123,116	-	12,123,116	12,123,116	FVTPL
	122,881,484	(71,141)	(100,000)	100,000	-	-	-	(71,141)	-	(71,141)	122,810,343	
Islamic financing and related assets - net												
- Gross amount	91,363,465	-	-	-	-	(1,609,652)	-	(1,609,652)	-	(1,609,652)	89,753,813	
- Provisions	(11,607,576)	(2,077,989)	-	-	-	-	-	(2,077,989)	-	(2,077,989)	(13,685,565)	
	79,755,889	(2,077,989)	-	-	-	(1,609,652)	-	(3,687,641)	-	(3,687,641)	76,068,248	Amortised cost
Property and equipment	2,726,266	-	-	-	-		-	-	-	-	2,726,266	Outside the scope of IFRS 9
Right-of-use assets	1,543,900	-	-	-	-		-	-	-	-	1,543,900	Outside the scope of IFRS 9
Intangible assets	1,275,180	-	-	-	-		-	-	-	-	1,275,180	Outside the scope of IFRS 9
Deferred tax assets	2,545,871	-	-	-	-	-	-	-	(1,071,825)	1,071,825	3,617,696	Outside the scope of IFRS 9
Other assets - financial assets	10,713,217	(109,599)	-	-	-	1,176,107	-	1,066,508	-	1,066,508	11,779,725	Amortised cost
Other assets - non financial assets	2,272,608	-	-	-	-		-	-	-	-	2,272,608	Outside the scope of IFRS 9
	255,373,649	(2,259,429)	(100,000)	100,000	-	(433,545)	-	(2,692,974)	(1,071,825)	(1,621,149)	253,752,500	
LIABILITIES												
Bills payable	5,646,089	-	-	-	-	-	-	-	-	-	5,646,089	Amortised cost
Due to financial institutions	7,649,661	-	-	-	-	(569,549)	-	(569,549)	-	(569,549)	7,080,112	Amortised cost
Deposits and other accounts	207,337,745	-	-	-	-	-	-	-	-	-	207,337,745	Amortised cost
Lease liability against right-of-use assets	1,677,081	-	-	-	-	-	-		-	-	1,677,081	Amortised cost
Subordinated mudaraba	4,624,241	-	-	-	-	-	-	-	-	-	4,624,241	Amortised cost
Other liabilities - financial liabilities	9,100,763	68,766	-	-	-	(4,792)	-	63,974	-	63,974	9,164,737	Amortised cost
Other liabilities - non financial liabilities	1,084,912	-	-	-	-	-	-	-	-	-	1,084,912	Outside the scope of IFRS 9
	237,120,492	68,766	-	-	-	(574,341)	-	(505,575)	-	(505,575)	236,614,917	
NET ASSETS	18,253,157	(2,328,195)	(100,000)	100,000	-	140,796	-	(2,187,399)	(1,071,825)	(1,115,574)	17,137,583	
REPRESENTED BY												
Share capital - net	14,500,490	-	-	-	-	-	-	-	-	-	14,500,490	Outside the scope of IFRS 9
Reserves	1,381,115	-	-	-	-	-	-	-	-	-	1,381,115	Outside the scope of IFRS 9
Surplus on revaluation of assets	793,083	-	(63,621)	-	-	-	-	(63,621)	(31,174)	(32,447)	760,636	Outside the scope of IFRS 9
Unappropriated profit	1,578,469	(2,328,195)	63,621	-	-	140,796	-	(2,123,778)	(1,040,651)	(1,083,127)	495,342	Outside the scope of IFRS 9
	18,253,157	(2,328,195)	-	-	-	140,796	-	(2,187,399)	(1,071,825)	(1,115,574)	17,137,583	

5.2 Financial assets and liabilities

5.2.1 Classification

Financial assets

Under IFRS 9, existing categories of financial assets: Held-for-trading (HFT), Available-for-sale (AFS) and Held-to-maturity (HTM) have been replaced by:

- Financial assets at fair value through statement of statement of statement of profit or loss account (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at amortised cost

Financial liabilities

Under IFRS 9, the accounting for financial liabilities remains largely the same as before adoption of IFRS 9 and thus all financial liabilities are being carried at amortised cost. Financial liabilities can also be designated at FVTPL where gains or losses arising from entity's own credit rating risk relating to are required to be presented in other comprehensive income with no reclassification to the statement of profit and loss account. The Bank did not have any financial liability measured at FVTPL.

Financial Statements Caption	Note
Cash and balances with treasury banks	5.3
Balances with other banks	5.3
Due from financial institutions	5.4
Investments	5.2
Islamic financing and related assets	5.5
Bills payable	-
Due to financial institutions	5.4
Deposits and other accounts	5.11
Subordinated mudaraba	5.12

5.2.2 Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- the objectives for the portfolio, in particular, whether the management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and

- the expected frequency, value and timing of sales are also important aspects of the Bank’s assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case’ scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Eventually, the financial assets fall under either of the following three business models:

i) Hold to Collect (HTC) Business Model: Holding assets in order to collect contractual cash flows
ii) Hold to Collect and Sell (HTC&S) Business Model: Collecting contractual cash flows and selling financial assets
iii) Other Business Models: Resulting in classification of financial assets as FVTPL

Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

5.2.3 Assessments whether contractual cash flows are solely payments of principal and profit (SPPI)

As a second step of its classification process the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount). The most significant elements of profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgment and considers relevant factors such as, but not limited to, the currency in which the financial asset is denominated, and the period for which the profit rate is set. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangement, the related financial asset is classified and measured at FVTPL.

5.2.4 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank purchases or sells the asset. Other financial assets and liabilities like Islamic financing and related assets, due from financial institutions, deposits etc. are recognised when funds are transferred to the customers' account or financial institutions or as per underlying shariah mode. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased. The Bank will recognise due to customer and financial institution balances when these funds reach the Bank.

Amortised cost

Financial assets and liabilities under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction cost. These are subsequently measured at amortised cost. An expected credit loss allowance (ECL) is recognised for financial assets in the statement of profit and loss account. Rental income, profit earned / expensed on these assets / liabilities are recognised in the statement of profit and loss account. On derecognition of these financial assets and liabilities, realised gain / loss will be recognised in the statement of profit and loss account.

Fair value through other comprehensive income

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction cost. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance (ECL) is recognised for financial assets in the statement of profit and loss account. Rental income, profit / dividend income on these assets are recognised in the statement of profit and loss account. On derecognition of these financial assets, realised gain / loss will be recognised in the statement of profit and loss account only in case of debt instruments. For equity based financial assets classified as FVOCI, capital gain / (loss) is transferred from surplus / deficit to unappropriated profit.

Fair value through profit or loss

Financial assets under FVTPL category are initially recognised at fair value. Transaction cost will be directly recorded in the statement of profit and loss account. These assets are subsequently measured at fair value with changes recorded in the statement of profit and loss account. Profit / dividend income on these assets are recognised in the statement of profit and loss account. On derecognition of these financial assets, realised gain / loss will be recognised in the statement of profit and loss account. An expected credit loss allowance (ECL) is not recognised for these financial assets.

5.2.5 Derecognition

Financial assets

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or

- it transfers the rights to receive the contractual cash flows in a transaction in which either substantially all of the risks and rewards of ownership of the financial asset are transferred / 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.

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of profit and loss account.

5.2.6 Modification

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its customers. The Bank assesses whether the modified terms result in the financial asset being significantly modified and, therefore, derecognised. When the contractual cash flows of a financial asset are renegotiated or otherwise modified, and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with IFRS 9, the Bank recalculates the gross carrying amount of the financial asset and shall recognise a modification gain or loss in the statement of profit and loss account. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows, which are discounted at the financial asset’s original effective profit rate (or credit-adjusted effective profit rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

5.2.7 Overview of the ECL principles

The Bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with all Islamic financing and related assets and other debt financial assets not held at FVTPL, together with letter of credit, guarantees and unutilised financing commitments hereinafter referred to as "Financial Instruments". The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- the time value of money; and

- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months’ expected credit loss (12mECL) as outlined below.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at individual customer level.

5.2.8 Definition of default

The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:

The customer is more than 90 days past due on its contractual payments, except in case of agriculture, project infrastructure and housing financing. This implies that if one facility of a counterparty is defaulted as per the definition all other facilities would deem to be classified as stage 3.

Further the following criteria has been determined for assessment of default:

- The Bank makes a charge-off or account-specific provision resulting from a perceived decline in credit quality subsequent to the Bank taking on the exposure;

- The Bank sells the credit obligation at a material credit-related economic loss;

- The Bank consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, profit or (where relevant) fees;

- The Bank has filed for the obligor's bankruptcy or a similar order in respect of the obligor's credit obligation to the industry group, and 'the obligor has sought or has been placed in Bankruptcy or similar protection where this would avoid or delay repayment of the credit obligation to the industry group', and

- The Bank considers that the obligor is unlikely to pay its credit obligations in full, without recourse by the Bank to actions such as realising security (if held).

5.2.9 Write-offs

The Bank's accounting policy under IFRS 9 remains the same as it was under SBP regulations.

5.3 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, cash and balances with treasury banks and balances with other banks in current and deposit accounts.

5.4 Due to / from financial institutions

5.4.1 Bai Muajjal

The Bank enters into Bai Muajjal transactions of sale (Due to Financial Institutions) and purchase (Due from Financial Institutions). These are recorded as below:

5.4.1.1 Bai Muajjal purchase

Bai Muajjal transactions representing purchase of shariah compliant instruments on deferred payment basis and are presented in Due from Financial Institutions except for transactions undertaken directly with the Government of Pakistan which are disclosed as investments. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income on a time proportion basis over the life of the transaction.

5.4.1.2 Bai Muajjal sale

Bai Muajjal transactions representing sale of shariah compliant instruments on deferred payment basis and are shown in Due to Financial Institutions. The credit price is agreed at the time of purchase and the proceeds are paid at the end of the credit period. The difference between the deferred payment amount payable and the carrying value at the time of purchase is accrued and recorded as borrowing cost on a time proportion basis over the life of the transaction.

5.4.2 Musharaka

In Musharaka, the Bank invests in Shariah compliant business pools of financial institutions at agreed profit and loss sharing ratio under Musharaka agreements.

5.4.3 Musharaka from State Bank of Pakistan under refinance schemes

Under the refinance schemes, the Bank accepts funds from the SBP under shirkat-ul-aqd to constitute a pool for investment in export refinance portfolio of the Bank under the guidelines issued by the SBP. The profit of the pool is shared as per the agreed weightages between the partners.

5.4.4 Wakalah

In Wakalah, the Bank accepts / places funds from / with financial institutions by entering into Investment Agency Agreement for the funds to be invested in profitable avenues as / on behalf of the Muwakkil.

5.5 Islamic financing and related assets

5.5.1 Islamic financing and related assets are stated net of specific and general provisions. Specific provision for Islamic financing and related assets is made in accordance with the requirements of the Prudential Regulations and other directives issued by the SBP which is based on the time based criteria and subjective evaluation of the credit worthiness of the borrowers. The amount of provision is charged to the statement of profit and loss account. The amount of general provision is determined in accordance with the relevant regulations and the management's judgment. Islamic financing and related assets are written off when there is no realistic prospect of recovery. The Bank also offers various Islamic financing products the details of which are as follows:

(a) Murabaha

In Murabaha transactions, the Bank purchases the goods and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction.

(b) Ijarah

Ijarah is a contract whereby the owner of an asset (other than consumables) transfers its usufruct to another person for an agreed period and for an agreed consideration.

Ijarah assets are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged from the date of recognition of Ijarah assets on a straight line basis over the period of Ijarah. Ijarah rental income is recognised on an accrual basis as and when the rental becomes due.

(c) Istasna

In istasna financing, the Bank places an order to purchase some specific goods / commodities from its customers to be delivered to the Bank within an agreed time. The goods are then sold by the customer on behalf of the Bank and the amount hence financed along with the profit is paid back to the Bank.

(d) Tijarah

In tijarah financing, the Bank purchases specific goods / commodities on cash basis from its customer against spot delivery. The customer is then appointed as an agent to sell the Tijarah goods in the market. On execution of onwards sale by the customers, the net amount realised is paid by the customer to the Bank.

(e) Diminishing Musharaka

In Diminishing Musharakah financing, the Bank enters into Musharakah based on Shirkat-ul-mulk for purchasing an agreed share of fixed asset (e.g. house, land, plant or machinery) with its customers. The customers pay periodic profit as per the agreement for the utilisation of the Bank's Musharakah share and also periodically purchase the Bank's share over the tenure of the transaction.

(f) Salam

Salam is a sale transaction where the seller undertakes to supply some specific goods to the buyer at a future date against an advance price fully paid on spot. The funds disbursed under Salam are recorded as advances against Salam. On execution of goods receiving note and receipt of Salam, the same are recorded in the statement of financial position as inventories of the Bank at cost price and after the sale of goods by customer to its ultimate buyers, Salam financing is recognised.

(g) Running Musharaka

Running musharaka is a shirkul-aqd based financing facility offered to the customers where the Bank participates in operating activities of the customer and share profit and loss as per the actual performance of their business.

5.5.2 Inventories

Goods purchased but remaining unsold at the reporting date are recorded as inventories. The Bank values its inventories at the lower of cost and net realisable value. Cost of inventories represents actual purchases made by the Bank / customers as an agent of the Bank for subsequent sale.

The net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

5.6 Fixed assets

5.6.1 Property and equipment

Property and equipment, other than land, are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Land is stated at cost.

Depreciation is charged using the straight-line method in accordance with the rates specified in note 11.2 to these financial statements and after taking into account residual value, if any. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate at each reporting date. Depreciation on additions is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

Gains / losses on sale of fixed assets are credited / charged to the statement of profit and loss account and disclosed in other income.

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

5.6.2 Capital work-in-progress

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

5.7 Leasing arrangements

5.7.1 Right-of-use assets

At the inception of the contract, the Bank assesses whether a contract is, or contain, a lease. The Bank applies a single recognition and measurement approach for all leases, except for short term leases and leases of low-value assets. At the commencement date of the lease, the right-of-use asset is initially measured at the present value of lease payment plus initial direct cost (if any). Subsequently, right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

5.7.2 Lease liability against right-of-use assets

At the commencement date of the lease, the Bank recognises lease liability measured at the present value of the consideration (lease payments) to be made over the lease term and is adjusted for lease prepayments. Lease payments include fixed lease payments less any incentive receivables, variable lease payment dependent upon index or rate, amount expected to be paid under residual value guaranteed if any. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. After the commencement date, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities are remeasured if there is a modification, change in lease term, change in lease payments or change in assessment to purchase the underlying assets.

5.7.3 Short-term leases and leases of low-value assets

The Bank applies the short-term lease recognition exemption to its short-term leases of property and equipment (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.

5.8 Intangible assets

Intangible assets having finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised from the month, when these assets are available for use, using the straight line method. No amortisation is charged in the month of disposal. The residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, at each reporting date. Amortisation rates are specified in note 13.1 to these financial statements.

Intangible assets having indefinite useful lives are not amortised but tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains and losses on disposal are taken to the statement of profit and loss account.

5.8.1 Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit and loss account.

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any. Goodwill acquired in a business combination is tested for impairment annually or whenever there is an indication of impairment as per the requirements of International Accounting Standard (IAS) 36, 'Impairment of assets'. Impairment charge in respect of goodwill is recognised in the statement of profit and loss account and is not subsequently reversed.

5.9 Impairment of non-financial assets

The carrying amount of non-financial assets are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is taken to the statement of profit and loss account. An impairment loss is reversed except for impairment loss relating to goodwill, if there has been a change in the estimate used to determine the recoverable amount. Such reversals are only made to the extent that the asset's carrying amount does not exceed the amount that would have been determined if no impairment loss had been recognised.

5.10 Non-banking assets

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation and accumulated impairment, if any. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying values do not differ materially from their fair values. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of assets' account and any deficit arising on revaluation is taken to the statement of profit and loss account directly. Legal fees, transfer cost and direct cost of acquiring title to property is charged to the statement of profit and loss account and not capitalised. The assets are disclosed in other assets as specified by the SBP.

Depreciation is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the statement of profit and loss account.

5.11 Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba. Deposits taken on Qard basis are classified as 'Current Accounts' and deposits generated on Mudaraba basis are classified as 'Savings account' and 'Fixed deposit accounts'.

No profit or loss is passed on to current account depositors. However, the funds of current accounts are treated as equity for the purpose of profit calculation and any profit earned / loss incurred on these funds are allocated to the equity of the Bank. Profits realised in pool are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed amongst depositors according to weightages assigned at the inception of profit calculation period.

Mudarib (the Bank) can distribute its share of profit to Rab-ul-Maal in line with Shariah guidelines issued by the SBP.

5.12 Subordinated mudaraba

A subordinated mudaraba is initially recorded at the amount of proceeds received and subsequently carried at amortised cost. Profit accrued on Subordinated sukuks balances is charged to the statement of profit and loss account.

5.13 Revenue recognition

- Profit on murabaha transactions is recognised on an accrual basis. Profit on murabaha transactions for the period from the date of disbursement to the date of culmination of murabaha is recognised immediately at the date of culmination.

- Rental income on ijarah financing is recognised on an accrual basis.
- Profit on diminishing musharaka, mudaraba and service ijarah is recognised on an accrual basis.
- Profit on running musharakah financing is recognised on an accrual basis and is adjusted upon declaration of profit by musharakah partners.
- Profit on tijarah, salam and istasna is recognised on an accrual basis for the period from the date of sale of goods by the Bank's customer till the realisation of sale proceeds by the Bank (date of culmination).
- Profit on bai muajjal transactions are recognised on an accrual basis.
- Dividend income is recognised when the Bank's right to receive the dividend is established.
- Profit from investment in sukuk is recognised on an accrual basis. Premium and discount on purchase of sukuk are being amortised through the statement of profit and loss account over the remaining maturity using effective profit rate method.
- Profit on Wakala is accounted for on a time apportioned basis that reflects the effective yield on the asset.
- Gains / losses on disposal of fixed assets, ijarah assets and musharaka assets are taken to the statement of profit and loss account in the period in which they arise.
- Rentals from non-banking assets are recognised when earned.
- The Bank earns fee and commission income from certain non-funded banking services. The related 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 fully provided the service to the customer. Where the contract requires services to be provided over time, the income is recognised on a systematic basis over the life of the related service. Unearned fees and commissions are included under Other liabilities.
- Income earned from avenues that are not Shariah compliant is not recognised in the statement of profit and loss account. This income is classified as charity payable in accordance with the recommendation of the RSBM of the Bank.
- Realisation of profit earlier suspended in compliance with the Prudential Regulations issued by SBP is credited to the statement of profit and loss account on receipt basis.

5.14 Taxation

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

(a) Current

Provision for current taxation is based on taxable income for the year. Tax charge is determined in accordance with prevailing laws for taxation. The charge for the current tax is calculated using tax rates enacted or substantively enacted at the reporting date.

(b) Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities 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 are expected to reverse, based on tax rates that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of the deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

The Bank also recognises a deferred tax asset / liability on the deficit / surplus on revaluation of assets which is adjusted against the related surplus / deficit in accordance with the requirements of the International Accounting Standard (IAS) 12, 'Income Taxes'.

5.15 Staff retirement benefits

(a) Defined benefit plan

The Bank operates an approved funded gratuity scheme for all its permanent employees. The benefits under the gratuity scheme are payable on retirement at the age of 60 or earlier cessation of service, in lump sum. The benefit is equal to one month's last drawn basic salary for each completed year of service, subject to a minimum of three years of service. The scheme is regulated under the trust deed and rules of the Fund and is administrated by the trustees nominated under the trust deed.

The defined benefit obligation is calculated periodically by an independent actuary using the projected unit credit method. Remeasurement gain or losses are recognised in other comprehensive income while return on plan assets and interest cost (net) are recognised in the statement of profit and loss account.

Further, the Bank is liable under the agreement with third-party contractual staff service provider to reimburse to service provider all payouts relating to the employees, which inter-alia includes gratuity payments (the benefit). The benefit is payable on retirement at the age of 60 or earlier cessation of service, in lump sum. The benefit is equal to one month's last drawn gross salary for each completed year of service. The defined benefit obligation is calculated periodically by an independent actuary using the projected unit credit method.

(b) Defined contribution plan

The Bank also operates a contributory provident fund for all permanent employees to which each monthly contributions are made, both by the Bank and the employees, to the fund at a rate of 10 percent of basic salary.

5.16 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Bank has a present legal or constructive obligation arising as a result of past events and 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 of the obligation can be made. Provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimates.

Contingent assets are not recognised unless inflow of economic benefits is virtually certain.

Contingent liabilities are not recognised but are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

5.17 Provision for claims under non-financial guarantees and other off-balance sheet obligations

The Bank, in the ordinary course of business, issues non-financial guarantees, bid bonds, performance bonds etc. The Bank's liability under such contracts is measured at the best estimate of the amount expected to settle any financial obligation arising under such contracts.

5.18 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 the exchange rates prevailing at the reporting date. Exchange gains or losses are included in the statement of profit and loss account.

5.19 Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in the financial statements at their committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the exchange rates prevailing at the reporting date.

5.20 Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for in these statement of financial position both as assets and liabilities.

5.21 Financial guarantee

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions, and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

5.22 Share capital and reserves

Ordinary shares are classified as equity and are recorded at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Discount on issue of shares and capital support received are shown in equity as a separate reserve.

The appropriation to reserves are recognised in the financial statements in the period in which these are approved by the Board of directors.

5.22.1 Dividend

Dividend declared and appropriations, except for transfer to statutory reserve, made subsequent to the reporting date are considered as non adjusting events and are recorded as a liability in the financial statements in the year in which these are approved by the directors / shareholders as appropriate.

5.23 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing products or services (business segment), or in providing product or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments. The Bank's primary format of reporting is based on business segments. Operating segments are reported in a manner consistent with the internal reporting provided to the management. Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

5.23.1 Business segments

(a) Corporate Banking

It includes assets and liabilities of corporate customers including corporate sukuks, project finance, export finance, trade finance and guarantees.

(b) Commercial and Small & Medium Enterprise (SME) banking

It includes assets and liabilities of commercial and SME clients including project finance, export finance, trade finance and guarantees.

(c) Retail and Consumer banking

It includes deposits and branch banking services. It also includes consumer auto and housing financing.

(d) Trading and Sales

It includes treasury operations in respect of capital market, money market and other forex related activities.

(e) Others

It includes centralised functions which cannot be classified in any of the above segments.

5.23.2 Geographical segments

Currently, the operations of the Bank are carried out in Pakistan only.

5.24 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its shareholders. Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

5.25 Pool management

The Bank operates general and specific pools for depositors and other fund providers.

Under the general deposits pool, the Bank accepts funds on Mudaraba basis from depositors (Rab-ul-Maal) where the Bank acts as Manager (Mudarib) and invests the funds in Shariah compliant modes of Islamic financings and related assets, investments and placements. When utilising investing funds, the Bank prioritises the funds received from depositors over the funds generated from own sources after meeting the regulatory requirement relating to such deposits.

Specific pools are operated for:

(a) Funds received from the State Bank of Pakistan under the Refinance Schemes under the Musharaka mode.

(b) Funds acquired from Islamic Financial Institutions for liquidity management under either Musharaka or Wakala modes.

(c) Funds accepted on Mudaraba basis from high net-worth / special deposit customers who demand higher rate of return on their investments.

The profit of each deposit pool is calculated on all the remunerative assets by utilising the funds from the pool after deduction of expenses directly incurred in earning the income of such pool, if any. No provisions against any non performing assets of the pool is passed on to the pool. The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period.

The deposits and funds under the above mentioned pools are provided to diversified sectors and avenues of the economy / business and are also invested in Government of Pakistan backed ijarah sukuk and other sovereign securities. Musharaka investments from the State Bank of Pakistan under Islamic Export Refinance Schemes are channelled towards the export sector of the economy.

