

ANNUAL REPORT 2024



Bank of Khyber

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Vision

To become a Leading Bank providing efficient and dynamic services in both Islamic and Conventional banking through expanded nationwide network.

Mission

To increase shareholders' value and provide excellent service and innovative products to customers through effective corporate governance, friendly work environment and contributing towards an equitable socio-economic growth.



Corporate Information

Board of Directors

Ikramullah Khan	Chairman / Non-Executive Director
Amer Sultan Tareen	Non-Executive Director
Abid Sattar	Independent Director
Syed Asad Ali Shah	Independent Director
Tahir Jawaid	Independent Director
Osman Asghar Khan	Independent Director
Muhammed Shahid Sadiq	Independent Director
Natasha Jehangir Khan	Independent Director

Managing Director / CEO

Hassan Raza

Shariah Board

Mufti Muhammad Zahid	Chairman Shariah Board
Mufti Muhammad Arif Khan	Member Shariah Board
Mufti Abdul Wahab	Member Shariah Board
Gazi Abdul Samad	Resident Shariah Board Member (RSBM)

Board Audit Committee

Syed Asad Ali Shah	Chairman
Amer Sultan Tareen	Member
Abid Sattar	Member
Muhammed Shahid Sadiq	Member
Osman Asghar Khan	Member

Board Human Resource & Remuneration Committee

Abid Sattar	Chairman
Tahir Jawaid	Member
Osman Asghar Khan	Member
Natasha Jehangir Khan	Member

Board Risk Management Committee

Abid Sattar	Chairman
Amer Sultan Tareen	Member
Muhammed Shahid Sadiq	Member
Hassan Raza	Member

Board I.T Steering Committee

Osman Asghar Khan	Chairman
Tahir Jawaid	Member
Syed Asad Ali Shah	Member
Natasha Jehangir Khan	Member
Hassan Raza	Member

Board Compliance Committee

Muhammed Shahid Sadiq	Chairman
Amer Sultan Tareen	Member
Natasha Jehangir Khan	Member
Hassan Raza	Member

Chief Financial Officer

Irfan Saleem Awan

Company Secretary

Irfan Saleem Awan (A)

Registered Office / Head Office

The Bank of Khyber

24 – The Mall, Peshawar Cantt.

UAN# 00-92-91-111 95 95 95

URL: www.bok.com.pk

Auditors

M/s PwC A.F. Ferguson & Co.

Chartered Accountants

Legal Advisors

M/s. Mohsin Tayebaly & Co., Karachi

Registrar and Share Registration Office

THK Associates (Pvt) Ltd.

Plot # 32-C, Jami Commercial Street 2

D.H.A, Phase-VII,

Karachi-75500

Notice of Thirty Fourth Annual General Meeting

Notice is hereby given that Thirty Fourth Annual General Meeting of the Shareholders of The Bank of Khyber (the Bank) will be held on Friday, March 28, 2025, at 10:00 a.m. at The Bank of Khyber Head Office, BOK Tower, 24 – The Mall, Peshawar Cantt. as well as through video link to transact the following business:

Ordinary Business

1. To confirm the minutes of Extra Ordinary General Meeting held on May 31, 2024.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Bank for the year ended December 31, 2024, together with the Directors' Report and Auditors' Reports thereon. Further, the shareholders will be briefed by highlighting the performance of the Bank and future endeavors.

The Annual Report 2024 which includes Audited Financial Statements of the Bank for the year ended December 31, 2024 and related reports / statements can be accessed through Bank's website at www.bok.com.pk/annual-financial-statement or through scanning the following QR enabled Code:



3. To appoint Auditors for the year ending December 31, 2025 and fix their remuneration. The Bank's auditors M/s. PwC A.F. Ferguson & Co., Chartered Accountants, retired and being eligible, offer themselves for re-appointment.
4. To consider, and if thought fit, approve as recommended by the Board of Directors, final Cash Dividend for the year 2024 @ Rupees 1.70 per share i.e. 17% to the shareholders of the Bank.

Other Business

5. Any other business with the permission of the Chair.

Peshawar: March 07, 2025

By Order of the Board



Irfan Saleem Awan
Company Secretary

Notes:

- (i) Share Transfer Books of the Bank will remain closed from March 21, 2025 to March 28, 2025 (both days inclusive to determine the names of members entitled to receive payouts, if any, and attend and vote in the meeting).

Transfer received at the Share Registrar of the Bank M/s. THK Associates (Pvt) Limited, Plot No. 32 – C, Jami Commercial Street 2, Phase VII, D.H.A, Karachi, by the close of business on March 20, 2025 will be treated in time for the purpose of above entitlement to the transferees and of attending the meeting.

(ii) For Appointing Proxies:

- a. All members are entitled to attend and vote at the meeting.
- b. A member entitled to attend and vote at the meeting is entitled to appoint another member as a proxy to attend, speak and vote for him / her. The proxy appointed should be a member of the Bank of Khyber.
- c. The instrument of proxy applicable for the meeting is being provided with the notice sent to the members. Further copies of the instrument of proxy, if required, may be obtained from the Registered Office of the Bank during normal office hours.
- d. The instrument of proxy and a Power of Attorney or other authority (if any) under which it is signed, or notarized copy of such Power of Attorney must be valid and deposited at the Registered Office of the Bank not less than 48 hours before the time of the meeting.
- e. Beneficial owners of the shares registered in the name of Central Depository Company of Pakistan (CDC) and/ or their proxies are required to produce their original Computerized National Identity Card (CNIC) or passport for identification purpose at the time of attending the meeting. The form of the proxy must be submitted with the Bank within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form, along with attested copies of the CNIC or the Passport of the beneficial owner and the proxy.
- f. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form of the Bank.
- g. The proxy shall produce his / her original CNIC or passport for identification purposes at the time of attending the meeting.

- h. Members are requested to immediately communicate changes in their registered addresses, if any, to the Bank's Shares Registrar before start of the book closure period.
- i. Form of Proxy, if required, should be signed on Rs.10/- Revenue Stamp.

(iii) Video Link Facility for Participation in Annual General Meeting

- a. The Annual General Meeting is being conducted as per guidelines circulated by SECP following arrangements have also been made by the Bank to facilitate the maximum participation of the shareholders in the Annual General Meeting through video link facility, either in-person or through appointed proxies.
- b. If the Bank receives request from members residing at a geographical location, to participate in the meeting through video link, are requested to please provide below information at Email: lrfan.saleem@bok.com.pk or kamran.tariq@bok.com.pk at the earliest but not later than close of business on March 25, 2025.

Full name of shareholder/ proxy holder	Company	CNIC Number	Folio/CDC/ Account Number	Email ID	Mobile Number
	BOK				

- c. Please note that video link and login credentials will be shared with only those members / designated proxies whose e-mail and other required information are received in required time as mentioned above.
- d. Login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after the identification process. Shareholders will be able to login and participate in the meeting proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.

Notice of Thirty Forth Annual General Meeting

FOR SHAREHOLDERS' ATTENTION

a. Transmission of Annual Report 2024

SECP through its S.R.O. 389(I)/2023 dated 21 March 2023, has allowed companies to circulate their annual balance sheet and profit & loss account, auditor's report and Directors' report etc. ("Audited Financial Statements") along with Notice of AGM ("Notice") to their shareholders through web link and QR Enabled Code by discontinuing the past practice of transmission of Audited Financial Statements through CD / DVDs / USBs.

In accordance with the Shareholders' approval accorded in 33rd Annual General Meeting of the Bank held on March 29, 2024, annual audited financial statements have been circulated through QR enabled code and web link to its members. However, the Bank would provide hard copies of the Annual Report to the shareholders on their demand at their registered addresses, free of cost, within one week of such request.

b. Payment of Cash Dividend Electronically (e-Dividend) / Dividend Mandate

As per Companies Act, 2017 and Companies (Distribution of Dividends) Regulation 2017, any dividend payable in cash by a listed company shall ONLY be paid through electronic mode directly into the bank account of the entitled shareholder(s) which must be in their own name. In this regard, the Bank had already sent letters & Bank Mandate Forms to the shareholders and issued various notices through publication in newspapers requesting the shareholders to comply with the requirement of providing Bank Mandate urgently.

Under the provisions of the said laws, the Bank is required to withhold cash dividend payment of those shareholders whose dividend mandate information and / or CNIC detail is not available at the time of payment of cash dividend.

All the shareholders are hereby once again requested to provide the Bank Mandate details including International Bank Account Number (IBAN) immediately along with a copy of valid CNIC, if not provided earlier to their respective Participants / Brokers (if shares are held electronically) or to the Share Registrar (if shares are held in physical form) for credit of cash dividends directly into their designated bank accounts through electronic modes.

In case of non-provision of Bank Mandate & copy of valid CNIC, cash dividend(s) will be withheld according to SECP directives. For providing the Bank Mandate details to CDC / Share Registrar, the IBAN Form may be downloaded from the Bank's website under Investor Relations.

c. Deduction of Withholding Tax

Please note that withholding tax will be deducted on the basis of latest "Active Taxpayers List" (ATL) available at FBR website as per following rates:

1. Persons appearing in ATL: 15%
2. Persons not appearing in ATL: 30%

Further, in respect of joint shareholders, tax will be deducted as per their respective ratio / share (if any) intimated by the shareholder to the Bank's Share Registrar, otherwise their shareholding will be treated as equal.

Valid Tax Exemption Certificate is required for claim of Exemption u/s 150 of the Income Tax Ordinance, 2001.

d. Zakat Declaration

That pursuant to the Zakat and Ushr Ordinance, 1980 read with the Zakat (Collection and Refund) Rules, 1981, The Bank is required to deduct zakat from dividend(s) and to deposit the same with the relevant Authority.

To avail an exemption from said deduction, the shareholder(s) are advised to provide a duly executed declaration form i.e. CZ-50, with respect to faith and fiqh,

The Bank of Khyber, in any case, bears no legal responsibility / obligation or any financial liability whatsoever in this regard.

e. Postal Ballot / E-voting

In accordance with the Companies (Postal Ballot) Regulations, 2018, Section 143 and 144 of the Companies Act 2017 and under Postal Ballot Regulation, 2018 latest amendments circulated through SRO dated December 05, 2022, SECP has directed all listed companies for the purpose of Polling on Special Business, be allowed to exercise their right to vote through postal ballot i.e. by post or e-voting, in the manner and subject to the conditions contained in the aforesaid regulations.

f. Unclaimed / Unpaid Dividends and Share Certificates

Shareholders are once again requested that who have not yet received / collected their previous dividends / physical shares to contact our Share Registrar for the needful.

g. Deposit / Conversion of Physical Shares into Book Entry Form

In accordance with Sub Section 2 of Section 72 of the Companies Act, 2017, Companies are required "to replace its physical shares with book entry form" in the manner specified by the Commission.

To enable compliance with the requirement, we request the shareholders to kindly convert shares held in Physical Form into Book Entry Form as soon as possible. The shareholders may contact a Broker, a PSX Member, CDC Participant or CDC Investor Account Service to obtain assistance for opening a CDS Account and subsequent induction of the physical shares into Book Entry Form.

Chairman's Review

On behalf of the Board of Directors, I am pleased to present the Annual Report of the Bank of Khyber for the year ended December 31, 2024.

The year 2024 brought significant economic improvements for Pakistan, marked by a notable progress in key indicators viz. declining inflation, stable exchange rate and reduction in policy rate. The economic growth in 2024 demonstrated resilience and progress with an optimistic outlook contingent on maintaining reforms and ensuring stability.

The Bank of Khyber has demonstrated healthy performance during the year and continued to focus on improvement in all the key areas for its long term sustainable growth. The Bank consistently upheld its commitment to providing innovative and value-driven financial products and services. Our ongoing focus has been on advancing digital banking capabilities, enabling customers to effortlessly perform banking transactions via mobile and online platforms. During the year, the Bank has launched its digital master card which is a remarkable addition to its product suite.

Moreover, the Bank kept active engagement towards various initiatives of social responsibility and focused on sports, cultures, arts, youth development, communities and various other aspects.

As Directors, we recognize the significance of sound governance practices for ensuring the efficient operations of the Bank. We remain committed to ensuring highest level of ethical and professional standards in the Bank, adhering to applicable laws and regulations, and providing effective oversight to management. The Board has formed subcommittees to oversee critical areas including risk management, information technology, human resources audit and compliance. These committees play a critical role in aligning the Bank's strategic goals with operational practices, thereby strengthening transparency and good governance.

Going forward, we will remain committed to achieving new milestones to meet expectations of our stakeholders. We will continue to prioritize customer needs, innovate our offerings, and pursue operational excellence.

The Bank has recently announced initiation of the process for its conversion from conventional to Islamic. In this respect, we remain committed to take all the steps required for achievement of this goal. This strategic initiative of the Bank is aligned with SBP's vision 2028 which envisions transforming the conventional banking system of Pakistan into Shariah Compliant banking system.

I extend my sincere gratitude to our customers and shareholders for their trust and support, to the State Bank and regulatory authorities for their guidance, and to our dedicated employees for their hard work and dedication.

On behalf of the Board of Directors, we look forward to a promising future filled with growth and prosperity.



Ikramullah Khan
Chairman

Peshawar: March 5, 2025

Directors' Report

On behalf of the Board of Directors, we are pleased to present the 34th Annual Report of the Bank of Khyber for the financial year ended December 31, 2024.

Financial Highlights

The financial highlights of the Bank are as under:

	Rs. In Million
Operating Profit	7,709
Reversal of credit loss allowance/provisions and write offs- net	(426)
Profit before taxation	8,135
Taxation	4,520
Profit after taxation	3,615
Total assets	477,564
Advances - net	146,882
Investments- net	282,767
Deposits	277,642

Dividend Distribution

The Board considered and has recommended a final cash dividend at Rs. 1.7 per share i.e. 17% for the financial year ended December 31, 2024.

Economic Review

During the year, Pakistan's economy showed a steady recovery and economy grew by 2.5%. Inflation also significantly declined during FY2024 coupled with stable exchange rate and reduction in policy rate by the Central Bank. The economic growth in 2024 demonstrates resilience and progress with an optimistic outlook contingent on maintaining reforms and ensuring stability.

A stable currency environment, a high base effect, and a sharp decline in food inflation contributed to a downward trend in overall inflation throughout the year. By December 2024, CPI inflation decreased to 4.1% from 29.7% in December 2023, with food inflation dropping more sharply to 1.4% from 29%. This significant reduction in inflation provided SBP with room to cut interest rates. The benchmark policy rate was reduced by 9%, from 22% in June 2024 to 13% by December 2024. In January 2025, the SBP further lowered the policy rate by 100 basis points to 12%. The KSE-100 index responded positively to the improved macroeconomic conditions, closing at 115,126 points in December 2024, reflecting an 84% gain for the year.

Performance Review

In a competitive operating environment, the Bank continued its focus on long-term, multi-faceted strategy, prioritizing the continuous enhancement of innovative, technology-driven services for customers.

The Bank demonstrated healthy financial performance whereby the Bank's profit before tax was recorded at Rs. 8,135 million against Rs. 6,702 million in the previous year thereby registering a significant growth of 21%. Due to higher tax charge for the year, profit after tax for the year stood at Rs. 3,615 million against Rs. 3,481 million last year. This translates into earnings per share of Rs. 3.12 against Rs. 3.01 (restated) in 2023.

With a sizeable increase, the net mark-up / interest income during FY-2024 stood at Rs. 16,492 million as compared to Rs. 13,893 million in the corresponding year. This is reflective of Bank's effective portfolio management. Non-markup / interest income decreased due to decrease in foreign exchange income and stood at Rs. 1,778 million as compared to Rs. 2,109 million during the previous year.

The asset base of the Bank at year-end stood at Rs. 477,564 million as against Rs. 383,186 million as of December 31, 2023, mainly as result of increase in investment and advances. Investments (net) stood at Rs. 282,767 million as compared to Rs. 223,348 million as of December 31, 2023, while advances (net) stood at Rs. 146,882 million as against Rs. 101,588 million last year.

On the liabilities side, at the year-end, total deposits stood at Rs. 277,642 million in comparison with Rs. 289,292 million as of December 31, 2023. Borrowings of the Bank at the year-end stood at Rs. 133,532 million as against Rs. 50,461 million last year.

During the year, the Bank focused on consolidation along with selective expansion in its network to provide efficient banking services to valued customers. To meet the diverse needs of its clientele, the Bank is continuously strengthening both digital and traditional banking services across Pakistan.

Moreover, the Bank continues to play an active role in all Government and SBP initiatives aimed at improving the economic activities in the country and the province.

Future Outlook

The Bank is watchful of the economic conditions and will continue to focus on maintaining the growth momentum and asset quality. The cornerstone of the Bank's philosophy would remain on improving service quality standards and providing state-of-the-art banking services through leveraging technology and trained human resources. Efforts are also underway to target new market segments and to improve efficiency and productivity in the Bank's overall performance.

The Bank has recently announced initiation of the process for its conversion from conventional to Islamic. In this respect, we remain committed to taking all the steps required for the achievement of this goal. This strategic initiative of the Bank is aligned with SBP's vision 2028 which envisions transforming the conventional banking system of Pakistan into Shariah Compliant banking system.

The Bank would be focusing on enhancing revenue growth and profitability through cross selling various financial products, improvement of organizational structure for synergistic benefits, strengthening of internal controls and operational structure, capacity building, proficient customer services and optimizing branch banking platform. Emphasis will be on identification of cost rationalization opportunities and ensuring continuous improvement towards automation and product innovations.

The Bank intends to diversify its financing portfolio by focusing on lending to the good quality private sector for fresh loans with the potential of ancillary business and trade finance opportunities. Besides, other target areas remain Consumer Financing, Agriculture, and SMEs to foster development and generate economic activity. The emphasis will be on

boosting trade volumes, and increasing penetration in cash management services.

The Bank is giving special attention to the Home Remittance business through the broadening of the product suite and utilization of Bank's digital banking platform. We have recently launched our home remittances service brand by the name of "BOK KorPay".

The Bank is also working towards the formation of its proposed exchange company which will help to diversify its revenue stream and provide synergistic benefits and business outreach.

The Bank remains cognizant of the challenging business environment and stands committed to its strategy of steady growth through diversification in products, services and outreach. The Bank is also focusing on increasing its customer base and mobilizing cost effective deposit mix with an emphasis on prudent lending to maintain trend of stable profitability.

The Bank is fully confident that the goals set for the ensuing year will be materialized and will contribute to the growth of the Bank.

Risk Management Framework

The Bank is committed to upholding robust risk management standards, ensuring that all identifiable risks are effectively assessed and mitigated, considering their nature, magnitude, and concentration. To achieve this, a comprehensive governance structure has been established at both the Board and Management levels, ensuring strategic direction and oversight.

Governance and Oversight

The Bank has put in place comprehensive business strategies and policies, including those related to risk-taking and risk management. It ensures that senior management possesses the necessary capabilities to oversee operations effectively. To further strengthen governance, the Board has constituted the Board Risk Management Committee (BRMC), which convenes regularly to review key risk areas, including Credit, Market, Liquidity, and Operational risks. Additionally, the BRMC monitors the management of non-performing accounts, the interest rate environment, and the risk asset portfolio in relation to capital adequacy.

Directors' Report

At the senior management level, the Bank has designated committees responsible for specialized risk oversight. These include:

- Head Office Credit Committees – reviewing credit proposals and risk assessment
- Management Risk Committee (MRC) – overseeing overall risk exposure and controls
- Assets and Liabilities Committee (ALCO) – monitoring balance sheet risks, market risks, and liquidity

Risk Management Structure

The Bank's risk management structure is aligned with regulatory requirements and industry best practices, ensuring independence between risk management and business functions to prevent conflicts of interest and maintain a strong control environment.

Business proposals for financing, investment, or financial institution (FI) limits are initiated by business units. These proposals undergo detailed analysis by relevant support officials at the Head Office before reaching the Credit Risk Management Department for an evaluation. The Credit Risk team assesses borrowers' business dynamics, financial standing, industry outlook, and collateral quality along with 5Cs of the Credits to form recommendations for the approving authority.

The Credit Risk Management Policy, along with the Early Warning Indicators (EWI) Framework, Risk Appetite Statement, and Risk Acceptance Criteria (RAC), establishes a well-defined structure for risk assessment, monitoring, and control. These frameworks ensure that risk exposure remains within the strategic parameters set by the Board of Directors (BoD), fostering a disciplined and proactive risk management approach.