	Note	2024	2023
6 CASH AND BALANCES WITH TREASURY BANKS		---------- (Rupees in '000) ----------	
In hand			
Local currency		3,735,364	3,401,846
Foreign currencies		1,071,839	1,027,373
		4,807,203	4,429,219
With State Bank of Pakistan in			
Local currency current account		11,689,261	14,190,733
Foreign currency current account		2,061,980	2,184,645
	6.1	13,751,241	16,375,378
With National Bank of Pakistan in			
Local currency current accounts		276,577	1,072,833
Local currency deposit accounts		9	9
		276,586	1,072,842
Less: Credit loss allowance held against cash and balances with treasury banks		(115)	-
Cash and balances with treasury banks - net of credit loss allowance		18,834,915	21,877,439

6.1 These include local and foreign currency amounts required to be maintained by the Bank with the SBP under the Banking Companies Ordinance, 1962 and / or stipulated by the SBP. These accounts are non-remunerative in nature.

	Note	2024	2023
7 BALANCES WITH OTHER BANKS		---------- (Rupees in '000) ----------	
In Pakistan			
In current accounts		600	600
In deposit accounts	7.1	133,523	146,154
		134,123	146,754
Outside Pakistan			
In current accounts		1,229,486	1,228,153
In deposit accounts	7.1	437,321	308,100
		1,666,807	1,536,253
Less: Credit loss allowance held against balances with other banks		(188)	-
Balances with other banks - net of credit loss allowance		1,800,742	1,683,007

7.1 The expected return on remunerative deposits ranges from 3.5% to 9.8% (31 December 2023: 3% to 12%) per annum.

8 DUE FROM FINANCIAL INSTITUTIONS

	Note	2024	2023
		---------- (Rupees in '000) ----------	
Musharaka placements	8.3	-	4,400,000
Wakalah placements	8.4	1,398,822	3,698,788
		1,398,822	8,098,788
Less: Credit loss allowance held against due from financial institutions		(46)	-
Due from financial institutions - net of credit loss allowance		1,398,776	8,098,788

8.1 Particulars of due from financial institutions

	2024	2023
In local currency	-	6,400,000
In foreign currency	1,398,822	1,698,788
	1,398,822	8,098,788

8.2 Due from financial institutions - Particulars of credit loss allowance

		2024		2023	
		Due from financial institutions	Credit loss allowance held	Due from financial institutions	Credit loss allowance held
		------------------------------- (Rupees in '000) -------------------------------			
Domestic					
Performing	Stage 1	-	-	6,400,000	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		-	-	-	-
Total		-	-	6,400,000	-
Overseas					
Performing	Stage 1	1,398,822	46	1,698,788	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		-	-	-	-
Total		1,398,822	46	1,698,788	-

	2024			
	Stage 1	Stage 2	Stage 3	Total
	------------------------------- (Rupees in '000) -------------------------------			
Balance at the start of the year	-	-	-	-
IFRS 9 adoption impact	(17)	-	-	(17)
Financial assets that have been derecognised	17	-	-	17
New financial assets originated or purchased	(46)	-	-	(46)
Balance at the end of the year	**(46)**	**-**	**-**	**(46)**

8.3 The expected return on these placements is Nil (31 December 2023: 22%) per annum.

8.4 The expected return on this placement is 4.5% (31 December 2023: 3.1% to 21.25%) per annum. This will mature by January 2025.

9. INVESTMENTS

9.1 Investments by type:

	2024				2023			
	Fair value / amortised cost	Credit loss allowance / impairment	Surplus / (deficit)	Carrying value	Fair value / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	---- (Rupees in '000) ----							
FVTPL								
Federal Government securities	47,476	-	222	47,698	-	-	-	-
Non-government debt securities	100,000	-	-	100,000	-	-	-	-
Shares	227,019	-	(127,653)	99,366	-	-	-	-
	374,495	-	(127,431)	247,064	-	-	-	-
FVOCI								
Federal Government securities	95,137,365	-	1,687,928	96,825,293	-	-	-	-
Shares	135,997	(26,154)	-	109,843	-	-	-	-
Non-government debt securities	25,437,095	(157,049)	337,304	25,617,350	-	-	-	-
Foreign securities	4,135,215	(2,350)	(80,463)	4,052,402	-	-	-	-
	124,845,672	(185,553)	1,944,769	126,604,888	-	-	-	-
Held-for-trading securities								
Federal Government securities	-	-	-	-	11,901,778	-	(11)	11,901,767
Available-for-sale securities								
Federal Government securities	-	-	-	-	79,055,194	-	693,155	79,748,349
Shares	-	-	-	-	462,607	(306,753)	63,623	219,477
Non-government debt securities	-	-	-	-	25,942,932	(111,455)	351,428	26,182,905
Foreign securities	-	-	-	-	4,995,552	-	(166,566)	4,828,986
	-	-	-	-	110,456,285	(418,208)	941,640	110,979,717
Total investments	125,220,167	(185,553)	1,817,338	126,851,952	122,358,063	(418,208)	941,629	122,881,484

9.2 Investments by segments:

	2024				2023			
	Cost / amortised cost	Credit loss allowance / impairment	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	---- (Rupees in '000) ----							
Debt instruments								
Classified / measured at FVOCI								
Federal Government securities								
- Ijarah sukuks	95,137,365	-	1,687,928	96,825,293	-	-	-	-
Non-government debt securities	25,437,095	(157,049)	337,304	25,617,350	-	-	-	-
Foreign securities - Sukuk	4,135,215	(2,350)	(80,463)	4,052,402	-	-	-	-
	124,709,675	(159,399)	1,944,769	126,495,045	-	-	-	-
Classified / measured at FVTPL								
Federal Government securities								
- Ijarah sukuks	47,476	-	222	47,698	-	-	-	-
Instruments mandatorily classified / measured at FVTPL								
Non-government debt securities - Sukuk	100,000	-	-	100,000	-	-	-	-
Equity instruments								
Classified / measured at FVOCI (Non-Reclassifiable)								
Shares								
Unlisted companies	135,997	(26,154)	-	109,843	-	-	-	-
Classified / measured at FVTPL								
Shares								
Listed companies	227,019	-	(127,653)	99,366	-	-	-	-
Federal Government securities								
Ijarah sukuk	-	-	-	-	90,956,972	-	693,144	91,650,116
Shares								
Listed companies	-	-	-	-	338,326	(280,599)	63,623	121,350
Unlisted companies	-	-	-	-	124,281	(26,154)	-	98,127
	-	-	-	-	462,607	(306,753)	63,623	219,477
Non government debt securities								
Unlisted	-	-	-	-	2,582,705	(111,455)	(12,917)	2,458,333
Listed	-	-	-	-	23,360,227	-	364,345	23,724,572
	-	-	-	-	25,942,932	(111,455)	351,428	26,182,905
Foreign securities								
Government securities	-	-	-	-	845,717	-	(4,988)	840,729
Non-government debt securities	-	-	-	-	4,149,835	-	(161,578)	3,988,257
	-	-	-	-	4,995,552	-	(166,566)	4,828,986
Total investments	125,220,167	(185,553)	1,817,338	126,851,952	122,358,063	(418,208)	941,629	122,881,484

		Note	2024	2023
9.3	**Investment given as collateral - at market value**		--------- (Rupees in '000) ---------	
	- Ijarah sukuk		-	-

9.4 Particulars of credit loss allowance

9.4.1 Investments - exposure

	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)							
Opening balance	-	-	-	-	-	-	-	-
IFRS 9 implementation	30,911,891	-	111,455	31,023,346	-	-	-	-
New investments	448,168	-	-	448,168	-	-	-	-
Investments derecognised or repaid	(1,585,205)	(57,158)	-	(1,642,363)	-	-	-	-
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	(473,825)	473,825	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
	(1,610,862)	416,667	-	(1,194,195)	-	-	-	-
Amounts written off / charged off	-	-	-	-	-	-	-	-
Closing balance	29,301,029	416,667	111,455	29,829,151	-	-	-	-

9.4.2 Investments - Credit loss allowance

	2024			2023		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	(Rupees in '000)					
Opening balance - current year	-	-	-	-	-	-
IFRS 9 implementation	5,894	-	111,455	-	-	-
New investments	4,740	-	-	-	-	-
Investments derecognised or repaid	(2,923)	-	-	-	-	-
Transfer to stage 1	-	-	-	-	-	-
Transfer to stage 2	(185)	185	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-
	1,632	185	-	-	-	-
Amounts written off / charged off	-	-	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	3,673	36,560	-	-	-	-
Other changes	-	-	-	-	-	-
Closing balance - Current year	**11,199**	**36,745**	**111,455**	**-**	**-**	**-**

9.4.3 Particulars of credit loss allowance against debt securities

	2024				2023				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Provision for diminution in value of investments	Total
	(Rupees in '000)								
Federal Government securities	-	-	-	-	-	-	-	-	-
Non government debt securities	8,849	36,745	111,455	157,049	-	-	-	**111,455**	111,455
Foreign securities	2,350	-	-	2,350	-	-	-	-	-
	11,199	**36,745**	**111,455**	**159,399**	**-**	**-**	**-**	**111,455**	**111,455**

9.4.4 Particulars of credit loss allowance against debt securities

		2024		2023	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance / Provision held
		(Rupees in '000)			
Domestic					
Performing	Stage 1	120,046,339	8,849	-	-
Underperforming	Stage 2	416,667	36,745	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		111,455	111,455	111,455	111,455
		111,455	111,455	111,455	111,455
Total		**120,574,461**	**157,049**	**111,455**	**111,455**

		2024		2023	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance / Provision held
		(Rupees in '000)			
Overseas					
Performing	Stage 1	4,135,215	2,350	-	-
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		-	-	-	-
Total		**4,135,215**	**2,350**	**-**	**-**

9.5 Quality of securities

Details regarding quality of securities held under "Held to Collect and Sell" model:

9.5.1 Federal government securities - Government guaranteed

	2024	2023
	Cost	
	(Rupees in '000)	
Government of Pakistan Ijarah sukuks	95,137,365	79,055,194
Neelum Jhelum Hydro Power Company Private Limited	551,250	918,750
Pakistan Energy Sukuk I	9,720,621	9,773,744
Pakistan Energy Sukuk II	13,584,602	13,586,483
	118,993,838	103,334,171

9.5.2 Shares - Unlisted companies

	2024		2023	
	Cost	Breakup value	Cost	Breakup value
	(Rupees in '000)			
Salaam Takaful Limited*	127,929	143,728	116,117	89,963
Crown Textile Mills Limited**	-	-	-	-
SWIFT	8,068	8,068	8,164	8,164
	135,997	151,796	124,281	98,127

* The Bank holds 16,890,632 (2023: 15,408,665) shares of Salaam Takaful Limited. The additional shares acquired during the year were purchased subject to the condition that the sponsors retain their shareholding for a minimum of twelve months, with at least twenty-five percent of the holding to be maintained for the subsequent two years. The break-up value of Salaam Takaful Limited shares, as per the most recent unaudited financial statements for the period ended March 31, 2024 is Rs. 8.51 per share. According to the audited financial statements for the year ended December 31, 2023, the break-up value was Rs. 8.53 per share.

** The Bank holds 444,656 (2023: 444,656) shares of Crown Textile Mills Limited which were transferred at Nil value upon amalgamation of Pakistan branches of Al Baraka Islamic Bank B.S.C. (c) with and into the Bank.

9.5.3 Non-government debt securities

	2024	2023
	Cost	
	(Rupees in '000)	
Unlisted		
- AA+	275,000	375,000
- A+	877,500	677,500
- AA-	416,667	500,000
- Non-performing	111,455	111,455
	1,680,622	1,663,955

9.5.4 Foreign securities

9.5.4.1 Government securities

	2024		2023	
	Cost	Rating	Cost	Rating
	(Rupees in '000)			
- Oman Sovereign Sukuk	-	-	845,717	BB+

9.5.4.2 Non-government debt securities

	2024	2023
	Cost	
	(Rupees in '000)	
Listed		
- A+	1,364,931	1,365,963
- A	2,770,284	1,406,138
- A-	-	1,377,734
	4,135,215	4,149,835

10 ISLAMIC FINANCING AND RELATED ASSETS - NET

	Note	Performing 2024	Performing 2023	Non-performing 2024	Non-performing 2023	Total 2024	Total 2023
		--- (Rupees in '000)					
- Murabaha financing	10.1	984,198	1,065,019	1,947,318	2,188,671	2,931,516	3,253,690
- Advance against murabaha financing		303,200	256,856	123,120	123,120	426,320	379,976
- Export refinance under Islamic scheme		10,000	33,800	43,505	54,455	53,505	88,255
- Advance against export refinance under Islamic scheme		3,420,500	5,530,095	150,285	63,785	3,570,785	5,593,880
- Inventory against export refinance under Islamic scheme		1,134,200	25,000	-	-	1,134,200	25,000
- Diminishing musharaka and Ijarah financing	10.2	32,866,669	41,127,171	3,041,320	2,975,793	35,907,989	44,102,964
- Advance against diminishing musharaka finance		684,151	246,856	-	-	684,151	246,856
- Running musharaka		18,289,378	2,577,002	-	-	18,289,378	2,577,002
- Tijarah finance		3,667,266	-	4,850	4,850	3,672,116	4,850
- Advance against tijarah		718,757	2,250,909	240,459	93,659	959,216	2,344,568
- Tijarah Inventory		3,281,940	-	10,228	7,228	3,292,168	7,228
- Over-due acceptances		-	31,341	491,342	491,342	491,342	522,683
- Payment against guarantee		3,776	3,776	63,939	64,439	67,715	68,215
- Payment against documents		261,398	1,346,999	-	-	261,398	1,346,999
- Salam financing		23,900	59,946	27,639	10,992	51,539	70,938
- Advance against salam		5,605,046	4,281,197	2,422,533	2,515,129	8,027,579	6,796,326
- Salam inventory		1,725,830	-	136,347	55,433	1,862,177	55,433
- Rahnuma travel financing		7,547	5,183	-	-	7,547	5,183
- Istasna finance		2,098,036	1,470,672	867,648	589,264	2,965,684	2,059,936
- Advance against istasna		23,182,246	15,070,036	3,330,501	3,353,640	26,512,747	18,423,676
- Istasna inventory		3,454,663	3,200,534	266,803	72,089	3,721,466	3,272,623
- Qarz-e-Hasna		51,723	56,795	97,762	60,389	149,485	117,184
Islamic financing and related assets - gross	10.5	101,774,424	78,639,187	13,265,599	12,724,278	115,040,023	91,363,465
Provisions against Islamic financing							
- Specific	10.6	-	-	-	(10,499,196)	-	(10,499,196)
- General	10.6	(592,375)	(1,108,380)	-	-	(592,375)	(1,108,380)
		(592,375)	(1,108,380)	-	(10,499,196)	(592,375)	(11,607,576)
Credit loss allowance against financing							
- Stage 1		(285,772)	-	-	-	(285,772)	-
- Stage 2		(603,950)	-	-	-	(603,950)	-
- Stage 3		(48,107)	-	(12,071,000)	-	(12,119,107)	-
		(937,829)	-	(12,071,000)	-	(13,008,829)	-
Islamic financing and related assets - net of credit loss allowance / provisions		100,244,220	77,530,807	1,194,599	2,225,082	101,438,819	79,755,889

		Note	2024	2023
			------- (Rupees in '000) -------	
10.1	Murabaha receivable - gross		3,250,626	3,630,064
	Less: Deferred murabaha income	10.1.3	(271,006)	(294,975)
	Profit receivable shown in other assets		(48,104)	(81,399)
	Murabaha financing		2,931,516	3,253,690
10.1.1	The movement in murabaha financing during the year is as follows:			
	Opening balance		3,253,690	3,962,172
	Sales during the year		4,280,834	3,631,511
	Adjusted during the year		(4,603,008)	(4,339,993)
	Closing balance		2,931,516	3,253,690
10.1.2	Murabaha sale price		3,250,626	3,630,064
	Murabaha purchase price		(2,931,516)	(3,253,690)
			319,110	376,374
10.1.3	Deferred murabaha income			
	Opening balance		294,975	313,187
	Arising during the year		230,913	294,797
	Less: Recognised during the year		(254,882)	(313,009)
	Closing balance		271,006	294,975

10.2 This includes Ijarah financing contracts amounting to Rs. 115.556 million (31 December 2023: Rs. 145.049 million) which includes Ijarah contracts of Rs. 84.961 million entered up to December 2008. These are accounted for as operating lease where by assets under ijarah agreements are presented as a receivable at an amount equal to net investment in ijarah. All Ijarah contracts are classified as non-performing.

10.2.1

	2024						
	Cost			Depreciation			Book value
	As at 01 Jan 2024	Deletions	As at 31 Dec 2024	As at 01 Jan 2024	Reversal of accumulated depreciation	As at 31 Dec 2024	As at 31 Dec 2024
	(Rupees in '000)						
Plant and machinery	419,134	(24,072)	395,062	276,945	(6,271)	270,674	124,388
Vehicles	82,064	(44,439)	37,625	79,204	(54,427)	24,777	12,848
Total	501,198	(68,511)	432,687	356,149	(60,698)	295,451	137,236

	2023						
	Cost			Depreciation			Book value
	As at 01 Jan 2023	Deletions	As at 31 Dec 2023	As at 01 Jan 2023	Reversal of accumulated depreciation	As at 31 Dec 2023	As at 31 Dec 2023
	(Rupees in '000)						
Plant and machinery	447,579	(28,445)	419,134	286,457	(9,512)	276,945	142,189
Vehicles	94,552	(12,488)	82,064	82,597	(3,393)	79,204	2,860
Total	542,131	(40,933)	501,198	369,054	(12,905)	356,149	145,049

	2024	2023
10.3 Particulars of Islamic financing and related assets (Gross)	(Rupees in '000)	
In local currency	110,187,546	91,137,695
In foreign currency	4,852,477	225,770
	115,040,023	91,363,465
10.4 Financing to Women, Women-owned and Managed Enterprises		
Women	1,517,020	1,647,620
Women Owned and Managed Enterprises	797,383	1,044,770
	2,314,403	2,692,390

10.4.1 Gross financing disbursed to women, women-owned and managed enterprises during the current and previous financial years amount to Rs. 824.480 million and Rs. 1,325.439 million respectively.

10.5 Islamic financing and related assets include Rs. 13,265.601 million (31 December 2023: Rs. 12,724.278 million) which have been placed under non-performing status as detailed below:

Category of classification	2024		2023	
	Non-performing Islamic financings and related assets	Credit loss allowances	Non-performing Islamic financings and related assets	Provision
	(Rupees in '000)			
Domestic				
Stage 3				
- Other assets especially mentioned	265,040	183,318	246,842	-
- Substandard	409,640	240,970	474,612	178,269
- Doubtful	1,302,663	903,197	249,877	31,356
- Loss	11,288,258	10,743,515	11,752,947	10,289,571
	13,265,601	12,071,000	12,724,278	10,499,196

10.6 **Particulars of credit loss allowance against Islamic financing and related assets**

		2024						2023		
		Stage 1	Stage 2	Stage 3	Specific	General	Total	Specific	General	Total
	Note	(Rupees in '000)						' (Rupees in '000)		
Opening balance		-	-	-	10,499,196	1,108,380	11,607,576	9,717,701	418,752	10,136,453
IFRS 9 implementation		493,333	478,990	11,920,868	(10,499,196)	(316,005)	2,077,990	-	-	-
Charge for the year		211,489	408,069	1,777,168	-	-	2,396,726	1,215,776	750,000	1,965,776
Reversals		(412,809)	(284,650)	(1,307,956)	-	(200,000)	(2,205,415)	(426,963)	(60,372)	(487,335)
		(201,320)	123,419	469,212	-	(200,000)	191,311	788,813	689,628	1,478,441
Amounts written off	10.8	-	-	(60,000)	-	-	(60,000)	(12,519)	-	(12,519)
Amounts charged off	10.6.1	-	-	(230,251)	-	-	(230,251)	-	-	-
Provision / amounts charged off - agriculture financing		(6,241)	1,541	19,278	-	-	14,578	5,201	-	5,201
Closing balance		285,772	603,950	12,119,107	-	592,375	13,601,204	10,499,196	1,108,380	11,607,576

10.6.1 Particulars of charge-off financing during the year

	2024 No. of borrowers	2024 Amount charged off (Rupees in '000)	2023 No. of borrowers	2023 Amount charged off (Rupees in '000)
Opening balance of charged-off financing	-	-	-	-
Charge-off during the year	4	230,251	-	-
Sub-total	4	230,251	-	-
Recoveries made during the year against already charged-off cases	-	-	-	-
Amount written off from already charged off loans	-	-	-	-
Closing balance of charge-offs financing	4	230,251	-	-

10.6.2 The above provision against non-performing Islamic financing and related assets has been computed after considering allowable forced sale value (FSV) of collateral amounting to Rs. 2,341.630 million (31 December 2023: Rs. 1,763.004 million). The FSV benefit recognised is not allowed for distribution of cash or stock dividend to shareholders and bonus to employees. The cumulative net FSV benefit recognised while computing the credit loss allowance against Islamic financing and related assets amounted to Rs 637.244 million and the amount net of tax is Rs 293.132 million.

10.6.3 The Bank has maintained a general provision of Rs. 592.375 million (31 December 2023: Rs. 894.744 million) against financing made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of Prudential Regulations and IFRS 9 as allowed by SBP vide BPRD circular letter no. 1 of 2025.

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

	2024					2023		
	Stage 1	Stage 2	Stage 3	General	Total	Specific	General	Total
	(Rupees in '000)							
In local currency	276,145	546,378	12,119,107	592,375	13,534,005	10,499,196	1,108,380	11,607,576
In foreign currency	9,627	57,572	-	-	67,199	-	-	-
	285,772	603,950	12,119,107	592,375	13,601,204	10,499,196	1,108,380	11,607,576

10.6.5 Islamic financing and related assets - Exposure

	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)							
Gross carrying amount	58,323,980	19,900,397	13,139,088	91,363,465	-	-	-	-
New financing	45,875,207	3,338,593	76,686	49,290,486	-	-	-	-
Financing derecognised or repaid	(11,416,851)	(12,405,708)	(1,541,119)	(25,363,678)	-	-	-	-
Transfer to stage 1	2,141,268	(2,136,000)	(5,268)	-	-	-	-	-
Transfer to stage 2	(8,322,889)	8,362,997	(40,108)	-	-	-	-	-
Transfer to stage 3	(762,035)	(1,245,898)	2,007,933	-	-	-	-	-
	27,514,700	(4,086,016)	498,124	23,926,808	-	-	-	-
Amounts written off / charged off	-	-	(250,250)	(250,250)	-	-	-	-
Closing balance	85,838,680	15,814,381	13,386,962	115,040,023	-	-	-	-

10.6.6 Islamic financing - Credit loss allowance

	2024						2023		
	Stage 1	Stage 2	Stage 3	Specific	General	Total	Specific	General	Total
	(Rupees in '000)						(Rupees in '000)		
Opening balance - current year	-	-	-	10,499,196	1,108,380	11,607,576	9,717,701	418,752	10,136,453
IFRS 9 implementation	493,333	478,990	11,920,868	(10,499,196)	(316,005)	2,077,990	-	-	-
New Islamic financing	210,089	334,383	368,142	-	-	912,614	1,221,300	750,000	1,971,300
Financing derecognised or repaid	(247,504)	(200,204)	(1,375,277)	-	(200,000)	(2,022,985)	(427,286)	(60,372)	(487,658)
Transfer to stage 1	34,916	(32,782)	(2,134)	-	-	-	-	-	-
Transfer to stage 2	(22,135)	38,234	(16,099)	-	-	-	-	-	-
Transfer to stage 3	(5,356)	(60,285)	65,641	-	-	-	-	-	-
	(29,990)	79,346	(959,727)	-	(200,000)	(1,110,371)	794,014	689,628	1,483,642
Amounts written off / charged off	-	-	(290,251)	-	-	(290,251)	(12,519)	-	(12,519)
Changes in risk parameters	(177,571)	45,614	1,448,217	-	-	1,316,260	-	-	-
Other changes (to be specific)	-	-	-	-	-	-	-	-	-
Closing balance	285,772	603,950	12,119,107	-	592,375	13,601,204	10,499,196	1,108,380	11,607,576

10.7 Islamic financing and related assets - Category of classification

		2024 Outstanding amount	2024 Credit loss allowance / provision held	2023 Outstanding amount	2023 Provision held
		---------- (Rupees in '000) ----------			
Domestic					
Performing	Stage 1				
ORR 1 to 6		85,838,680	285,772	-	-
Underperforming	Stage 2				
ORR 1 to 6 (under cool-off period)		7,150,113	85,380	-	-
ORR 7 to 9		8,664,268	518,570	-	-
Underperforming (under cool-off period)	Stage 3				
ORR 10 to 12		121,361	48,107	-	-
Non-performing	Stage 3				
Other assets especially mentioned		265,040	183,318	246,842	-
Substandard		409,640	240,970	249,877	31,356
Doubtful		1,302,663	903,197	474,612	178,269
Loss		11,288,258	10,743,515	11,752,947	10,289,571
		13,265,601	12,071,000	12,724,278	10,499,196
General provision		-	592,375	-	1,108,380
Total		115,040,023	13,601,204	12,724,278	11,607,576

10.8 Particulars of write offs:

	2024	2023
	--------- (Rupees in '000) --------	
Against credit loss allowance / provisions	60,000	12,519
Directly charged to statement of profit and loss account	-	-
	60,000	12,519

10.8.1 Details of loan write off of Rs. 500,000/- and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the Statement in respect of written-off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended is given in Annexure-1.

11 PROPERTY AND EQUIPMENT

	Note	2024	2023
		--------- (Rupees in '000) --------	
Capital work-in-progress	11.1	355,123	295,956
Property and equipment	11.2	2,437,356	2,430,310
		2,792,479	2,726,266

11.1 Capital work-in-progress

	2024	2023
Advances to suppliers and contractors for:		
- civil works	337,009	295,492
- computer hardware	18,114	464
Advance for purchase of property - related party	251,680	251,680
Provisions for impairment against advance for purchase of property	(251,680)	(251,680)
	-	-
Total capital work-in-progress	355,123	295,956

11.2 Property and equipment

	2024					
	Leasehold land	Building on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	---------- (Rupees in '000) ----------					
At 01 January 2024						
Cost	972,104	1,389,944	366,260	2,473,812	62,104	5,264,224
Accumulated depreciation	-	(882,802)	(311,606)	(1,606,175)	(33,331)	(2,833,914)
Net book value	972,104	507,142	54,654	867,637	28,773	2,430,310
Year ended December 2024						
Opening net book value	972,104	507,142	54,654	867,637	28,773	2,430,310
Additions	-	32,687	22,606	192,970	59,613	307,876
Disposals - Cost	-	(444)	(2,074)	(36,527)	(3,252)	(42,297)
- Accumulated depreciation	-	111	1,956	36,007	3,252	41,326
	-	(333)	(118)	(520)	-	(971)
Write off - Cost	-	(4,064)	-	-	-	(4,064)
- Accumulated depreciation	-	1,013	-	-	-	1,013
	-	(3,051)	-	-	-	(3,051)
Depreciation:						
Depreciation charge for the year	-	(64,660)	(12,037)	(204,452)	(15,659)	(296,808)
Closing net book value	972,104	471,785	65,105	855,635	72,727	2,437,356
At 31 December 2024						
Cost	972,104	1,418,123	386,792	2,630,255	118,465	5,525,739
Accumulated depreciation	-	(946,338)	(321,687)	(1,774,620)	(45,738)	(3,088,383)
Net book value	972,104	471,785	65,105	855,635	72,727	2,437,356
Rate of depreciation (%)	-	5% - 33%	10%	10% - 50%	20%	

	2023					
	Leasehold land	Building on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	---------- (Rupees in '000) ----------					
At 01 January 2023						
Cost	972,104	1,354,700	351,383	1,986,383	43,486	4,708,056
Accumulated depreciation	-	(820,371)	(303,255)	(1,462,033)	(35,973)	(2,621,632)
Net book value	972,104	534,329	48,128	524,350	7,513	2,086,424
Year ended December 2023						
Opening net book value	972,104	534,329	48,128	524,350	7,513	2,086,424
Additions	-	39,042	19,096	511,313	35,883	605,334
Disposals - Cost	-	(1,159)	(4,161)	(23,752)	(17,265)	(46,337)
- Accumulated depreciation	-	825	3,747	23,156	10,839	38,567
	-	(334)	(414)	(596)	(6,426)	(7,770)
Write off - Cost	-	(2,639)	(58)	(132)	-	(2,829)
- Accumulated depreciation	-	837	36	132	-	1,005
	-	(1,802)	(22)	-	-	(1,824)
Depreciation:						
Depreciation charge for the year	-	(64,093)	(12,134)	(167,430)	(8,197)	(251,854)
Closing net book value	972,104	507,142	54,654	867,637	28,773	2,430,310
At 31 December 2023						
Cost	972,104	1,389,944	366,260	2,473,812	62,104	5,264,224
Accumulated depreciation	-	(882,802)	(311,606)	(1,606,175)	(33,331)	(2,833,914)
Net book value	972,104	507,142	54,654	867,637	28,773	2,430,310
Rate of depreciation (%)	-	5% - 33%	10%	10% - 50%	20%	

11.3 Disposal of assets - related party

There are no disposal of fixed assets made to any related party during the year.

11.4 Property and equipment includes assets that are temporarily idle amounting to Rs. 989.2 million (31 December 2023: Rs. 987.5 million).

11.5 Fully depreciated property and equipment

Cost of property and equipment that are fully depreciated and are still in use are as follows:

	Note	2024	2023
		--------- (Rupees in '000) --------	
Building on leasehold land		462,187	458,008
Furniture and fixture		260,916	249,298
Electrical, office and computer equipment		1,178,619	1,082,787
Vehicles		22,809	26,061
		1,924,531	1,816,154

12 Right-of-use asset

	Note	2024	2023
At 01 January			
Cost		2,789,356	3,534,834
Accumulated Depreciation		(1,245,456)	(1,931,600)
Net Carrying amount at 01 January		1,543,900	1,603,234
Additions during the year		1,456,027	553,440
Depreciation charge during the year	30	(638,292)	(518,438)
Derecognition during the year		(71,518)	(93,175)
Modification		7,811	(1,161)
Net Carrying amount at 31 December	12.1	2,297,928	1,543,900

12.1 The right-of-use asset is against the leased branch offices of the Bank. Leases generally have lease term of 5 to 10 years.

13 INTANGIBLE ASSETS

	Note	2024	2023
		--------- (Rupees in '000) --------	
Computer software	13.1 & 13.2	138,001	143,458
Advance to suppliers against computer software		203,900	153,560
Core deposits	13.1 & 13.3	128,700	198,900
Brand	13.4	383,145	383,145
Goodwill	13.5	396,117	396,117
		1,249,863	1,275,180

13.1 Movement in intangible assets is as following:

	2024		
	Computer software	Core deposits	Total
	--------------- (Rupees in '000) --------------		
At 01 January 2024			
Cost	1,147,675	1,386,000	2,533,675
Accumulated amortisation	(1,004,217)	(1,187,100)	(2,191,317)
Net book value	143,458	198,900	342,358
Year ended 31 December 2024			
Opening net book value	143,458	198,900	342,358
Additions			
- through acquisitions / directly purchased	82,945	-	82,945
Write off - Cost	-	-	-
- Accumulated amortisation	-	-	-
	-	-	-
Amortisation charge for the year	(88,402)	(70,200)	(158,602)
Closing net book value	138,001	128,700	266,701
At 31 December 2024			
Cost	1,230,620	1,386,000	2,616,620
Accumulated amortisation	(1,092,619)	(1,257,300)	(2,349,919)
Net book value	138,001	128,700	266,701
Rate of amortisation (%)	14.29% - 33.33%	8.33% - 10%	
Useful life	3 to 7 Years	10 to 12 Years	

	2023		
	Computer software	Core deposits	Total
	------------------ (Rupees in '000) ------------------		
At 01 January 2023			
Cost	1,104,551	1,386,000	2,490,551
Accumulated amortisation	(953,897)	(1,116,900)	(2,070,797)
Net book value	150,654	269,100	419,754
Year ended 31 December 2023			
Opening net book value	150,654	269,100	419,754
Additions			
- through acquisitions / purchased	80,597	-	80,597
Write off - Cost	(37,473)	-	(37,473)
- Accumulated amortisation	37,473	-	37,473
	-	-	-
Amortisation charge for the year	(87,793)	(70,200)	(157,993)
Closing net book value	143,458	198,900	342,358
At 31 December 2023			
Cost	1,147,675	1,386,000	2,533,675
Accumulated amortisation	(1,004,217)	(1,187,100)	(2,191,317)
Net book value	143,458	198,900	342,358
Rate of amortisation (%)	14.29% - 33.33%	8.33% - 10%	
Useful life	3 to 7 Years	10 to 12 Years	

13.2 Intangible assets include computer software that are fully amortised and are still in use aggregating to Rs. 930.477 million (31 December 2023: Rs. 818.932 million).

13.3 Core deposits are intangible assets acquired by the Bank during its amalgamation with Ex-Emirates Global Islamic Bank Limited and Ex-Burj Bank Limited. The valuation of core deposit was carried out by an independent valuer at the time of amalgamation. The carrying amount of core deposits is Rs. 128.7 million (31 December 2023: Rs. 198.9 million) with a remaining amortisation period of 2 years.

13.4 Intangible assets include brand having indefinite useful life with a carrying amount of Rs. 383.145 million (31 December 2023: Rs. 383.145 million). This represents the Bank's ability to attract new customers and generate superior returns from existing customers due to brand recognition. The management considers that the benefits from usage of brand will be available to the Bank for an indefinite time period.

The brand was recognized by the Bank upon the amalgamation with Ex-Emirates Global Islamic Bank Limited, and its value was allocated to the "Retail and Consumer Banking," "Commercial and SME Banking," and "Corporate Banking" segments (as individual cash-generating units). On an ongoing basis, management assesses the recoverable amount of each cash-generating unit in accordance with the requirements of IAS 36. According to IAS 36, a cash-generating unit must be tested for impairment annually, and an impairment loss shall be recognized only if the recoverable amount of the unit is less than its carrying amount.

During the year, the management has assessed the recoverable amount of the cash-generating unit which exceeds its carrying amount. Accordingly, no impairment loss has been recognised in these financial statements on brand.

The recoverable amount of brand has been determined based on value-in-use calculation using discounted cash flow based on financial strategy / projections approved by the management of the Bank covering a five-year period. The following rates have been used by the Bank in the computation of value-in-use:

Discount rate (post-tax)	18.70%
Terminal growth rate (post-tax)	10.10%

Deposit and Islamic Financing Growth and Profit Margins

The growth of deposits and Islamic financing, along with profit margins, are based on prevailing industry trends and anticipated market conditions.

Discount rate

The discount rate reflects management's estimates of the required rate of return for the Retail and Consumer Banking sector, Commercial and SME Banking sector, and Corporate Banking sector. It is calculated by considering the prevailing risk-free rate, industry risks, and business risks. The discount rate is derived using the Bank's cost of equity, calculated via the Capital Asset Pricing Model (CAPM).

Terminal growth rate

The terminal growth rate is used to extrapolate cash flows beyond the budgeted period. The assumptions for this rate are based on management's best estimates.

The management believes that any reasonable possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of brand.

13.5 Goodwill was recognized by the Bank upon the merger with Ex-Burj Bank Limited, and the amount of goodwill was allocated to the "Retail and Consumer Banking" segment (as an individual cash-generating unit). Management continuously assesses the recoverable amount of this cash-generating unit in accordance with the requirements of IAS 36. IAS 36 states that a cash-generating unit must be tested for impairment annually, and an impairment loss should be recognized only if the recoverable amount of the unit is less than its carrying amount.

During the year, management assessed the recoverable amount of the cash-generating unit, which exceeds its carrying amount. Therefore, no impairment loss has been recognized in these financial statements for goodwill.

The recoverable amount of goodwill has been determined based on value-in-use calculation using discounted cash flow based on financial strategy / projections approved by the management of the Bank covering a five-year period. The following rates have been used by the Bank in the computation of value-in-use:

Discount rate (post-tax)	18.70%
Terminal growth rate (post-tax)	10.10%

The calculation of value in use is most sensitive to the following assumptions:

Deposit and Islamic Financing Growth and Profit Margins

The growth of deposits and Islamic financing, along with profit margins, are based on prevailing industry trends and anticipated market conditions.

Discount rate

The discount rate reflects management's estimates of the required rate of return for the Retail and Consumer Banking sector, Commercial and SME Banking sector, and Corporate Banking sector. It is calculated by considering the prevailing risk-free rate, industry risks, and business risks. The discount rate is derived using the Bank's cost of equity, calculated via the Capital Asset Pricing Model (CAPM).

Terminal growth rate

The terminal growth rate is used to extrapolate cash flows beyond the budgeted period. The assumptions for this rate are based on management's best estimates.

The management believes that any reasonable possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of brand.

14 DEFERRED TAX ASSETS

	2024				
	At 01 Jan 2024	Impact of adoption of IFRS - 9	Recognis -ed in P&L	Recognised in OCI	At 31 Dec 2024
	---------- (Rupees in '000) ----------				
Deductible temporary differences on:					
- Credit loss allowance against assets	3,315,052	1,071,825	(133,165)	-	4,253,712
- Other deductible temporary differences	236,276	-	95,883	(122,379)	209,780
- Deficit on revaluation of investments	-	-	-	-	-
	3,551,328	1,071,825	(37,282)	(122,379)	4,463,492
Taxable temporary differences on:					
- Surplus on revaluation of investments	(461,399)	(31,174)	97,435	(549,877)	(945,015)
- Surplus on revaluation of non-banking assets	(300,579)	-	-	(18,403)	(318,982)
- Accelerated tax depreciation	(243,479)	-	11,995	-	(231,484)
	(1,005,457)	(31,174)	109,430	(568,280)	(1,495,481)
	2,545,871	1,040,651	72,148	(690,659)	2,968,011

	2023			
	At 01 Jan 2023	Recognis -ed in P&L	Recognised in OCI	At 31 Dec 2023
	---------- (Rupees in '000) ----------			
Deductible temporary differences on:				
- Tax losses carried forward	338,478	(338,478)	-	-
- Minimum tax	-	-	-	-
- Provision against assets	2,526,014	789,038	-	3,315,052
- Other deductible temporary differences	87,663	67,690	80,923	236,276
- Deficit on revaluation of investments	130,691	-	(130,691)	-
	3,082,846	518,250	(49,768)	3,551,328
Taxable temporary differences on:				
- Surplus on revaluation of investments	-	5	(461,404)	(461,399)
- Surplus on revaluation of non-banking assets	(263,773)	-	(36,806)	(300,579)
- Accelerated tax depreciation	(165,298)	(78,181)	-	(243,479)
	(429,071)	(78,176)	(498,210)	(1,005,457)
	2,653,775	440,074	(547,978)	2,545,871

15 OTHER ASSETS

	Note	2024	2023
		---- (Rupees in '000) ----	
Profit / return accrued in local currency		5,721,515	7,617,279
Profit / return accrued in foreign currency		27,582	28,532
Advances, deposits, advance rent and other prepayments		500,598	623,373
Non-banking assets acquired in satisfaction of claims	15.1.1	1,234,059	1,273,420
Stamps and stationery		776	1,924
Acceptances		2,195,985	1,867,635
Settlement account with State Bank of Pakistan		615,111	864,924
Fair value impact on financing	15.2	2,584,440	-
Others		377,372	322,282
		13,257,438	12,599,369
Less: Credit loss allowance / provision held against other assets	15.3	(243,396)	(226,970)
Other assets (net of credit loss allowance / provision)		13,014,042	12,372,399
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		613,426	613,426
Other assets - total		13,627,468	12,985,825

		Note	2024	2023
15.1	Market value of non-banking assets acquired in satisfaction of claims	15.1.1	2,019,497	1,938,302

15.1.1 The non-banking assets acquired in satisfaction of claims have been revalued by professionally qualified valuers listed on Pakistan Banks' Association panel of valuers namely Professional Associates, Oceanic Surveyors (Private) Limited and Medallion Services (Private) Limited. The above market value as of 31 December 2024 is based on desktop valuation. The SBP's Regulations for Debt Property Swap require the Bank to carry out a full scope valuation of non-banking assets after every three years and desktop valuation every year. The latest full scope valuation was carried out on 31 December 2022 and latest desktop valuation has been carried out on 31 December 2024.

		2024	2023
		--------- (Rupees in '000) --------	
15.1.2	**Non-banking assets acquired in satisfaction of claims**		
	Opening balance	1,886,846	1,926,207
	Revaluation surplus during the year	-	-
	Depreciation for the year	(39,361)	(39,361)
	Closing balance	1,847,485	1,886,846

15.2 This includes unamortised fair valuation impact amounting to Rs. 1,002 million on certain financing restructuring as allowed under the SBP vide its BPRD/BRD/PIAHCL/733688-2024 circular dated 15 July 2024.

		Note	2024	2023
15.3	**Credit loss allowance / provision held against other assets**		--------- (Rupees in '000) --------	
	Expected credit loss allowances on profit receivable		41,037	-
	Fraud and forgeries		186,775	215,420
	Non-performing receivables		11,550	11,550
	Expected credit loss allowances on acceptances		4,034	-
			243,396	226,970
15.3.1	**Movement in credit loss allowance / provision held against other assets**			
	Opening balance		226,970	149,212
	ECL charge on adoption of IFRS 9		109,599	-
	Charge for the year		18,902	77,758
	Reversals		(112,075)	-
			(93,173)	77,758
	Closing balance		243,396	226,970
16	**BILLS PAYABLE**			
	In Pakistan		7,282,964	5,646,089
17	**DUE TO FINANCIAL INSTITUTIONS**			
	Secured			
	Borrowings from State Bank of Pakistan			
	- Under Islamic export refinance scheme	17.1	4,761,700	5,652,680
	- Under Islamic temporary economic refinance facility for plant and machinery	17.2	1,219,862	1,901,331
	- Under Islamic refinance facility for combating COVID-19	17.3	22,693	36,039
	- Under Islamic financing facility for renewable energy	17.4	73,732	42,433
	- Under Islamic refinance and credit guarantee scheme for Women entrepreneurs	17.5	19,385	17,178
	- Under Islamic financing facility for storage of agricultural produce	17.6	47,222	-
			6,144,594	7,649,661

17.1 The range of profit rates on these borrowings is 9% to 16.5% per annum (31 December 2023: 17% to 18% per annum). The maximum limit approved by SBP to the Bank under Islamic export refinance scheme is Rs. 5,436 million. The Bank's current revolving refinance limit will be phased out from SBP to reach at Rs. 4,167 million by end of June 2025. These contracts will mature between January 2025 to June 2026.

17.2 SBP vide its Circular No. 02 of 2020 had introduced an Islamic temporary economic refinance facility to support sustainable economic growth. The facility aims to provide concessionary finance for setting up of new industrial units through purchase of new imported and locally manufactured plant and machinery. The profit rate on these borrowings is 1% (31 December 2023: 1%) per annum. The maximum limit approved by SBP to the Bank under this scheme is Rs. 2,000 million. These contracts will mature between November 2025 to October 2032.

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

17.4 The profit rate on these borrowings is 2% (31 December 2023: 2%) per annum. The maximum limit approved by SBP to the Bank is Rs. 168 million. Further, these contracts will mature between September 2031 to April 2032.

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

17.6 SBP vide its IH&SMEFD Circular No. 08 of 2010 had introduced a Financing Facility for Storage of Agricultural Produce (FFSAP) to encourage private sector to establish silos, warehouses and cold storages. The profit rate on these borrowings is 3.25% (31 December 2023: Nil) per annum. The maximum limit approved by SBP to the Bank under this scheme is Rs. 75 million. The contracts will mature in February 2029.

17.7 Particulars of due to financial institutions with respect to currencies

	2024	2023
	-------- (Rupees in '000) --------	
In local currency	6,144,594	7,649,661
In foreign currency	-	-
	6,144,594	7,649,661

18 DEPOSITS AND OTHER ACCOUNTS

	2024			2023		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	---------- (Rupees in '000) ----------					
Customers						
Current deposits	46,685,892	8,938,344	55,624,236	46,335,328	9,299,502	55,634,830
Savings deposits	70,638,928	4,702,574	75,341,502	45,175,857	5,959,493	51,135,350
Term deposits	38,759,333	8,128,458	46,887,791	50,297,961	7,757,803	58,055,764
Margin accounts	5,593,139	-	5,593,139	8,781,295	-	8,781,295
	161,677,292	21,769,376	183,446,668	150,590,441	23,016,798	173,607,239
Financial Institutions						
Current deposits	65,973	57,082	123,055	143,469	96,629	240,098
Savings deposits	39,832,351	6	39,832,357	33,474,252	1,156	33,475,408
Term deposits	-	-	-	15,000	-	15,000
	39,898,324	57,088	39,955,412	33,632,721	97,785	33,730,506
	201,575,616	**21,826,464**	**223,402,080**	**184,223,162**	**23,114,583**	**207,337,745**

18.1 Composition of deposits

	2024	2023
	-------- (Rupees in '000) --------	
- Individuals	84,428,253	80,084,792
- Government (federal and provincial)	13,701,005	10,210,780
- Public sector entities	5,087,814	4,245,391
- Banking companies	152	1,846,161
- Non-banking financial institutions	39,955,260	31,884,346
- Private sector	80,229,596	79,066,275
	223,402,080	207,337,745

18.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 90,061 million (31 December 2023: Rs. 91,513 million).

19 LEASE LIABILITIES

19.1 Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Note	2024	2023
		-------- (Rupees in '000) --------	
Outstanding amount at the start of the year		1,677,081	1,695,781
Additions during the year		1,408,442	553,440
Finance charge for the year		398,299	219,693
Payments made during the year		(943,339)	(697,497)
Derecognition during the year		(71,518)	(93,175)
Modifications made during the year		7,811	(1,161)
Outstanding amount at the end of the year		**2,476,776**	**1,677,081**

19.2 Contractual maturity of lease liabilities

	2024	2023
Short-term lease liabilities - within one year	487,055	387,132
Long-term lease liabilities		
- 1 to 5 years	1,378,649	1,009,459
- 5 to 10 years	611,072	280,490
- More than 10 years	-	-
	1,989,721	1,289,949
Total lease liabilities	**2,476,776**	**1,677,081**

20 SUBORDINATED MUDARABA

	Note	2024	2023
Tier II mudaraba sukuk - second issue		-	1,500,000
Tier II mudaraba sukuk - third issue	20.1	1,735,000	1,735,000
Additional Tier I capital	20.2	1,389,241	1,389,241
		3,124,241	4,624,241

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

Credit rating	A by VIS Credit Rating Company Limited
Issue date	22 December 2021
Maturity date	21 December 2031
Tenor	10 years from the issue date
Profit payment frequency	Semi-annually in arrears
Redemption	Bullet payment at the end of the tenth year
Expected periodic profit amount (mudaraba profit amount)	Mudaraba profit is computed under the general depositors' pool on the basis of profit Sharing Ratio (PSR) and monthly weightages announced by the Bank. Profit rate is 6 month KIBOR + 1.5% per annum.
Call option	The Bank may call Tier-II sukuk with prior approval of SBP after completion of five years from the date of issue.
Loss absorbency	The Tier-II sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a Point of Non-Viability (PONV) trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-clause	Profit and / or redemption amount can be held back in respect of the Tier-II sukuk, if such payment will result in a shortfall in the Bank’s Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) requirement.