The Bank is advancing toward full automation of Credit Risk Management models, transitioning from Excel-based tools to a comprehensive web-based solution. This strategic shift, leveraging in-house expertise and resources, aims to enhance efficiency, scalability, and analytical capabilities, ensuring a robust and future-ready risk management framework.

The Loan Origination System (LOS) implementation is in its final phase and is expected to go live soon. The Bank has made significant investments in this digital transformation, reinforcing a forward-looking strategy to optimize credit workflows, improve decision-making, and drive operational excellence.

Enterprise Risk Management

The Enterprise Risk Management Division (ERMD) is responsible for monitoring Market, Liquidity, Operational, Environmental, and Country risks. The division ensures timely reporting of market and liquidity risks to ALCO and maintains an updated Market Risk Management (MRM) Framework, covering:

- Asset-Liability Management
- Interest Rate Risk in Banking and Trading Books
- Monitoring of Treasury Investments and Equity Portfolios within risk tolerance limits

A well-defined Operational Risk Management framework has been implemented. Risk Control Self-Assessment (RCSA) workshops are conducted to evaluate banking transaction processes and identify control weaknesses. Additionally, an automated operational loss incident reporting system allows employees to report control breaches, helping the Bank to take corrective measures against operational risk events.

Environmental Risk Management

Given the growing significance of environmental risk, the Bank has established a dedicated Environmental Risk Management Desk that works to minimize effluents, emissions, waste, and resource depletion in line with State Bank of Pakistan (SBP) requirements. The Bank has developed a robust environmental risk management system, including:

- An Environmental Risk Avoidance List
- Categorization of Environmental Risks across industries
- Environmental Due Diligence Checklists
- Environmental Risk Covenants
- Environmental Risk Rating Model

Market Monitoring and Business Strategy

The Bank remains proactive in monitoring market developments, interest rate fluctuations, and foreign exchange volatility, ensuring that the business strategy is realigned to mitigate risks and protect stakeholders' interests. A multi-pronged approach is adopted to strengthen financial stability and align with the risk management guidelines set forth by SBP and best practices.

Internal Controls

The Board of Directors has a fiduciary responsibility to ensure the existence of an adequate and effective system of internal controls for management and mitigation of multiple risks the Bank has to encounter. A Statement on Internal Controls is separately attached as part of the Annual Report which has been endorsed by the Board of Directors.

Board of Directors

The composition and details of the Board of Directors are disclosed in the Statement of Compliance and Corporate Information respectively. The composition of the Board Committees is also disclosed in the relevant section of the Annual Report.

The Board of Directors comprises of nine (9) Directors (including MD & CEO) as per the following:

- i. Male : Eight (8)
- ii. Female : One (1)

1. The composition of the Board is as follows:

Category	Name
Independent Directors	Syed Asad Ali Shah Mr. Tahir Jawaid Muhammed Shahid Sadiq Mr. Abid Sattar Ms. Natasha Jehangir Khan Mr. Osman Asghar Khan
Non-Executive Directors	Mr. Ikramullah Khan (Government Nominee Ex-Officio) Mr. Amer Sultan Tareen (Government Nominee Ex-Officio)
Executive Director	Mr. Hassan Raza (Managing Director)

Directors' attendance of meetings in 2024

Name of director	BOD	BAC	BHR&RC	BITC	BCC	BRMC	Total
Syed Imtiaz Hussain Shah	8	-	1	-	-	-	9
Mr. Ikram Ullah Khan	4	-	-	-	2	-	6
Mr. Amer Sultan Tareen	7	5	-	-	-	3	15
Mr. Tahir Jawaid	10	1	14	4	4	-	33
Syed Asad Ali Shah	11	8	8	-	-	-	27
Mr. Abid Sattar	11	8	14	4	5	6	48
Dr. Aliya Hashmi Khan	6	4	7	-	-	3	20
Mr. Osman Asghar Khan	11	8	9	4	-	3	35
Mr. Irfan Saleem Awan	10	-	-	4	5	5	24
Muhammad Shahid Sadiq	9	3	-	2	2	5	21
Ms. Natasha Jehangir Khan	3	1	1	-	1	-	6
Mr. Hassan Raza	1	-	-	-	1	-	2

- Dr. Aliya Hashmi Khan ceased to be director from July 5, 2024 and was replaced by Ms. Natasha Jehangir Khan on September 5, 2024 after getting clearance from SBP as an independent director.
- Syed Imtiaz Hussain Shah was replaced by Mr. Ikramullah Khan on September 14, 2024.

Directors' Report

- Muhammad Ali Gulfaraz ceased to be the Managing Director of the Bank on January 3, 2024, and Mr. Irfan Saleem Awan was appointed as Managing Director (Acting) who was replaced by Mr. Hassan Raza on November 11, 2024.
- Muhammed Shahid Sadiq has been appointed as an independent director on March 4, 2024.

Further, Syed Asad Ali Shah, Mr. Tahir Jawaid and Muhammad Shahid Sadiq were re-elected as directors in Extraordinary General Meeting held on May 31, 2024.

Directors' Training Program

During the year, the Bank arranged a Director's Training program for Mr. Muhammed Shahid Sadiq, from Pakistan Institute of Corporate Governance (PICG). Mr. Hassan Raza, Mr. Tahir Jawaid, Mr. Abid Sattar and Mr. Osman Asghar Khan have already completed their Director's Training programs while Syed Asad Ali Shah meets the exemption requirement of the Director's Training program. Further, the Bank intends to arrange Director's Training program for the remaining Directors at the earliest.

Annual Evaluation of the Board of Directors

The role of the Board of Directors along with its responsibilities and functions are clearly enumerated in the relevant laws, rules and regulations. The State Bank of Pakistan issued detailed guidelines on performance evaluation of the Board of Directors wherein it was required that the board shall evaluate the performance of overall Board, its committees and individual directors on yearly basis whereas the same shall be undertaken by an external independent evaluator once in three years. PICG was engaged to conduct the Board Evaluation for the year 2023. The performance Evaluation for the year 2024 would be carried out soon.

Directors' Remuneration

Current Directors' remuneration stands at Rs.200,000/- with remuneration of the Chairman at Rs. 250,000/- (net of taxes) paid to non-executive and independent directors on account of attending meetings of the Board / Board Committees / Board Special Committees. The Board of Directors had recommended in its 182nd meeting for post-facto approval

of the shareholders. The shareholders in its thirty third Annual General Meeting held on March 29, 2024 approved the same.

A Directors' Travel, Accommodation and Remuneration Policy duly approved by the Board of Directors outlining entitlements and remuneration of Non-Executive and Independent Directors is in place. In light of the SBP Corporate Governance Regulatory Framework, the said Policy had been approved by the shareholders in 32nd Annual General Meeting.

Entity Rating

VIS Credit Rating Company Limited (VIS) has maintained the medium to long term entity rating of the Bank at 'A+' (Single A Plus) and short-term rating at 'A1' (Single A One). The medium to long-term rating of 'A+' denotes good credit quality, with adequate protection factors. Outlook on the assigned rating is 'Stable'

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the medium to long term entity rating of the Bank at 'A+' (Single A Plus) and short term entity rating at "A-1" (Single A One). Outlook on the assigned rating is "Stable".

Sustainability

The Bank is fully committed to implementing and enhancing sustainability governance frameworks. The board and its subcommittees ensure that policies of the Bank promote diversity, equity and inclusion (DE&I) and always encourages gender mainstreaming, gender equality and the participation of women. The Bank has taken various measures to proactively understand and address the principle as well as emerging sustainability risks and opportunities relevant to the business. The Bank also monitors its sustainability and DE&I related strategies, priorities and targets as well as performance against these targets are periodically reviewed and monitored. The Bank being an equal opportunity employer believes in providing equitable working opportunities for its male and female employee. The following gender pay gap data as of December 31, 2024 is reflective of the same:

Mean Gender Pay Gap – Bank Wide: 2.95%
Median Gender Pay Gap – Bank Wide: 2.07%

In order to have effective review and monitoring at Board level, the Board has designated BRMC to oversee the matters pertaining to Environmental, Social and Governance (ESG) and Sustainability Development Goals (SDGs). The Bank makes necessary disclosures to provide information about the core areas falling under sustainability.

Corporate Social Responsibility

At the Bank of Khyber, we persistently uphold our commitment to social responsibility, exemplified by our efforts to actively contribute to the betterment of the community and broader society. Recognizing that our business activities extend beyond mere financial profit, we acknowledge our obligation to exert a positive influence on society.

Consequently, our Corporate Social Responsibility (CSR) initiatives are prioritized, reflecting our dedication to fostering a harmonious, collaborative, and equitable society.

Through these initiatives, we strive to create a positive and lasting influence, fostering an environment where collaboration and mutual respect flourish for the betterment of all. In the year 2024, the bank undertook several Corporate Social Responsibility (CSR) initiatives covering a wide range of sectors, including education, sports, culture & heritage, tourism, women's empowerment, and environmental conservation. These CSR endeavors reflect our commitment to contributing to societal progress, and we are pleased to highlight some of the noteworthy initiatives we engaged in during this time.

- Supported UET Peshawar's Mechatronics Engineering Department for hosting Conference on Robotics.
- Supported Commissioner Peshawar Division in Drug Free Peshawar Campaign.
- Supported Khalifa Gul Nawaz Medical Teaching Institute Bannu for 2nd International Conference
- Hosted BOK Abasin Awards 2024 in collaboration with Abasin Art Council, celebrating regional creativity.
- Celebrated working women's achievements with Bint e Hawa Awards on International Women's Day.
- Sponsored Khyber Medical University Sports Gala to promote campus culture and physical activity.
- Supported Residential Girls Primary & Secondary Model School, Ecole Fatima Fehri.
- Sponsored Future World School Olympiad.
- Sponsored University of Science & Technology Bannu for International Conference on AI and Data.
- Supported Laleen Akhunzada rally driver for Thal & Jhal Magsi Desert Rally 2024.
- Supported KVDA for Establishing Tourist Facilitation centers in northern areas of Pakistan.

- Supported Islamabad Women Chamber of Commerce & Industry for 6th Islamabad Expo.
- Supported Shaheed Benazir Bhutto Women University in organizing Women Financial Literacy Summit.
- Supported TSF School Project Alamabad Swabi.
- Sponsored Imsciences Peshawar for IMOlympiad 2024.
- Sponsored Asghar Khan Amateur Golf Tournament 2024.
- Distributed merit-based awards to students from class 5th to 10th at Peshawar Press Club.

Green Banking Initiatives

In its efforts to reduce its carbon footprint, the Bank has implemented solar power systems across its branches and ATMs. Sixteen branches have fully transitioned to operate solely on renewable energy, primarily solar power. The Bank of Khyber (BoK) through digital and internet banking services offers a convenient platform for fund transfers and utility payments for its customers. To further strengthen its sustainability efforts, the Bank has implemented strict energy conservation guidelines at its Head Office and branches, focusing on the efficient use of lighting and electronic devices. The Bank also encourages its employees to minimize paper usage, promoting a paperless environment.

The Bank has updated its Green Banking, Environmental, and Social Risk Management Policy, alongside developing a detailed Green Banking Strategy aimed at achieving clear, long-term sustainable goals. Throughout 2024, BOK has actively supported major global events through impactful social media campaigns, such as Global Recycling Day, World Water Day, Earth Day, International Day for Biodiversity, World Environment Day, and Nature Conservation Day.

In alignment with our enduring dedication to environmental protection, BOK has launched the Global Warming and Green Awareness campaign. This initiative aims to raise awareness and educate both our employees and customers on the significance of climate action and the preservation of our environment.

Responsible/Green Financing

BoK is committed to promoting innovative and environmentally friendly financing solutions as part of its ongoing efforts. The Bank's revised customer business models and innovative financing options have proven attractive to retail, small, medium, and corporate market segments. The Bank has

Directors' Report

provided certain financing facilities for renewable energy projects to various corporate and SME borrowers.

In 2024, in alignment with our Green Banking strategy, the Bank introduced an E-Bike Financing product for customers and successfully disbursed these facilities. This financing support is a key part of the Bank's efforts to help businesses transition from fossil fuel-based generators to solar-powered, clean, and renewable energy systems. We continue to provide environmentally friendly, customized solutions tailored to meet the specific needs of our customers' business models. Some of the financing solutions we offer include

- Roshan Ghar
- Solar Tube Well Loan Scheme
- E-Bike Murabaha Financing
- Rain Water Harvest Loan Scheme
- Irrigation Loan Scheme (Drip & Sprinkle)

- Raast Roshan Ghar
- Raast Green Energy Financing
- SBP Renewable Energy Refinance Schemes

Value of Investments in Employees Retirement Benefit Funds

Book Value of Investment of Provident Fund & Gratuity Fund as per un-audited accounts for the year ended December 31, 2024, are Rs.2,533 million and Rs.694 million respectively.

Pattern of Shareholding

The pattern and category of shareholding as at December 31, 2024 is annexed with the Annual Report.

Six Years operating and financial highlights

The six years highlights of operating and financial data is appended below

	2019	2020	2021	2022	2023	2024
Deposits	182,168	203,072	221,876	248,906	289,292	277,642
Advances (net)	109,742	129,063	124,549	127,515	101,588	146,882
Investments (net)	146,911	113,479	184,399	173,669	223,348	282,767
Total Assets	306,305	288,300	358,606	344,984	383,186	477,564
Capital & Reserves	14,982	16,605	16,219	16,657	20,177	20,223
Profit before Tax	2,261	3,806	1,680	920	6,702	8,135
Profit after Tax	1,306	2,152	1,104	455	3,481	3,615
Return on Equity	9.07%	13.62%	6.72%	2.77%	18.96%	17.13%

Earnings Per Share

Earnings per share for the year 2024 is Rs. 3.12.

External Auditors

The present Auditors M/s. PwC A.F. Ferguson & Co., Chartered Accountants, being eligible for reappointment offered themselves for reappointment. On recommendation of the Board Audit Committee, the Board of Directors has recommended to the shareholders the appointment of M/s. PwC A.F. Ferguson & Co., Chartered Accountants as Statutory Auditors of the Bank for the year ending December 31, 2025.

The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan. Further, that the firm and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan and meet the requirements for appointment under all applicable laws.

MRTs & MRCs and their Remuneration Structure

The list of Material Risk Takers (MRTs) Material Risk Controllers (MRCs) is periodically and regularly reviewed and decided by BHR&RC. The list includes all the positions reporting to the CEO and other positions who have been assigned a level of authority to take decisions. Each MRT & MRC has defined hierarchical structure and functional organogram. The Compensation Structure of MRTs & MRCs is periodically

reviewed and recommended by BHR&RC to Board of Directors for approval. This structure aims to ensure an appropriate balance between variable and non-variable components of the remuneration, considering the positions appetite for risk taking and risk controlling nature, impact of the role on the business and level of responsibilities assigned by the Management/Board. Magnitude of the remuneration also depends on the performance of the MRTs/MRCs against financial and non-financial performance objectives and KPIs. The fixed portion of the remuneration of MRTs/MRCs is similar to the structure for other employees of the Bank having Basic salary, increment based on Performance rating and other allowances, and grade wise perks and privileges. The Structure of remuneration of MRTs/MRCs for variable pay is slightly different from other employees that it majorly depends on Bank's overall performance and achievement of assigned KPIs. Moreover, levels of MRTs & MRCs are also defined to fix the responsibilities and accountability. In addition, the structure has sufficient risk adjustment framework to safeguard the bank from taking unnecessary risk through bonus deferment and malus of provision policy. The individual reward of MRTs and MRCs can be triggered upward and downward based on its achievement level, impact of risk exposure, Customer Service delivery and level of internal and external compliances. The performance of the Tier-1 MRTs/MRCs (Key positions) is assessed by BHR&RC/Board of Directors, and variable remuneration for all MRTs/MRCs is approved by the Board of Directors on recommendation of BHR&RC. HRDG mostly uses external market data to ensure alignment of the remuneration structure with the industry in order to make it competitive to increase employee retention.

Directors' Report

Service Quality

The Bank remains committed to delivering high-quality customer service by continuously enhancing service standards, introducing innovative initiatives, and fostering a customer-centric culture. The Bank places significant emphasis on service excellence, financial inclusion, and customer satisfaction, ensuring a seamless banking experience across all channels.

To strengthen in-branch customer service, the Bank has continued implementing the Model Branch Concept featuring a standardized layout, Queue Management System, and digital marketing screens to create a modern banking environment. A diverse mix of trained staff, representing both gender and experience, has been deployed to ensure enhanced customer experience. Building on this initiative additional branches' upgradations is planned for further expansion in the coming years.

In line with BOK's commitment to financial inclusion, the Bank has equipped its Branches & Head Office with specialized ramps, wheelchairs, designated pathways, Braille-enabled stationery, and trained staff to facilitate persons with disabilities, in accordance with State Bank of Pakistan's directives. The Bank remains dedicated to expanding these facilities to ensure an inclusive banking environment.

Key Service Quality Initiatives

To further enhance customer experience and service efficiency, the following key initiatives were undertaken in 2024:

- **Mystery Shopping Surveys** – A structured program was conducted to evaluate service standards at branches, helping identify areas for improvement and ensuring adherence to BOK’s service protocols.
- **Customer Satisfaction Survey** – The Bank launched a comprehensive survey to measure customer satisfaction, identify pain points, and implement necessary service enhancements based on direct customer feedback.
- **Customer Complaint Generation Campaign** – To ensure transparency and customer empowerment, BOK initiated a campaign encouraging customers to voice their concerns, ensuring prompt resolution and service improvements.
- **Active Role of the Fair Treatment to Consumer (FTC) Committee** – The FTC Committee played a proactive role in ensuring fair banking practices, resolving customer concerns, and implementing service improvements in line with regulatory guidelines.
- **Product One-Pagers and Key Fact Statements** – To enhance product awareness and transparency, BOK introduced standardized one-pagers and key fact statements for all major banking products, making it easier for customers to understand product features, pricing, and terms.
- **Staff Training on Customer Service Excellence** – Recognizing the critical role of front-line staff, specialized training sessions were conducted across branches, focusing on service excellence, complaint handling, and fair customer treatment.

Acknowledgement

On behalf of the Board of Directors, we take this opportunity to thank our valued customers for their patronage, to our employees for their continued commitment, our shareholders for their trust and confidence and the Provincial Government, State Bank of Pakistan and other regulatory bodies for their continued guidance and support.

On behalf of the Board of Directors



HASSAN RAZA

Managing Director

Peshawar: March 05, 2025

Complaint Management & Service Monitoring

The Complaint Management Unit (CMU), under the umbrella of the Service Quality Department, remains committed to ensuring swift and effective resolution of customer complaints. The Bank ensures that every complaint is handled with utmost priority and transparency, with customers being informed at each escalation level.

To enhance service monitoring, detailed monthly reports on customer complaints and service trends are shared with senior management, including the Managing Director. These insights help identify areas of improvement and enable the Bank to take proactive measures to enhance customer satisfaction.

No. of Complaints received in 2024	41,524
Average TAT	04 Days

Commitment to Service Excellence

BOK remains dedicated to continuous improvement in service quality by leveraging technology, customer feedback, and regulatory best practices. The Bank will continue to introduce innovative initiatives aimed at enhancing the overall banking experience and ensuring superior service delivery for its valued customers.



IKRAMULLAH KHAN

Chairman

Statement on Internal Controls

An effective internal control system is essential for ensuring operational efficiency, reliable financial reporting, safeguarding of assets, and compliance with applicable laws and regulations. The Bank of Khyber has established a comprehensive internal control framework that integrates processes, effective communication, and a monitoring mechanism to mitigate risks and enhance governance. While internal controls provide reasonable assurance, they remain subject to inherent limitations and require continuous improvement to align with evolving risks and regulatory requirements.

The Bank has adopted the Three Lines of Defense (3LOD) model as a foundational framework for achieving its objectives. The first line of defense comprises business and operational units responsible for implementing and maintaining internal controls in their day-to-day activities. The second line includes Compliance and Risk Management functions, which assist and oversee control effectiveness, set policies, define risk tolerance levels, and ensure managerial responsibilities. The third line, Internal Audit, provides independent assurance on the adequacy and effectiveness of the control environment, conducting risk-based audits using advanced auditing techniques and technology-driven approaches.

The Bank's Internal Audit Group operates independently, ensuring objective assessments and providing reasonable assurance on the state of internal controls. Significant findings from both internal and external audits are reported to the Board Audit Committee (BAC), which provides strategic oversight and ensures timely remediation of identified issues. The closure of audit findings is closely monitored, with regular status updates provided to Management and the BAC. The BAC offers strategic oversight and support to the Internal Audit Group in line with the approved Charter.

The Board Compliance Committee (BCC) provides strategic direction and oversight for compliance risk management, ensuring that the Bank adheres to regulatory requirements and internal policies. The Compliance Group actively monitors evolving regulatory landscapes and engages in continuous compliance assessment, ensuring alignment with the regulatory guidelines on Compliance function. To further strengthen the compliance culture, targeted training sessions and awareness programs have been conducted across various levels of the Bank.

In line with SBP directives on Internal Controls over Financial Reporting (ICFR), the Bank has successfully completed all ICFR implementation phases. An independent Long Form Report (LFR) on ICFR assessment is issued by External Auditors and reviewed by the BAC. The Bank continuously tests financial reporting controls to ensure their effectiveness, addressing any deficiencies without material impact on

financial reporting. The key process documentation, related controls, and management testing plans are updated from time to time to align with the evolving operating environment.

The centralization of major functions has strengthened data management and governance, ensuring improved regulatory compliance. Additionally, most of the policies and procedures are regularly updated to align with operational and regulatory requirements, thereby enhancing the control environment and governance framework at both the Management and Board levels. Automation of major operational controls has significantly improved risk management in the Bank's products and services, leading to more accurate regulatory reporting, informed decision-making, and enhanced transaction processing efficiency.

The Bank's Risk Management Group oversees the implementation of an effective operational risk management framework. Risk Control Self-Assessment (RCSA) is conducted to evaluate the effectiveness of controls, while key risk indicators are monitored across the Bank to proactively mitigate emerging risks.

For Islamic Banking, the Bank has established a Shariah Board (SB) to ensure compliance with Shariah standards. The Shariah Compliance Function conducts periodic reviews to monitor adherence to Shariah guidelines, further strengthening the governance framework.

Based on external and internal assessments conducted throughout the year, Management affirms that the Bank's internal control system is adequately designed and effectively implemented across the organization, providing reasonable assurance on its effectiveness. Management remains committed to promptly addressing observations raised by Internal and External Auditors, as well as regulatory authorities, including SBP.

Recognizing that continuous improvement is vital, the Bank adheres to SBP guidelines on internal controls to proactively strengthen its control environment. As required by SBP Circular No. 07 of 2004 on Internal Controls and OSED Circular No. 01 dated February 07, 2014, on Internal Controls over Financial Reporting (ICFR), and based on the above evaluation, the Bank's Board of Directors endorses Management's assessment of the internal control framework, including ICFR.

While internal controls are effectively implemented and monitored, inherent limitations such as human errors, system failures, or circumvention of controls necessitate ongoing review and refinement. The Bank remains committed to enhancing its internal control system through continuous process evaluation, technological advancements, and strategic oversight by the Board of Directors, ensuring the highest standards of governance and operational excellence.



HASSAN RAZA
Managing Director

Peshawar: March 05, 2025



IKRAMULLAH KHAN
Chairman

Annual Report of Shariah Board

Islamic Banking has witnessed remarkable growth globally, with assets surpassing \$3 trillion in 2024, reflecting increasing demand for Shariah-compliant financial solutions. This growth is driven by rising awareness of ethical finance, robust regulatory frameworks, and the successful integration of Islamic principles with modern banking systems. In Pakistan, the State Bank of Pakistan (SBP) has demonstrated unwavering commitment to transforming the conventional banking system into a fully Shariah-compliant framework. Under its visionary 'Strategic Plan for Islamic Banking Industry (2021-2028)', SBP has introduced comprehensive policies, strengthened Shariah governance, and provided incentives to facilitate this transformation. In light of the vision outlined by the State Bank of Pakistan (SBP) and the strategic direction of the Board of Directors (BOD), the Bank of Khyber has formally decided to convert its conventional banking operations to a fully Shariah-compliant system.

The Shariah Board wholeheartedly welcomes and appreciates this historic decision by the BOD, which aligns with SBP's instructions and the national agenda for Islamic banking transformation. This decision reflects the Bank's commitment to upholding the principles of Shariah and fulfilling the expectations of its valued stakeholders.

The Islamic Banking Group (IBG) of the Bank of Khyber offers an extensive suite of Shariah-compliant banking products and services through its dedicated network of 131 Islamic Banking Branches (IBBs), 16 Sub-Islamic Banking Branches, and 7 Booths across the country. These branches operate independently from conventional banking operations to uphold the highest standards of Shariah compliance. IBG's offerings encompass a wide range of Islamic financial solutions, including financing facilities, deposit products, and other Shariah-compliant banking services, tailored to meet the diverse needs of customers while adhering strictly to Islamic principles.

Shariah Compliance Mechanism and Shariah compliance structure of IBG-BOK

Shariah compliance mechanisms constitute a fundamental pillar of Islamic financial institutions, meticulously ensuring that their operations, products, and transactions are conducted in full conformity with the principles of Islamic law (Shariah). These mechanisms are intricately designed to provide

unequivocal assurance to stakeholders, including depositors and investors, that all financial undertakings are grounded in Shariah-compliant and ethically sound practices.

The criticality of Shariah compliance mechanisms in Islamic finance cannot be overstated. They form the bedrock of Islamic financial institutions, reinforcing their commitment to aligning all activities with the divine precepts of Shariah. By establishing an unwavering framework of religious and ethical legitimacy, these mechanisms fortify trust and confidence among stakeholders while upholding the sanctity of Shariah principles in every aspect of operations.

The Islamic Banking Group (IBG) has instituted a meticulously structured Shariah compliance framework, reflecting its resolute dedication to ensuring that all its undertakings are conducted within the parameters of Shariah. This comprehensive framework underscores IBG's commitment to upholding Shariah principles, fostering unwavering trust among depositors and stakeholders, and contributing to the ethical and sustainable growth of the Islamic finance industry.

Key components of IBG's Shariah compliance framework include:

Shariah Board (SB):

The Islamic Banking Group (IBG) of the Bank of Khyber has a Shariah Board consist of renowned scholars and leading experts in Shariah law. The Shariah Board plays a pivotal role in meticulously reviewing, advising, and approving the financial products, solutions, and services offered by IBG. This rigorous process ensures that all offerings are fully aligned with the principles and mandates of Shariah, thereby upholding the highest standards of ethical integrity and Shariah compliance in all aspects of IBG's operations.

Shariah Compliance Division (SCD):

The Islamic Banking Group (IBG) of the Bank of Khyber is supported by an independent Shariah Compliance Division (SCD) operating under the strategic guidance and supervision of the Shariah Board (SB). The SCD is entrusted with the critical responsibility of meticulously reviewing all product proposals, agreements, contracts, manuals, process flows, and checklists submitted by the management prior to their presentation to the SB for approval. Some Key functions include:

Annual Report of Shariah Board

- Onsite shariah Review: SCD under the oversight of the Resident Shariah Board Member (RSBM), conducts comprehensive Shariah Compliance and Control Reviews of the Bank's business units, branches, and Head Office departments. These reviews ensure that the activities and operations of the Islamic Banking Group adhere strictly to Shariah principles.
- Profit Distribution and Pool Management: Regular monthly reviews of profit distribution and pool management prior to each disbursement to ensure compliance with Shariah principles.
- Financing Facilities: Detailed Shariah reviews and clearances of all financing facilities before approvals, ensuring alignment with Shariah guidelines.
- Shariah Process Flows: Development of Shariah-compliant process flows, which are integrated into sanction advices for all financing cases.
- Conduit between SB & Management: The Shariah Compliance Division (SCD) serves as a critical conduit between the Shariah Board (SB) and management, ensuring seamless communication and implementation of Shariah directives. It bridges strategic oversight with operational execution to uphold the highest standards of Shariah compliance.

Moreover, the SCD serves as the Secretariat to the Shariah Board, providing comprehensive administrative and secretarial support. This includes the timely preparation and dissemination of meeting agendas, proposals, and working papers, as well as the meticulous preservation of all related records. Through these functions, the SCD ensures seamless coordination and compliance with Shariah principles across all facets of IBG's operations.

Shariah Audit Department (IAD):

Shariah audit holds a pivotal position in the Islamic financial industry, ensuring that the products, services, and transactions of financial institutions strictly adhere to Shariah principles derived from Islamic law. It serves as an essential component of governance, offering stakeholders confidence in the institution's compliance, fostering adherence to Islamic tenets, and enhancing the overall integrity and sustainability of the Islamic finance industry.

To uphold these standards, the Islamic Banking Group (IBG) has established an independent Internal Shariah Audit Department. This department conducts comprehensive and periodic reviews across all facets of IBG's operations. Its mandate is to deliver impartial and authoritative assessments of IBG's policies, financing arrangements, operational processes, and investments. These evaluations are performed in alignment with approved policies, Shariah Standards, Shariah Board directives, and the regulatory instructions of the State Bank of Pakistan (SBP), ensuring rigorous compliance at every level.

Product Development & Research Department:

Islamic financial institutions prioritize continuous research and development to foster innovation in Shariah-compliant financial products and services. In alignment with this commitment, the Islamic Banking Group (IBG) has established a dedicated Product Development & Research Department. This department is tasked with the development of Shariah-compliant products aimed at enhancing IBG's deposit base and asset portfolio. Its efforts focus on introducing innovative deposit solutions, alternative Shariah-compliant financing products, and executing targeted marketing strategies to promote the growth and visibility of IBG's Islamic banking operations.

Training & Awareness programs:

Continuous training programs are an integral part of the Islamic Banking Group's (IBG) commitment to fostering a deep understanding of Shariah principles and their application in daily operations. These programs are designed to equip employees with the knowledge and skills necessary to ensure strict adherence to Shariah compliance requirements across all functions.

In line with the Bank's approved strategic plan, targeted training sessions have also been conducted for the conventional banking team. These sessions aim to onboard the conventional team effectively, build their capacity in Islamic banking principles, and facilitate a seamless transition to Shariah-compliant operations. By prioritizing staff development, IBG ensures that all employees are well-prepared to uphold Shariah standards and contribute to the Bank's vision of fully Shariah-compliant banking.

The Shariah Compliance Division, internal Shariah audit Department, and product development & research departments all are functioning under the supervision of Shariah Board.

Shariah Board Opinion on IBG Activities of the Year 2024

In accordance with the Shariah Governance Framework (SGF), the Board of Directors and Executive Management bear the ultimate responsibility for ensuring that the operations of the Islamic Banking Group (IBG) are consistently conducted in full compliance with Shariah principles. However, as part of our commitment to transparency and accountability, we are required to submit a comprehensive report on the overall Shariah compliance environment within IBG. To fulfill this obligation, the Shariah Board (SB) has diligently undertaken the following actions:

1. Conducted 4 meetings in 2024, to consider, decide and supervise all Shariah related matters of the IBG.
2. Reviewed and granted Shariah clearance of all the procedure manuals, product programs/structures, process flows, related agreements, marketing advertisements, and brochures presented by IBG in this year.
3. Approved both Shariah Compliance Review and Shariah Audit yearly plans to ensure the Shariah audit/review of considerable portion of IBG activities in this year.
4. Prescribed appropriate action on all Shariah related issues of internal Shariah audit, external Shariah audit and Shariah compliance reviews reports presented to us during the year.
5. Endorsed Shariah clearance of all financing cases of IBG and Shariah procedures of the transactions provided by SCD under the supervision of the Resident Shariah Board Members.
6. Also reviewed major portion of the IBG monthly income and expense statements and pool management activities and responded to all Shariah issues referred by the management of the bank.

7. During the year, we also participated in various Islamic Banking training held by the training divisions of the bank to enhance the capacities of IBG's staff and make them fully cognizant of the risk of Shariah non-compliance and its potential implications on the reputation and business of the IBG.
8. Apart from Training for staff, we have participated in many public awareness programs for bank's clients and general public to provide confidence that the IBG is managed by professionals having adequate experience and expertise in Islamic banking.

Therefore, based on the above-mentioned activities, we are of the view that:

- The IBG has complied with directives, regulations, instructions, and guidelines related to Shariah compliance, issued by IBD-SBP and Shariah Board of the bank and the transactions and dealings entered into by the Bank during the financial year ended 31 December 2024, are in compliance with the Shariah rules and principles.
- IBG-BOK has a comprehensive mechanism in place to ensure Shariah compliance in its overall operations. The mechanism comprising of independent Shariah Board, Shariah compliance division, Internal Shariah Audit & Shariah Review Departments, full time RSBM. Additionally, regular / frequent in-house and external trainings for Islamic Banking staff in line with Shariah Governance Framework of SBP are in place.
- The bank has a comprehensive profit & Loss distribution and Pool Management system. During the year under review, profit distribution mechanism, allocation of funds, income & expenses, weightages and other affairs of the IBG of the bank are in conformity with the guidelines that have been approved by the SB in accordance with Islamic rules and principles.
- All sources of income of the bank are Shariah compliant and any earning which has been realized from sources or by means prohibited by Islamic rules and principles have been transferred to the Charity Account which will be distributed as per approved Charity policy of the bank and necessary disclosure has been given in the annual financial statement.

Annual Report of Shariah Board

- During the period under the review, SB has recommended to the management to develop the skills of Islamic banking staff. In this regard the Training Division of HRD Group has arranged various trainings in Training Center of the bank and nominated sizable number of staff members for trainings arranged by NIBAF and other Islamic banking training Organization. However, SB is of the view that a comprehensive Islamic banking training plan may be developed for each year to enhance the knowledge of related staff and ensure compliance of SBP instructions in this regard. The SCD also conducted sessions, Group discussions with IBBs during visits for Shariah Compliance Reviews/Inspections.
- The level of awareness, capacity and sensitization of the staff, and the management for Shariah Compliance remained very satisfactory.
- The Shariah Board has been provided with adequate resources to discharge its duties, effectively.

Conclusion

Based on the well-structured Shariah Compliance framework, ongoing monitoring, periodic audits & regular Review, and continuous improvement to adapt to changes in Shariah principles & regulatory requirements and comprehensive policies/guidelines for Shariah compliance, issued by IBG-BOK, we are of the opinion that a robust mechanism is in place to ensure Shariah compliance in overall operations of IBG in the Bank of Khyber.

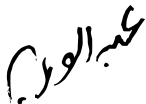
May Allah ﷻ bless us with the best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the life hereafter and forgive our mistakes.

We bear witness only to what we know, and we could not well guard against the unseen! (Surah Yusuf, Verse:81)

والله اعلم بالصواب
والسلام



Qazi Abdul Samad
RSBM



Mufti Abdul Wahab
Member
Shariah Board



Mufti Muhammad Arif Khan
Member
Shariah Board



Mufti Muhammad Zahid
Chairman
Shariah Board

شریعه بورڈ کی سالانہ رپورٹ

(برائے سال 2024)

اسلامی بینکاری نے عالمی سطح پر نمایاں ترقی کی ہے، اور 2024 تک اس کے مجموعی اثاثے 3 ٹریلین ڈالر سے تجاوز کر گئے ہیں، جو مالیاتی مسائل کے شریعہ کمپلائنس حل کی بڑھتی ہوئی طلب کے ساتھ ساتھ انڈسٹری میں اس کی روز افزوں طلب کی بھی عکاسی کرتا ہے۔ یہ روز افزوں ترقی شرعی اور اخلاقی اقدار پر مبنی سرمایہ کاری، عوامی شعور و آگاہی، مضبوط ریگولیٹری فریم ورک اور جدید دور کے جائز تقاضوں سے ہم آہنگ اسلامی بینکاری نظام کی مرہون منت ہے۔ پاکستان میں اسٹیٹ بینک آف پاکستان (ایس بی پی) نے روایتی بینکاری نظام کو مکمل شریعہ کمپلائنس فریم ورک میں ڈھالنے کے لئے بھرپور عزم کا اظہار کیا ہے۔ اسٹیٹ بینک نے اسلامی بینکاری انڈسٹری کے لیے اسٹریٹجک پلان (2021-2028) کے تحت جامع پالیسیاں متعارف کرائی ہیں، شریعہ گورننس کو مضبوط بنایا ہے اور اس تبدیلی کو آسان بنانے کے لیے مختلف مراعات فراہم کی ہیں۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) کے وژن اور خیبر بینک کے بورڈ آف ڈائریکٹرز (بی او ڈی) کی اسٹریٹجک ہدایات کی روشنی میں بینک آف خیبر نے باضابطہ طور پر اپنے روایتی بینکنگ آپریشنز کو مکمل طور پر شریعہ کمپلائنس سسٹم میں تبدیل کرنے کا تہیہ کر لیا ہے۔

شریعہ بورڈ، بورڈ آف ڈائریکٹرز کے اس تاریخی فیصلے کا تہ دل سے خیر مقدم کرتا ہے۔ اس کو نہایت قدر کی نگاہ سے دیکھتا ہے اور اس کو اسٹیٹ بینک کی ہدایات اور اسلامک بینکنگ کنورژن کے قومی ایجنڈے سے ہم آہنگ قرار دیتا ہے۔ یہ فیصلہ بجا طور پر شریعت کے اصولوں کی پاسداری اور اپنے قابل قدر اسٹیک ہولڈرز کی توقعات پر پورا اترنے کے لئے بینک کے عزم کا آئینہ دار ہے۔

بینک آف خیبر کا اسلامک بینکنگ گروپ (آئی بی جی) ملک بھر میں 131 اسلامی بینکاری برانچوں (آئی بی بیز)، 16 ذیلی اسلامی بینکاری برانچوں اور 7 بوتھز کے اپنے مخصوص نیٹ ورک کے ذریعے شریعت کے مطابق بینکاری پرائیکٹس اور خدمات کا ایک وسیع اور متنوع سلسلہ پیش کرتا ہے۔ یہ شاخیں روایتی بینکاری آپریشنز سے بالکل الگ، آزادانہ طور پر کام کرتی ہیں تاکہ شرعی عمل کے اعلیٰ ترین معیارات کے مطابق عمل درآمد کو یقینی بنایا جاسکے۔ آئی بی جی اسلامی مالیاتی سہولیات کا ایک وسیع سلسلہ پیش کرتی ہے، جس میں فنانشنگ سہولیات، ڈپازٹ پرائیکٹس اور شریعت کے مطابق دیگر بینکاری خدمات شامل ہیں، جو اسلامی اصولوں پر سختی سے عمل کرتے ہوئے صارفین کی متنوع ضروریات کو پورا کرنے کے لئے تیار کی گئی ہیں۔

بینک آف خیبر کا اسلامک بینکنگ گروپ (آئی بی جی) کی شرعی عمل کا طریقہ کار اور اس کا ڈھانچہ

شریعت کی عمل کا طریقہ کار اسلامی مالیاتی اداروں کے لئے بنیادی ستون کی حیثیت رکھتا ہے، تاکہ اس بات کو یقینی بنایا جائے کہ ان کے تمام آپریشنز، پرائیکٹس اور لین دین اسلامی قانون (شریعت) کے اصولوں کے مطابق انجام دیئے جارہے ہیں۔ یہ جامع نظام انتہائی عرق ریزی اور باریک بینی سے تیار کیا گیا ہے جو نہ صرف بینک کے شرعی اصولوں کی پاسداری کی تصدیق کرتا ہے بلکہ ڈپازٹرز اور اسٹیک ہولڈرز کے درمیان غیر متزلزل اعتماد کو بھی فروغ دیتا ہے۔۔ اسی وجہ سے بینک آف خیبر کے اسلامی بینکاری گروپ (IBG) نے ایک منظم اور جامع شرعی فریم ورک قائم کیا ہے جو اس کے اس عزم کو اجاگر کرتا ہے کہ اس کی تمام سرگرمیاں شریعت کے دائرے میں انجام دی جائیں۔ آئی بی جی کے شرعی عمل کے فریم ورک کے چند اہم شعبہ جات مندرجہ ذیل ہیں:

شریعہ بورڈ:

بینک آف خیبر کے اسلامک بینکنگ گروپ (آئی بی جی) کو ایک آزادانہ اور خودمختار شریعہ بورڈ کی خدمات حاصل ہیں جس میں مستند مفتیان عظام، معروف اسکالرز اور شرعی قانون کے ماہرین شامل ہیں۔ شریعہ بورڈ آئی بی جی کی جانب سے پیش کردہ مالیاتی پرائیکٹس، پیش آمدہ مسائل حل کرنے اور خدمات کا باریک بینی سے جائزہ لینے، مشورہ دینے اور منظوری دینے میں اہم کردار ادا کرتا ہے۔ یہ دقیق عمل اس عزم کو یقینی بناتا ہے کہ تمام نظام، پرائیکٹس اور ملنے والے خدمات شریعت کے اصولوں اور احکامات کے ساتھ مکمل طور پر مطابقت رکھتی ہیں، نیز یہ کہ آئی بی جی کے آپریشنز میں ہر جہت سے اخلاقی اقدار اور شرعی عمل کے اعلیٰ ترین معیارات کو برقرار رکھا جاتا ہے۔

شریعی کمپلائنس ڈویژن :

بینک آف خیبر کے اسلامی بینکاری گروپ (آئی بی جی) کو شریعی بورڈ کی اسٹریٹجک رہنمائی اور نگرانی میں کام کرنے والے ایک آزاد شریعی کمپلائنس ڈویژن (ایس سی ڈی) کی حمایت حاصل ہے۔ شریعی بورڈ کو منظوری کے لئے پیش کرنے سے پہلے شریعی کمپلائنس ڈویژن کو انتظامیہ کی طرف سے پیش کردہ تمام بینکنگ پرائیکٹس کی تجاویز، معاہدوں، دستاویزوں، مینولز، پروسیجرز، اور چیک لسٹوں کا باریک بینی سے جائزہ لینے کی اہم ذمہ داری سونپی گئی ہے۔ ان میں سے کچھ کلیدی افعال مندرجہ ذیل ہیں:

1. **آن سائٹ شریعی ریویو:** شریعی کمپلائنس ڈویژن کل وقتی شریعی بورڈ ممبر (آر ایس بی ایم) کی نگرانی میں بینک کے کاروباری ڈیپارٹمنٹس، برانچوں اور ہیڈ آفس کے شعبوں کی مجموعی شرعی تعمیل اور کنٹرول کا جائزہ لیتی ہے۔ یہ جائزے اس بات کو یقینی بناتے ہیں کہ اسلامی بینکاری گروپ کی سرگرمیاں اور آپریشنز شرعی اصولوں پر پابندی سے عمل پیرا ہیں۔
2. **منافع کی تقسیم اور پول مینجمنٹ:** شرعی اصولوں کی تعمیل کو یقینی بنانے کے لئے ہر مہینے تقسیم سے پہلے نفع و نقصان کی تقسیم اور پول کی کارکردگی کا باقاعدگی سے جائزہ لیا جاتا ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ منافع یا نقصان کی تقسیم شرعی اصولوں کے عین مطابق ہے۔
3. **فنانسنگ سہولیات:** منظوری سے قبل تمام فنانسنگ سہولیات کا تفصیلی شرعی جائزہ لے کر کلیئرنس دی جاتی ہے تاکہ تجارت یا لین دین کے شرعی احکامات کی عملی تعمیل کو یقینی بنایا جاسکے۔
4. **شریعی پروسیجر:** ہر فنانسنگ پروپوزل کے لئے شرعی نقطہ نظر سے خصوصی مرحلہ وار شریعی پروسیجر تیار کر کے فراہم کرنا تاکہ ہر عقد کے جو شرعی تقاضے اور شرائط ہیں، ان پر عمل درآمد کرایا جاسکے۔
5. **شریعی بورڈ اور مینجمنٹ میں باہمی رابطہ:** شریعی کمپلائنس ڈویژن، شریعی بورڈ اور انتظامیہ کے درمیان ایک اہم رابطے کا کردار ادا کرتا ہے، جو بروقت ابلاغ اور شرعی ہدایات پر عمل درآمد کو یقینی بناتا ہے۔ یہ اسٹریٹجک نگرانی اور عملی نفاذ کے درمیان پل کا کام کرتا ہے تاکہ شریعی کمپلائنس کے اعلیٰ ترین معیارات برقرار رکھے جا سکیں۔

مزید برآں، شریعی کمپلائنس ڈویژن، شریعی بورڈ کے لئے سیکریٹریٹ کا کام بھی کرتا ہے، جو بہترین انتظامی اور سیکریٹریٹل معاونت فراہم کرتا ہے۔ اس سلسلے میں اجلاس کے ایجنڈوں کی تیاری، تجاویز و سفارشات اور اسلامی بینکاری میں استعمال ہونے والے مختلف ورکنگ پیپرز کی بروقت تیاری اور ترسیل کے ساتھ ساتھ، تمام متعلقہ ریکارڈ کا تحفظ بھی اس شعبے کے ذمہ داریوں میں شامل ہے۔ ان سرگرمیوں کے ذریعے شریعی کمپلائنس ڈویژن آئی بی جی کے آپریشنز کے تمام پہلوؤں میں بلا تعطل ہم آہنگی اور شرعی اصولوں کی تعمیل کو یقینی بناتا ہے۔

شریعی آڈٹ ڈیپارٹمنٹ :

شریعی آڈٹ کی اہمیت اسلامی مالیاتی انڈسٹری میں کسی سے ڈھکی چھپی نہیں۔ اس بات کو یقینی بنانا کہ مالیاتی اداروں کے پرائیکٹس، خدمات اور لین دین سے متعلقہ اسلامی قوانین پر یہ ادارہ پابندی سے عمل پیرا ہے، شریعی آڈٹ کے بنیادی فرائض میں شامل ہے۔ یہ گورننس کے ایک لازمی جزو کے طور پر کام کرتا ہے، اسٹیک ہولڈرز کو ادارے کی تعمیل پر اعتماد فراہم کرتا ہے، اسلامی اصولوں کی پاسداری کو فروغ دیتا ہے، اور اسلامی مالیاتی انڈسٹری کی مجموعی سالمیت اور استحکام کو بڑھاتا ہے۔ اس مقصد کے حصول کے لئے آئی بی جی نے اندرونی طور پر ایک آزاد شریعی آڈٹ ڈیپارٹمنٹ قائم کیا ہے۔ یہ شعبہ آئی بی جی کے آپریشنز کے تمام ڈیپارٹمنٹس، ڈویژنز، برانچز اور یونٹس کے جملہ پالیسیوں، مالی انتظامات، افعال اور سرمایہ کاری کا غیر جانبدارانہ اور مستند جائزہ وقتاً فوقتاً لینا رہتا ہے اور اپنی سفارشات اور جائزے شریعی بورڈ کو حتمی فیصلہ کے لئے بھجواتا ہے۔ ان کے یہ جائزے اور رپورٹس شریعی بورڈ کی منظور شدہ پالیسیوں، شریعی اسٹینڈرڈز، شریعی بورڈ کی ہدایات اور اسٹیٹ بینک آف پاکستان کی ریگولیٹری ہدایات کے مطابق انجام دئیے جاتے ہیں، جن پر پابندی سے عمل درآمد ضروری ہوتا ہے۔

پروڈکٹ ڈویلپمنٹ اینڈ ریسرچ ڈیپارٹمنٹ:

اسلامی مالیاتی اداروں میں، شریعت کے دائرے میں رہتے ہوئے، مالیاتی پرائیکٹس اور خدمات میں جدت طرازی کے لئے مسلسل تحقیق اور تیاری کی ضرورت ہوتی ہے۔ اس مقصد کے لئے آئی بی جی نے پروڈکٹ ڈویلپمنٹ اینڈ ریسرچ ڈیپارٹمنٹ قائم کیا ہے، جس کا کام شرعی اصولوں نیز کسٹمر کی ضرورتوں کو مد نظر رکھتے ہوئے منافع بخش پرائیکٹس بنانا ہے تاکہ آئی بی جی کے ڈپازٹس اور سرمایہ کاری میں اضافہ ہوسکے۔ اس شعبے کی کوششیں، ڈپازٹ سے متعلق جدید طریقے، اور فنانسنگ کے لیے متبادل شریعی کمپلائنس پرائیکٹس متعارف کرانے پر مرکوز ہیں، نیز ان پرائیکٹس کی تشہیر اور نشر و اشاعت

شریعتہ بورڈ کی سالانہ رپورٹ

کے حوالے سے مختلف قسم کے حکمت عملیاں سرانجام دینا بھی اس شعبے کی ذم داریوں میں شامل ہے تاکہ آئی بی جی کی ترقی اور فروغ کو یقینی بنایا جاسکے۔

تربیت اور آگاہی کے پروگرامات:

اسلامی بینکاری کی ترویج اور اس کے روزمرہ امور کو سرانجام دینا، شرعی اصولوں کی گہری سمجھ بوجھ کے بغیر ممکن نہیں۔ اس مقصد کے لیے تربیتی اور آگاہی پروگرام، عملہ کو ضروری آگاہی اور مہارت سے آراستہ کرنے کے لئے تیار کئے گئے ہیں تاکہ عملی میدان میں شریعتہ کمپلائنس کے تقاضوں پر پابندی سے عمل درآمد کو یقینی بنایا جاسکے۔ بینک کے منظور شدہ "سٹریٹجک پلان برائے کنورژن" کے مطابق، روایتی بینکاری کے عملہ کے لئے خصوصی تربیتی نشستیں منعقد کی گئی ہیں۔ ان نشستوں کا مقصد روایتی بینکاری عملہ کو بنیادی اسلامی بینکاری کے تصورات، اور پرائیکٹس کے ضروری شرائط و ضوابط سے آگاہ کرنا، ان کی اسلامی بینکاری کی استعداد میں اضافہ کرنا اور شریعتہ کمپلائنس آپریشن کی طرف آسان اور بلا تعطل منتقلی کے مشن کی تکمیل ہے۔ ترجیحی بنیادوں پر عملے کی تربیت کے ذریعے آئی بی جی اس بات کو یقینی بناتا ہے کہ تمام ملازمین شرعی معیارات کو برقرار رکھنے اور مکمل طور پر شریعت کے مطابق بینکاری کے، بینک کے وژن میں حصہ ڈالنے کے لئے اچھی طرح سے تربیت یافتہ اور تیار ہوں۔

شریعتہ کمپلائنس ڈویژن، انٹرنل شریعتہ آڈٹ ڈیپارٹمنٹ اور پروڈکٹ ڈیولپمنٹ اینڈ ریسرچ ڈیپارٹمنٹ کے تمام شعبے شریعتہ بورڈ کی نگرانی میں کام کر رہے ہیں۔

سال 2024 کی آئی بی جی سرگرمیوں کے متعلق شریعتہ بورڈ کی رائے

شریعتہ گورننس فریم ورک (ایس جی ایف) کے مطابق، بورڈ آف ڈائریکٹرز اور ایگزیکٹو مینجمنٹ اس بات کو یقینی بنانے کی حتمی ذمہ داری قبول کرتے ہیں کہ آئی بی جی کے آپریشنز مستقل طور پر، شرعی اصولوں کی مکمل تعمیل میں انجام دیئے جائیں۔ تاہم، شفافیت اور احتساب کے اصولوں کے تحت، ہمیں آئی بی جی کے معاملات میں شریعت کی تعمیل کے مجموعی ماحول پر ایک جامع رپورٹ پیش کرنے کی ذمہ داری دی گئی ہے۔ اس ذمہ داری کو پورا کرنے کے لئے شریعتہ بورڈ نے مندرجہ ذیل اقدامات کیے ہیں:

1. 2024 میں آئی بی جی کے تمام شرعی امور پر غور، فیصلوں اور نگرانی کے لئے 4 اجلاس منعقد کیے گئے۔
2. اس سال آئی بی جی کی جانب سے پیش کردہ تمام پروسیجر مینولز، پروڈکٹ پروگرامز / اسٹریکچرز، پروسیس فلوز، متعلقہ معاہدوں، مارکیٹنگ اشتہارات اور بروشرز کا جائزہ لیا گیا اور ضروری ترامیم کے بعد شرعی منظوری دی گئی۔
3. شریعتہ کمپلائنس ریویو اور شریعتہ آڈٹ سالانہ پلانز دونوں کی منظوری دی گئی تاکہ اس سال میں آئی بی جی کی سرگرمیوں کے معتد بہ حصے کے شرعی آڈٹ / سروے کو یقینی بنایا جاسکے۔
4. انٹرنل شریعتہ آڈٹ، ایکسٹرنل شریعتہ آڈٹ اور سال کے دوران پیش کی جانے والی شرعی کمپلائنس / ریویو رپورٹوں سے متعلق تمام شرعی امور پر مناسب کارروائی کا تعین کیا گیا ہے۔
5. آئی بی جی کے تمام فنانشنگ کیسز کی شرعی کلیئرنس اور کل وقتی شریعتہ بورڈ ممبر کی نگرانی میں شریعتہ کمپلائنس ڈویژن کی جانب سے فراہم کردہ ٹرانزیکشنز کے شرعی طریقہ کار کی توثیق کی۔
6. اس کے علاوہ آئی بی جی کی ماہانہ نفع و نقصان کے گوشواروں اور پول مینجمنٹ سرگرمیوں کے بڑے حصے کا بھی جائزہ لیا گیا اور بینک کی انتظامیہ کی طرف سے مفوضہ تمام شرعی امور کا جواب دیا گیا۔
7. سال کے دوران ہم نے بینک کے ٹریننگ ڈویژن کی جانب سے منعقد کی جانے والی مختلف اسلامی بینکاری تربیتی پروگراموں میں بھی حصہ لیا تاکہ آئی بی جی کے عملے کی استعداد کار میں اضافہ کیا جاسکے اور انہیں شرعی عدم تعمیل کے خطرے اور آئی بی جی کی ساکھ اور کاروبار پر اس کے ممکنہ مضمرات سے مکمل طور پر آگاہ کیا جاسکے۔
8. عملے کے لئے تربیت کے علاوہ، ہم نے بینک کے کھاتہ داروں اور عوام الناس کے لئے بہت سے عوامی آگاہی پروگراموں میں حصہ لیا ہے تاکہ یہ اعتماد فراہم کیا جاسکے کہ آئی بی جی کا انتظام، اسلامی بینکاری میں مناسب تجربہ اور مہارت رکھنے والے پیشہ ور افراد اور جدید علمائے کرام اور مفتیان عظام کے ذریعے کیا جاتا ہے۔

لہذا، مندرجہ بالا سرگرمیوں کی بنیاد پر، ہماری رائے ہے کہ:

- آئی بی جی نے اسٹیٹ بینک کے اسلامک بینکنگ ڈیپارٹمنٹ اور بینک کے شریعتہ بورڈ کی جانب سے جاری کردہ ہدایات، قواعد و ضوابط، ہدایات اور سفارشات کی تعمیل کی ہے اور 31 دسمبر 2024 کو ختم ہونے والے مالی سال کے دوران بینک کی جانب سے انجام دئے جانے والے عقود اور معاملات شرعی قواعد و ضوابط کے مطابق ہیں۔
- آئی بی جی کے لئے تحت اپنے مجموعی آپریشن اور ذمہ داریوں کی بجآوری میں، شریعت کی تعمیل کو یقینی بنانے کے لئے، ایک جامع اور فعال نظام موجود ہے۔ یہ نظام آزاد شریعتہ بورڈ، شریعتہ کمپلائنس ڈویژن، انٹرنل شریعتہ آڈٹ،

شریعه بورڈ کی سالانہ رپورٹ

شریعه ریویو ڈپارٹمنٹس، اور کل وقتی شریعه بورڈ ممبر پر مشتمل ہے۔ اسٹیٹ بینک کے شریعه گورننس فریم ورک کے مطابق اسلامی بینکاری کے عملے کے لئے باقاعدگی سے سے اندرونی اور بیرونی تربیت کی سہولتیں بھی موجود ہیں۔

بینک کے پاس منافع اور نقصان کی تقسیم اور پول مینجمنٹ کا ایک جامع نظام ہے۔ اس سال، منافع کی تقسیم کا طریقہ کار، فنڈز کی تقسیم، آمدنی اور اخراجات کی تنظیم، شرح منافع کی تعیین اور بینک کے آئی بی جی کے دیگر امور، اسلامی قواعد و ضوابط کے مطابق اور شریعه بورڈ کی طرف سے منظور کردہ رہنما اصولوں کے مطابق انجام دیئے گئے ہیں۔

بینک کی آمدنی کے تمام ذرائع شریعت کے مطابق ہیں اور جو بھی آمدنی اسلامی قواعد و ضوابط کے تحت ممنوعہ ذرائع یا کاروبار سے حاصل ہوئی ہے اسے خیراتی اکاؤنٹ میں منتقل کر دیا گیا ہے جو بینک کی منظور شدہ چیریٹی پالیسی کے مطابق تقسیم کیا جائے گا اور اس کی ضروری تفصیلات سالانہ مالیاتی گوشواروں میں دی گئی ہیں۔

جائزہ کے دوران شریعه بورڈ نے انتظامیہ کو اسلامی بینکاری عملے کی صلاحیتوں کو فروغ دینے کی سفارش کی ہے۔ اس سلسلے میں بیومن ریسورس ڈیولپمنٹ گروپ کے ٹریننگ ڈویژن نے بینک کے ٹریننگ سینٹر میں مختلف تربیتی کورسز کا اہتمام کیا ہے اور نییاف (سٹیٹ بینک کا ذیل تربیتی ادارہ برائے بینکنگ اینڈ فنانانس) اور دیگر اسلامی بینکاری تربیتی اداروں کے زیر اہتمام تربیت کے لئے عملے کی ایک بڑی تعداد کا انتخاب کیا ہے۔ تاہم، شریعه بورڈ کا خیال ہے کہ متعلقہ عملے کے علم میں اضافہ کرنے اور اس سلسلے میں اسٹیٹ بینک کی ہدایات پر عمل درآمد کو یقینی بنانے کے لئے ایک جامع اسلامی بینکاری سالانہ تربیتی منصوبہ تیار کیا جاسکتا ہے۔ شریعه کمپلائنس ڈویژن نے شریعه کمپلائنس ریویوز، جائزوں کے دوروں کے دوران برانچوں میں تربیتی مجالس اور اجتماعی گفتگو کا بھی انعقاد کیا۔

عملے کی آگاہی، استعداد، احساس ذمہ داری، اور فرض شناسی کی سطح، شریعت کی تعمیل کے لئے انتظام، قابل اطمینان ہے۔

شریعه بورڈ کو اپنے فرائض کو موثر انداز میں نبھانے کے لئے مناسب وسائل فراہم کئے گئے ہیں۔

آئی بی جی کی جانب سے شرعی تعمیل کے لیے جاری فریم ورک، مسلسل نگرانی، وقتاً فوقتاً آڈٹ اور باقاعدگی سے لیے جانے والے جائزوں کی بنیاد پر نیز اسی طرح شرعی اصولوں اور ریگولیٹری تقاضوں میں رونما ہونے والے تبدیلیوں سے ہم آہنگ ہونے کے لیے کی جانے والی مسلسل بہتری کی کوششوں کی بناء پر اور اس کے ساتھ ساتھ شرعی تعمیل کے لیے بینک آف خیبر اسلامی بینکاری کی جانب سے جاری کی جانے والی جامع پالیسیوں اور رہنما اصولوں کی بنیاد پر ہماری رائے ہے کہ بینک آف خیبر میں آئی بی جی کی مجموعی آپریشنز میں شرعی تعمیل کو یقینی بنانے کے لیے ایک مضبوط، فعال اور منظم نظام موجود ہے۔

اللہ سبحانہ و تعالیٰ ہمیں اپنے پسندیدہ کاموں کی تکمیل کے لئے بہترین توفیق عطا فرمائے، ہمیں دنیا و آخرت میں کامیاب فرمائے اور ہماری غلطیوں کو معاف فرمائے۔

"اور ہم نے وہی بات کہی جو ہمارے علم میں آئی ہے، اور غیب کی نگہبانی تو ہمارے بس میں نہیں تھی۔" (سورہ یوسف، آیت

(81)