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

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

21 OTHER LIABILITIES

	Note	2024	2023
		------ (Rupees in '000) ------	
Return on deposits and other dues:			
- payable in local currency		2,159,645	3,157,342
- payable in foreign currencies		273,961	250,001
Accrued expenses		1,241,213	872,224
Current taxation (provisions less payments)		398,702	986,130
Mark to market loss on re-measurement of forward exchange contracts		210,520	493,523
Unearned income		115,438	73,512
Advance payments		887,770	739,862
Charity fund balance	21.1	38,552	58,422
Security deposits against ijarah		65,966	73,718
Payable in respect of defined benefit plan	38.1.3 & 38.2.3	380,546	286,268
Takaful payable against ijarah and diminishing musharakah assets		259,114	294,557
Branch adjustment account		31,182	179,877
Acceptances		2,195,985	1,867,635
Others		818,070	852,604
Credit loss allowance against off-balance sheet obligations	21.2	135,221	-
		9,211,885	10,185,675

21.1 Charity fund balance

	2024	2023
Opening balance	58,422	32,200
Additions during the year		
Received from customers on account of delayed payment	48,845	50,948
Dividend purification amount	-	234
Non-shariah compliant income	4,624	4,682
Profit on charity saving account	905	31
Others	91	769
	54,465	56,664
Payments / utilisation during the year		
Education	(28,742)	(16,350)
Health	(40,525)	(4,940)
Infrastructure and development	-	(200)
Others	(5,068)	(8,952)
	(74,335)	(30,442)
Closing balance	38,552	58,422

21.2 Credit loss allowance against off-balance sheet obligations

	2024	2023
Opening balance	-	-
ECL charge on adoption of IFRS 9	68,766	-
Charge for the year	104,411	-
Reversals	(37,956)	-
	66,455	
Amount written off	-	-
Closing balance	135,221	-

22 SHARE CAPITAL - NET

22.1 Authorised capital

2024	2023		2024	2023
-------Number of shares------			------ (Rupees in '000) ------	
2,500,000,000	2,500,000,000	Ordinary shares of Rs. 10 each	25,000,000	25,000,000

22.2 Issued, subscribed and paid-up capital

2024	2023		2024	2023
-------Number of shares------			------ (Rupees in '000) ------	
450,000,000	450,000,000	Ordinary shares of Rs. 10 each fully paid in cash	4,500,000	4,500,000
923,962,760	923,962,760	Issued for consideration other than cash	9,239,628	9,239,628
1,373,962,760	1,373,962,760		13,739,628	13,739,628
-	-	Add: Capital support fund*	1,393,628	1,393,628
-	-	Less: Discount on issue of shares	(632,766)	(632,766)
1,373,962,760	1,373,962,760		14,500,490	14,500,490

* In order to support the CAR requirements, Al Baraka Islamic Bank, B.S.C (c) (the Parent Bank) has injected a temporary Capital Support Fund amounting to Rs 1.394 billion (USD 9 million) which is an allowable capital for the purposes of CAR, MCR and Leverage ratio. These funds can only be remitted back after prior approval of SBP. In case capital of the Bank is not increased through alternate plans, the said capital support fund will be converted into share capital of the Bank. Currently, the Bank has applied for extension till 30 June 2025 and response from SBP is awaited in this respect. At present, the Bank does not have relevant basis to determine the number of shares to be issued at the time of any conversion into share capital, accordingly the diluted EPS cannot be ascertained.

22.3 Shareholders having more than 10% shareholding in 2024 and 2023

	2024		2023	
Name of shareholder	Number of shares held	Percentage of shareholding	Number of shares held	Percentage of shareholding
Al Baraka Islamic Bank (Bahrain) B.S.C. (c)	812,446,582	59.13%	812,446,582	59.13%
Islamic Corporation for the Development of the Private Sector	162,847,717	11.85%	162,847,717	11.85%
Mal Al Khaleej Investment L.L.C.	158,360,039	11.53%	158,360,039	11.53%

23 SURPLUS ON REVALUATION OF ASSETS

	Note	2024	2023
		------ (Rupees in '000) ------	
Surplus on revaluation of:			
- Available-for-sale securities		-	941,640
- Securities measured at FVOCI - Debt securities		1,944,769	-
- Non-banking assets acquired in satisfaction of claims	23.1	613,426	613,426
		2,558,195	1,555,066
Deferred tax on surplus on revaluation of:			
- Available-for-sale securities		-	(461,404)
- Securities measured at FVOCI - Debt securities		(1,011,280)	-
- Non-banking assets acquired in satisfaction of claims	23.1	(318,982)	(300,579)
		(1,330,262)	(761,983)
		1,227,933	793,083

23.1 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

	2024	2023
Surplus on revaluation as at January 1	613,426	613,426
Revaluation surplus recognised during the year	-	-
Surplus on revaluation as at December 31	613,426	613,426
Less: related deferred tax liability on:		
- revaluation as at January 1	(300,579)	(263,773)
- tax rate change during the year	(18,403)	(36,806)
- revaluation surplus recognised during the year	-	-
	(318,982)	(300,579)
	294,444	312,847

		Note	2024	2023
24	**CONTINGENCIES AND COMMITMENTS**		**------ (Rupees in '000) ------**	
	- Guarantees	24.1	15,749,034	13,425,395
	- Commitments	24.2	29,736,602	43,424,135
			45,485,636	56,849,530

24.1 Guarantees:

	2024	2023
Performance guarantees	12,216,973	10,612,398
Other guarantees	3,532,061	2,812,997
	15,749,034	13,425,395

24.2 Commitments:

	Note	2024	2023
Documentary credits and short-term trade-related transactions			
- letters of credit		15,049,172	16,300,830
Commitments in respect of forward foreign exchange contracts	24.2.1	10,717,947	26,425,287
Commitments for acquisition of operating fixed assets		47,748	10,952
Other commitments	24.2.2	3,921,735	687,066
		29,736,602	43,424,135

24.2.1 Commitments in respect of forward foreign exchange contracts

	2024	2023
Purchase	8,290,093	19,051,426
Sale	2,427,854	7,373,861
	10,717,947	26,425,287

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

24.2.2 Other commitments

	Note	2024	2023
Commitments in respect of financing	24.2.2.1	3,921,735	687,066

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

24.3 Tax contingencies

24.3.1 The Bank has received various assessment orders from the Deputy Commissioner Inland Revenue (DCIR) stating that the Bank has short paid Federal Excise Duty (FED) on specific income of the Bank for the years 2009 to 2011 amounting to Rs. 86.585 million and Rs. 34.575 million in respect of year 2012. In response to the Bank's appeal, the Appellate Tribunal Inland Revenue (ATIR) has set aside the orders relating to years 2009 to 2011 for fresh adjudication and the said matter is pending decision for further proceedings. For the year 2012, the Commissioner Inland Revenue Appeal (CIRA) has dropped the proceedings amounting to Rs.8.991 million. Accordingly, the Bank has filed the appeal before the ATIR against the order of CIRA amounting to Rs. 25.584 million.

In respect of assessments of ex - Burj Bank Limited [now Al Baraka Bank (Pakistan) Limited] , the taxation authorities have raised a demand of Rs.1.9 million on account of charging minimum tax in respect of tax year 2011, the matter is presently pending for hearing in Sindh High Court.

During the year 2021, the Assistant Commissioner Sindh Revenue Board ("AC-SRB") passed an Order creating a Sindh Sales Tax ("SST") demand of Rs. 15.9 million (inclusive of penalty). The Bank being aggrieved by the impugned Order, filed an appeal before the Commissioner (Appeals) Sindh Revenue Board ("CA-SRB"). The appeal is still pending adjudication before CA-SRB.

In respect of assessments of ex - Burj Bank Limited [now AlBaraka Bank (Pakistan) Limited], the taxation authorities have raised a demand of Rs.41.650 million on account of additions / disallowances of certain expenses in the tax return filed for the tax year 2014. As a result of rectification order demand has been reduced to Rs. 3.071 million. The Bank has filed an appeal before Commissioner Inland Revenue (CIR) appeals which is pending for hearing.

In respect of assessments of ex - Burj Bank Limited [now Al Baraka Bank (Pakistan) Limited], Deputy Commissioner Inland Revenue (DCIR) passed the order under Section 122(1) of the Income Tax Ordinance, 2001, demanding Rs. 5.416 million on account of minimum tax on turnover for the tax year 2015. In response to the Bank's appeal, the matter was set-aside for a fresh adjudication. The matter is pending for further proceedings.

In respect of assessments of ex - Burj Bank Limited [now Al Baraka Bank (Pakistan) Limited], the Additional Commissioner Inland Revenue (ACIR) passed the Order under Section 122(9) demanding Rs. 25.343 million on account of minimum tax on turnover for the tax year 2016 when the Bank had a gross loss. The matter is pending at the forum of Commissioner Inland Revenue Appeals (CIRA).

The management of the Bank, in consultation with its tax advisors, is confident that the appeals are likely to be decided in favor of the Bank and, hence, no provision has been made in these financial statements.

24.3.2 During the year 2020, the Bank received assessment orders from Appellate Tribunal (ATIR) in respect of ex-Al Baraka Islamic Bank B.S.C (merged with and into the Bank) related to various tax matters from tax years 2001-2011. Based on the advise of the Bank's tax advisor, the Bank has filed the reference application before the Honorable High Court, Lahore against the said orders.

The management of the Bank, in consultation with its tax advisors, is confident that the appeals are likely to be decided in favor of the Bank and, hence, no provision has been made in these financial statements for the income tax claims amounting to Rs. 116.512 million.

24.3.3 During the year 2022, the Assistant / Deputy Commissioner Inland Revenue (DCIR) passed an Order under Section 161(1) of the Income Tax Ordinance, 2001, demanding Rs. 6.128 million on account of short deduction of withholding tax in tax year 2016. The Bank has filed an appeal against the said decision before Commissioner Inland Revenue Appeals (CIRA). The Commissioner (Appeals) passed order u/s 129 (1) to remand back the matter to the DCIR. The appeal effect order is pending.

The management of the Bank, in consultation with its tax advisors, is confident that the appeal is likely to be decided in favor of the Bank and hence, no provision has been made in these financial statements for the tax claims amounting to Rs. 6.128 million.

24.3.4 During the year 2021, Additional Commissioner Inland Revenue (ACIR) passed the order under Section 122(5A) of the Income Tax Ordinance, 2001, disallowing certain refunds adjustment in the tax return filed for the tax year 2017. The Bank has filed an appeal against the said decision before Commissioner Inland Revenue Appeals (CIRA). The Commissioner (Appeals) passed an order under section u/s 129(1) .The company filed appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of the Commissioner (Appeals) and the appeal is pending for hearing.

The management and the Bank’s tax consultant are confident that the appeal is likely to be decided in favor of the Bank and hence no provision has been made in these financial statements for the income tax claims amounting to Rs. 8.385 million.

24.3.5 During the year 2021, Assistant / Deputy Commissioner Inland Revenue (DCIR) passed an order under Section 122(1) of the Income Tax Ordinance, 2001, on account of certain additions / disallowances of certain expenses in the tax return filed for the tax year 2018. The Bank filed an appeal before Commissioner Inland Revenue (Appeals) who passed an order on 13 June 2022 annulling additions / disallowances of certain expenses however there are certain additions / disallowances of expenses for which appeal has been filed before ATIR.

The management and the Bank’s tax consultant is confident that the appeal is likely to be decided in favor of the Bank and hence no provision has been made in these financial statements for the income tax claims of Rs. 380.184 million. Now the demand is reduced to Rs 61.473 million

24.3.6 During the year 2021, Additional Commissioner Inland Revenue (ACIR) passed the order under Section 122(5A) of the Income Tax Ordinance, 2001, on account of certain additions / disallowances of certain expenses in the tax return filed for the tax year 2019. The order has been rectified by ACIR and the income tax demanded reduced from Rs. 299.266 million to Rs. 97.372 million.

The Bank has filed an appeal before Commissioner Inland Revenue (Appeals). The management and the Bank’s tax consultant is confident that the appeal is likely to be decided in favor of the Bank and hence no provision has been made in these financial statements for the income tax claims amounting to Rs. 97.372 million.

24.3.7 During the year 2022, Additional Commissioner Inland Revenue (ACIR) AJK passed the order under Section 122(1) of the Income Tax Ordinance, 2001, on account of additions / disallowances of certain expenses in the tax return filed for the tax year 2019 and raised a demand of Rs.6.741 million. The Bank filed an appeal against the order before Commissioner Inland Revenue (Appeals) which is pending for hearing.

The management and the Bank’s tax consultant is confident that the appeal is likely to be decided in favor of the Bank and hence no provision has been made in these financial statements for the income tax claims amounting to Rs. 6.741 million.

24.3.8 During the year 2022, Additional Commissioner Inland Revenue (ACIR) passed the order under Section 122(5A) of the Income Tax Ordinance, 2001, on account of certain additions / disallowances of certain expenses in the tax return filed for the tax year 2020. The Bank intends to file application for rectification and an appeal against the Order before Commissioner Inland Revenue (Appeals). The Order passed by CIRA annulled additions / disallowances of certain expenses. However there are certain additions / disallowances of expenses for which the Bank has filed an appeal before the ATIR.

The management and the Bank's tax consultant is confident that the appeal is likely to be decided in favor of the Bank and hence no provision has been made in these financial statements for the income tax claims amounting to Rs. 964.289 million.

24.3.9 During the year 2023, DCIR issued the notice under section 113(2)(c) of the Income Tax Ordinance, 2001 stating that the return of income filed for the tax year 2022 is erroneous and prejudicial to the interest of revenue and raised the demand of Rs. 400.07 million. The Bank has filed the appeal before the Commissioner (Appels) and the same is pending for hearing.

24.3.10 During the year 2023, the DCIR passed the Order under section 161(1) of the Ordinance for the tax year 2017 requiring the Bank to pay tax demand of Rs. 488.512 million. Appeal was filed before the Commissioner (Appeals) and the Commissioner (Appeals) passed the Appellate Order maintaining the action of DCIR. The Bank filed the appeal along with the stay application before the Appellate Tribunal Inland Revenue (ATIR). The ATIR passed the Appellate Order remanding back the matter to the tax officer for verification of the details / reconciliations relating to withholding taxes. The assessing officer has issued a notice of which compliance has been made by our tax consultant.

The management of the Bank, in consultation with its tax advisors, is confident that the matter is likely to be decided in favor of the Bank and hence, no provision has been made in these financial statements for the income tax claims amounting to Rs. 488.512 million.

24.3.11 The Bank has received an Order from Deputy Commissioner (DC) SRB stating that the Bank has short paid Sindh Sales Tax (SST) on specific income of the Bank for the year 2014 amounting to Rs. 20.762 million. The Bank has filed an appeal before the Commissioner (Appeals) SRB against the order-in-original which is pending for hearing.

The management of the Bank, in consultation with its tax advisors, is confident that the appeal is likely to be decided in favor of the Bank and hence, no provision has been made in these financial statements for the income tax claims amounting to Rs. 20.762 million.

24.3.12 During the year 2024, the ADIR issued an Order for the tax year 2023 raising demand of Rs. 1,018 million, the bank has filed appeal before ATIR which is pending for hearing.

The management and the Bank's tax consultant is confident that the appeal is likely to be decided in favor of the Bank and hence no provision has been made in these financial statements .

	2024	2023
24.4 Other contingencies	------ (Rupees in '000) ------	
Claims against the Bank not acknowledged as debt	2,301,416	2,687,416

24.4.1 These mainly represent counter claims by borrowers for damages, claims filed by the former employee(s) of the Bank and other claims related to banking transactions. Based on legal advice and / or internal assessments carried out, management is confident that the matters will be decided in the Bank's favor and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these financial statements.

	2024	2023
25 PROFIT / RETURN EARNED	---------- (Rupees in '000) ----------	
On:		
- Islamic financing and related assets - net	15,601,891	14,200,070
- Investments	22,778,267	21,832,068
- Due from financial institutions	1,701,274	448,772
- Balances with banks	15,620	20,803
	40,097,052	36,501,713

		Note	2024	2023
			---------- (Rupees in '000) ----------	
25.1	**Profit / return earned recognised on:**			
	Financial assets measured at amortised cost / held to maturity;		17,773,031	14,683,783
	Financial assets measured at FVOCI / available for sale		21,968,529	21,683,274
	Financial assets measured at FVPL / held for trading		355,492	134,656
			40,097,052	36,501,713
26	**PROFIT / RETURN EXPENSED**			
	On:			
	- Deposits		20,887,625	19,011,951
	- Borrowings		109,169	1,187,391
	- Conversion cost against foreign currency deposits / borrowings		775,637	933,589
	- Subordinated mudaraba		942,494	956,798
	- Finance charge on lease liability against right-of-use assets		398,299	219,693
	- SBP Islamic refinance schemes		1,039,642	829,698
			24,152,866	23,139,120
26.1	Profit / return expense calculated using effective profit rate method			
	Other financial liabilities		24,152,866	23,139,120
			24,152,866	23,139,120
27	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		123,415	113,472
	Consumer finance related fees		120,901	174,319
	Debit card related fees and income		184,747	162,853
	Investment banking fees		17,500	29,969
	Commission on trade		359,101	339,679
	Commission on guarantees		58,976	112,114
	Commission on cash management		16,825	11,922
	Commission on remittances including home remittances		20,338	29,680
	Commission on bancatakaful		813	2,897
	Others		21,290	22,922
			923,906	999,827
28	**GAIN ON SECURITIES - NET**			
	Realised	28.1	295,651	62,645
	Unrealised - measured as FVTPL		66,645	(11)
		28.2	362,296	62,634
28.1	Realised gain on:			
	Federal Government securities		274,222	61,451
	Shares		21,429	1,194
			295,651	62,645
28.2	**Net gain on financial assets:**			
	Designated upon initial recognition		177,131	10,127
	Mandatorily measured at FVTPL		-	-
			177,131	10,127
	Net gain on financial assets measured at FVOCI		185,165	52,507
			362,296	62,634
29	**OTHER INCOME**			
	Rent on property		24,925	15,107
	Gain on sale of fixed assets - net		11,084	4,838
	Loss on termination of Islamic financing		(3,142)	(1,590)
			32,867	18,355

30 OPERATING EXPENSES

	Note	2024	2023
		---------- (Rupees in '000) ----------	
Total compensation expense	30.1	4,465,546	3,328,157
Property expense			
Rent and taxes		60,481	156,781
Takaful expense		41,560	39,399
Utilities		477,954	401,961
Security (including guards)	30.2	485,966	373,384
Repair and maintenance (including janitorial charges)	30.2	188,548	150,610
Depreciation on property		64,904	64,093
Depreciation on right of use assets	12	638,292	518,438
Depreciation - non banking assets	15.1.2	39,361	39,361
Branch license fee		7,965	7,225
		2,005,031	1,751,252
Information technology expenses			
Software maintenance		568,749	379,139
Hardware maintenance		40,428	16,296
Depreciation on IT equipment		106,437	89,420
Amortisation		88,402	87,793
Network charges		105,566	100,120
Mastercard association fee		199,390	112,315
		1,108,972	785,083
Other operating expenses			
Directors' fees and allowances		70,850	109,575
Fees and allowances to Shariah Board		7,652	6,290
Legal and professional charges		120,147	77,821
Outsourced services costs	30.2	362,180	276,699
Travelling and conveyance		88,531	84,007
NIFT clearing charges		24,146	21,680
Depreciation on vehicles, equipment and furniture		125,467	98,341
Amortisation		70,200	70,200
Takaful and registration of Ijarah		10,474	8,595
Training and development		55,625	33,997
Postage and courier charges		76,014	40,735
Communication		64,628	55,757
Stationery and printing		181,392	162,873
Marketing, advertisement and publicity		230,758	125,617
Repair and maintenance		75,789	69,695
Auditors' remuneration	30.3	50,094	34,826
Depositors' protection		146,420	129,697
Brokerage, commission and bank charges		220,394	262,124
Others		134,085	113,386
		2,114,846	1,781,915
		9,694,395	7,646,407

30.1 Total compensation expense

	2024	2023
Managerial remuneration		
i) Fixed	1,901,303	1,539,910
ii) Total variable of which	405,788	293,298
a) Cash bonus / awards	405,788	293,298
b) Bonus and awards in shares	-	-
Charge for defined benefit plan	146,677	93,891
Contribution to defined contribution plan	147,630	118,540
Rent and house maintenance	490,860	406,298
Utilities	160,698	132,490
Medical	247,871	201,026
Conveyance	563,827	541,565
Others	400,892	1,139
	4,465,546	3,328,157

30.2 Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 997.586 million (2023: Rs. 768.203 million). This cost includes outsourced service costs, which are disclosed specifically in note 30. The entire cost pertains to payments to companies incorporated in Pakistan and mainly on account of security guards, janitorial staff and printing activities.

30.3 Auditors' remuneration

	2024	2023
	(Rupees in '000)	
Audit fee	5,000	3,931
Fee for half yearly limited scope review	2,000	1,184
Fee for audit / review of group reporting	15,750	6,268
Fee for other statutory certifications	2,950	2,384
Fee for audit of AJK and Gilgit Region branches	800	609
Special certifications and sundry advisory services	14,055	15,001
Sindh sales tax	4,900	2,869
Out-of-pocket expenses	4,639	2,580
	50,094	34,826

31 OTHER CHARGES

Penalties imposed by State Bank of Pakistan	24,193	17,430
Penalties imposed by Securities and Exchange Commission of Pakistan	1,000	-
	25,193	17,430

32 CREDIT LOSS ALLOWANCES / PROVISIONS AND WRITE OFFS - NET

Write off against other assets	855	64
Write off against fixed assets	3,051	1,824
Reversal of credit loss allowance / provisions against other assets	(91,966)	77,758
Reversal of credit loss allowance against acceptances	(1,209)	-
Credit loss allowance against balances with treasury banks	114	-
Reversal of credit loss allowance against balances with other banks	(496)	-
Credit loss allowance against due from financial institutions	29	-
Reversal of credit loss allowance / provision for diminution in value of investments	(23,197)	3,440
Credit loss allowance / provision against Islamic financing and related assets - net	205,889	1,483,642
Credit loss allowance against off balance sheet obligations	66,456	-
	159,526	1,566,728

33 TAXATION

Current tax	4,416,526	3,174,453
Deferred tax	(72,148)	(440,074)
Prior year tax	-	285,723
	4,344,378	3,020,102

33.1 The Bank has recognised super tax charge of Rs. 813.488 million (2023: Rs. 722.174 million) in the current year based on taxable income for the year.

33.2 Relationship between tax expense and accounting profit

	2024	2023
	Rupees in '000	
Profit before taxation	8,378,092	6,124,278
Tax at the applicable rate of 44% / 39%	3,686,360	2,388,468
Impact of super tax	813,488	722,174
Tax impact due to rate change during the year	(224,390)	(422,608)
Prior year charge	-	285,723
Permanent difference	64,582	72,851
Other	4,338	(26,506)
Tax charge for the year	4,344,378	3,020,102

34	BASIC / DILUTED EARNING PER SHARE	2024	2023
		------------Rupees in '000------------	
	Profit after taxation for the year	4,033,714	3,104,176
		---------Number of shares---------	
	Weighted average number of ordinary shares	1,373,962,760	1,373,962,760
		----------------Rupees----------------	
	Basic / diluted earnings per share	2.94	2.26

34.1 Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at December 31, 2024 and December 31, 2023 which would have any effect on the earnings per share if the option to convert is exercised.