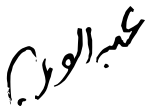
واللہ اعلم بالصواب

والسلام



Qazi Abdul Samad

RSBM



Mufti Abdul Wahab

Member
Shariah Board



Mufti Muhammad Arif Khan

Member
Shariah Board



Mufti Muhammad Zahid

Chairman
Shariah Board

Pattern of Shareholders

As at December 31, 2024

NO. OF SHAREHOLDERS	<--- HAVING SHARES --->		SHARES HELD	PERCENTAGE
	From	To		
1017	1	100	44190	0.0038
9719	101	500	1961372	0.1694
1298	501	1000	1042407	0.0900
15160	1001	5000	18352313	1.5848
144	5001	10000	983041	0.0849
40	10001	15000	490302	0.0423
27	15001	20000	463946	0.0401
15	20001	25000	325909	0.0281
7	25001	30000	190634	0.0165
8	30001	35000	256781	0.0222
2	35001	40000	77510	0.0067
1	40001	45000	43890	0.0038
1	45001	50000	48657	0.0042
2	50001	55000	106729	0.0092
1	55001	60000	56861	0.0049
2	60001	65000	127096	0.0110
1	70001	75000	71739	0.0062
1	75001	80000	77635	0.0067
2	90001	95000	186120	0.0161
1	115001	120000	115211	0.0099
1	280001	285000	280112	0.0242
1	320001	325000	321254	0.0277
1	330001	335000	335000	0.0289
1	855001	860000	859269	0.0742
1	1235001	1240000	1238717	0.1070
1	12070001	12075000	12072036	1.0424
1	22175001	22180000	22179167	1.9152
1	282850001	282855000	282852969	24.4248
1	812890001	812895000	812893804	70.1948
27458		Company Total	1158054671	100.0000

Category of Shareholders

As at December 31, 2024

	No of Shareholders	Shares Held	Percentage
Directors, CEO & Children	3	25,810	0.00
Associated Companies	1	282,852,969	24.43
Banks, DFI & NBFi	3	40,948	0.00
Insurance Companies	2	17,711	0.00
General Public (Local)	27,351	59,835,092	5.16
General Public (Foreign)	66	164,219	0.02
Others	31	2,224,118	0.19
Government of Khyber Pakhtunkhwa	1	812,893,804	70.20
TOTAL	27,458	1,158,054,671	100.00
Shareholding of Directors, CEO & Children			
Syed Asad Ali Shah		7,680	
Tahir Jawaid		7,680	
Muhammed Shahid Sadiq		10,450	
Shareholding of Banks, DFI & NBFi			
Pakistan Industrial & Commercial Leasing Ltd.		2,799	
Pakistan Industrial & Comm. Leasing Ltd.		25,208	
Escorts Investment Bank Limited		12,941	
Shareholding of Insurance Companies			
TPL Insurance Limited		17,504	
The Pakistan General Ins. Co. Ltd		207	
Major Shareholders			
Government of Khyber Pakhtunkhwa		812,893,804	
Ismail Industries Ltd.		282,852,969	

Statement of Compliance

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

Name of Bank: The Bank of Khyber

Year ended: December 31, 2024

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

1. The total number of directors as at December 31, 2024 are nine (9) as per the following:

Male: Eight (8)

Female: One (1)

2. The composition of the Board is as follows:

Category	Name
Independent Directors	(a) Syed Asad Ali Shah (a) Mr. Tahir Jawaid (a) Muhammed Shahid Sadiq (b) Mr. Abid Sattar (b) Ms. Natasha Jehangir Khan (c) Mr. Osman Asghar Khan
Non-Executive Directors	(d) Mr. Ikramullah Khan (Government Nominee Ex-Officio) Mr. Amer Sultan Tareen (Government Nominee Ex-Officio)
Executive Director	(e) Mr. Hassan Raza (Managing Director)

(a) Muhammed Shahid Sadiq has been appointed as an independent director on March 4, 2024. Further, Syed Asad Ali Shah, Mr. Tahir Jawaid and Mr. Muhammed Shahid Sadiq were re-elected as directors in Extraordinary General Meeting held on May 31, 2024.

(b) Nominated by GoKP under section 11 of the Bank of Khyber (Amendment) Act, 2022, having requisite background in banking and finance, and fulfilling the criteria prescribed for independent directors, nominated by the Chief Minister, for a period of three years and may be re-appointed for another three years term only, however, the Chief Minister may remove them at any time. Mr. Abid Sattar joined the Board on January 30, 2023 after getting clearance from State Bank of Pakistan (SBP) as an independent director. Further, Dr. Aliya Hashmi Khan ceased to be director from July 5, 2024 and was replaced by Ms. Natasha Jehangir Khan on September 5, 2024 after getting clearance from SBP as an independent director.

(c) Nominated by GoKP under section 11 of the Bank of Khyber (Amendment) Act, 2022, having requisite background in the banking and finance, as independent director, until a director is nominated by a foreign or local institution, by virtue of their shares in the Bank. Mr. Osman Asghar Khan joined the Board on July 3, 2023, after getting clearance from SBP as an independent director.

(d) Syed Imtiaz Hussain Shah was replaced by Mr. Ikramullah Khan on September 14, 2024.

(e) Muhammad Ali Gulfaraz ceased to be the Managing Director of the Bank on January 3, 2024 and Mr. Irfan Saleem Awan was appointed as Managing Director (Acting) who was replaced by Mr. Hassan Raza on November 11, 2024.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank;
4. The Bank has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Bank;

Statement of Compliance

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

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. During the year, the Board arranged Director's Training program for Mr. Muhammed Shahid Sadiq from Pakistan Institute of Corporate Governance (PICG).

It is to be noted that Mr. Hassan Raza, Mr. Tahir Jawaid, Mr. Abid Sattar and Mr. Osman Asghar Khan have already completed their Director's Training programs. Syed Asad Ali Shah meets the exemption requirement of the Director's Training program.

Further, the Bank intends to arrange Director's Training program for Mr. Ikramullah Khan, Mr. Amer Sultan Tareen and Ms. Natasha Jehangir Khan, at the earliest.

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

S #	Name of committee	Current membership
1	Board Audit Committee	1. Syed Asad Ali Shah Chairman 2. Mr. Amer Sultan Tareen Member 3. Mr. Abid Sattar Member 4. Muhammed Shahid Sadiq Member 5. Mr. Osman Asghar Khan Member
2	Human Resource & Remuneration Committee	6. Mr. Abid Sattar Chairman 7. Ms. Natasha Jehangir Khan Member 8. Mr. Osman Asghar Khan Member 9. Mr. Tahir Jawaid Member
3	Risk Management Committee	10. Mr. Abid Sattar Chairman 11. Mr. Amer Sultan Tareen Member 12. Muhammed Shahid Sadiq Member 13. Mr. Hassan Raza Member
4	I.T. Steering Committee	14. Mr. Osman Asghar Khan Chairman 15. Mr. Tahir Jawaid Member 16. Ms. Natasha Jehangir Khan Member 17. Mr. Hassan Raza Member 18. Syed Asad Ali Shah Member
5.	Compliance Committee	19. Muhammed Shahid Sadiq Chairman 20. Mr. Amer Sultan Tareen Member 21. Ms. Natasha Jehangir Khan Member 22. Mr. Hassan Raza Member

The Board committees have the required diversity, experience and skills to function effectively.

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

24. The frequency of meetings (quarterly/half yearly/yearly) of the committees were as per following,-

	Committee	No. of meetings held during the year
a)	Board Audit Committee	8
b)	Human Resource & Remuneration Committee	14
c)	Risk Management Committee	6
d)	I.T. Steering Committee	4
e)	Compliance Committee	6

25. The Board has set up an effective internal audit function. The concerned staff is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank;

26. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Bank;

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

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

29. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr. No.	Requirement	Explanation	Regulation No.
1	Constitution of Nomination committee	The broad functions of Nomination Committee are being performed by the Board of Directors. A separate Nomination committee is not required.	29
2	The Directors shall attend its AGM and EOGM	Seven (7) directors attended the 33rd Annual General Meeting (AGM) of the Bank. Remaining directors provided reasonable cause for not attending the AGM. Four (4) directors attended the Extra-ordinary General Meeting (EOGM) of the Bank held on May 31, 2024. Remaining directors provided reasonable cause for not attending the EOGM.	10(6)



HASSAN RAZA
Managing Director



IKRAMULLAH KHAN
Chairman



Independent Auditor's Review Report

To the members of The Bank of Khyber

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of The Bank of Khyber (the Bank) for the year ended December 31, 2024 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended December 31, 2024.

Further, we highlight the content of para no. 2 (b) and 2 (c) in respect of directors appointed by the Government of Khyber Pakhtunkhwa.

Chartered Accountants

Islamabad

Date: March 6, 2025

UDIN: CR202410050IT9BaNXsQ

Independent Auditor's Report

To the members of The Bank of Khyber

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of The Bank of Khyber (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 24 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.

Key Audit Matter

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

Following is the Key Audit Matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1.	<p>Credit loss allowance against advances:</p> <p>(Refer notes 6.1.2, 6.2.7 and 11 to the financial statements)</p> <p>The Bank adopted IFRS 9 'Financial Instruments' (IFRS 9) in accordance with the Application Instructions issued by the State Bank of Pakistan (SBP Application Instructions) from January 1, 2024 which requires the Bank to recognize Expected Credit Losses (ECL) allowance on advances.</p> <p>The measurement of ECL involves evaluating a range of possible outcomes, considering the time value of money, and incorporating reasonable and supportable information available at the reporting date about past events, current conditions, and forecasts of future economic conditions. A lifetime ECL is recorded on advances in which there has been a Significant Increase in Credit Risk (SICR) from the date of initial recognition and which are credit impaired as at the reporting date. A 12 months ECL is recorded for advances which do not meet the criteria for SICR or credit impaired as at the reporting date. To assess whether there is a significant increase in the credit risk, the Bank compares the risk of a default occurring on the advances as at the reporting date with the risk of default as at the date of initial recognition.</p> <p>The Bank records charge for stage 3 based on the higher of provision under Prudential Regulations or ECL under IFRS 9, as per the SBP Application Instruction.</p> <p>As at December 31, 2024, the Bank holds a credit loss allowance of Rs. 12,742 million against advances / financing. The Bank has recognised a net credit loss allowance reversal against advances amounting to Rs. 253 million in the statement of profit and loss account in the current year.</p> <p>The determination of credit loss allowance against advances based on the above criteria remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations and the materiality of advances relative to the overall financial statements of the Bank, we considered this area as a key audit matter.</p>	<p>Our audit procedures to verify provision against advances included, amongst others, the following:</p> <ul style="list-style-type: none"> ● Obtained understanding of management's assessment of credit loss allowance in respect of advances including the Bank's accounting policy and its internal rating and model methodologies; ● Obtained an understanding of the design and tested the operating effectiveness of key controls over correct classification of advances based on loss events and monitoring of advances with higher risk of default; ● We selected a sample of loan accounts and performed the following substantive procedures: <ul style="list-style-type: none"> - assessed the reasonableness and accuracy of the data used for ECL computation based on accounting records and information system of the Bank as well as the related external sources used for this purpose; - checked repayments of loans / mark-up / profit installments and tested classification of advances based on the number of days overdue; - tested the staging of loans and advances as per the criteria of SICR and in accordance with IFRS 9; - evaluated the management's assessment for classification of a borrower's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and discussions with the management; - assessed the ECL model used by the management to calculate Expected Credit Loss against loans and advances balances of the Bank for appropriateness of the assumptions used and the methodology applied. We also tested the mathematical accuracy of the model; ● Assessed the reasonableness of the forward-looking assumptions used by the management in calculation of ECL; and ● Assessed the relevant disclosures made in the financial statements to determine whether these are complied with the accounting and reporting standards as applicable in Pakistan.

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 annual 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.

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.

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

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:
 - a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
 - b) the statement of financial position, the 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 per cent of the total loans and advances of the Bank.

The engagement partner on the audit resulting in this independent auditor's report is M. Imtiaz Aslam.



Chartered Accountants

Islamabad

Date: March 6, 2025

UDIN: AR202410050i43ProOEz



Financial Statements

For the year ended December 31, 2024

Statement of Financial Position

As at December 31, 2024



	Note	2024 ----- Rupees in '000 -----	2023
ASSETS			
Cash and balances with treasury banks	7	23,993,095	23,895,690
Balances with other banks	8	3,252,274	3,960,115
Lendings to financial institutions	9	133,574	2,000,000
Investments	10	282,766,597	223,348,499
Advances	11	146,881,971	101,587,580
Property and equipment	12	4,293,173	4,399,426
Right-of-use assets	13	2,059,970	2,549,241
Intangible assets	14	361,363	428,608
Deferred tax assets	15	1,193,562	1,346,748
Other assets	16	12,628,288	19,670,577
Total Assets		477,563,867	383,186,484
LIABILITIES			
Bills payable	17	21,951,353	3,759,078
Borrowings	18	133,531,771	50,460,559
Deposits and other accounts	19	277,641,989	289,291,561
Lease liabilities	20	2,147,700	2,407,066
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	21	20,391,835	16,966,936
Total Liabilities		455,664,648	362,885,200
NET ASSETS		21,899,219	20,301,284
REPRESENTED BY			
Share capital	22	11,579,360	11,027,905
Reserves		5,066,025	4,343,001
Surplus on revaluation of assets	23	1,676,698	124,622
Unappropriated profit		3,577,136	4,805,756
		21,899,219	20,301,284
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 49 and annexures I to III form an integral part of these financial statements.

Managing Director

Chief Financial Officer

Director

Director

Director

Profit and Loss Account

For the year ended December 31, 2024



	Note	2024 ----- Rupees in '000 -----	2023
Mark-up / return / interest earned	25	65,221,290	59,070,281
Mark-up / return / interest expensed	26	48,729,328	45,177,649
Net mark-up / interest income		16,491,962	13,892,632
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	941,990	584,472
Dividend income		2,047	11,101
Share of profit of associate		11,182	9
Foreign exchange income		529,442	1,457,933
Income / (loss) from derivatives		-	-
Gain / (loss) on securities	28	177,001	(70,591)
Net losses on derecognition of financial assets measured at amortised cost	29	(23,802)	-
Other income	30	140,166	126,027
Total non-markup / interest income		1,778,026	2,108,951
Total income		18,269,988	16,001,583
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	31	10,538,609	8,560,349
Workers welfare fund		-	-
Other charges	32	22,058	34,562
Total non-markup / interest expenses		10,560,667	8,594,911
Profit before credit loss allowance / provisions		7,709,321	7,406,672
(Reversal) of credit loss allowance / provisions and write offs - net	33	(425,754)	705,091
Other income / expense items		-	-
PROFIT BEFORE TAXATION		8,135,075	6,701,581
Taxation	34	4,519,954	3,220,304
PROFIT AFTER TAXATION		3,615,121	3,481,277
----- Rupees -----			
Basic and diluted earnings per share	35	3.12	(Restated) 3.01

The annexed notes 1 to 49 and annexures I to III form an integral part of these financial statements.

Managing Director

Chief Financial Officer

Director

Director

Director

Statement of Comprehensive Income



For the year ended December 31, 2024

	2024	2023
	----- Rupees in '000 -----	
Profit after taxation for the year	3,615,121	3,481,277
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of debt investments through FVOCI / AFS - net of tax	872,762	195,523
Gain on sale of debt investments carried at FVOCI reclassified to profit and loss - net of tax	(58,742)	-
	814,020	195,523
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligation - net of tax	21,944	34,241
Movement in surplus on revaluation of equity investments - net of tax	33,947	24,097
Movement in surplus on revaluation of property and equipment - net of tax	-	112,920
Movement in (deficit) / surplus on revaluation of non-banking assets - net of tax	(13,520)	25,516
Share of remeasurement (loss) / gain on defined benefit obligation of associate - net of tax	(863)	535
Share of surplus / (deficit) on revaluation of investments of associate - net of tax	1,414	(323)
	42,922	196,986
Total comprehensive income	4,472,063	3,873,786

The annexed notes 1 to 49 and annexures I to III form an integral part of these financial statements.

Managing Director

Chief Financial Officer

Director

Director

Director

Statement of Changes in Equity

For the year ended December 31, 2024



	Share capital	Statutory reserve	Surplus / (deficit) on revaluation of		Unappropriated profit	Total
			Investments	Property and equipment		
Rupees in '000						
Balance as at January 1, 2023	11,027,905	3,646,746	(1,042,518)	787,200	25,461	16,427,498
Profit after taxation for the prior year	-	-	-	-	-	1,982,704
Other comprehensive income - net of tax	-	-	-	-	-	3,481,277
Movement in surplus on revaluation of investments in debt instruments through AFS - net of tax	-	-	195,523	-	-	195,523
Remeasurement gain on defined benefit obligations - net of tax	-	-	24,097	-	34,241	34,241
Movement in surplus on revaluation of equity investments - net of tax	-	-	-	112,920	-	24,097
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	112,920
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	25,516	25,516
Share of remeasurement gain on defined obligation of associate - net of tax	-	-	(323)	-	535	535
Share of (deficit) on revaluation of investments of associate - net of tax	-	-	219,297	112,920	-	(323)
Total other comprehensive income	-	-	219,297	112,920	25,516	392,509
Transfer to statutory reserve	-	696,255	-	-	(696,255)	-
Transfer from surplus on revaluation of non-banking asset to unappropriated profit - net of tax	-	-	-	(3,254)	3,254	-
Balance as at December 31, 2023	11,027,905	4,343,001	(823,221)	900,120	47,723	20,301,284
Impact of adoption of IFRS 9 - net of tax - note 6.1.2	-	-	729,764	-	-	(1,219,764)
Balance as at January 1, 2024 after adoption of IFRS 9	11,027,905	4,343,001	(93,457)	900,120	47,723	19,081,520
Profit after taxation for the current year	-	-	-	-	-	3,615,121
Other comprehensive income - net of tax	-	-	-	-	-	872,762
Movement in surplus on revaluation of investments in debt instruments through FVOCI - net of tax	-	-	872,762	-	-	(58,742)
Gain on sale of debt investments carried at FVOCI reclassified to profit and loss - net of tax	-	-	(58,742)	-	-	21,944
Remeasurement gain on defined benefit obligations - net of tax	-	-	33,947	-	-	33,947
Movement in surplus on revaluation of equity investments - net of tax	-	-	-	-	-	-
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	(13,520)	-	(13,520)
Movement in (deficit) on revaluation of non-banking assets - net of tax	-	-	-	-	-	(863)
Share of remeasurement (loss) on defined obligation of associate - net of tax	-	-	1,414	-	-	1,414
Share of surplus on revaluation of investments of associate - net of tax	-	-	849,381	-	(13,520)	856,942
Total other comprehensive income - net of tax	-	-	849,381	-	(13,520)	21,081
Transfer to statutory reserve	-	723,024	-	-	(723,024)	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit - net of tax	-	-	(5,958)	-	-	5,958
Transfer from surplus on revaluation of non-banking asset to unappropriated profit - net of tax	-	-	-	-	(7,591)	7,591
Transactions with owners, recorded directly in equity						
Final cash dividend for the year ended December 31, 2023 (Rs.150 per share)	-	-	-	-	-	(1,654,364)
Bonus shares issued for the year ended December 31, 2023 (Rs.0.50 per share)	551,455	-	-	-	-	(551,455)
Balance as at December 31, 2024	11,579,360	5,066,025	749,966	900,120	26,612	21,599,219

The annexed notes 1 to 49 and annexures I to III form an integral part of these financial statements.


Managing Director


Chief Financial Officer


Director


Director


Director

Cash Flow Statement

For the year ended December 31, 2024



	Note	2024 ----- Rupees in '000 -----	2023
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		8,135,075	6,701,581
Less: Dividend income		2,047	11,101
		8,133,028	6,690,480
Adjustments:			
Net mark-up / interest income	25 & 26	(16,938,878)	(14,106,118)
Depreciation - Property and equipment	31	765,565	683,033
Depreciation - Non-banking assets acquired in satisfaction of claims	31	41,481	33,751
Depreciation - Right-of-use assets	31	792,106	681,725
Amortization	31	81,383	85,601
(Reversal) of credit loss allowance / provisions and write offs - net	33	(425,754)	705,091
Unrealised loss on revaluation of investments measured at FVPL	28	773	-
Gain on disposal of property and equipment - net	30	(10,283)	(948)
Loss / (gain) on early culmination of lease	30	3,493	(5,114)
Finance charges on leased assets	26	446,916	213,486
Unwinding of deferred cost on staff loans	31.1	217,210	-
Exchange (loss) / gain on cash and cash equivalents		34,139	(496,296)
Share of profit of associate		(11,182)	(9)
		(15,003,031)	(12,205,798)
		(6,870,003)	(5,515,318)
(Increase) / Decrease in operating assets			
Lendings to financial institutions		2,000,000	5,641,077
Securities classified as FVPL		319,714	-
Advances		(51,884,372)	25,177,445
Others assets (excluding mark-up receivable)		4,658,429	(5,113,633)
		(44,906,229)	25,704,889
(Decrease) / Increase in operating liabilities			
Bills payable		18,192,275	1,656,844
Borrowings from financial institutions		83,071,212	(15,802,609)
Deposits		(11,649,572)	40,385,580
Other liabilities (excluding current taxation and mark-up payable)		665,495	(146,170)
		90,279,410	26,093,645
Mark-up / interest received		69,367,976	52,764,849
Mark-up / interest paid		(46,087,267)	(38,712,637)
Income tax paid		(3,676,033)	(1,679,848)
Net cash flow generated from operating activities		58,107,854	58,655,580
CASH FLOW FROM INVESTING ACTIVITIES			
Net Investments in amortized cost / held to maturity securities		14,838,953	2,522,258
Net Investments in securities classified as FVOCI / AFS		(70,209,539)	(51,862,885)
Dividends received		2,047	11,101
Investments in property and equipment		(664,434)	(768,218)
Investments in intangible assets		(14,138)	(40,489)
Disposal of property and equipment		15,405	4,556
Net cash flow (used in) investing activities		(56,031,706)	(50,133,677)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments of lease obligations against right-of-use assets		(1,012,610)	(992,583)
Dividend paid		(1,639,510)	(168)
Net cash flow (used in) financing activities		(2,652,120)	(992,751)
Effects of credit loss allowance changes on cash and cash equivalents		(325)	-
Effects of exchange rate changes on cash and cash equivalents		(34,139)	496,296
(Decrease) / increase in cash and cash equivalents		(610,436)	8,025,448
Cash and cash equivalents at beginning of the year	36	27,855,805	19,830,357
Cash and cash equivalents at end of the year	36	27,245,369	27,855,805


The annexed notes 1 to 49 and annexures I to III form an integral part of these financial statements.


Managing Director


Chief Financial Officer


Director


Director


Director

1 STATUS AND NATURE OF BUSINESS

The Bank of Khyber (the Bank) was established in Pakistan under The Bank of Khyber Act, 1991 and is principally engaged in the business of commercial banking and related services. The Bank acquired the status of a scheduled bank in 1994 and is listed on the Pakistan Stock Exchange Limited. The registered office of the Bank is situated at 24 - The Mall, Peshawar Cantt. The Bank operates 246 branches including 131 Islamic banking branches (2023: 238 branches including 123 Islamic banking branches). The long term credit ratings of the Bank assigned by VIS Credit Rating Company Limited and Pakistan Credit Rating Agency Limited (PACRA) are 'A+' and 'A+' respectively and the short term credit ratings assigned are 'A1' (A-One) and 'A-1' (A-One) respectively. The majority shares (i.e. 70.20%) of the Bank are held by Government of Khyber Pakhtunkhwa (GoKP).

The Provincial Assembly of Khyber Pakhtunkhwa has passed the Bank of Khyber (Amendment) Act, 2022. As part of the amendments, the name of Bank has been changed from "The Bank of Khyber" to "Bank of Khyber". The Bank is in the process of seeking necessary regulatory approval for the same.

2 BASIS OF PRESENTATION

2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchases and sales arising under the respective arrangements (except for Murabaha financings accounted for under Islamic Financial Accounting Standard - 1 "Murabaha") are not reflected in these financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.

2.2 The Islamic banking branches of the Bank have complied with the requirements as set out in the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of Companies Act, 2017.

2.3 The financial results of the Islamic Banking Branches have been consolidated in these financial statements, after eliminating the effects of inter-branch transactions and balances. Key financial figures of the Islamic Banking Branches are disclosed in Annexure "II" to these financial statements.

2.4 The Bank believes that there is no significant doubt on the Bank's ability to continue as a going concern. Therefore, these financial statements have been prepared on a going concern basis.

2.5 These financial statements have been presented in Pakistani Rupee, which is the Bank's functional and presentation currency. The figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

3 STATEMENT OF COMPLIANCE

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

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

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

- 3.2** SBP, vide its BPRD Circular Letter No. 13 dated July 1, 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 January 1, 2024 as per BPRD Circular Letter No. 07 of 2023 dated April 13, 2023. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the financial statements. The significant change is relating 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 detailed in note 48.

- 3.3** SBP vide its BPRD Circular Letter No. 01 of 2025 dated January 22, 2025 has provided certain relaxations / clarifications upon adoption of IFRS 9 'Financial Instruments', details of which are disclosed in note 6.1 to the financial statements.

- 3.4** SBP has deferred the applicability of International Accounting Standard 40, 'Investment Property' for banking companies till further instructions. Moreover, SBP vide BPRD Circular No. 4, dated February 25, 2015, has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, 'Profit and Loss Sharing on Deposits'. Further, according to the notification of the SECP issued vide SRO 411(I) / 2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements.

- 3.5 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current year**

There are certain new and amended standards, interpretations and amendments issued by International Accounting Standards Board (IASB) that are mandatory for the Bank's accounting periods beginning on or after January 1, 2024 but are considered not to be relevant or do not have any material effect on the Bank's operations and therefore are not detailed in these financial statements, except for IFRS 9 'Financial Instruments' the impact of which is disclosed in note 6.1 to the financial statements.

- 3.5.1 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective**

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2025 but are considered not to be relevant or will not have any material effect on the Bank's financial statements except for:

- amendment to IAS 21 'The Effects of Changes in Foreign Exchange Rates' (applicable from January 1, 2025) 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.

- amendments to IFRS 9 'Financial Instruments' (applicable from January 1, 2026) 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.

- the new standard - IFRS 18 'Presentation and Disclosure in Financial Statements' (published in April 2024) with applicability date of January 1, 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Statement of Profit and Loss Account' with certain additional disclosures in the financial statements.

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the approved accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in application of accounting policies are as follows:

- i) classification of, and credit loss allowance / provision against investments - notes 6.2 and 10
- ii) classification of, and credit loss allowance / provision against loans and advances - notes 6.2 and 11
- iii) income taxes - notes 6.12, 15 and 34
- iv) depreciation and revaluation of property and equipment - notes 6.7 and 12
- v) defined benefit plan - notes 6.15 and 38
- vi) valuation of right-of-use assets and lease liability - notes 6.9, 13 and 20
- vii) non-banking assets acquired in satisfaction of claims - notes 6.10 and 16
- viii) fair value hierarchy of assets and liabilities - note 40

5 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that certain class of property and equipment and non-banking assets acquired in satisfaction of claims are stated at revalued amounts; certain investments classified at fair value through profit or loss and at fair value through other comprehensive income and derivative financial instruments, if any, are stated at fair value; staff loans are measured at fair value at initial recognition; and the recognition of certain employees benefits, lease liabilities and corresponding right-of-use assets at present value, as disclosed in their respective notes.

6 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information set out below have been applied consistently in the preparation of these financial statements, except for certain changes as mentioned in note 6.1.

6.1 IFRS 9 'Financial Instruments'

As per the SBP BPRD Circular Letter no. 7 of 2023 dated April 13, 2023, IFRS 9 is applicable on banks with effect from January 1, 2024. IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments, to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flows characteristics. The adoption of IFRS 9 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses (ECL) approach.

The SBP through BPRD Circular Letter no. 16 dated July 29, 2024 and BPRD Circular Letter no. 1 dated January 22, 2025 (the Letters) has made certain amendments and clarified the timelines of some of the SBP's IFRS 9 Application Instructions to address the matters raised by the banks to ensure compliance by the timelines. The Letters have provided clarifications / relaxations on measurement of unquoted equity securities, retrospective application of modification accounting prior to January 1, 2020, accounting methodology for Islamic Banking Institutions and treatment of charity. Accordingly, the Bank has adopted the treatment as instructed in the aforementioned letters in these financial statements.

Further, the Bank through its letter dated December 16, 2024, has requested SBP for extension in timeline for implementation of Effective Interest Rate (EIR) method for income recognition for the accounting periods beginning on or after January 1, 2026. SBP vide its response dated January 22, 2025 has allowed extension for the application of EIR method to the Bank up to December 31, 2025, subject to certain conditions. Accordingly, the Bank has not applied EIR method for income recognition in preparation of these financial statements.

Moreover, SBP has directed the Banks through its BPRD Circular Letter no. 1 dated January 22, 2025 to disclose the impact of IFRS 9 on revenue recognition on Islamic operations. Accordingly, had IFRS 9 been adopted in its entirety for revenue recognition from Islamic financing and related assets of the Bank as at December 31, 2024, the related Islamic operations profit / return earned in the statement of profit and loss account would have been approximately higher by Rs. 70.41 million and taxation would have been approximately higher by Rs. 38.02 million.

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

6.1.1 Application to the Bank's financial assets

Debt based financial assets

Debt based financial assets held by the Bank include: advances, lendings to financial institutions, investment in Federal Government securities, corporate bonds / term finance certificates and other private sukuks, cash and balances with treasury banks, balances with other banks, and other financial assets.

a) These are measured at amortised cost if these assets meet both of the following conditions and are not designated as fair value through profit and loss (FVPL):

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

Notes to the Financial Statements

For the year ended December 31, 2024



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

The Bank's business model for these financial assets can still be held to collect (HTC) even when sales of these financial assets occur. However, if more than an infrequent number of sales of significant value are made, the Bank assesses whether and how the sales are consistent with the HTC objective.

b) Debt based financial assets are measured at fair value through other comprehensive income (FVOCI) only if these meet both of the following conditions and are not designated as FVPL:

- 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 interest / profit on the principal amount outstanding.

c) Debt based financial assets if these are held for trading purposes are classified as measured at FVPL.

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 FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The application of IFRS 9 has resulted in classifications and consequent remeasurements of certain investments in PIBs and Ijarah Sukuk held under available for sale portfolio as of December 31, 2023 to hold to collect based on the business model assessment and certain TFCs and private sukuks held under available for sale portfolio as of December 31, 2023 to other business model (hold to sell) based on assessment of whether contractual cash flows are solely payment of principal and interest / profit (SPPI). The following table reconciles their carrying amounts as reported on December 31, 2023 to the carrying amounts under IFRS 9 on transition to IFRS 9 on January 1, 2024:

Notes to the Financial Statements

For the year ended December 31, 2024



Investment type and category	Balances as of December 31, 2023	IFRS 9 Classification	Balances as of December 31, 2023	Remeasurements	Balances as of January 1, 2024 - before ECL
----- Rupees in '000 -----					
Federal Government Securities					
- Pakistan Investment Bonds - AFS	161,781,400	FVOCI	138,626,810	-	138,626,810
	161,781,400	Amortised Cost	23,154,590	2,110,045	25,264,635
			161,781,400	2,110,045	163,891,445
- Ijarah Sukuk - AFS	51,380,046	FVOCI	47,026,046	-	47,026,046
	51,380,046	Amortised Cost	4,354,000	681,514	5,035,514
			51,380,046	681,514	52,061,560
	213,161,446		213,161,446	2,791,559	215,953,005
Non-Government Debt Securities					
- Term Finance Certificate - AFS	3,500,150	FVOCI	2,298,350	(259,650)	2,038,700
	3,500,150	FVPL	1,201,800	-	1,201,800
			3,500,150	(259,650)	3,240,500
- Sukuk - AFS	3,620,809	FVOCI	3,445,809	-	3,445,809
	3,620,809	FVPL	175,000	-	175,000
			3,620,809	-	3,620,809
	7,120,959		7,120,959	(259,650)	6,861,309
Total	220,282,405		220,282,405	2,531,909	222,814,314
Equity based financial assets					

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

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Bank has reclassified impairment of Rs. 262.87 million on listed equity investments and Rs. 371.22 million for unlisted equity investment held as at December 31, 2023 to surplus / deficit on revaluation of investments through remeasurements.

Notes to the Financial Statements

For the year ended December 31, 2024



The measurement category and carrying amounts of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS 9 as at January 1, 2024 are compared as follows:

Financial assets	Before adoption of IFRS 9		After adoption of IFRS 9	
	Measurement category	Carrying amount as at December 31, 2023	Measurement category	Carrying amount as at January 1, 2024 - before ECL
		Rupees in '000		Rupees in '000
Cash and balances with treasury banks	Loans and receivables	23,895,690	Amortised cost	23,895,690
Balances with other banks	Loans and receivables	3,960,115	Amortised cost	3,960,115
Lendings to financial institutions - net	Loans and receivables	2,000,000	Amortised cost	2,000,000
Investments - net	Held-for-trading	-	Fair value through profit or loss	-
	Available-for-sale	220,501,912	Fair value through profit or loss	1,376,800
			Fair value through other comprehensive income	191,356,872
			Amortised cost	30,300,149
		220,501,912		223,033,821
Advances - net	Held-to-maturity	2,756,377	Amortised cost	2,756,377
Other assets	Loans and receivables	101,587,580	Amortised cost	101,587,580
	Loans and receivables	18,697,108	Fair value through profit or loss	31,449
		18,697,108	Amortised cost	18,665,659
		373,398,782		375,930,691

6.1.2 Adoption impacts

The Bank has adopted IFRS 9 effective from January 1, 2024 with modified retrospective approach as permitted under IFRS 9. The cumulative impact of initial application of Rs. 1,220 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:

Notes to the Financial Statements

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	Rupees in '000						IFRS 9 category				
	Balances as of December 31, 2023	Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Impact due to: Classifications due to business model and SPPI assessments	Remeasurements	Reversal of provisions held		Total impact - gross of tax	Taxation (current and deferred)	Total impact - net of tax	Balances as of January 1, 2024
ASSETS											
Cash and balances with treasury banks	23,895,690	(25)	-	-	-	-	-	-	(25)	23,895,665	Amortised cost
Balances with other banks	3,960,115	(479)	-	-	-	-	-	-	(479)	3,959,636	Amortised cost
Lendings to financial institutions	2,000,000	-	-	-	-	-	-	-	-	2,000,000	Amortised cost
Investments classified as:											
- available for sale	220,501,912	-	(220,501,912)	-	-	-	-	-	(220,501,912)	-	FVOCI
- fair value through other comprehensive income	-	(107)	220,501,912	(28,885,390)	(893,740)	634,090	-	-	191,356,765	191,356,765	Amortised cost
- held to maturity	2,756,377	-	(2,756,377)	27,508,590	2,791,559	-	-	-	(2,756,377)	33,056,526	Amortised cost
- amortised cost	-	-	2,756,377	-	-	-	-	-	33,056,526	33,056,526	Amortised cost
- held for trading	-	-	-	-	-	-	-	-	-	-	FVPL
- fair value through profit or loss	-	-	-	1,376,800	-	-	-	-	1,376,800	1,376,800	Outside the scope of IFRS 9
- Associate	90,210	-	-	-	-	-	-	-	-	90,210	Outside the scope of IFRS 9
	223,348,499	(107)	-	-	1,897,819	634,090	-	-	2,531,802	225,880,301	
Advances											
- Gross amount	109,703,063	-	-	-	(1,963,832)	-	-	-	(1,963,832)	107,739,231	Amortised cost
- Provisions	(8,115,483)	(4,878,846)	-	-	-	-	-	-	(4,878,846)	(12,994,329)	Amortised cost
	101,587,580	(4,878,846)	-	-	(1,963,832)	-	-	-	(6,842,678)	94,744,902	Amortised cost
Property and equipment	4,399,426	-	-	-	-	-	-	-	-	4,399,426	Outside the scope of IFRS 9
Right-of-use assets	2,549,241	-	-	-	-	-	-	-	-	2,549,241	Outside the scope of IFRS 9
Intangible assets	428,608	-	-	-	-	-	-	-	-	428,608	Outside the scope of IFRS 9
Deferred tax asset	1,346,748	-	-	-	-	-	1,171,927	1,171,927	-	2,518,675	Outside the scope of IFRS 9
Other assets - financial assets	18,697,108	(3,251)	-	-	-	-	(3,251)	(3,251)	18,693,857	FVPL / amortised cost	
Other assets - non financial assets	973,469	-	-	-	1,963,832	-	-	-	1,963,832	2,937,301	Outside the scope of IFRS 9
	383,186,484	(4,882,708)	-	-	1,897,819	634,090	-	1,171,927	(1,178,872)	382,007,612	
LIABILITIES											
Bills payable	3,759,078	-	-	-	-	-	-	-	-	3,759,078	Amortised cost
Borrowings	50,460,559	-	-	-	-	-	-	-	-	50,460,559	Amortised cost
Deposits and other accounts	289,291,561	-	-	-	-	-	-	-	-	289,291,561	Amortised cost
Lease liability against right-of-use assets	2,407,066	-	-	-	-	-	-	-	-	2,407,066	Amortised cost
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
Other liabilities - non financial liabilities	1,653,675	-	-	-	-	-	-	-	-	1,653,675	Outside the scope of IFRS 9
Other liabilities - financial liabilities	15,313,261	40,892	-	-	-	-	-	-	40,892	15,354,153	FVPL / amortised cost
	362,885,200	40,892	-	-	-	-	-	-	40,892	362,926,092	
NET ASSETS	20,301,284	(4,923,600)	-	-	1,897,819	634,090	-	1,171,927	(1,219,764)	19,081,520	
REPRESENTED BY											
Share capital	11,027,905	-	-	-	-	-	-	-	-	11,027,905	
Reserves	4,343,001	-	-	-	-	-	-	-	-	4,343,001	
Surplus on revaluation of assets - net of tax	124,622	-	-	-	1,910,860	-	-	(1,181,096)	729,764	854,386	
Unappropriated profit	4,805,756	(4,923,600)	-	-	(13,041)	634,090	-	2,353,023	(1,949,528)	2,856,228	
	20,301,284	(4,923,600)	-	-	1,897,819	634,090	-	1,171,927	(1,219,764)	19,081,520	

6.2 Financial assets and liabilities

6.2.1 Classification

Financial assets

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

- Financial assets at fair value through profit and loss account (FVPL);
- Financial assets at fair value through other comprehensive income (FVOCI); and
- Financial assets at amortised cost.

Financial liabilities

The accounting for financial liabilities remains largely the same as before adoption of IFRS 9 and thus financial liabilities are being carried at amortised cost except for derivatives, if any, which are being measured at FVPL.

Financial assets and financial liabilities primarily include following:

Financial Statements Line Items	Description
Cash and balances with treasury banks	note 7
Balances with other banks	note 8
Lendings to financial institutions	note 9
Investments (except associates)	note 10
Advances	note 11
Other assets	note 16
Bills payable	note 17
Borrowings	note 18
Deposits and other accounts	note 19
Other liabilities	note 21

6.2.2 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 sale are also important aspects of the Bank's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing 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.

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

- Hold to Collect (HTC) business model: Holding assets in order to collect contractual cash flows.
- Hold to Collect and Sell (HTC&S) business model: Collecting contractual cash flows and selling financial assets.
- Other business models: Resulting in classification of financial assets as FVPL.

6.2.3 Assessments whether contractual cash flows are solely payments of principal and interest / profit (SPPI)

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

6.2.4 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank purchases or sells the asset. Other financial assets and liabilities like advances, lendings to financial institutions, deposits etc. are recognised when funds are transferred to the customers' account or financial institutions.

a) Amortised cost (AC)

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

b) Fair value through other comprehensive income (FVOCI)

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction cost. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance (ECL) is recognised for debt based financial assets in the statement of profit and loss account. Interest / profit / dividend income on these assets are recognised in the statement of profit and

loss account. On derecognition of debt based financial assets, capital gain / loss is recognised in the statement of profit and loss account. For equity based financial assets classified as FVOCI, capital gain / loss is transferred from surplus / deficit to unappropriated profit.

c) Fair value through profit and loss (FVPL)

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

6.2.5 Derecognition

Financial assets

The Bank derecognises a financial asset when:

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

The Bank enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

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

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

6.2.6 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 statement of profit and loss account. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

6.2.7 Expected Credit Loss (ECL) allowance

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

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at facility level.