35	CASH AND CASH EQUIVALENTS	2024	2023
		------------Rupees in '000------------	
	Cash and balance with treasury banks	18,834,915	21,877,439
	Balance with other banks	1,800,742	1,683,007
		20,635,657	23,560,446

36 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOW ARISING FROM FINANCING ACTIVITIES

	2024	2023
Balance as at 01 January	3,626,363	4,323,860
Change from financing cash flows		
Payment of lease liability against right-of-use assets	(943,339)	(697,497)
Repayment of Tier II mudaraba sukuk - second issue	(1,500,000)	-
Balance as at 31 December	1,183,024	3,626,363

37	STAFF STRENGTH	2024	2023
		------------ Number ------------	
	Permanent	1,727	1,658
	On bank contract	14	58
	Consultants	1	1
	Bank's own staff strength at the end of the year	1,742	1,717

37.1 In addition to the above, 477 (31 December 2023: 464) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding and janitorial services.

38 DEFINED BENEFIT PLAN

38.1 Permanent Employees Defined Benefit Plan

The Bank operates an approved funded gratuity scheme for all its permanent employees. The benefits under the gratuity scheme are payable on retirement at the age of 60 or earlier cessation of service, in lump sum. The benefit is equal to one month's last drawn basic salary for each completed year of service, subject to a minimum of three years of service. The Bank contributes to the gratuity fund based on the independent actuarial valuations.

38.1.1	Number of employees under the scheme	2024	2023
		------------ Number ------------	
	The number of employees covered under the following defined benefit scheme are:		
	Gratuity fund	1,727	1,654

38.1.2 Principal actuarial assumptions

The actuarial valuation was carried out as at 31 December 2024 using the following significant assumptions:

	2024	2023
	---------- per annum ----------	
Discount rate	12.25%	15.50%
Expected rate of return on plan assets	12.25%	15.50%
Expected rate of salary increase - next one year	16.30%	15.00%
Expected rate of salary increase - after one year	12.50%	14.50%

38.1.3 Reconciliation of payable to defined benefit plans

	2024	2023
	------------Rupees in '000------------	
Present value of obligations	731,344	581,785
Fair value of plan assets	(508,756)	(408,694)
	222,588	173,091

38.1.4 Movement in defined benefit obligations

	2024	2023
Obligations at the beginning of the year	581,785	432,926
Current service cost	132,946	95,724
Finance cost	78,543	49,757
Past service cost	-	-
Benefits paid by the Bank	(104,837)	(114,518)
Transfer out to Third Party Contractual Employees Defined Benefit Obligation (TPCO)	(7,837)	-
Re-measurement loss	50,744	117,896
Obligations at the end of the year	731,344	581,785

38.1.5 Movement in fair value of plan assets

	Note	2024	2023
Fair value at the beginning of the year		408,694	370,305
Expected return on plan assets		64,813	51,590
Contribution by the Bank		123,744	97,967
Benefits paid		(104,837)	(114,518)
Re-measurements: Net return on plan assets over finance income loss	38.1.7.2	16,342	3,350
Fair value at the end of the year		508,756	408,694

38.1.6 Movement in payable under defined benefit schemes

	Note	2024	2023
Opening balance		173,091	62,621
Charge for the year		146,676	93,891
Contribution by the Bank		(123,744)	(97,967)
Re-measurement loss recognised in OCI during the year	38.1.7.2	34,402	114,546
Transfer out to Third Party Contractual Employees Defined Benefit Obligation (TPCO)		(7,837)	-
Closing balance		222,588	173,091

38.1.7 Charge for defined benefit plans

38.1.7.1 Cost recognised in the statement of profit and loss account

	2024	2023
Current service cost	132,946	95,724
Past service cost	-	-
Net return on defined benefit asset / liability	13,730	(1,833)
	146,676	93,891

38.1.7.2 Re-measurements recognised in OCI during the year

	2024	2023
	---------- (Rupees in '000) ----------	
Loss / (gain) on obligation		
- Financial assumptions	58,317	58,005
- Demographic assumptions	(3,013)	26,838
- Experience adjustment	(4,560)	33,053
Return on plan assets over finance income	(16,342)	(3,350)
Total re-measurements recognised in OCI	34,402	114,546

38.1.8 Components of plan assets

Cash and cash equivalents	415,689	352,929
Units of mutual funds	93,067	55,765
	508,756	408,694

38.1.9 Sensitivity analysis

	Impact on defined benefit obligation - Increase / (Decrease)	
- 1% increase in discount rate	(30,088)	(24,727)
- 1% decrease in discount rate	32,797	27,048
- 1 % increase in expected rate of salary increase	35,562	29,540
- 1 % decrease in expected rate of salary increase	(33,176)	(27,420)
- 10% increase in withdrawal rate	(1,188)	1,251
- 10% decrease in withdrawal rate	1,254	(1,426)

The above sensitivity analyses 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 (that is, 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 defined benefit liability recognised in the statement of financial position.

	(Rupees in '000)
38.1.10 Expected contributions to be paid to the funds in the next financial year	160,742
38.1.11 Expected charge for the next financial year	172,233

38.1.12 Maturity profile

	2024	2023
	----------------- Years -----------------	
Weighted average duration of the defined benefit obligation	4.33 years	4.71 years

Distribution of timing of benefit payments	2024	2023
	---------- (Rupees in '000) ----------	
Less than 12 months	136,599	118,820
Between 1 year and 5 years	457,502	345,086
Between 6 and 10 years	408,530	428,545
Above 10 years	486,678	755,427

38.1.13 Funding policy

The policy followed by the Bank in respect of the staff retirement benefit schemes is disclosed in note 5.12 of these financial statements.

38.1.14 Risks associated with defined benefit plan

- **Longevity risks**

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

- **Salary increase risk**

  The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

- **Withdrawal risk**

  The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

38.2 Third Party Contractual Employees Defined Benefit Obligation

The Bank is liable under the agreement with third-party contractual staff service provider to reimburse to service provider all payouts relating to the employees, which inter-alia includes gratuity payments (the benefit). The benefit is payable on retirement at the age of 60 or earlier cessation of service, in lump sum. The benefit is equal to one month's last drawn gross salary for each completed year of service. The defined benefit obligation is calculated periodically by an independent actuary using the projected unit credit method.

		2024	2023
38.2.1	**Number of employees eligible for the benefit**	------------ Number ------------	
	The number of contractual employees eligible for the benefit	332	324

38.2.2 Principal actuarial assumptions

The actuarial valuation was carried out as at 31 December 2024 using the following significant assumptions:

	2024	2023
	---------- per annum ----------	
Discount rate	12.25%	15.50%
Expected rate of salary increase - next one year	17.25%	20.00%
Expected rate of salary increase - after one year	14.25%	17.50%

		Note	2024	2023
			---------- (Rupees in '000) ----------	
38.2.3	**Present value of obligation**		157,958	113,177
38.2.4	**Movement in defined benefit obligation**			
	Obligations at the beginning of the year		113,177	43,597
	Current service cost		12,657	26,666
	Finance cost		17,313	6,050
	Benefits paid by the Bank		(2,496)	(1,933)
	Transfer in		7,837	-
	Re-measurement loss recognised in OCI during the year	38.2.5.2	9,470	38,797
	Obligations at the end of the year		157,958	113,177
38.2.5	**Charge for defined benefit obligation**			
38.2.5.1	**Cost recognised in the statement of profit and loss account**			
	Current service cost		12,657	26,666
	Net return on defined benefit asset / liability		17,313	6,050
			29,970	32,716
38.2.5.2	**Re-measurements recognised in OCI during the year**			
	Loss on obligation			
	- Financial assumptions		2,602	2,710
	- Demographic assumptions		5,410	-
	- Experience adjustment		1,458	36,087
	Total re-measurements recognised in OCI		9,470	38,797

38.2.6 Sensitivity analysis

	2024	2023
	Impact on defined benefit obligation - Increase / (Decrease)	
	---------- (Rupees in '000) ----------	
1% increase in discount rate	(16,627)	(10,029)
1% decrease in discount rate	19,713	11,703
1 % increase in expected rate of salary increase	19,889	11,888
1 % decrease in expected rate of salary increase	(17,081)	(10,369)
10% increase in withdrawal rate	(1,133)	(987)
10% decrease in withdrawal rate	1,199	1,071

The above sensitivity analyses 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 (that is, 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 defined benefit liability recognised in the statement of financial position.

	Rupees in '000
38.2.7 Expected charge for the next financial year	43,400

38.2.8 Maturity profile

	2024	2023
	----------------- Years -----------------	
Weighted average duration of the defined benefit obligation	11.50 years	9.64 years

Distribution of timing of benefit payments	2024	2023
	---------- (Rupees in '000) ----------	
Less than 12 months	9,816	9,185
Between 1 year and 5 years	38,263	38,347
Between 6 and 10 years	60,880	71,875
Above 10 years	990,752	1,040,259

38.2.8 Risks associated with defined benefit obligation

- **Longevity risks**

  The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

- **Salary increase risk**

  The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

- **Withdrawal risk**

  The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation.

39 DEFINED CONTRIBUTION PLAN

The Bank also operates a recognised contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the Bank and the employees, to the fund at a rate of 10% of basic salary.

	2024	2023
	---------- (Rupees in '000) ----------	
Contribution from the Bank	147,630	118,540
Contribution from the employees	147,630	118,540
	295,260	237,080

40 COMPENSATION OF DIRECTORS AND EXECUTIVES

	Note	2024					
		Directors		Members shariah board	President / CEO	Key management personnel	Other material risk takers / controllers
		Chairman	Non-executives				
		(Rupees in '000)					
Fees and allowances etc.		11,700	59,150*	7,652	-	-	-
Managerial remuneration							
i) Fixed		-	-	12,222	49,079	176,287	164,411
ii) Variable		-	-	2,719	21,000	41,073	26,805
a) Cash bonus / awards	40.1	-	-	2,719	21,000	41,073	26,805
b) Bonus & awards in shares		-	-	-	-	-	-
Charge for defined benefit plan		-	-	-	2,899	10,035	10,156
Contribution to defined contribution plan		-	-	-	3,480	14,517	13,349
Rent & house maintenance		-	-	-	10,440	45,415	41,847
Utilities		-	-	-	3,480	15,138	13,349
Medical		-	-	50	3,524	16,786	15,906
Conveyance		-	-	2,626	2,444	54,449	73,754
Others		-	-	1,375	1,800	981	994
Total		11,700	59,150	26,644	98,146	374,681	360,571
Number of persons		2	10	4	1	25	41

	2023					
	Directors		Members shariah board	President / CEO	Key management personnel	Other material risk takers / controllers
	Chairman	Non-executives				
	(Rupees in '000)					
Fees and allowances etc.	8,350	101,225*	6,290	-	-	-
Managerial remuneration						
i) Fixed	-	-	10,263	26,962	141,882	104,598
ii) Variable	-	-	1,056	-	16,082	8,321
a) Cash bonus / awards	-	-	1,056	-	16,082	8,321
b) Bonus & awards in shares	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	1,933	7,748	6,302
Contribution to defined contribution plan	-	-	-	2,320	11,299	8,631
Rent & house maintenance	-	-	-	7,960	36,771	27,694
Utilities	-	-	-	2,320	12,257	8,631
Medical	-	-	8	2,334	12,417	8,837
Conveyance	-	-	2,660	1,946	50,366	58,378
Others	-	-	400	-	712	599
Total	8,350	101,225	20,677	45,775	289,534	231,991
Number of persons	1	9	4	1	23	28

The Bank also provides Bank maintained car to certain executives for their own use and business use.

*This includes fee paid to resigned directors for the meetings held during their tenure.

40.1 SBP has issued guidelines and disclosure on governance and remuneration practices through BPRD of Circular No. 1 of 2017 dated 25 January 2017 effective from 01 January 2019. The amount of bonus pay out of deferred at the time of payment to the President, Chief Executive Officer, key management personnel and other material risk takers / material risk controllers, as per the Remuneration Policy as at 31 December 2024 amounts to Rs. 27.454 million (31 December 2023: Rs. 15.472 million).

40.1.1 Movement of deferred remuneration

	2024	2023
	(Rupees in '000)	
Opening balance	15,472	9,693
Addition of deferred remuneration	22,277	5,779
Less: Paid during the year	(10,295)	-
Closing balance	**27,454**	**15,472**

40.2 Remuneration to Directors for participation in Board and Committee Meetings

S. No.	Name of Directors	2024								
		Meeting Fees and Allowances								
		For Board Meetings	For Board Committees							
			ITD & IS Committee	Pakistan Capital Injection Committee	Risk Committee	Audit Committee	Compliance Committee	Nomination and Remuneration Committee	Board Executive Committee	Total amount paid
		(Rupees in '000)								
1	Mr. Azhar Aziz Dogar	3,900	1,950	-	-	-	-	-	2,600	8,450
2	Dr. Jehad El Nakla	1,300	-	-	-	-	-	-	1,950	3,250
3	Mr. Mohammed Tareq Sadeq	3,250	-	-	-	2,600	1,950	-	-	7,800
4	Mr. Zahid Rahim	3,250	650	-	650	-	-	-	1,950	6,500
5	Mr. Azhar Hamid	3,250	650	-	1,300	1,300	650	650	-	7,800
6	Mr. Abdul Malek Mazhar	3,250	-	-	-	3,250	1,950	2,600	-	11,050
7	Ms. Aminah Zahid Zaheer	1,300	650	-	-	-	-	1,300	1,300	4,550
8	Mr. Mohamed Abdulla Abdulrahim	1,950	-	-	1,300	1,300	-	1,950	-	6,500
9	Mr. Youssef Wassim Aboul Naja	3,900	650	-	1,300	-	-	-	2,600	8,450
10	Mr. Shaher Eid Abdul-Haleem Suleiman	650			650	650	650	-		2,600
11	Dr. Vaseehar Bin Abdul Razack	650	650						650	1,950
12	Ms. Fariha Salahuddin	650						650	650	1,950
		27,300	5,200	-	5,200	9,100	5,200	7,150	11,700	70,850

The Board has been reconstituted during the year ended 31 December 2024.

S. No.	Name of Directors	2023								
		Meeting Fees and Allowances								
		For Board Meetings	For Board Committees							
			ITD & IS Committee	Pakistan Capital Injection Committee	Risk Committee	Audit Committee	Compliance Committee	Nomination and Remuneration Committee	Board Executive Committee	Total amount paid
		(Rupees in '000)								
1	Dr. Jehad El Nakla	4,750	-	-	-	-	-	-	3,600	8,350
2	Mr. Tareq Mahmood Kazim*	975	500	-	-	-	-	3,500	1,500	6,475
3	Mr. Mohammed Tareq Sadeq	4,250	-	-	-	2,450	2,450	-	-	9,150
4	Mr. Zahid Rahim	3,750	2,450	-	3,600	-	-	-	3,100	12,900
5	Mr. Azhar Hamid	3,750	-	-	1,300	1,150	2,450	-	-	8,650
6	Ms. Aminah Zahid Zaheer	3,750	2,450	-	2,300	-	-	8,850	3,100	20,450
7	Mr. Abdul Malek Mazhar	4,250	-	-	-	2,450	2,450	10,850	-	20,000
8	Mr. Azhar Aziz Dogar	3,750	1,950	-	2,300	-	-	-	1,950	9,950
9	Mr. Mohamed Abdulla Abdulrahim	2,600	-	-	1,300	1,300	-	4,550	-	9,750
10	Mr. Youssef Wassim Aboul Naja	1,950	-	-	650	-	-	-	1,300	3,900
		33,775	7,350	-	11,450	7,350	7,350	27,750	14,550	109,575

*Resigned during the year ended 31 December 2023.

40.3 Remuneration paid to shariah board members

	2024			2023		
	Chairman	Resident Member	Non-Resident Member	Chairman	Resident Member	Non-Resident Member
	---- (Rupees in '000) ----					
Fees and allowances etc.	2,677	-	4,975	2,450	-	3,840
Managerial remuneration						
i) Fixed	-	12,222	-	-	10,263	-
ii) Total variable	-	2,719	-	-	1,056	-
of which						
a) Cash bonus / awards	-	2,719	-	-	1,056	-
a) Bonus & awards in shares	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	-	-
Contribution to defined contribution plan	-	-	-	-	-	-
Rent & house maintenance	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Medical	-	50	-	-	8	-
Conveyance	-	2,626	-	-	2,660	-
Others	-	1,375	-	-	400	-
Total	2,677	18,992	4,975	2,450	14,387	3,840
Number of persons	1	1	2	1	1	2

41 FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of quoted securities, other than those classified at amortised cost, is based on quoted market price. Quoted securities classified at amortised cost are carried at cost. The fair value of unquoted equity securities is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term Islamic financings, 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.

The repricing profile and maturity are stated in notes 46.2.5 and 46.4.1 to these financial statements.

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

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

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

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

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

41.1 Fair value of financial assets

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

On balance sheet financial instruments	2024			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	96,872,991	-	96,872,991
Other securities	23,630,145	2,087,205	-	25,717,350
Shares	99,366	-	-	99,366
Foreign securities	-	4,052,402	-	4,052,402
	23,729,511	103,012,598	-	126,742,109
Financial assets - disclosed but not measured at fair value				
Investments	-	-	-	-
	-	-	-	-
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	8,290,093	-	8,290,093
Forward sale of foreign exchange	-	2,427,854	-	2,427,854

On balance sheet financial instruments	2023			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	92,577,655	-	92,577,655
Other securities	23,724,572	1,530,794	-	25,255,366
Shares	121,350	-	-	121,350
Foreign securities	-	4,828,986	-	4,828,986
	23,845,922	98,937,435	-	122,783,357
Financial assets - disclosed but not measured at fair value				
Investments	-	-	-	-
	-	-	-	-
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	19,051,426	-	19,051,426
Forward sale of foreign exchange	-	7,373,861	-	7,373,861

There were no transfers between level 1 and level 2 during the year.

41.2 Fair value of non-financial assets

	2024				
	Carrying Amount	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----				
Non-banking assets acquired in satisfaction of claims	1,847,485	-	-	1,847,485	1,847,485
	1,847,485	-	-	1,847,485	1,847,485

	2023				
	Carrying Amount	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----				
Non-banking assets acquired in satisfaction of claims	1,886,846	-	-	1,886,846	1,886,846
	1,886,846	-	-	1,886,846	1,886,846

Reconciliation from the opening balances to the closing balances is disclosed in note 15.1.2.

41.3 Valuation techniques used in determination of fair values

Particulars	Valuation approach and input used
Listed securities	The valuation has been determined through closing rates of Pakistan Stock Exchange (PSX).
Federal government securities	The fair value of federal government securities are determined on the basis of rates / prices sourced from Reuters.
Non-government debt securities	Investment in non-government debt securities denominated in local currency are valued on the basis of rates announced by the Mutual Funds Association of Pakistan (MUFAP).
Foreign securities	The fair value of foreign securities are denominated on the basis of rates taken from Bloomberg / Reuters.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.
Non-banking assets acquired in satisfaction of claims	The fair value of land and building are derived using the sale comparison approach. The sales value is determined by physically analysing the condition of land and building and by ascertaining the current market value of similar land, which is selling in near vicinity. Moreover, for buildings, the valuer has also considered prevailing current cost of construction for relevant type of civil work carried out thereon, wherever required. Please refer note 15.1.1 highlighting the year of valuation and external valuer name.

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

42 SEGMENT INFORMATION

42.1 Segment details with respect to business activities

	2024						
	Corporate Banking	Commercial and SME Banking	Retail and Consumer Banking	Trading and Sales	Others	Inter-segment Eliminations	Total
	(Rupees in '000)						
Profit and loss							
Net profit / return earned	5,720,763	1,498,841	(8,055,132)	17,345,154	(565,440)	-	15,944,186
Inter segment revenue - net	-	-	22,269,119	-	3,506,713	(25,775,832)	-
Other income	273,548	268,866	459,676	1,470,826	11,085	-	2,484,001
Total income	5,994,311	1,767,707	14,673,663	18,815,980	2,952,358	(25,775,832)	18,428,187
Segment direct expenses	(448,330)	(497,686)	(8,803,866)	(140,687)	-	-	(9,890,569)
Inter segment expense allocation	(6,314,223)	(739,226)	(3,888,421)	(14,833,962)	-	25,775,832	-
Total expenses	(6,762,553)	(1,236,912)	(12,692,287)	(14,974,649)	-	25,775,832	(9,890,569)
Reversal / (credit loss allowance)	(425,622)	(100,455)	160,295	7,044	199,212	-	(159,526)
(Loss) / profit before tax	(1,193,864)	430,340	2,141,671	3,848,375	3,151,570	-	8,378,092
Statement of Financial Position							
Cash and balances with treasury banks	57,988	-	4,974,627	13,802,300	-	-	18,834,915
Balances with other banks	-	-	-	1,800,742	-	-	1,800,742
Due from financial institutions	-	-	-	1,398,776	-	-	1,398,776
Investments	2,087,204	-	-	124,764,748	-	-	126,851,952
Net inter segment lending	-	-	128,169,117	-	15,320,840	(143,489,957)	-
Islamic financing and related assets - performing	68,742,522	12,996,624	16,797,845	-	1,707,229	-	100,244,220
- non-performing	647,571	207,329	339,699	-	-	-	1,194,599
Others	7,197,740	1,583,409	6,896,982	4,335,981	2,921,637	-	22,935,749
Total assets	78,733,025	14,787,362	157,178,270	146,102,547	19,949,706	(143,489,957)	273,260,953
Bills payable	98,135	-	7,184,829	-	-	-	7,282,964
Due to financial institutions	5,231,535	913,059	-	-	-	-	6,144,594
Subordinated mudaraba	-	-	-	-	3,124,241	-	3,124,241
Deposits and other accounts	29,314,935	9,969,286	142,111,790	42,006,069	-	-	223,402,080
Net inter segment borrowing	43,108,698	2,102,506	-	98,278,753	-	(143,489,957)	-
Others	2,180,435	1,390,386	5,698,432	692,623	1,726,785	-	11,688,661
Total liabilities	79,933,738	14,375,237	154,995,051	140,977,445	4,851,026	(143,489,957)	251,642,540
Equity	(1,200,713)	412,125	2,183,219	5,125,102	15,098,680	-	21,618,413
Total equity and liabilities	78,733,025	14,787,362	157,178,270	146,102,547	19,949,706	(143,489,957)	273,260,953
Contingencies and commitments	22,569,335	12,144,708	4,603	10,766,990	5,566,989	-	51,052,625

	2023						
	Corporate Banking	Commercial and SME Banking	Retail and Consumer Banking	Trading and Sales	Others	Inter-segment Eliminations	Total
	---------- (Rupees in '000) ----------						
Profit and loss							
Net profit / return earned	4,525,924	836,281	(5,709,518)	14,584,025	(874,119)	-	13,362,593
Inter segment revenue - net	-	-	21,079,173	-	2,758,542	(23,837,715)	-
Other income	287,976	241,853	492,987	1,089,591	4,828	-	2,117,235
Total Income	4,813,900	1,078,134	15,862,642	15,673,616	1,889,251	(23,837,715)	15,479,828
Segment direct expenses	(542,437)	(407,947)	(6,697,975)	(140,463)	-	-	(7,788,822)
Inter segment expense allocation	(4,896,951)	(480,418)	(5,340,375)	(13,119,971)	-	23,837,715	-
Total expenses	(5,439,388)	(888,365)	(12,038,350)	(13,260,434)	-	23,837,715	(7,788,822)
Provisions / (reversals)	(586,825)	(142,969)	(81,670)	(3,441)	(751,823)	-	(1,566,728)
(Loss) / profit before tax	(1,212,313)	46,800	3,742,622	2,409,741	1,137,428	-	6,124,278
Statement of Financial Position							
Cash and balances with treasury banks	87,960	-	5,395,092	16,394,387	-	-	21,877,439
Balances with other banks	-	-	-	1,683,007	-	-	1,683,007
Due from financial institutions	-	-	-	8,098,788	-	-	8,098,788
Investments	2,458,333	-	-	120,423,151	-	-	122,881,484
Net inter segment lending	-	2,778,119	114,925,932	-	12,829,560	(130,533,611)	-
Islamic financing and related assets - performing	44,710,868	9,884,104	20,417,096	-	2,518,739	-	77,530,807
- non-performing	1,319,625	511,813	393,644	-	-	-	2,225,082
Others	4,959,465	1,271,581	5,984,593	4,805,841	4,055,562	-	21,077,042
Total assets	53,536,251	14,445,617	147,116,357	151,405,174	19,403,861	(130,533,611)	255,373,649
Bills payable	-	-	5,646,089	-	-	-	5,646,089
Due to financial institutions	6,721,303	928,358	-	-	-	-	7,649,661
Subordinated mudaraba	-	-	-	-	4,624,241	-	4,624,241
Deposits and other accounts	32,582,761	11,081,545	132,109,431	31,564,008	-	-	207,337,745
Net inter segment borrowing	14,765,408	-	-	115,768,203	-	(130,533,611)	-
Others	2,301,884	947,012	5,425,300	872,159	2,316,401	-	11,862,756
Total liabilities	56,371,356	12,956,915	143,180,820	148,204,370	6,940,642	(130,533,611)	237,120,492
Equity	(2,835,105)	1,488,702	3,935,537	3,200,804	12,463,219	-	18,253,157
Total equity and liabilities	53,536,251	14,445,617	147,116,357	151,405,174	19,403,861	(130,533,611)	255,373,649
Contingencies and commitments	16,800,544	13,232,847	180,052	26,636,088	5,253,587	-	62,103,118