Definition of default

The concept of "impairment" or "default" is critical to the implementation of IFRS 9 as it drives determination of risk parameters, i.e. PD, LGD and EAD.

As per BPRD Circular No. 03 of 2022 dated July 5, 2022 and BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, ECL of Stage 1 and Stage 2 is calculated as per IFRS 9, while ECL of Stage 3 has been calculated based on higher of Prudential Regulations or IFRS 9 at borrower / facility level for corporate / commercial / SME loan portfolios and at segment / product basis for retail portfolio.

This implies that if one facility of a counterparty becomes 90+ DPD in repaying its contractual dues or as defined in PRs; all other facilities would deem to be classified as stage 2 and stage 3.

Write-offs

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

6.3 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash and bank balances with treasury and other banks that are highly liquid and readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

6.4 Lendings to / borrowings from financial institutions (reverse repo / repo)

The Bank enters into transactions of borrowing (re-purchase) from and lending (reverse re-purchase) to financial institutions, at contracted rates for a specified period of time. These are recorded as under:

a) Sale under repurchase agreements

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognized in the statement of financial position and are measured in accordance with accounting policies for investment and counterparty liability is included in borrowings from financial institutions. The difference between sale and repurchase price is treated as mark-up / return / interest expense and accrued over the term of the repo agreement.

b) Purchase under resale agreements

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognized in the statement of financial position, instead amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark-up / return / interest income and accrued over the term of the reverse repo agreement.

c) Other lendings

Other lendings include term lendings and unsecured lendings to financial institutions. These are stated net of credit loss allowance. Mark-up / interest income on such lendings is recorded on time proportion basis using effective interest rate method except mark-up on impaired / delinquent lendings, which are recognized on receipt basis.

d) Other borrowings

Other borrowings including borrowings from SBP are recorded at proceeds received. Mark-up expense on such borrowings is charged to the profit and loss account on time proportion basis.

e) Bai Muajjal

Bai Muajjal purchase

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

Bai Muajjal sale

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

6.5 Investments

Investments include Federal Government securities, shares, mutual fund units, non-Government debt securities and associates. Classification and measurement of such investments has been detailed in note 6.2 to the financial statements (except for investment in associates) detailed below.

Associates

An associate is an entity over which the Bank has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Bank's share of net assets of the associate since the acquisition date.

The statement of profit or loss reflects the Bank's share of the results of operations of the associate. Any change in Other Comprehensive Income (OCI) of those investees is presented as part of the Bank's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Bank recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Bank and the associate are eliminated to the extent of the interest in the associate.

After application of the equity method, the Bank determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Bank determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Bank calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of associate' in the profit and loss account.

6.6 Advances

Advances (including Islamic financings) are stated net of credit loss allowance / provision against non-performing advances. Credit loss allowance / provision against non-performing loans and advances have been made in accordance with the requirements of the Prudential Regulations and SBP IFRS 9 Application Instructions. Advances are written-off when there are no realistic prospects of recovery. Classification and measurement of advances has been detailed in note 6.2 to the financial statements.

Subsidised staff loans and subsidised loans under 'SBP Re-finance for Combating COVID-19' (RFCC) scheme have been recorded at fair value resulting in fair value adjustment on initial recognition. Unwinding of income on fair value adjustment is recognised in the statement of profit and loss account.

6.6.1 Murabaha

Funds disbursed for purchase of goods are recorded as 'Advance for Murabaha'. On culmination of Murabaha, i.e. sale of goods to customers, Murabaha financings are recorded at the deferred sale price net of profit. Goods that have been purchased but remained unsold are recorded as inventories. Profit is recorded at the time of sale of goods under Murabaha as deferred income and is included in the amount of Murabaha financings. Profit is taken to the profit and loss account over the period of the Murabaha.

6.6.2 Ijarah financings

Ijarah financings executed on or before December 31, 2008 have been accounted for under finance method, thereafter all Ijarah financings are accounted for under IFAS 2.

- a) Under Finance method, the present value of minimum Ijarah payments have been recognized and shown under financings. The unearned income, i.e. the excess of aggregate Ijarah rentals over the cost of the asset and documentation charges under Ijarah facility is deferred and then amortized over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah. Gains / losses on termination of Ijarah contracts are recognized as income on a receipt basis. Income on Ijarah is recognized from the date of delivery of the respective assets to the Mustajir (lessee).

- b) Under IFAS 2 method, assets underlying Ijarah financing have been carried at cost less accumulated depreciation and impairment losses, if any, and are shown under financing. Rentals accrued from Ijarah financings net of depreciation charged are taken to profit and loss account. Depreciation on Ijarah assets is charged by applying the straight line method over the Ijarah period which is from the date of delivery of respective assets to Mustajir up to the date of maturity / termination of Ijarah agreement.

6.6.3 Diminishing Musharakah

Diminishing Musharakah represents an asset in joint ownership, whereby a partner promises to buy the equity share of the other partner until the title to the equity is totally transferred to him. The partner using the asset pays the proportionate rental of such asset to the other partner (the Bank). Profit on Diminishing Musharakah financing is recognized on accrual basis.

6.6.4 Salam

Salam is a sale transaction where the seller undertakes to supply some specific goods / commodities to the buyer at a future date against an advance price fully paid on spot. In Salam Bank financing, the Bank purchases some specific goods / commodities from its customers to be delivered within an agreed time. The goods are then sold and the amount hence financed is received back by the Bank.

6.6.5 Receivables against lease finance where Bank is a lessor (other than Ijarah)

Leases where the Bank transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognised at an amount equal to the present value of the lease payments including any guaranteed residual value.

6.6.6 Istisna

In Istisna financing, the Bank places an order to client (seller / manufacturer) to manufacture and deliver specific goods / commodities at an agreed price. The goods are then sold and the amount hence financed is received back to the Bank.

6.6.7 Inventories

The Bank values its inventories at the lower of cost or net realizable value. Cost of inventories represents the actual purchase made by the Bank / customers as an agent on behalf of the Bank for subsequent sale. The net realizable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

6.7 Property and equipment and depreciation

6.7.1 Capital-work-in progress

Capital-work-in progress is stated at cost less accumulated impairment losses, if any. These are transferred to property and equipment as and when the assets are available for use.

6.7.2 Property and equipment (owned and leased)

Property and equipment, except land, which is not depreciated, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of property and equipment. Leasehold land is carried at revalued amount while freehold land carried at cost less accumulated impairment losses, if any.

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

Depreciation on property and equipment is charged to income over the useful life of the asset on a systematic basis by using the straight line method at the rates stated in note 12.2. Depreciation charge commences from the month when the asset is available for use and continues till the month the asset is discontinued either through disposal or retirement.

Revaluation of leasehold land is carried out with sufficient regularity to ensure that the carrying amount of the land does not differ materially from the fair value. Any revaluation increase in the carrying amount of land is recognized in other comprehensive income and presented as a separate component of equity as "surplus on revaluation of fixed assets", except to the extent that it reverses a revaluation decrease / deficit for the same asset previously recognized in profit and loss account, in which case the increase is first recognized in profit and loss account to the extent of the decrease previously charged. Any decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset. All other decreases are charged to profit and loss account. The revaluation reserve is not available for distribution to the Bank's shareholders.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposal of fixed assets are included in the profit and loss account, except that the related surplus on revaluation of fixed assets (net of deferred tax) is directly transferred to un-appropriated profit.

In making estimates of the depreciation, management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method is changed to reflect the change in pattern. Further, the Bank estimates the revalued amount of leasehold land on a regular basis. The estimates are based on valuations carried out by independent professional valuer under the current market conditions.

6.8 Intangible assets

Intangible assets having finite useful life are stated at cost less accumulated amortization and impairment losses, if any. Intangible assets are being amortized using the straight-line method over their useful lives as stated in note 14.1. Amortization is charged from the month of acquisition and up to the month of deletion. The useful lives and amortization method are reviewed and adjusted, if appropriate, at each reporting date. Costs associated with maintaining computer software are recognized as an expense when incurred.

6.9 Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Bank as a lessee

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are subject to impairment in line with the Bank's policy as described in note 6.11, Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain that termination option will not be exercised. The Bank has several lease contracts that include extension and termination options. The Bank applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate the lease.

6.10 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are initially measured at settlement amount and upon revaluation, are carried at revalued amounts less accumulated depreciation and impairment, if any. The useful lives and depreciation method are reviewed annually and adjusted, if appropriate. These assets are revalued as per SBP's requirement by independent professionally qualified valuers to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of assets is credited to the 'surplus on revaluation of Non-banking assets acquired in satisfaction of claims' in surplus / deficit on revaluation of asset account and any deficit arising on revaluation is taken to profit and loss account directly as an impairment. A subsequent increase in the market value of an impaired asset is reversed through the profit and loss account up to the extent of impairment and thereafter credited to surplus on revaluation of that asset account. Legal fees, transfer costs and direct costs of acquiring title of assets is charged to profit and loss account and not capitalized.

Depreciation on assets acquired in satisfaction of claims is charged to the profit and loss account on the same basis as depreciation charged on the Bank's owned property and equipment.

If the recognition of such assets results in a reduction of non-performing loan, such reductions and the corresponding reductions in the provisions held against non-performing loans are disclosed separately.

These assets are generally intended for sale. Gain and loss realized on sale of such assets are disclosed separately from gains or losses realized on the sale of property and equipment. Surplus on revaluation, net of deferred tax, realized on disposal of these assets is transferred directly to the unappropriated profit. If such an asset is subsequently used by the Bank for its own operations, the asset is transferred to property and equipment.

The Bank estimates the revalued amounts of non-banking assets acquired in satisfaction of claims on a regular basis. The estimates are based on expected legal enforceability, ease of realization and valuations carried out by an independent valuation expert under the market conditions.

6.11 Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets, other than deferred tax asset, 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 profit and loss account except for the impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

6.12 Taxation

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

6.12.1 Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws of taxation on income earned. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profits for the year. The charge for the current year also includes adjustments, where considered necessary relating to prior years, arising from assessments finalized during the year for such years.

6.12.2 Prior years

This charge includes tax charge for prior years arising from assessments, changes in estimates and change in law.

6.12.3 Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is calculated at the tax rates that are expected to apply to the periods when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax, if any, on revaluation of property and equipment and investments is recognized as an adjustment to surplus / (deficit) arising on revaluation in accordance with the requirements of IAS-12 "Income Taxes".

The carrying amount of deferred income tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit or taxable temporary differences will be available to allow all or part of the deferred income tax asset to be utilised.

In making the estimates for current and deferred taxes, the management looks at the income tax law and the decisions of appellate authorities on certain issues in the past. There are certain matters where the Bank's view differs with the view taken by the income tax department and such amounts are shown as contingent liability unless the probability of outflow is remote.

6.13 Credit loss allowance for claims under guarantees and other off balance sheet obligations

Credit loss allowance for financial guarantee claims, if any, and other off balance sheet obligations is measured at higher of unearned commission income at the reporting date and the loss allowance arising on such contracts. Loss allowance is recognised in the statement of profit and loss account and the obligation is recognised in other liabilities.

6.14 Other credit loss allowance

Other credit loss allowance is recognised in the statement of profit and loss account. Credit loss allowance is reviewed at each reporting date and is adjusted to reflect the current best estimate.

6.15 Employee benefits

6.15.1 Defined benefit plan

The Bank operates a funded gratuity scheme for all its permanent employees. Contributions are made to the fund by the Bank in accordance with the rules of the scheme. Employees are entitled to the benefits under the scheme which comprises of one last drawn basic salary for each completed year of service. Contributions to the fund are made on the basis of actuarial recommendations. Actuarial valuation was carried out on December 31, 2024 using the Projected Unit Credit Method. Actuarial gains / losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in other comprehensive income.

The actuarial valuation involves making assumptions about discount rates, expected rates of returns on assets and future salary increases, which have been disclosed in note 38. Actuarial assumptions are entity's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits. Changes in these assumptions in future years may affect the liability / asset under the plan in those years.

Previously, the Bank's policy was to pay gratuity equal to two months basic pay for each completed year of service which was revised in 2019. Effective January 1, 2019, the gratuity equal to one month basic pay for each completed year shall be payable to permanent employees on retirement or discharge by the Bank or if he / she leaves the Bank's service voluntarily, other than those dismissed for misconduct. The Board of Directors of the Bank approved that gratuity at the rate of two months basic pay shall be paid up to the year ended December 31, 2018 on the basis of basic pay as of that date and the new policy was applicable from January 1, 2019 onwards.

6.15.2 Defined contribution plan

The Bank operates a recognized contributory provident fund covering all its permanent employees. Equal monthly contributions are made by the Bank and the employees to the fund at a rate of 8.33% (2023: 8.33%) of basic salary.

6.16 Revenue recognition

- a) Income on Murabaha is accounted for on culmination of Murabaha transaction and is recognized as revenue on a time proportionate basis. Unearned profit is accounted for by crediting deferred Murabaha income, which is recorded as a liability.

- b) Interest / return / mark-up on regular loans / advances (other than Murabaha) and debt securities investments is recognized on time proportion basis. Refer note 6.1 to the financial statements for details regarding extension in application of effective interest rate (EIR) method for income recognition. Where debt securities are purchased at premium or discount, the same is amortized through the profit and loss account.
- c) Interest / return / mark-up recoverable on classified loans and advances and investments is recognized on receipt basis. Interest / return / mark-up on classified rescheduled / restructured loans and advances and investments is recognized as permitted by the regulations of the SBP.
- d) For Ijarah contracts written up to December 31, 2008, the Bank follows finance method in recognizing income. Under this method the unearned finance income i.e. the excess of aggregate Ijarah rentals over the cost of the asset and documentation charges under Ijarah facility, is deferred and then amortized over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah. Gains / losses on termination of Ijarah contracts are recognized as income on receipt basis. Income on Ijarah is recognized from the date of delivery of the respective assets to the Mustajir.
- e) Rentals on Ijarah contracts written subsequent to December 31, 2008 are recognized as income on accrual basis as and when the rentals become due. Income is recognized net of depreciation charged in the profit and loss account.
- f) Dividend income is recognized when the Bank's right to receive the dividend is established.
- g) Gain / loss arising on sale of investments is credited / charged as detailed in note 6.2.4 to the financial statements.
- h) Fee, commission, liquidated damages etc. are recorded on accrual basis when the service has been provided. Fees and commission which in substance amount to an additional interest charge, are recognized over the life of the underlying transaction on a level yield basis.

The Bank also earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services.

The Bank recognises fees earned on transaction-based arrangements at a point in time when the Bank has provided the service to the customer. Where the contract requires services to be provided over time, income is recognised on a systematic basis over the life of the agreement.

6.17 Foreign currencies

a) Foreign currency transactions and balances

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

b) Translation gains and losses

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

c) Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in the financial statements are translated at forward rates applicable to their respective maturities. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing on the reporting date.

6.18 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing products and services (business segment), or in providing products 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.

6.18.1 Business segments

The Bank comprises of following main business segments:

a) Corporate finance

This includes, services provided in connection with mergers and acquisition, underwriting, privatization, securitization, research, debts (Government, high yield), equity, syndication, IPO and secondary private placements.

b) Trading and sales

It includes fixed income, equity, foreign exchanges, commodities, credit, funding, own position securities, lending and repos, brokerage debt and prime brokerage.

c) Retail banking

It includes retail lending and deposits, banking services, trust and estates, private lending and deposits, banking services and retail offered to its retail customers.

d) Commercial banking

Commercial banking includes project finance, real estate, export finance, trade finance, leasing, lending, guarantees, bills of exchange and deposits.

6.18.2 Geographical segments

The Bank conducts all its operations in Pakistan.

6.19 Provisions

Provisions are recognized when the Bank has a present legal or constructive obligation arising as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

6.20 Contingent liabilities

Contingent liabilities are not recognised in the statement of financial position as these are possible obligations where it has yet to be confirmed whether a liability, which will ultimately result in an outflow of economic benefits, will arise. If the probability of an outflow of economic resources under contingent liability is considered remote, it is not disclosed.

Notes to the Financial Statements

For the year ended December 31, 2024



6.21 Borrowings / deposits and their cost

- a) Borrowings / deposits are recorded at the proceeds received.
- b) Borrowings / deposits cost are recognized as expense in the period in which these are incurred on time proportion basis.

6.22 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Bank intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

6.23 Earnings per share

The Bank presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

6.24 Dividends and appropriations to reserves

Dividend and appropriation to reserves, except appropriations which are required under the law, after the reporting date, are recognized in the Bank's financial statements in the year in which these are approved.

6.25 Fiduciary assets

Assets held in a fiduciary capacity are not treated as assets of the Bank in statement of financial position.

6.26 Statutory reserve

Every Bank incorporated in Pakistan is required to transfer 20% of their profit after taxation to a statutory reserve until the reserve equals share capital, thereafter 10% of the profit after taxation of the Bank is to be transferred to this reserve.

6.27 Acceptances

Acceptances comprise undertakings by the Bank to pay bill of exchange drawn on customers. Acceptances are recognised as financial liability in the statement of financial position with a contractual right of reimbursement from the customer as a financial asset. Therefore, commitments in respect of acceptances have been accounted for as financial assets and financial liabilities.

7	CASH AND BALANCES WITH TREASURY BANKS	Note	2024 ----- Rupees in '000 -----	2023
	In hand			
	Local currency		5,968,029	6,046,543
	Foreign currencies		186,814	313,692
			6,154,843	6,360,235
	With State Bank of Pakistan in			
	Local currency current accounts	7.1	15,258,838	14,004,087
	Foreign currency current accounts	7.2	25,943	84,236
	Foreign currency deposit accounts	7.3	257,275	137,551
			15,542,056	14,225,874

Notes to the Financial Statements

For the year ended December 31, 2024



	Note	2024 ----- Rupees in '000 -----	2023
With National Bank of Pakistan in			
Local currency current accounts		1,294,874	3,272,580
Local currency deposit accounts	7.4	995,058	29,473
Foreign currency current accounts		4,436	5,162
		2,294,368	3,307,215
Prize bonds		1,854	2,366
Less: Credit loss allowance / provision held against cash and balances with treasury banks		(26)	-
Cash and balances with treasury banks - net of credit loss allowance / provision		23,993,095	23,895,690

7.1 The current accounts are maintained to comply with the cash reserve requirement, under section 22 of the Banking Companies Ordinance, 1962 as amended from time to time.

7.2 This represents mandatory cash reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.

7.3 This represents special cash reserve maintained with the SBP. The return on this account is declared by SBP on monthly basis and carries markup at the rate ranging from 3.53% to 4.35% (2023: 3.39% to 4.34%) per annum.

7.4 These represent short-term deposits carrying profit rate ranging from 11.50% to 20.50% (2023: 14.50% to 20.50%) per annum.

	Note	2024 ----- Rupees in '000 -----	2023
8 BALANCES WITH OTHER BANKS			
In Pakistan:			
In current accounts		900,776	1,640,846
In deposit accounts	8.1	551,919	356,021
		1,452,695	1,996,867
Outside Pakistan:			
In current accounts		705,614	697,145
In deposit accounts	8.2	1,104,292	1,276,131
		1,809,906	1,973,276
Less: Credit loss allowance / provision held against balances with other banks		(10,327)	(10,028)
Balances with other banks - net of credit loss allowance / provision		3,252,274	3,960,115

8.1 These represent short-term deposits with other banks in Pakistan, at mark-up rate ranging from 2.00% to 20.50% (2023: 2.00% to 20.50%) per annum.

8.2 These represent deposits with other banks outside Pakistan, at mark-up ranging from 3.00% to 4.83% (2023: 3.83% to 4.83%) per annum.

Notes to the Financial Statements

For the year ended December 31, 2024



9	LENDINGS TO FINANCIAL INSTITUTIONS	Note	2024	2023
			----- Rupees in '000 -----	
	Placements with financial institutions	9.2	238,944	2,238,944
	Less: Credit loss allowance / provision held against lendings to financial institutions	9.4	238,944	2,238,944
	Lendings to financial institutions - net of credit loss allowance / provision		(105,370)	(238,944)
9.1	Particulars of lendings		133,574	2,000,000
	In local currency		133,574	2,000,000
	In foreign currencies		-	-
	Total		133,574	2,000,000

9.2 For the year 2023, this includes placement of Rs. 2,000 million carrying profit rate of 22.05% per annum, which matured on January 2, 2024.