42.2 Segment details with respect to geographical locations

GEOGRAPHICAL SEGMENT ANALYSIS

	Pakistan	
	2024	2023
	------ (Rupees in '000) ------	
Profit before tax	8,378,092	6,124,278
Total assets	273,260,953	255,373,649
Total liabilities	251,642,540	237,120,492
Total equity and liabilities	273,260,953	255,373,649
Contingencies and commitments	51,052,625	62,103,118

43 TRUST ACTIVITIES

The Bank commonly act as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions including on behalf of certain related parties. These are not assets of the Bank and, therefore, are not included in the Statement of Financial Position. The following is the list of assets held under trust:

Category	Type	2024	2023	2024	2023
		Number of IPS account		Face value	
				----- (Rupees in '000) -----	
Takaful company	Government of Pakistan Ijara Sukuk	1	1	2,239,000	2,429,000
Employee funds	Government of Pakistan Ijara Sukuk	2	2	1,465,000	1,145,000
Others	Government of Pakistan Ijara Sukuk	24	15	1,757,100	7,161,900
		27	18	5,461,100	10,735,900

44 RELATED PARTY TRANSACTIONS

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

The Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing other than Islamic financing made to key management personnel which is in accordance with human resource policy of the Bank. Contributions to and accruals in respect of employee benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	2024					2023				
	Parent	Directors	Key management personnel	Other related parties	Total	Parent	Directors	Key management personnel	Other related parties	Total
	(Rupees in '000)									
Islamic financing and related assets										
Opening balance	-	-	439,033	2,088	441,121	-	-	323,346	-	323,346
Addition during the year	-	-	157,516	-	157,516	-	-	179,092	2,500	181,592
Repaid during the year	-	-	(77,903)	(427)	(78,330)	-	-	(62,074)	(412)	(62,486)
Transfer in / out	-	-	(19,201)	-	(19,201)	-	-	(1,331)	-	(1,331)
Closing balance	-	-	499,445	1,661	501,106	-	-	439,033	2,088	441,121
Credit loss allowance held against Islamic financing and related assets	-	-	62	-	62	-	-	-	-	-
Property and equipment										
Property and equipment	-	-	-	251,680	251,680	-	-	-	251,680	251,680
Provision for impairment	-	-	-	251,680	251,680	-	-	-	251,680	251,680
Other assets										
Profit receivable on Islamic financing and related assets	-	-	330	10	340	-	-	239	2	241
Credit loss allowance held against other assets	-	-	-	-	-	-	-	-	-	-
Subordinated mudaraba	1,389,241	-	-	-	1,389,241	1,389,241	-	-	-	1,389,241
Deposits and other accounts										
Opening balance	16,937	60,215	40,466	648,517	766,135	15,310	47,938	44,752	481,779	589,779
Received during the year		91,489	405,792	1,820,080	2,317,361	8,273	131,804	367,805	2,425,311	2,933,193
Withdrawn during the year	(97)	(79,634)	(388,341)	(1,804,240)	(2,272,312)	(6,646)	(119,527)	(366,731)	(2,225,262)	(2,718,166)
Transfer in/out	-	(94)	(21,412)	19	(21,487)	-	-	(5,360)	(33,311)	(38,671)
Closing balance	16,840	71,976	36,505	664,376	789,697	16,937	60,215	40,466	648,517	766,135
Other Liabilities										
Return payable on deposits	-	7,738	107	4,094	11,939	-	28	359	6,596	6,983
Return payable on Subordinated mudaraba	341,724	-	-	-	341,724	278,975	-	-	-	278,975
Payable in respect of defined benefit plan	-	-	-	229,122	229,122	-	-	-	173,091	173,091
Other liabilities	-	-	-	657	657	-	-	-	657	657

	2024					2023				
	Parent	Directors	Key management personnel	Other related parties	Total	Parent	Directors	Key management personnel	Other related parties	Total
	(Rupees in '000)									
Related party transactions during the year										
Income										
Profit earned on Islamic financing and related assets	-	-	15,211	108	15,319	-	-	11,166	107	11,273
Expense and transactions										
Return on deposits expenses	-	11,776	2,719	88,539	103,034	-	5,457	3,655	85,413	94,525
Salaries, allowances and benefits	-	-	491,819	-	491,819	-	-	316,603	-	316,603
Director fee and other allowances	-	70,850	-	-	70,850	-	109,575	-	-	109,575
Shariah Board fee	-	-	-	7,652	7,652	-	-	-	6,290	6,290
Rent expense	-	-	-	42,928	42,928	-	-	-	40,239	40,239
Contribution to defined contribution plan	-	-	-	147,630	147,630	-	-	-	118,540	118,540
Contribution to defined benefit plan	-	-	-	146,677	146,677	-	-	-	93,891	93,891
Return on sub-ordinated loan	337,191	-	-	-	337,191	275,764	-	-	-	275,764

45	CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	2024	2023
		------ (Rupees in '000) ------	
	Minimum Capital Requirement (MCR):		
	Paid-up capital (net of losses)	14,500,490	14,500,490
	Capital Adequacy Ratio (CAR):		
	Eligible Common Equity Tier 1 (CET 1) Capital	17,767,782	14,495,766
	Eligible Additional Tier 1 (ADT 1) Capital	1,389,241	1,389,241
	Total Eligible Tier 1 Capital	19,157,023	15,885,007
	Eligible Tier 2 Capital	3,368,153	2,867,796
	Total Eligible Capital (Tier 1 + Tier 2)	22,525,176	18,752,803
	Risk Weighted Assets (RWAs):		
	Credit Risk	81,928,943	73,335,184
	Market Risk	1,750,696	2,426,120
	Operational Risk	27,421,837	21,257,712
	Total	111,101,476	97,019,016
	Common Equity Tier 1 Capital Adequacy Ratio	15.99%	14.94%
	Tier 1 Capital Adequacy Ratio	17.24%	16.37%
	Total Capital Adequacy Ratio	20.27%	19.33%

The minimum capital adequacy ratio required by SBP as at 31 December 2024 is 11.5% (31 December 2023: 11.5%).

	2024	2023
Leverage Ratio (LR):		
Eligible Tier-1 Capital	19,157,023	15,885,007
Total Exposures	313,546,250	288,551,099
Leverage Ratio	6.11%	5.51%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	139,366,037	138,869,289
Total Net Cash Outflow	73,070,502	64,926,867
Liquidity Coverage Ratio	190.73%	213.89%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	181,099,222	169,467,734
Total Required Stable Funding	84,608,589	78,239,783
Net Stable Funding Ratio	214.04%	216.60%

45.1 The full disclosures on the capital adequacy, leverage ratio & liquidity requirements as per SBP instructions issued from time to time have been placed on the website. The link to the full disclosure is available at www.albaraka.com.pk/page/investor-relations.

46 RISK MANAGEMENT

The wide variety of the Bank’s business activities require the Bank to identify, assess, measure, aggregate and manage risks effectively which are constantly evolving as the business activities expand in response to the Bank's strategy and growth. The Bank manages the risk through a framework of risk management encompassing policies and procedures, organisational structures, risk measurement and monitoring processes and techniques that are closely aligned with business activities of the Bank.

The primary goal of risk management is to identify, assess and monitor risks inherent in the activities of the Bank and take adequate measures to manage and control these risks on timely basis. This will help in achieving sustainable business growth and financial and non-financial targets with better protection and soundness. The Bank's aim is to achieve an appropriate balance between risk and return and minimising potential adverse effects on the Bank's financial performance.

This section presents information about Bank’s exposure to and its management and control of risks, in particular the primary risks associated with its use of financial instruments:

- Credit risk is the risk of loss resulting from client or counterparty default (note 46.1).
- Market risk is exposure to market variables such as benchmark rates, exchange rates and equity indices (note 46.2).
- Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events and Shariah non compliance (note 46.3).
- Liquidity risk is the potential loss arising from Bank's inability to meet its obligations when due (note 46.4).

The objective of risk management is to effectively manage uncertainties that arise in the normal course of business activities. The Bank manages the risk through a framework of risk management, policies and principles, organisational structures, and risk measurement and monitoring processes that are closely aligned with the business activities of the Bank.

Risk management principles

- The Board of Directors (the Board) provides overall risk management supervision. The Board Risk Committee (BRC) regularly monitors the Bank's risk profile.
- The Bank has set up objectives and policies to manage the risks that arise in connection with the Bank's activities. The risk management framework and policies of the Bank are guided by specific objectives to ensure that comprehensive and adequate risk management policies are established to mitigate the salient risk elements in the operations of the Bank.
- The establishment of the overall financial risk management objectives is consistent and tandem with the strategy to create and enhance shareholders value, while guided by a prudent and robust framework of risk management policies.
- The structure of risk management function is closely aligned with the organisational structure of the Bank.

Risk management organisation

The Board through its sub-committee called Board Risk Committee (BRC) oversees the overall risk of the Bank. The Risk Management Department (RMD) is the organisational arm performing the functions of identifying, measuring, monitoring and controlling the various risk and assists the apex level committee and the various sub-committees in conversion of policies into action.

The BRC comprises executive directors, non-executive directors and the Chief Risk Officer. One of the non-executive directors of the Bank chairs the BRC, who is responsible for planning, management and control of the aforementioned risks of the Bank.

The BRC has delegated some of its tasks of risk management to sub committees which are as follows:

Name of the committees	**Chaired by**
Credit Committee	Chief Executive Officer
Asset and Liability Management Committee (ALCO)	Chief Executive Officer
Credit Risk Management Committee (CRMC)	Chief Executive Officer

Credit committee is responsible for approving and monitoring all financing transactions and also the overall quality of the asset portfolio. For this purpose it has formulated credit policy so as to effectively monitor the risk profile of the Bank's asset portfolio and to ensure strict adherence to the SBP's Prudential Regulations, Banking Companies Ordinance, 1962 and any other regulatory requirement.

ALCO has the responsibility for the formulation of overall strategy and oversight of the assets liability management function. ALCO monitors the maintenance of liquidity ratios, depositor's concentration both in terms of overall funding mix and avoidance of reliance on large deposits. The Board has approved a comprehensive liquidity management policy.

CRMC is responsible to oversee credit risk activities on bank wide basis while ensuring compliance with regulatory requirements and internal policies. Its responsibilities also include to provide support and guide front lines in managing their businesses, perform finance portfolio review, establish financing standards and benchmarks, maintain adequate industry diversification and decide upon provisioning. It is also required to delegate financing approving powers & prudential limits on large financing exposures.

The Bank's risk management, compliance and internal audit and legal departments support the risk management function. The role of the risk management department is to quantify the risk and the quality and integrity of the Bank's risk-related data. The Compliance Department ensures that all the directives and guidelines issued by SBP are being complied with in order to mitigate the compliance and operational risks. Internal Audit Department reviews the compliance of internal control procedures with internal and regulatory standards.

46.1 Credit risk

Credit risk is the risk of loss to Bank as a result of failure by a client or counterparty to meet its contractual obligations when due. Exposure to credit risks for the Bank arises primarily from financing and investing activities.

The management of credit risk is governed by credit policies approved by the Board. The procedures set out the relevant approval authorities, limit structures, risks, credit ratings and other matters involved in order to ensure sound credit granting standards.

The Bank has a well defined credit structure duly approved by the Board under which delegated authorities at various levels are operating and which critically scrutinise and sanction credit. The emphasis is to provide short to medium term trade related Islamic financing and related assets to reputable names, which are self liquidating and Shariah compliant. The risk appraisal system of the Bank has enabled it to build a sound portfolio.

Credit risk management framework forms part of the overall business strategy and credit operations of the Bank. The principles for credit risk management have been laid down in the Bank's credit risk policy, credit manual and credit operations procedure manuals. The policy has been developed in accordance with the requirements of the State Bank of Pakistan and is reviewed and updated (where required) on periodic basis.

The Bank has a rigorous pre-approval evaluation process of credit risk embedded in each credit transaction executed by the business units. The entire process broadly encompasses, gathering relevant information of the borrower, credit investigations and visits, detailed credit appraisal and credit risk assessment and measurement. In addition to monitoring credit limits specified in the Prudential Regulations of the State Bank of Pakistan, credit limit structure includes internal limits as established by the senior management and the Board. Internal limits include limits with respect to Board approved risk appetite, industry / sector, credit approval authority and exposure with financial institutions. All these limits are monitored on regular basis and exceptions are reported to the relevant authorities for their timely action where necessary.

Besides managing credit risk at transaction level, the Bank regularly monitors credit risk at portfolio level and ensures that no undue concentration of risk is present in the overall credit exposure. The Bank has well established management information set-up which allows efficient and effective assessment, monitoring and management of its credit risk profile in various dimensions.

Expected credit losses are determined in accordance with the requirements of SBP and IFRS 9. The Authority to determine credit loss and credit valuation adjustments for impaired claims, vests in Credit Operations Department and is according to the SBP regulations.

46.1.1 External ratings

The SBP Basel III guidelines require banks to use ratings assigned by specified External Credit Assessment Institutions (ECAIs) namely Pakistan Credit Rating Agency Limited (PACRA), VIS and Moody's, Fitch and Standard & Poor's.

The Bank uses external ratings for the purpose of mapping risk weights as per the Basel III framework. Instances whereby an exposure is rated by two or more ratings agencies, mapping into different risk weights, instructions outlined in Regulatory guidelines on BASEL framework shall be adhered to for selection of applicable rating.

46.1.2 Methodologies and models used for the measurement of Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD)

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. However, for certain portfolios, the Bank may rebut 30 DPD presumption based on behavioural analysis of its borrowers. When estimating ECLs on a collective basis for a group of similar assets, the Bank applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Bank groups its financial instruments into Stage 1, Stage 2, Stage 3 and purchased or originated credit impaired (POCI), as described below:

Stage 1: When financial instruments are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and they have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for all the scenarios.

Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For financial instruments considered credit-impaired, the Bank recognises the lifetime expected credit losses for these instruments. the Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP under the prudential regulations which ever is higher.

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and profit / rental is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

Undrawn financing commitments: When estimating LTECLs for undrawn financings commitments, the Bank estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the financings is drawn down, based on a probability-weighting of the three scenarios. For Diminishing Musharaka and Running Musharaka facilities that include an undrawn commitment, ECLs are calculated and presented within other liabilities.

Guarantee and letters of credit contracts: The Bank estimates ECLs based on the BASEL driven credit conversion factor (CCF) for guarantee and letter of credit contracts. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

Effective profit rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

The calculation of ECLs

The Bank calculates ECL based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EPR. A cash shortfall is the difference between the cash flows that are due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

PD The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only occur at a specific time within the assessed period if the facility has not been previously derecognised and remains in the portfolio. PD is estimated using statistical techniques such as the Rating Transition Matrix Model, particularly for low-default portfolios based on the Bank’s internal risk ratings (ranging from 1 to 9).

For the Bank’s portfolios, PDs are determined using the Rating Transition Matrix for corporate, agricultural, retail (excluding Staff and Rehnuma Travel Service products), and SME segments. The Roll Rate model is applied for two retail products: Staff and Rehnuma Travel Service. Through-the-cycle (TTC) PDs are then adjusted using the Vasicek Model for IFRS 9 Expected Credit Loss (ECL) calculations to incorporate forward-looking information.

The Bank performs an annual review of the portfolio (excluding Staff and Rehnuma Travel Service products) and constructs a yearly transition matrix of ratings to compute a count-based PD over a one-year horizon for the past seven years. For Staff and Rehnuma Travel Service products, PDs are calculated based on Days Past Due (DPD) bucket levels for each segment separately. Where practical, the Bank also incorporates information from external rating agencies.

EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued profit from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. The Bank’s product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank’s expectations of the customer behaviour, its likelihood of default and the Bank’s future risk mitigation procedures, which could include reducing or cancelling the facilities.

LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The discount rate used to discount the ECLs is based on the effective profit rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective profit rate (at reporting date), the Bank uses an approximation e.g. contractual rate (at reporting date).

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The Bank considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

- History of legal certainty and enforceability
- History of enforceability and recovery

When estimating the ECLs, the Bank considers three scenarios (a base case, best case, worst case). Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

The credit exposure (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

The Bank's management has only considered cash, liquid securities and Government of Pakistan guarantees as eligible collaterals, while calculating EADs.

The SBP has issued FAQs in its BPRD Circular Letter No. 16 dated July 29, 2024 with regard to certain interpretation of the SBP application instructions. In respect of Stage 3 provision, the SBP has clarified that the banks, while assessing the higher of IFRS 9 ECL and provision under the SBP Prudential Regulations, shall take into account the ECL against corporate / commercial / SME loan portfolios at the borrower / facility level, and for the retail borrowers at segment / product basis.

Forward looking information

In its ECL models, the Bank relies on a range of forward looking information as economic inputs, such as:

- GDP growth
- Consumer price index

The Bank's management has only considered cash recoveries for LGD calculations, whereas liquid securities, and Government of Pakistan guarantees are used as eligible collaterals for EAD calculation.

Impact on Regulatory Capital

The introduction of IFRS has resulted in reduction in regulatory capital of the Banks, which has reduced their financing capacity and ability to support their clients. In order to mitigate the impact of ECL models on capital, SBP has permitted Banks to opt for transitional arrangement for the ECL impact on regulatory capital from the application of ECL accounting. Annexure B of the 'Application Instructions' issued by SBP has detailed the transitional arrangement.

Accordingly, Bank has opted for transition arrangement to phase in ECL impact and below tabulated is the impact on key ratios, had the transitional arrangement not applied.

Key Ratios	With Transitional Arrangement	Without Transitional Arrangement
Total Capital to total RWA (CAR)	20.27%	19.89%
Leverage Ratio	6.23%	6.06%

46.1.3 ECL Modeling and staging criteria/ Significant increase in ECLs

Significant increase in credit risk (SICR): A SICR is assessed in the context of an increase in the risk of 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, the deterioration of Obligor Risk Ratings (ORR), in line with Bank's internally approved grid outlining specific notches downgrade for each ORR / external rating, payments being past due by days, and other qualitative factors (such as watchlisting or restructuring of account).

46.1.4 Backward Transition:

In line with Bank's IFRS 9 Policy and Regulatory guidelines, financial assets shall be reclassified out of Stage if they fulfill the criteria outlined in the Prudential Regulations (PR) issued by the State Bank of Pakistan (SBP). Similarly, financial assets classified under Stage 2 shall be reclassified to Stage 1 if the conditions that led to a significant increase in credit risk (SICR) no longer exist. However, a minimum period of three months from the initial downgrade is mandatory before any financial asset can be moved back to Stage 1 from Stage 2.

For a financial assets to transition from Stage 3 to Stage 2, it must meet the declassification requirements specified in the relevant Prudential Regulations. An exposure cannot be directly upgraded from Stage 3 to Stage 1; instead, it must first transition to Stage 2 and subsequently complete a cooling-off period of six months before being reclassified to Stage 1.

46.1.5 Due from financial institutions

	Gross due from financial institutions		Non-performing due from financial institutions		Credit loss allowance / provision held			
					2024			
	2024	2023	2024	2023	Stage 1	Stage 2	Stage 3	2023
	(Rupees in '000)							
Credit risk by public / private sector								
Public / Government	-	-	-	-	-	-	-	-
Private	1,398,822	8,098,788	-	-	46	-	-	-
	1,398,822	8,098,788	-	-	46	-	-	-

46.1.6 Investment in debt securities

	Gross investments		Non-performing investments		Credit loss allowance / provision held			
					2024			
	2024	2023	2024	2023	Stage 1	Stage 2	Stage 3	2023
	(Rupees in '000)							
Credit risk by industry sector								
Textile	352,213	102,213	102,213	102,213	4,740	-	102,213	102,213
Pharmaceuticals	528,069	578,325	-	-	1,688	-	-	-
Power (electricity), gas, water, sanitary	24,468,208	25,030,755	-	-	2,421	-	-	-
Financial	4,580,661	4,571,324	9,242	9,242	2,350	36,745	9,242	9,242
Federal Government securities	96,872,991	91,650,116	-	-	-	-	-	-
Foreign Government securities	-	840,729	-	-	-	-	-	-
	126,802,142	122,773,462	111,455	111,455	11,199	36,745	111,455	111,455
Credit risk by public / private sector								
Public / Government	121,060,012	117,142,956	-	-	-	-	-	-
Private	5,742,130	5,630,506	111,455	111,455	11,199	36,745	111,455	111,455
	126,802,142	122,773,462	111,455	111,455	11,199	36,745	111,455	111,455

46.1.7 Islamic financing and related assets

	Islamic financing and related assets (Gross)		Non-performing Islamic financing and related assets		Credit loss allowance / provision held			
					2024			
	2024	2023	2024	2023	Stage 1	Stage 2	Stage 3	2023
	(Rupees in '000)							
Credit risk by industry sector								
Agriculture, forestry, hunting and fishing	4,217,201	1,818,396	818,500	500,310	12,168	3,066	685,632	363,673
Mining and quarrying	387,919	1,672,098	73,569	119,902	38	4,314	55,784	-
Textile	21,332,094	12,385,194	3,729,816	3,762,503	71,758	44,250	3,570,640	3,520,297
Chemical and pharmaceuticals	13,599,474	6,494,873	411,647	473,162	24,773	11,651	411,195	460,462
Cement and steel	2,098,030	1,405,845	179,260	-	2,986	137,292	135,926	-
Sugar	4,359,644	2,776,266	248,416	308,369	18,117	254	265,701	268,272
Footwear and leather garments	288,847	326,947	269,097	266,652	16	-	207,014	114,038
Automobile and transportation equipment	2,050,563	1,416,668	81,281	4,458	7,187	67,455	84,267	2,167
Electronics and electrical appliances	6,152,464	1,508,396	686,888	286,326	20,058	43,096	571,692	118,823
Construction	1,168,311	659,383	292,780	448,098	364	4,228	283,559	321,385
Power (electricity), gas, water, sanitary	1,224,351	1,432,936	-	188,425	8,928	-	-	-
Wholesale and retail trade	3,160,341	1,784,616	662,506	424,705	4,824	23,776	518,568	312,231
Exports / Imports	120,000	41,910	-	-	286	-	-	-
Transport, storage and communication	7,306,873	6,524,181	18,179	81,902	3,529	94	46,019	61,581
Financial	1,068,051	592,812	1,898	89,035	3,242	1	1,898	89,035
Services	1,335,836	2,359,385	154,708	166,357	5,167	45,806	153,717	163,461
Individuals / staff	19,793,990	24,574,862	1,129,893	956,963	68,267	27,790	834,713	553,735
Food products and beverages	10,906,578	12,375,873	2,128,142	2,462,520	10,624	179,413	2,060,051	2,093,788
Oil and gas companies	1,692,425	2,219,000	1,692,425	1,781,500	-	-	1,692,425	1,781,500
Others	12,777,031	8,993,824	686,594	403,091	23,440	11,464	540,306	274,748
	115,040,023	91,363,465	13,265,599	12,724,278	285,772	603,950	12,119,107	10,499,196

	Islamic financing and related assets (Gross)		Non-performing Islamic financing and related assets		Credit loss allowance / provision held			
					2024			
	2024	2023	2024	2023	Stage 1	Stage 2	Stage 3	2023
	(Rupees in '000)							
Credit risk by public / private sector								
Public / Government	6,217,768	6,458,333	-	-	-	-	-	-
Private	108,822,255	84,905,132	13,265,599	12,724,278	285,772	603,950	12,119,107	10,499,196
	115,040,023	91,363,465	13,265,599	12,724,278	285,772	603,950	12,119,107	10,499,196

46.1.8 Contingencies and Commitments

	2024	2023
	Rupees in '000	
Credit risk by industry sector		
Agriculture, forestry, hunting and fishing	700,153	410,491
Mining and quarrying	-	124,377
Textile	3,394,521	2,245,699
Chemical and pharmaceuticals	4,410,644	4,430,269
Cement and steel	238,721	178,556
Sugar	123,808	42,088
Footwear and leather garments	6,883	159,820
Automobile and transportation equipment	1,151,421	1,020,215
Electronics and electrical appliances	1,775,273	3,355,098
Construction	3,568,553	3,474,483
Power (electricity), gas, water, sanitary	1,431,767	1,656,946
Wholesale and retail trade	2,781,880	2,006,476
Exports / Imports	9,812	44,472
Oil and gas companies	-	371,648
Transport, storage and communication	3,042,250	36,752
Financial	10,893,959	26,714,776
Services	4,003,348	6,231,654
Food products and beverages	1,256,449	970,467
Others	12,263,183	8,628,830
	51,052,625	62,103,117
Credit risk by public / private sector		
Public / Government	3,265,573	4,018,515
Private	47,787,052	58,084,604
	51,052,625	62,103,119

46.1.9 Concentration of Islamic financing and related assets

The Bank's top 10 exposures on the basis of total funded and non-funded exposures aggregated to Rs. 28,228 million (31 December 2023: Rs. 26,903 million) are as following:

	2024	2023
	Rupees in '000	
Funded	22,152,808	20,520,686
Non-funded	6,075,572	6,382,437
Total exposure	28,228,380	26,903,123

The sanctioned limits against these top 10 exposures aggregated to Rs. 33,432 million (31 December 2023: Rs. 34,356 million).

Total funded classified therein	2024		2023	
	Amount	Credit loss allowance held	Amount	Credit loss allowance / provision held
	(Rupees in '000)			
Loss	1,692,425	1,692,425	1,781,500	1,781,500
Total	1,692,425	1,692,425	1,781,500	1,781,500

46.1.10 Islamic financing and related assets - Province / Region-wise disbursement and utilisation

Province / Region	2024						
	Disbursements	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	---------- (Rupees in '000) ----------						
Punjab	50,850,930	50,850,930	-	-	-	-	-
Sindh	113,558,296	-	113,558,296	-	-	-	-
KPK including FATA	1,613,127	-	-	1,613,127	-	-	-
Balochistan	870,793	-	-	-	870,793	-	-
Islamabad	4,922,564	-	-	-	-	4,922,564	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
Total	171,815,710	50,850,930	113,558,296	1,613,127	870,793	4,922,564	-

Province / Region	2023						
	Disbursements	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	---------- (Rupees in '000) ----------						
Punjab	34,040,598	34,040,598	-	-	-	-	-
Sindh	65,351,254	-	65,351,254	-	-	-	-
KPK including FATA	555,016	-	-	555,016	-	-	-
Balochistan	497,416	-	-	-	497,416	-	-
Islamabad	2,966,581	-	-	-	-	2,966,581	-
AJK including Gilgit-Baltistan	9,539	-	-	-	-	-	9,539
Total	103,420,404	34,040,598	65,351,254	555,016	497,416	2,966,581	9,539

46.2 Market risk

Market risk is the risk that the Bank's earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as profit rates, credit spreads, commodity prices, equity prices and foreign exchange rates.

The main objective of the Bank's market risk management is to minimise market risk and to facilitate business growth within a controlled and transparent risk management framework.

Market risk arise from investment in sukuk, equities and dealing in foreign exchange transactions.

Market risk is being monitored by ALCO which performs the following functions in relation to market risk:

- Regular periodic review of market risk, based on economic review reports.
- Keeps an eye on the structure / composition of the Bank’s assets and liabilities and decide upon product pricing for deposits, Islamic financing and related assets.
- Develop future business strategy in view of the latest trends / policy in the market, economic conditions and local regulatory requirements.
- Review and recommend to the Board of Directors, new opportunities for generating revenues.

46.2.1 Statement of Financial Position split by trading and banking books

	2024			2023		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	---------- (Rupees in '000) ----------					
Cash and balances with treasury banks	18,834,915	-	18,834,915	21,877,439	-	21,877,439
Balances with other banks	1,800,742	-	1,800,742	1,683,007	-	1,683,007
Due from financial institutions	1,398,776	-	1,398,776	8,098,788	-	8,098,788
Investments	126,804,887	147,065	126,851,952	110,878,411	12,003,073	122,881,484
Islamic financing and related assets - net	101,438,819	-	101,438,819	79,755,889	-	79,755,889
Property and equipment	2,792,479	-	2,792,479	2,726,266	-	2,726,266
Right of use assets	2,297,928	-	2,297,928	1,543,900	-	1,543,900
Intangible assets	1,249,863	-	1,249,863	1,275,180	-	1,275,180
Deferred tax assets	2,968,011	-	2,968,011	2,545,871	-	2,545,871
Other assets	13,627,468	-	13,627,468	12,985,825	-	12,985,825
	273,213,888	147,065	273,260,953	243,370,576	12,003,073	255,373,649

46.2.2 Foreign exchange risk

Foreign exchange risk arises from the fluctuation in the value of financial instruments consequent to the changes in foreign exchange rates. Objective of foreign exchange risk management function is to minimise the adverse impact of foreign exchange assets and liabilities mismatch and maximise the earnings. The Bank manages this risk by setting and monitoring dealer, currency, inter exposures, stop loss and counter party limits for on and off balance sheet financial instruments.

	2024				2023			
	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)							
US Dollar	13,412,216	20,253,797	5,372,428	(1,469,153)	9,507,124	20,628,662	10,589,971	(531,567)
Great Britain pound	2,089,976	2,030,392	-	59,584	1,634,513	2,075,418	482,783	41,878
Euro	666,783	1,338,960	700,332	28,155	1,246,675	1,745,484	527,939	29,130
Arab Emirates Dirham	165,851	151,011	-	14,840	141,379	200,213	76,871	18,037
Japanese Yen	15,778	5	-	15,773	9,504	28	-	9,476
Canadian Dollar	30,990	-	-	30,990	27,452	-	-	27,452
Saudi Riyal	131,897	-	-	131,897	44,592	-	-	44,592
Swiss Frank	22,158	-	-	22,158	13,034	-	-	13,034
Chinese Yuan	496,146	453,291	-	42,855	344,391	307,012	-	37,379
Malaysian Ringit	5	5	-	-	5	5	-	-
Foreign currency exposure	17,031,800	24,227,461	6,072,760	(1,122,901)	12,968,669	24,956,822	11,677,564	(310,589)

The exposures of the Bank to foreign exchange risk is also restricted by the statutory limit on aggregate exposure prescribed by the SBP.

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in foreign exchange rates on:	(Rupees in '000)			
- Profit and loss account	(71,957)	60,728	(119,882)	116,776

46.2.3 Equity position risk

Equity position includes the following:

- Strategic investment
- Investment in equities for generating revenue in short term

The equity investments are accounted for and disclosed as per the provisions and directives of SBP, SECP and the requirements of accounting and reporting standards as applicable in Pakistan.

Credit loss allowance is charged to the statement of profit and loss account.

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
Impact of 5% change in equity prices on:	(Rupees in '000)			
- Profit or loss	-	4,968	-	-
- Other	-	-	1,003	5,065

46.2.4 Yield / profit rate risk

It includes all material yield risk positions of the Bank taking into account all re-pricing and maturity data. It includes current balances and contractual yield rates, the Bank understands that its Islamic financing and related assets shall be re-priced as per their respective contracts.

The Bank's estimates changes in the economic value of equity due to changes in the yield rates on on-balance sheet positions by conducting duration gap analysis. It also assesses yield rate risk on earnings of the Bank by applying upward and downward shocks.

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in profit rates on	(Rupees in '000)			
- Profit and loss account	(920)	(67,590)	(90,814)	(5,976)
- Other comprehensive income	-	-	-	-

46.2.5 Mismatch of yield rate sensitive assets and liabilities

	2024											
	Effective yield rate	Total	Exposed to Yield Risk									Non-profit 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	
On-balance sheet financial instruments		(Rupees in '000)										
Assets												
Cash and balances with treasury banks		18,834,915	-	-	-	-	-	-	-	-	-	18,834,915
Balances with other banks	8.94%	1,800,742	570,844	-	-	-	-	-	-	-	-	1,229,898
Due from financial institutions	14.83%	1,398,776	1,398,776	-	-	-	-	-	-	-	-	-
Investments	19.23%	126,851,952	10,653,728	13,206,271	100,116,945	1,349,418	1,316,380	-	-	-	-	209,210
Islamic financing and related assets-net	19.03%	101,438,819	11,316,303	36,529,748	29,137,287	11,671,503	190,343	153,851	1,474,592	8,035,639	2,841,978	87,575
Other assets		11,314,584	-	-	-	-	-	-	-	-	-	11,314,584
		261,639,788	23,939,651	49,736,019	129,254,232	13,020,921	1,506,723	153,851	1,474,592	8,035,639	2,841,978	31,676,182
Liabilities												
Bills payable		7,282,964	-	-	-	-	-	-	-	-	-	7,282,964
Due to financial institutions	24.08%	6,144,594	201,000	1,264,000	3,296,700	928	594	-	343,635	995,660	-	42,077
Deposits and other accounts	10.19%	223,402,080	162,061,650	-	-	-	-	-	-	-	-	61,340,430
Subordinated mudaraba	23.11%	3,124,241	-	-	3,124,241	-	-	-	-	-	-	-
Lease liabilities		2,476,776	23,099	31,408	152,456	280,094	456,849	456,849	464,950	611,071	-	-
Other liabilities		8,636,273	-	-	-	-	-	-	-	-	-	8,636,273
		251,066,928	162,285,749	1,295,408	6,573,397	281,022	457,443	456,849	808,585	1,606,731	-	77,301,744
On-balance sheet gap		10,572,860	(138,346,098)	48,440,611	122,680,835	12,739,899	1,049,280	(302,998)	666,007	6,428,908	2,841,978	(45,625,562)
Non-financial assets												
Property and equipment		2,792,479										
Right of use assets		2,297,928										
Intangible assets		1,249,863										
Other assets		2,312,884										
Deferred tax assets		2,968,011										
		11,621,165										
Non-financial liabilities												
Other liabilities		575,612										
Total net assets		21,618,413										
Off-balance sheet financial instruments												
Commitments in respect of:												
- forward foreign exchange contracts		10,717,947	-	-	-	-	-	-	-	-	-	10,717,947
- guarantees		15,749,034	-	-	-	-	-	-	-	-	-	15,749,034
- letter of credit		15,049,172	-	-	-	-	-	-	-	-	-	15,049,172
- financing		3,921,735	-	-	-	-	-	-	-	-	-	3,921,735
- acquisition of operating fixed assets		47,748	-	-	-	-	-	-	-	-	-	47,748
- others		2,301,416	-	-	-	-	-	-	-	-	-	2,301,416
Off-balance sheet gap		47,787,052	-	-	-	-	-	-	-	-	-	47,787,052
Total yield risk sensitivity gap			(138,346,098)	48,440,611	122,680,835	12,739,899	1,049,280	(302,998)	666,007	6,428,908	2,841,978	2,161,490
Cumulative yield risk sensitivity gap			(138,346,098)	(89,905,487)	32,775,348	45,515,247	46,564,527	46,261,529	46,927,536	53,356,444	56,198,422	58,359,912

	Effective yield rate	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-profit bearing financial instruments
	2023											
			Exposed to Yield Risk									
On-balance sheet financial instruments		(Rupees in '000)										
Assets												
Cash and balances with treasury banks		21,877,439	-	-	-	-	-	-	-	-	-	21,877,439
Balances with other banks	9.91%	1,683,007	454,254	-	-	-	-	-	-	-	-	1,228,753
Due from financial institutions	11.59%	8,098,788	8,098,788	-	-	-	-	-	-	-	-	
Investments	21.19%	122,881,484	12,486,976	11,617,268	92,796,059	8,008	3,530,012	2,223,684	-	-	-	219,477
Islamic financing and related assets	19.33%	79,755,889	22,317,615	19,208,128	20,877,544	9,095,810	14,328	77,928	519,043	2,535,169	3,794,831	1,315,493
Other assets		11,016,561	-	-	-	-	-	-	-	-	-	11,016,561
		245,313,168	43,357,633	30,825,396	113,673,603	9,103,818	3,544,340	2,301,612	519,043	2,535,169	3,794,831	35,657,723
Liabilities												
Bills payable	-	5,646,089	-	-	-	-	-	-	-	-	-	5,646,089
Due to financial institutions	15.08%	7,649,661	346,400	3,680,700	1,625,580	-	1,944	1,294	112,546	1,827,980	-	53,217
Deposits and other accounts	14.42%	207,337,745	142,681,522	-	-	-	-	-	-	-	-	64,656,223
Subordinated mudaraba	22.80%	4,624,241	-	1,500,000	1,735,000	1,389,241	-	-	-	-	-	-
Lease liabilities		1,677,081	37,419	(1,952)	110,531	241,134	361,320	361,320	286,818	280,491	-	-
Other liabilities		9,081,795	-	-	-	-	-	-	-	-	-	9,081,795
		236,016,612	143,065,341	5,178,748	3,471,111	1,630,375	363,264	362,614	399,364	2,108,471	-	79,437,324
On-balance sheet gap		9,296,556	(99,707,708)	25,646,648	110,202,492	7,473,443	3,181,076	1,938,998	119,679	426,698	3,794,831	(43,779,601)
Non-financial assets												
Property and equipment		2,726,266										
Right of use assets		1,543,900										
Intangible assets		1,275,180										
Other assets		1,969,264										
Deferred tax assets		2,545,871										
		10,060,481										
Non-financial liabilities												
Other liabilities		1,103,880										
Total net assets		18,253,157										
Off-balance sheet financial instruments												
Commitments in respect of:												
- forward foreign exchange contracts		26,425,287	-	-	-	-	-	-	-	-	-	26,425,287
- guarantees		13,425,395	-	-	-	-	-	-	-	-	-	13,425,395
- letter of credit		16,300,830	-	-	-	-	-	-	-	-	-	16,300,830
- financing		687,066	-	-	-	-	-	-	-	-	-	687,066
- acquisition of operating fixed assets		4,618	-	-	-	-	-	-	-	-	-	4,618
- others		2,285,605	-	-	-	-	-	-	-	-	-	2,285,605
Off-balance sheet gap		59,128,801	-	-	-	-	-	-	-	-	-	59,128,801
Total yield risk sensitivity gap			(99,707,708)	25,646,648	110,202,492	7,473,443	3,181,076	1,938,998	119,679	426,698	3,794,831	15,349,200
Cumulative yield risk sensitivity gap			(99,707,708)	(74,061,060)	36,141,432	43,614,875	46,795,951	48,734,949	48,854,628	49,281,326	53,076,157	68,425,357

46.3 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events and Shariah non-compliance. In this regard, an Operational Risk Management unit has been established within the Risk Management Department.

Under basic indicator approach the capital charge for operational risk is a fixed percentage (denoted alpha) of average positive annual gross income of the Bank over the past three years. Figures for any year in which annual gross income is negative or zero, should be excluded from both the numerator and denominator when calculating the average.

The Bank ensures that the key operational risks are managed in a timely and effective manner by raising awareness of operational risk, improving early warning information and allocating risk ownership and responsibilities. The Bank has developed policies, guidelines and manuals necessary for the mitigation of operational risk.

The Bank is also supervised by the Shariah Board which sets out guidelines, policies and procedures for the Bank to ensure that all its activities and products are Shariah compliant. The internal audit function of the Bank performs regular audit on various operations of the Bank and monitors the key risk exposure areas to ensure that internal control procedures are in place and those procedures are able to mitigate risk associated with operational activities.

46.4 Liquidity risk

Liquidity risk is defined as the potential loss arising from the Bank's inability to meet its obligation when due.

The Liquidity Coverage Ratio (LCR) is a quantitative requirement which aims to ensure that a bank maintains an adequate level of unencumbered high quality liquid assets which can easily be converted into cash at little or no loss of value in private markets, to withstand an acute liquidity stress scenario over a 30-day horizon at the entity level.

LCR has been defined as $\dfrac{\text{Stock of high quality liquid assets (HQLAs)}}{\text{Total net cash outflows over the next 30 calendar days}}$

Liquid assets comprise of high quality assets that can be readily sold or used as collateral to obtain funds in a range of stress scenarios. There are two categories of assets included in the stock of HQLAs, viz. Level 1 and Level 2 assets. Level 1 assets are with 0% haircut while Level 2A assets are with a minimum 15% haircut and Level 2B Assets, with a maximum 50% haircut.

The term “Total net cash outflows” is defined as the total expected cash outflows minus total expected cash inflows in the stress scenario for the subsequent 30 calendar days.

The most significant drivers of the Bank’s cash outflow were Retail and unsecured wholesale funding. Unsecured funding transactions include funds provided by non-financial corporate customers, sovereigns, central banks, multilateral development banks and Public Sector Entities (PSEs).

The objective of NSFR is to reduce funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress.

NSFR has been defined as $\dfrac{\text{Available amount of Stable Funding (Funding Source)}}{\text{Required amount of Stable Funding (Funding User)}}$

The amount of available stable funding (ASF) is measured mainly on the broad characteristics of the relative stability of a bank’s funding sources (equity & liabilities), contractual maturity of its liabilities and the difference in the tendency to withdraw their funding by different types of funding providers.

The amount of required stable funding (RSF) is measured based on the broad characteristics of the liquidity risk profile of the Bank’s assets and off-balance sheet (OBS) exposures.

As per Bank’s Investment Policy, ALCO shall be the management’s governing committee mainly responsible for Market and Liquidity risks pertaining to balance sheet and off-balance sheet items. It is ALCO’s responsibility to establish and monitor liquidity targets as well as strategies and tactics to meet those targets. Furthermore, ALCO will ensure that sufficient liquidity is available for unanticipated contingencies. ALCO monitors the maintenance of liquidity ratios, depositor's concentration both in terms of overall funding mix and avoidance of reliance on large individual deposits. The Board of Directors have approved a comprehensive liquidity management policy.

Management of liquidity is centrally managed through the Treasury within the Bank. The Bank has sufficient liquidity sources for outflows and management is of the view that we are adequately liquid as required by LCR & NSFR regulations. The Asset and Liability Management Committee (ALCO) of the Bank is responsible for oversight of liquidity management and review of positions on monthly basis and / or on need basis based on systematic risks.

The Bank has a comprehensive contingency plan that specifies strategies for dealing with the liquidity problem and outlines particular funding sources that would be drawn upon as part of the overall strategy. It also outlines trigger points that would be indicative of the crisis and lays the course of action to be taken by the institution for handling such a crises.

46.4.1 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Bank

	2024													
	Total	**Upto 1 day**	**Over 1 to 7 days**	**Over 7 to 14 days**	**Over 14 days to 1 month**	**Over 1 to 2 months**	**Over 2 to 3 months**	**Over 3 to 6 months**	**Over 6 to 9 months**	**Over 9 months to 1 year**	**Over 1 to 2 years**	**Over 2 to 3 years**	**Over 3 to 5 years**	**Over 5 years**
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	18,834,915	18,834,915	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,800,742	1,800,742	-	-	-	-	-	-	-	-	-	-	-	-
Due from financial institutions	1,398,776	-	-	-	1,398,776	-	-	-	-	-	-	-	-	-
Investments	126,851,952	99,367	-	-	-	1,386,604	-	9,201,205	10,462,252	16,538,289	19,932,170	33,487,916	10,165,160	25,578,989
Islamic financing and related assets - net	101,438,819	8,495	736,221	530,386	3,464,066	8,727,332	9,040,292	23,433,775	3,013,981	21,212,161	4,608,325	6,044,468	6,449,540	14,169,777
Property and equipment	2,792,479	-	-	-	15,415	15,415	15,415	401,368	46,245	46,245	184,981	184,981	213,470	1,668,944
Right of use assets	2,297,928	-	-	-	53,225	53,225	53,225	157,465	144,253	144,253	451,798	451,798	449,106	339,580
Intangible assets	1,249,863	-	-	-	4,906	4,906	4,906	218,618	14,718	14,718	58,870	58,870	25,740	843,611
Deferred tax assets	2,968,011	208,009	30,179	23,694	145,150	345,268	367,580	573,574	47,332	749,067	35,720	1,175	175,291	265,972
Other assets	13,627,468	2,374,661	1,056,171	412,327	1,827,989	1,571,770	183,211	2,218,473	89,876	169,400	1,130,782	325,446	674,636	1,592,726
	273,260,953	23,326,189	1,822,571	966,407	6,909,527	12,104,520	9,664,629	36,204,478	13,818,657	38,874,133	26,402,646	40,554,654	18,152,943	44,459,599
Liabilities														
Bills payable	7,282,964	7,282,964	-	-	-	-	-	-	-	-	-	-	-	-
Due to financial institutions	6,144,594	469,324	-	200,000	-	1,154,000	116,500	2,821,200	-	3,939	27,276	-	363,020	989,335
Deposits and other accounts	223,402,080	176,514,289	2,397,675	3,532,458	14,684,882	3,263,181	2,418,030	6,708,782	8,087,889	5,252,448	154,249	230,547	156,748	902
Lease liabilities	2,476,776	-	-	-	23,099	15,704	15,704	152,456	140,047	140,047	456,849	456,849	464,950	611,071
Subordinated mudaraba	3,124,241	-	-	-	-	-	-	-	-	-	-	-	-	3,124,241
Other liabilities	9,211,885	1,531,893	398,744	1,279,669	1,257,947	977,722	1,850,825	706,763	585,365	413,367	70,017	29,531	3,599	106,443
	251,642,540	185,798,470	2,796,419	5,012,127	15,965,928	5,410,607	4,401,059	10,389,201	8,813,301	5,809,801	708,391	716,927	988,317	4,831,992
Net assets	21,618,413	(162,472,281)	(973,848)	(4,045,720)	(9,056,401)	6,693,913	5,263,570	25,815,277	5,005,356	33,064,332	25,694,255	39,837,727	17,164,626	39,627,607

Represented by	
Share capital-net	14,500,490
Reserves	2,187,858
Surplus on revaluation of assets - net of tax	1,227,933
Unappropriated profit	3,702,132
	21,618,413

	2023													
	Total	**Upto 1 day**	**Over 1 to 7 days**	**Over 7 to 14 days**	**Over 14 days to 1 month**	**Over 1 to 2 months**	**Over 2 to 3 months**	**Over 3 to 6 months**	**Over 6 to 9 months**	**Over 9 months to 1 year**	**Over 1 to 2 years**	**Over 2 to 3 years**	**Over 3 to 5 years**	**Over 5 years**
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	21,877,439	21,877,439	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,683,007	1,683,007	-	-	-	-	-	-	-	-	-	-	-	-
Due from financial institutions	8,098,788	-	8,098,788	-	-	-	-	-	-	-	-	-	-	-
Investments	122,881,484	219,477	-	-	-	-	-	2,754,229	565,451	6,503,236	36,198,450	22,634,348	29,566,794	24,439,499
Islamic financing and related assets - net	79,755,889	250,276	266,993	180,934	9,417,084	3,908,112	6,656,724	13,789,303	2,363,484	3,178,144	6,533,531	13,008,163	8,870,189	11,332,952
Property and equipment	2,726,266	15,467	-	-	-	15,467	15,467	342,359	46,400	46,400	185,599	185,599	193,315	1,680,194
Right of use assets	1,543,900	38,912	-	-	-	37,943	37,943	113,115	108,167	108,167	331,301	331,301	272,607	164,442
Intangible assets	1,275,180	2	-	-	1,658	1,749	2,156	164,908	7,364	10,418	62,394	98,092	42,236	884,203
Deferred tax assets	2,545,871	123,878	11,569	7,871	363,374	150,812	379,407	239,985	88,799	107,281	167,483	438,018	221,724	245,670
Other assets	12,985,825	1,277,725	2,051,138	1,439,902	1,612,471	832,104	1,417,910	3,076,239	49,901	802,124	38,461	164,926	118,369	104,555
	255,373,649	25,486,183	10,428,488	1,628,707	11,394,587	4,946,187	8,509,607	20,480,138	3,229,566	10,755,770	43,517,220	36,860,448	39,285,234	38,851,515
Liabilities														
Bills payable	5,646,089	5,646,089	-	-	-	-	-	-	-	-	-	-	-	-
Due to financial institutions	7,649,661	-	8,600	-	2,800	335,000	3,605,950	1,700,330	-	-	7,965	19,680	252,012	1,717,324
Deposits and other accounts	207,337,745	149,551,160	2,578,966	8,532,368	8,847,358	3,624,843	4,037,530	18,686,247	5,087,494	4,190,470	1,714,004	217,282	261,717	8,306
Lease liabilities	1,677,081	-	-	-	37,419	(976)	(976)	110,531	120,567	120,567	361,320	361,320	286,818	280,491
Sub-ordinated loans	4,624,241	-	-	-	-	-	-	-	1,500,000	-	-	-	-	3,124,241
Other liabilities	10,185,675	702,320	1,266,246	1,247,266	862,184	796,996	2,769,165	160,584	1,635,064	476,754	88,554	18,392	52,328	109,822
	237,120,492	155,899,569	3,853,812	9,779,634	9,749,761	4,755,863	10,411,669	20,657,692	8,343,125	4,787,791	2,171,843	616,674	852,875	5,240,184
Net assets	18,253,157	(130,413,386)	6,574,676	(8,150,927)	1,644,826	190,324	(1,902,062)	(177,554)	(5,113,559)	5,967,979	41,345,377	36,243,774	38,432,359	33,611,331

Represented by	
Share capital - net	14,500,490
Reserves	1,381,115
Surplus on revaluation of assets - net of tax	793,083
Unappropriated profit	1,578,469
	18,253,157

46.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

Saving and current accounts have been bucketed on the basis of behavioural study conducted by the Bank.

	2024									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	---------- (Rupees in '000) ----------									
Assets										
Cash and balances with treasury banks	18,834,915	18,834,915	-	-	-	-	-	-	-	-
Balances with other banks	1,800,742	1,800,742	-	-	-	-	-	-	-	-
Due from financial institutions	1,398,776	1,398,776	-	-	-	-	-	-	-	-
Investments	126,851,952	99,367	1,386,604	9,201,205	27,000,542	19,932,170	33,487,916	10,165,160	25,369,145	209,843
Islamic financing and related assets - net	101,438,819	4,739,168	17,767,624	23,433,775	24,226,142	4,608,325	6,044,468	6,449,540	10,054,549	4,115,228
Property and equipment	2,792,479	15,415	30,830	401,368	92,490	184,981	184,981	213,470	1,668,944	-
Right of use assets	2,297,928	53,225	106,450	157,465	288,506	451,798	451,798	449,106	339,580	-
Intangible assets	1,249,863	4,906	9,812	218,618	29,436	58,870	58,870	25,740	843,611	-
Deferred tax assets	2,968,011	407,032	712,848	573,574	796,399	35,720	1,175	175,291	265,972	-
Other assets	13,627,468	5,671,148	1,754,981	2,218,473	259,276	1,130,782	325,446	674,636	1,592,726	-
	273,260,953	33,024,694	21,769,149	36,204,478	52,692,791	26,402,646	40,554,654	18,152,943	40,134,527	4,325,071
Liabilities										
Bills payable	7,282,964	7,282,964	-	-	-	-	-	-	-	-
Due to financial institutions	6,144,594	669,324	1,270,500	2,821,200	3,939	27,276	-	363,020	989,335	-
Deposits and other accounts	223,402,080	42,926,423	28,910,491	21,324,166	49,737,583	20,082,712	22,347,787	15,848,868	12,056,826	10,167,224
Lease liabilities	2,476,776	23,099	31,408	152,456	280,094	456,849	456,849	464,950	611,071	-
Subordinated mudaraba	3,124,241	-	-	-	-	-	-	-	1,735,000	1,389,241
Other liabilities	9,211,885	4,468,253	2,828,547	706,763	998,732	70,017	29,531	3,599	106,443	-
	251,642,540	55,370,063	33,040,946	25,004,585	51,020,348	20,636,854	22,834,167	16,680,437	15,498,675	11,556,465
Net assets	21,618,413	(22,345,369)	(11,271,797)	11,199,893	1,672,443	5,765,792	17,720,487	1,472,506	24,635,852	(7,231,394)

Represented by	
Share capital - net	14,500,490
Reserves	2,187,858
Surplus on revaluation of assets - net of tax	1,227,933
Unappropriated profit	3,702,132
	21,618,413

	2023									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	---------- (Rupees in '000) ----------									
Assets										
Cash and balances with treasury banks	21,877,439	21,877,439	-	-	-	-	-	-	-	-
Balances with other banks	1,683,007	1,683,007	-	-	-	-	-	-	-	-
Due from financial institutions	8,098,788	8,098,788	-	-	-	-	-	-	-	-
Investments	122,881,484	219,477	-	2,754,229	7,068,687	36,198,450	22,634,348	29,566,794	24,339,499	100,000
Islamic financing and related assets - net	79,755,889	10,115,287	10,564,836	13,789,303	5,541,628	6,533,531	13,008,163	8,870,189	5,768,997	5,563,955
Property and equipment	2,726,266	15,467	30,933	342,359	92,800	185,599	185,599	193,315	1,680,194	-
Right of use assets	1,543,900	38,912	75,887	113,115	216,334	331,301	331,301	272,607	164,442	-
Intangible assets	1,275,180	1,660	3,905	164,908	17,782	62,394	98,092	42,236	884,203	-
Deferred tax assets	2,545,871	506,692	530,219	239,985	196,080	167,483	438,018	221,724	245,670	-
Other assets	12,985,825	6,381,236	2,250,014	3,076,239	852,025	38,461	164,926	118,369	104,555	-
	255,373,649	48,937,965	13,455,794	20,480,138	13,985,335	43,517,220	36,860,448	39,285,234	33,187,560	5,663,955
Liabilities										
Bills payable	5,646,089	5,646,089	-	-	-	-	-	-	-	-
Due to financial institutions	7,649,661	11,400	3,940,950	1,700,330	-	7,965	19,680	252,012	1,717,324	-
Deposits and other accounts	207,337,745	35,496,497	19,276,801	29,135,086	25,665,620	22,660,057	22,594,094	22,656,193	22,390,047	7,463,350
Lease liabilities	1,677,081	37,419	(1,952)	110,531	241,134	361,320	361,320	286,818	280,491	-
Subordinated mudaraba	4,624,241	-	-	-	1,500,000	-	-	-	1,735,000	1,389,241
Other liabilities	10,185,675	4,078,016	3,566,161	160,584	2,111,818	88,554	18,392	52,328	109,822	-
	237,120,492	45,269,421	26,781,960	31,106,531	29,518,572	23,117,896	22,993,486	23,247,351	26,232,684	8,852,591
Net assets	18,253,157	3,668,544	(13,326,166)	(10,626,393)	(15,533,237)	20,399,324	13,866,962	16,037,883	6,954,876	(3,188,636)

Represented by	
Share capital - net	14,500,490
Reserves	1,381,115
Surplus on revaluation of assets - net of tax	793,083
Unappropriated profit	1,578,469
	18,253,157

47 PROFIT / (LOSS) DISTRIBUTION TO DEPOSITOR'S POOL

47.1 General remunerative depositors' pools / IERS pools / Treasury pools

2024							
Remunerative pools	Period	Profit sharing ratio (average)	Profit rate and weightage announcement period	Mudarib share (Rupees in '000)	Percentage of Mudarib Share transferred through Hiba	Profit rate return earned	Profit rate return distributed
General pool - PKR	Jan to Dec 2024	50%	Monthly	340,087	19.7%	16.5%	9.8%
General pool - FCY	Jan to Dec 2024	90%	Monthly	3,446	13.1%	0.8%	0.2%
Islamic export refinance pool	Jan to Dec 2024	59%	Monthly	-	-	19.9%	16.7%
Treasury pool	Jan to Dec 2024	21%	Variable	-	-	19.8%	18.0%
Special depositors' pool - PKR	Jan to Dec 2024	17%	Monthly	254,844	21.7%	19.5%	17.1%
Special depositors' pool - FCY	Jan to Dec 2024	50%	Monthly	42,486	35.2%	13.1%	8.8%
Open market operation pool	Jan to Dec 2024	1%	Variable	220	-	23.8%	22.0%

2023							
Remunerative pools	Period	Profit sharing ratio (average)	Profit rate and weightage announcement period	Mudarib share (Rupees in '000)	Percentage of Mudarib Share transferred through Hiba	Profit rate return earned	Profit rate return distributed
General pool - PKR	Jan to Dec 2023	50%	Monthly	403,576	15.5%	17.3%	10.0%
General pool - FCY	Jan to Dec 2023	86%	Monthly	4,170	9.6%	0.9%	0.2%
Islamic export refinance pool	Jan to Dec 2023	59%	Monthly	-	-	16.7%	14.2%
Treasury pool	Jan to Dec 2023	8%	Variable	-	-	20.8%	20.4%
Special depositors' pool - PKR	Jan to Dec 2023	15%	Monthly	197,749	17.6%	20.0%	17.4%
Special depositors' pool - FCY	Jan to Dec 2023	50%	Monthly	33,324	33.4%	11.2%	7.3%
Open market operation pool	Jan to Dec 2023	9%	Variable	414	-	21.0%	19.5%

48 COMPLAINT MANAGEMENT

48.1 Mechanism of the Complaint Management Unit (CMU)

At Al Baraka Bank Pakistan Limited (ABPL), we prioritise delivering exceptional customer experiences and ensuring that customer complaints are handled efficiently and effectively. In 2024, we received 15,016 complaints through various channels, with an impressive resolution rate of 99.99% within regulatory TAT and an average resolution time of 4 working days. The Complaint Resolution Unit (CRU) under Service Quality Department continuously aspired to handle/resolve Customer complaints & grievances as per the Consumer Grievances Handling Mechanism (CGHM) guidelines issued by

The CRU is a responsible unit whose role is to be an effective intermediary between the customers and the core units of the Bank to get customer complaints properly responded and answered. The unit’s core focus is the quick and efficient resolution of the complaints, analyse root cause of complaints and taking necessary measures to mitigate complaints and avoid its recurrence.

48.2 Lodgement of complaints

The complaint lodgement procedure is adequately displayed in all our branches as well as on our corporate website www.albaraka.com.pk. Further, details regarding lodgement of a complaint to Banking Mohtasib Pakistan (BMP) and State Bank of Pakistan (SBP) are also prominently displayed. Moreover, the same is also available on Sunwai CCP URL pasted on our website too.

All complaints of the customers that are received through various channels are logged in a Complaint Management System to keep track of their resolution. The Bank has a complaint escalation mechanism whereby all complaints are escalated to the senior management, if not resolved within the stipulated time.

The Bank receive complaints from following sources:

1) Phone banking / call centre
2) Letter / CEO office / drop box / registers / email / e-forms
3) Banking Mohtasib Pakistan / SBP / Prime Minister Portal / SBP Sunwai Portal
4) Social media / website / survey

The Bank follows defined standards, practices and regulatory requirements in resolution of complaints lodged with the Bank.

48.3 Steps of complaint resolution or handling of complaint

Our complaint handling process is designed to ensure that customer concerns are addressed promptly and fairly. The process comprises the following steps:

1) Acknowledgment of complaint receipt: We acknowledge receipt of every complaint, ensuring that customers know their concerns are being addressed.

2) Investigation and tagging: We investigate each complaint and tag it to the relevant department or branch for resolution.

3) Interim update: If the resolution exceeds the defined timeline, we provide customers with an interim update on the status of their complaint.

4) Resolution Intimation: Once the complaint is resolved, we inform the customer of the resolution.

5) Root cause analysis: We conduct a root cause analysis of each complaint to identify areas for improvement.

6) Suggestions for required actions: Based on the root cause analysis, we suggest required actions to prevent similar complaints in the future.

7) Daily MIS: We issue a daily Management Information System (MIS) report to all stakeholders, ensuring that everyone is informed about the complaint resolution process.

8) Bi-annual SMS: We send SMS notifications to customers at least twice a year, informing them about the modes of complaint lodgement.

48.4 New initiatives

The Bank consistently endeavours to provide superior customer services and in order to give better customers experience, below are the few initiatives taken by the Bank during 2024.

- The Bank has arranged quarterly training sessions for empowering the front end staff to comprehend the concept of Handling Customer's Complaints & Grievances.

- The Bank conducts extensive surveys regarding the complaint management to gauge customers' satisfaction and their experience. This research activity also help to identify customers expectations associated with Bank. ABPL has introduced a Digital Survey Platform for customers where they can provide their feedback through website.

- The Bank has also upgraded its Complaint Management System V2 by launching a state-of-the-art solution which has resulted in process automation and efficient handling of customer complaints.

- Complaint Management System has been modified in terms of its functionality - Complaint's aging is calculated on an hourly basis for more efficient handling of customer complaints. Acknowledgements are being routed with more accuracy with minimum discrepancy ratio.

- The Complaint Management System (CMS) now auto-generates Level 3 escalation emails at CEO's level, ensuring visibility of our worthy CEO.

- The Bank also enhanced its complaint monitoring mechanism by introducing Complaint Management Dashboard which is regularly reviewed by the senior management to ensure timely resolution of customer complaints.

- The voice of customer complaint closure survey score was 76.35% in 2024.

By implementing these initiatives and continually improving our complaint handling process, we aim to provide our customers with an exceptional banking experience.

49 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparison and better presentation. There were no significant reclassifications / restatements during the year except as given in note 50.

50 RECLASSIFICATION

As a result of changes in forms for the preparation of financial information issued by SBP as referred in note 2.1.5 and for better presentation, corresponding figures have been rearranged as follows. There are no other material reclassifications.

Transfer from	Transfer to	(Rupees in '000)
Property and equipment	Right-of-use assets	2,297,928
Other liabilities	Lease liabilities	2,476,776

51 GENERAL

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

51.2 The Board of Directors in its meeting held on 13 February 2025 has announced final cash dividend of Rs. 0.38 per share (3.8 %). The financial statements for the year ended 31 December 2024, do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending December 31, 2025.

52 DATE OF AUTHORISATION

These financial statements were authorised for issue on 13 February 2025 by the Board of Directors of the Bank.

Attest

Chief Executive Officer	Chief Financial Officer	Chairman	Director	Director

ANNEXURE - I

STATEMENT SHOWING WRITTEN-OFF FINANCING OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE DURING THE YEAR ENDED 31 DECEMBER 2024

Rupees in thousands

Sr. No.	Name of the borrower	Name of individuals / partners / directors (with N.I.C. No.)	Father's name	Outstanding Liabilities at beginning of year				Written-off		Waiver	Total (9+10+11)
				Principal	Profit	Other financial relief	Total (5+6+7)	Principal	Profit	Other financial relief	
1	2	3	4	5	6	7	8	9	10	11	12
1	Ch Mohsin Saleem Raza	3310009884305	M Saleem Akhtar Ch	**1,339**	**545**	**62**	**1,946**	**-**	**545**	**62**	**607**
2	Chaudhary Shahroz Iftikhar	36302-7617723-5	Ch Iftikhar Ahmad	**1,384**	**522**	**-**	**1,906**	**-**	**516**	**-**	**516**
3	Muhammad Saeed	37405-0105852-3	Abdul Khaliq	**848**	**375**	**168**	**1,391**	**-**	**373**	**168**	**541**
4	Manzoor Ahmad	35102-0687047-9	Rehmat Khan	**1,752**	**533**	**-**	**2,285**	**-**	**503**	**-**	**503**
5	Javed Niaz	35201-6397901-5	Niaz Muhammad	**13,023**	**2,201**	**-**	**15,224**	**-**	**2,692**	**-**	**2,692**
6	Zaheer-ud-Din Khan Babar	36302-4203680-3	Mohsin Qayyum Nawaz K	**3,021**	**563**	**-**	**3,584**	**-**	**590**	**-**	**590**
7	Ibrahim's	Choudhary Kamran Waheed 35202-8243298-7	Waheed Afzal	**58,524**	**17,320**	**-**	**75,843**	**-**	**17,238**	**-**	**17,238**
8	Chaudry Kamran Waheed	35202-8243298-7	Waheed Afzal	**16,169**	**4,535**	**-**	**20,704**	**-**	**4,780**	**-**	**4,780**
9	New Baloch Building Material	Abdul Qadir Khan 36103-3383593-3	Hafiz Muhammad Ramzan Khan	**318**	**2,243**	**-**	**2,562**	**-**	**2,702**	**-**	**2,702**
10	Mehran Marmi	Muhammad Arif 42101-8260843-7		**140,000**	**2,375**	**-**	**142,375**	**-**	**8,722**	**-**	**8,722**
		Muhammad Asfan 42101-3344490-5	Muhammad Ilyas				**-**				**-**
		Muhammad Arsalan 42101-2657258-3	Muhammad Arif				**-**				**-**
		Kiran Arif 42101-5706413-6	Muhammad Arif				**-**				**-**
11	Muttayab Younas	35202-6225512-5	Muhammad Younus	**2,082**	**790**	**-**	**2,871**	**-**	**909**	**-**	**909**
12	Kohistan Plastic	Ijaz Ahmed 33100-5979311-3	Ch Muhammad Sharif	**0**	**871**	**-**	**871**	**-**	**871**	**-**	**871**
13	Amir Ali	35103-7787271-3	Pir Bakhsh	**2,000**	**690**	**-**	**2,690**	**-**	**787**	**-**	**787**

Sr. No.	Name of the borrower	Name of individuals / partners / directors (with N.I.C. No.)	Father's name	Outstanding Liabilities at beginning of year				Written-off		Waiver	Total (9+10+11)
				Principal	Profit	Other financial relief	Total (5+6+7)	Principal	Profit	Other financial relief	
1	2	3	4	5	6	7	8	9	10	11	12
14	Parveen Hafeez / Rao Muhammad Jehanzeb	35201-6377946-4	Hafeez Ul Rehman	**27,240**	**15,185**	**-**	**42,426**	**-**	**10,918**	**-**	**10,918**
15	Ashar Jamal Farooqi	35202-0452812-1	Jamal Zafar Farooqi	**5,160**	**727**	**-**	**5,887**	**-**	**672**	**-**	**672**
16	Bilal Adil	42101-4876092-9	Abdul Majeed	**1,226**	**480**	**193**	**1,899**	**-**	**480**	**193**	**673**
17	D.S. Industries Limited	Ali Pervez Ahmed 35202-8633784-5	Pervez Ahmed	**43,283**	**13,991**	**-**	**57,274**	**43,283**	**13,991**	**-**	**57,274**
		Pervaz Ahmed 35202-5637832-7	Muhammad Ahmed	**16,717**	**1,854**	**-**	**18,571**	**16,717**	**1,854**	**-**	**18,571**
		Suleman Ahmed 35202-7654837-5	Muhammad Ahmed				**-**				**-**
		Rehanan Pervez Ahmed 35202-5904987-0	Pervaz Ahmed				**-**				**-**
		Aysha Ahmed 35202-9651743-6	Mansoor				**-**				**-**
		Muhammad Khalid Khan 35202-2649694-3	Karam Dad Khan				**-**				**-**
18	Suns Developers	Umair Sohail Siddiqui 42301-3754148-7	Sohail Wajahat Siddiqui	**155,000**	**13,542**	**-**	**168,542**	**-**	**13,542**	**-**	**13,542**
19	Arshad Mahmood	35202-0124484-9	Mahmood Ahmed Chaudry	**2,613**	**923**	**45**	**3,581**	**-**	**1,119**	**45**	**1,163**
20	Zulfiqar Ali	42201-0714803-7	Javaid Ali	**2,038**	**510**	**115**	**2,663**	**-**	**510**	**115**	**625**
21	Tassaduq Ali	35202-2335561-3	Asghar Ali	**3,985**	**1,540**	**-**	**5,525**	**-**	**1,291**	**-**	**1,291**
22	Altaf Hussain	35504-0370038-1	Allah Rakha	**2,029**	**819**	**18**	**2,867**	**-**	**873**	**18**	**891**
23	Nouman Azeem	38201-6219459-9	Muhammad Azeem	**2,237**	**230**	**-**	**2,467**	**-**	**559**	**-**	**559**
24	Nasir Khan	42501-5504229-3	Noor Muhammad	**3,119**	**269**	**-**	**3,388**	**-**	**801**	**-**	**801**
25	Kamran Riaz	35202-2985593-3	Riaz Ali	**1,941**	**682**	**-**	**2,623**	**-**	**726**	**-**	**726**
26	Rana Shakir	38401-9859573-7	Ghulam Nabi	**6,021**	**1,540**	**42**	**7,602**	**-**	**1,461**	**42**	**1,503**
27	Muhammad Azhar	35201-3995790-1	Naeem Akhtar	**1,237**	**494**	**-**	**1,731**	**-**	**586**	**-**	**586**
28	Shahid Javed	37405-0636456-7	Tariq Javed	**2,184**	**426**	**23**	**2,633**	**-**	**703**	**23**	**726**
				516,491	**86,773**	**665**	**603,930**	**60,000**	**91,315**	**665**	**151,981**

Statement showing charity paid of Rs. 500,000 or above during the year ended 31 December 2024

Names	31 December 2024	31 December 2023
	-----------------Rupees in '000-----------------	
Indus Hospital	**10,000**	-
Habib University Foundation	**8,500**	4,500
The Citizen Foundation	**6,500**	-
Patient'S Aid Foundation	**5,025**	-
Akhuwat Islamic Microfinance	**5,000**	-
Make-A-Wish Foundation Pakistan	**5,000**	2,000
Saylani Welfare International Trust	**4,500**	1,000
Akbar Kare Institude	**4,000**	-
Insitute Of Business Administration	**3,750**	-
Alamgir Welfare Trust International	**3,500**	2,500
Karachi Institue Of Kidney Diseases Association	**3,000**	-
Professional Education Foundation	**3,000**	1,500
Dawood Global Foundation	**2,992**	2,940
Telha Foundation	**2,500**	-
Ittefaq Kidney & General Welfare Hospital	**2,000**	-
Ran'Aa Child Welfare Foundation	**1,000**	-
Family Educational Services Foundation - FESF	**1,000**	-
Sahil Welfare Association	**969**	5,000
Bint-e-Fatima Foundation	**500**	-
Diabetics Association Charsadda	**500**	-
Karachi Down Syndrome Program (KDSP)	**500**	-
Molana Tariq Jamil Foundation (MTJF)	**-**	5,000
IBA Karachi (CEIF)	**-**	2,350
Alkhidmat Foundation Pakistan	**-**	802
Afzaal Memorial Thalassemia Foundation - AMTF	**-**	1,500
Memon Health and Eduction Foundation	**-**	500
Nice Welfare Society	**-**	500
TOTAL	**73,736**	**30,092**