9.3	Securities held as collateral against lendings to financial institutions	Note	2024		2023	
			Held by Bank	Further given as collateral	Held by Bank	Further given as collateral
			----- Rupees in '000 -----			
	Pakistan Investment Bonds	9.3.1	126,700	-	-	-
	Total		126,700	126,700	-	-

9.3.1 Market value of securities held as collateral as at December 31, 2024 amounted to Rs. 133.5 million (2023: Rs. Nil).

9.3.2 As at December 31, 2024, the Bank has availed benefit of forced sales value of Rs. 133.57 million (2023: Rs. Nil million). Increase in unappropriated profit (net of tax) amounting to Rs. 61.44 million (2023: Rs. Nil million) is not available for the distribution of cash or stock dividend to shareholders or bonus to employees.

Notes to the Financial Statements

For the year ended December 31, 2024



9.4 Lendings to financial institutions - particulars of credit loss allowance / provision

	2024		2023	
	Lending	Credit loss allowance held	Lending	Provision held
	----- Rupees in '000 -----			
Domestic				
Performing (IFRS 9)				
Stage 1	-	-	-	-
Performing (pre - IFRS 9)	-	-	2,000,000	-
Under performing	-	-	-	-
Stage 2	-	-	-	-
Stage 3	-	-	-	-
Non-performing	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	238,944	105,370	238,944	238,944
Total	238,944	105,370	238,944	238,944
	238,944	105,370	2,238,944	238,944
Overseas	-	-	-	-
Total	-	-	-	-
				2023
				Provision

				----- Rupees in '000 -----
	Stage 1	Stage 2	Stage 3	Total
Balance at the start of the year	-	-	238,944	238,944
Impact of adoption of IFRS 9	-	-	-	-
Balance as at January 1, 2024 after adoption of IFRS 9	-	-	238,944	238,944
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of credit loss allowance / provision	-	-	238,944	238,944
New financial assets originated or purchased	678	-	-	678
Financial assets that have been derecognised	(678)	-	-	(678)
Write offs	-	-	-	-
Unwind of discount	-	-	-	-
Changes in risk parameters (PDs / LGDs / EADs)	-	-	(133,574)	(133,574)
Balance at the end of the year	-	-	105,370	105,370
				238,944

Notes to the Financial Statements

For the year ended December 31, 2024



	2024	2023
	----- Rupees in '000 -----	
10.2 Carrying value of associate under equity method of accounting		
Carrying value of investment as at January 1	90,210	89,983
Share of profit of associate for the period (net of tax)	11,182	9
Share of OCI of associates for the period (net of tax)		
- Investments	2,756	(888)
- Defined benefit obligation	(1,797)	1,106
Dividend received from associate	959	218
	-	-
Carrying value of investment as at December 31	102,351	90,210

	Year ended	Number of shares	Percentage of holding	Cost Rupees in '000
10.2.1 Investment in associate - unlisted	2024			
Taurus Securities Limited - incorporated in Pakistan	2024	4,050,374	30%	40,504
Taurus Securities Limited - incorporated in Pakistan	2023	4,050,374	30%	40,504

	Assets	Liabilities	Equity	Revenue	Profit after taxation	Total comprehensive income
10.2.2 Summary of financial information of associate						
Based on financial statements:						
- October 1, 2023 to September 30, 2024	1,109,700	768,533	341,170	230,721	37,273	40,470
- October 1, 2022 to September 30, 2023	566,593	265,893	300,701	136,100	31	759

10.2.3 Reporting date of associate (i.e. Taurus Securities Limited) is December 31. Since the audited financial statements of associate for the year ended December 31, 2024 were not available till the date of finalisation of these financial statements, accordingly, results of its operations including share of profit and other comprehensive income for the three months period from October 1, 2023 to December 31, 2023 has been extracted by subtracting nine months period January 1, 2023 to September 30, 2023 figures from the annual audited financial statements for the year ended December 31, 2023 and un-audited financial statements for the nine months period from January 1, 2024 to September 30, 2024.

Notes to the Financial Statements

For the year ended December 31, 2024



10.6 Particulars of credit loss allowance / provision against debt securities

Category of classification	2024		2023	
	Outstanding amount	Credit loss allowance held	Outstanding amount	Provision held
	----- Rupees in '000 -----			
Domestic				
Performing (IFRS 9)	5,019,711	35	-	-
Performing (pre - IFRS 9)	-	-	6,955,917	-
Underperforming	-	-	-	-
Non-Performing	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	158,154	158,154	165,042	165,042
Total	5,177,865	158,189	7,120,959	165,042
Overseas	-	-	-	-
Total	-	-	-	-

10.7 Details of investment in preference shares - unlisted

Name of company	Percentage of holding	No. of shares	Paid-up value per share	Total paid-up value	Total cost as on December 31, 2024
				----- Rupees in '000 -----	
Saudi Pak Leasing Company Limited	37%	19,500,000	10	195,000	195,000

10.7.1 This represents 2.5% non-cumulative, non-voting and non-redeemable preference shares convertible at any time from the date of issue. The Bank has received these preference shares against the settlement of a debt.

Notes to the Financial Statements

For the year ended December 31, 2024



10.8	Quality of securities	2024	2023
		Cost / amortised cost	
		----- Rupees in '000 -----	
Details regarding quality of securities held under "Held to Collect and Sell" model are as follows:			
Federal Government securities - Government guaranteed			
	Market Treasury Bills	26,601,183	-
	Pakistan Investment Bonds	150,838,237	163,394,065
	Ijarah Sukuks	77,899,847	51,483,954
		255,339,267	214,878,019
Non Government Debt Securities			
Listed			
Categorised based on long term rating by credit rating agency			
	- AAA	-	250,000
	- AA+, AA, AA-	575,000	857,000
	- A+, A, A-	-	414,840
	- Unrated	2,020,661	2,027,548
		2,595,661	3,549,388
Unlisted			
Categorised based on long term rating by credit rating agency			
	- AAA	2,695,153	3,050,000
	- AA+, AA, AA-	-	368,000
	- A+, A, A-	-	189,584
	- Unrated	137,494	137,494
		2,832,647	3,745,078

10.8.1 Information relating to investment in ordinary shares of listed and unlisted companies is disclosed in Annexure III to these financial statements.

10.9	Particulars relating to securities classified under "held to collect" (HTC) model:	2024	2023
		Cost	
		----- Rupees in '000 -----	
Federal Government Securities - Government guaranteed			
	Pakistan Investment Bonds	13,192,808	2,756,377
	Ijarah Sukuks	5,024,765	-
		18,217,573	2,756,377

10.9.1 The year end market value of securities classified under HTC model amounted to Rs. 18,157.60 million (2023: Rs. 2,574.49 million).

Notes to the Financial Statements

For the year ended December 31, 2024



11	ADVANCES	Performing		Non performing		Total	
		2024	2023	2024	2023	2024	2023
		----- Rupees in '000 -----					
	Loans, cash credits, running finances, etc	128,245,818	63,954,807	9,756,779	9,600,559	138,002,597	73,555,366
	Islamic financing and related assets	19,920,768	32,383,932	2,002,824	2,148,791	21,923,592	34,532,723
	Bills discounted and purchased	155,174	73,609	1,541,365	1,541,365	1,696,539	1,614,974
	Impact of fair valuation of advances	148,321,760	96,412,348	13,300,968	13,290,715	161,622,728	109,703,063
	Advances - gross	(1,999,125)	-	-	-	(1,999,125)	-
	Advances - net of credit loss allowance / provision	146,322,635	96,412,348	13,300,968	13,290,715	159,623,603	109,703,063
	Credit loss allowance / provision against advances						
	- Stage 1	731,140	-	-	-	731,140	-
	- Stage 2	584,619	-	-	-	584,619	-
	- Stage 3	-	-	11,425,873	-	11,425,873	-
	- Specific	-	-	-	8,019,353	-	8,019,353
	- General	-	96,130	-	-	-	96,130
	Advances - net of credit loss allowance / provision	1,315,759	96,130	11,425,873	8,019,353	12,741,632	8,115,483
	Advances - net of credit loss allowance / provision	145,006,876	96,316,218	1,875,095	5,271,362	146,881,971	101,587,580
	Particulars of advances (gross)						
	In local currency					159,623,603	109,703,063
	In foreign currencies					-	-
	Advances to Women, Women-owned and Managed Enterprises					159,623,603	109,703,063
	Women					254,507	154,565
	Women Owned and Managed Enterprises					809,996	705,488
						1,064,503	860,053
11.1.2	Gross loans disbursed to women, women-owned and managed enterprises during the current and previous financial years, amounted to Rs. 398.95 million (2023: Rs. 282.82 million).						

11.1.2 Gross loans disbursed to women, women-owned and managed enterprises during the current and previous financial years, amounted to Rs. 398.95 million (2023: Rs. 282.82 million).

Notes to the Financial Statements

For the year ended December 31, 2024



11.2	Particulars of credit loss allowance / provision	2024			2023			
		Stage 1	Stage 2	Stage 3	Total	General	Specific	Total
Rupees in '000								
11.2.1	Advances - Exposure							
	Gross carrying amount - current year	84,267,104	12,323,903	13,112,056	109,703,063	123,156,727	11,756,033	134,912,760
	Impact of adoption of IFRS 9	(1,963,832)	-	-	(1,963,832)	-	-	-
	Balance as at January 1, 2024 after adoption of IFRS 9	82,303,272	12,323,903	13,112,056	107,739,231	123,156,727	11,756,033	134,912,760
	New advances	75,331,334	22,781,598	455,749	98,568,681	-	1,566,934	1,566,934
	Advances derecognised or repaid	(39,194,844)	(5,969,026)	(1,520,439)	(46,684,309)	(26,744,379)	-	(26,744,379)
	Transfer to stage 1	2,829,372	(2,818,550)	(10,822)	-	-	-	-
	Transfer to stage 2	(3,584,303)	3,695,556	(111,253)	-	-	-	-
	Transfer to stage 3	(285,937)	(1,089,740)	1,375,677	-	-	-	-
	Amounts written off / charged off during the year	35,095,622	16,599,838	188,912	51,884,372	(26,744,379)	1,566,934	(25,177,445)
	Changes	-	-	-	-	-	(32,252)	(32,252)
	Closing balance	117,398,894	28,923,741	13,300,968	159,623,603	96,412,348	13,290,715	109,703,063
11.2.2	Advances - Credit loss allowance / provision							
	Opening balance	-	96,130	8,019,353	8,115,483	84,356	7,313,193	7,397,549
	Impact of adoption of IFRS 9	851,989	806,101	3,220,756	4,878,846	-	-	-
	Balance as at January 1, 2024 after adoption of IFRS 9	851,989	902,231	11,240,109	12,994,329	84,356	7,313,193	7,397,549
	New advances	334,097	104,833	144,547	583,477	11,774	867,480	879,254
	Advances derecognised or repaid	(156,308)	(106,921)	(457,379)	(720,608)	-	(129,068)	(129,068)
	Transfer to stage 1	101,680	(96,239)	(5,441)	-	-	-	-
	Transfer to stage 2	(71,330)	145,504	(74,174)	-	-	-	-
	Transfer to stage 3	(24,057)	(154,469)	178,526	-	-	-	-
	Amounts written off / charged off during the year	184,082	(107,292)	(213,921)	(137,131)	11,774	738,412	750,186
	Changes in risk parameters (PDs / LGDs / EADs)	(304,931)	(210,320)	399,685	(115,566)	-	(32,252)	(32,252)
	Other changes	-	-	-	-	-	-	-
	Closing balance	731,140	584,619	11,425,873	12,741,632	96,130	8,019,353	8,115,483

Notes to the Financial Statements

For the year ended December 31, 2024



11.2.3 Advances - Credit loss allowance / provision details	2024				2023	
	Stage 1	Stage 2	Stage 3	Total	General	Specific
	Rupees in '000 -----					
Internal / External rating / stage classification						
Outstanding gross exposure						
Performing						
Performing - Stage 1						
Obligor risk rating	110,112,639	-	-	110,112,639	-	-
Days past due	7,286,255	-	-	7,286,255	-	-
Under Performing - Stage 2						
Obligor risk rating	-	27,762,061	-	27,762,061	-	-
Days past due	-	1,161,680	-	1,161,680	-	-
Others (pre - IFRS 9)					96,412,348	-
Others (pre - IFRS 9)					96,412,348	-
Non-performing - Stage 3						
Other Assets Especially Mentioned (OAE M)						
Substandard	-	-	57,738	57,738	-	238,941
Doubtful	-	-	510,351	510,351	-	1,172,610
Loss	-	-	566,182	566,182	-	1,071,990
	-	-	12,166,697	12,166,697	-	10,807,174
	-	-	13,300,968	13,300,968	-	13,290,715
Total	117,398,894	28,923,741	13,300,968	159,623,603	96,412,348	109,703,063
Corresponding ECL						
Stage 1 & stage 2	731,140	584,619	-	1,315,759	96,130	-
Stage 3	-	-	11,425,873	11,425,873	-	8,019,353
	116,667,754	28,339,122	1,875,095	146,881,971	96,316,218	5,271,362
11.2.4	Advances include Rs. 13,300,97 million (2023: Rs. 13,290.72 million) which have been placed under non-performing / stage-3 status as detailed below:					
Category of classification in stage 3	2024		2023			
	Non Performing Loans	Credit loss allowance	Non Performing Loans	Provision		
	----- Rupees in '000 -----					
Domestic						
Other Assets Especially Mentioned (OAE M)	57,738	30,741	238,941	1,345		
Substandard	510,351	330,039	1,172,610	133,064		
Doubtful	566,182	372,070	1,071,990	95,419		
Loss	12,166,697	10,693,023	10,807,174	7,789,525		
Total	13,300,968	11,425,873	13,290,715	8,019,353		
Overseas						
Total	13,300,968	11,425,873	13,290,715	8,019,353		

Notes to the Financial Statements

For the year ended December 31, 2024



	2024			2023		
	Stage 1 & 2	Stage 3	Total	Specific	General	Total
11.2.5 Particulars of credit loss allowance / provision against advances	----- Rupees in '000 -----					
Opening balance	96,130	8,019,353	8,115,483	7,313,193	84,356	7,397,549
Impact of adoption of IFRS 9	1,658,090	3,220,756	4,878,846	-	-	-
Balance as at January 1, 2024 after adoption of IFRS 9	1,754,220	11,240,109	12,994,329	7,313,193	84,356	7,397,549
Charge for the year	686,114	722,758	1,408,872	867,480	11,774	879,254
Reversals	(1,124,575)	(536,994)	(1,661,569)	(129,068)	-	(129,068)
Amounts written off	(438,461)	185,764	(252,697)	738,412	11,774	750,186
Closing balance	1,315,759	11,425,873	12,741,632	(32,252)	-	(32,252)
				8,019,353	96,130	8,115,483
11.3 Particulars of credit loss allowance / provision against advances	----- Rupees in '000 -----					
	2024			2023		
	Stage 1 & 2	Stage 3	Total	Specific	General	Total
In local currency	1,315,759	11,425,873	12,741,632	8,019,353	96,130	8,115,483
In foreign currencies	-	-	-	-	-	-
	1,315,759	11,425,873	12,741,632	8,019,353	96,130	8,115,483

11.4 State Bank of Pakistan (SBP) through BSD Circular No.1 dated October 21, 2011 has allowed benefit of the forced sales value (FSV) of plant & machinery under charge, pledged stocks & mortgaged residential, commercial and industrial properties (land and building only), held as collateral against Non-Performing Loans (NPLs) for a maximum period of five years from the date of classification.

As explained in note 6.1, the Bank has adopted IFRS 9 with effect from January 1, 2024. In accordance with the SBP's IFRS 9 Application Instructions (together with BPRD Circular Letter No. 16 of 2024 dated July 29, 2024), credit loss allowance / provision against NPLs has been taken at higher of the i) provision as required under SBP's Prudential Regulations; or ii) credit loss allowance computed in accordance with the requirements of the Application Instructions. This has effectively reduced the cumulative FSV benefit availed by the Bank as on year end. As at December 31, 2024, the Bank has availed cumulative benefit of forced sales value of Rs. 1,235.09 million (2023: Rs. 3,296.30 million). Increase in unappropriated profit amounting to Rs. 586.14 million (2023: Rs. 1,681.11 million) is not available for the distribution of cash or stock dividend to shareholders or bonus to employees.

Notes to the Financial Statements

For the year ended December 31, 2024



11.5	Particulars of write offs:	Note	2024	2023
			----- Rupees in '000 -----	
	Against credit loss allowance / provisions	11.2.5	-	32,252
	Directly charged to profit and loss account		-	-
			-	32,252
11.5.1	Write offs of Rs. 500,000 and above			
	- Domestic	11.6	-	32,252
	- Overseas		-	-
	Write offs of below Rs. 500,000		-	-
			-	32,252

11.6 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 Rs. 500,000 or above allowed to a person(s) during the year ended December 31, 2024 is given in Annexure 'I'.

12	PROPERTY AND EQUIPMENT	Note	2024	2023
			----- Rupees in '000 -----	
	Capital work-in-progress	12.1	81,214	104,080
	Property and equipment	12.2	4,211,959	4,295,346
			4,293,173	4,399,426
12.1	Capital work-in-progress			
	Civil works		2,264	11,242
	Equipments		42,711	88,837
	Furniture & fixtures		10,132	3,840
	Advances to suppliers		26,107	161
			81,214	104,080

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12.2 Property and equipment

	2024									
	Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	Leasehold improvements	Books	Total
	Rupees '000									
At January 1, 2024	58,000	1,016,280	464,031	283,333	542,694	2,546,649	59,023	2,495,806	1,065	7,466,881
Cost / Revalued amount	-	-	263,820	15,111	245,707	1,420,189	31,897	1,193,919	892	3,171,535
Accumulated depreciation	58,000	1,016,280	200,211	268,222	296,987	1,126,460	27,126	1,301,887	173	4,295,346
Net book value	58,000	1,016,280	200,211	268,222	296,987	1,126,460	27,126	1,301,887	173	4,295,346
Year ended December 31, 2024										
Opening net book value	58,000	1,016,280	200,211	268,222	296,987	1,126,460	27,126	1,301,887	173	4,295,346
Additions	-	-	-	-	37,950	345,956	-	303,394	-	687,300
Movement in surplus on assets revalued during the year	-	-	-	-	2,772	607	-	1,743	-	5,122
Disposals	-	-	-	-	47,147	338,708	8,390	321,520	54	765,565
Depreciation charge	-	-	38,413	11,333	47,147	338,708	8,390	321,520	54	765,565
Closing net book value	58,000	1,016,280	161,798	256,889	285,018	1,133,101	18,736	1,282,018	119	4,211,959
At December 31, 2024										
Cost / Revalued amount	58,000	1,016,280	464,031	283,333	543,475	2,866,505	59,023	2,634,605	1,065	7,926,317
Accumulated depreciation	-	-	302,233	26,444	258,457	1,733,404	40,287	1,352,587	946	3,714,358
Net book value	58,000	1,016,280	161,798	256,889	285,018	1,133,101	18,736	1,282,018	119	4,211,959
Rate of depreciation (percentage)			10%	4%	10%	10% - 20%	20%	10% - 20%	10%	
	2023									
	Free hold land	Lease hold land	Building on free hold land	Building on leasehold land	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	Leasehold improvements	Books	Total
	Rupees '000									
At January 1, 2023	58,000	903,360	464,031	283,333	484,531	2,197,798	39,064	2,079,288	1,016	6,510,421
Cost / Revalued amount	-	-	217,679	3,778	214,860	1,140,614	22,967	952,435	839	2,553,172
Accumulated depreciation	58,000	903,360	246,352	279,555	269,671	1,057,184	16,097	1,126,853	177	3,957,249
Net book value	58,000	903,360	246,352	279,555	269,671	1,057,184	16,097	1,126,853	177	3,957,249
Year ended December 31, 2023										
Opening net book value	58,000	903,360	246,352	279,555	269,671	1,057,184	16,097	1,126,853	177	3,957,249
Additions	-	-	-	-	73,629	367,202	19,959	450,979	49	911,818
Movement in surplus on assets revalued during the year	-	112,920	-	-	2,207	482	-	919	-	112,920
Disposals	-	-	-	-	44,106	297,444	8,930	275,026	53	683,033
Depreciation charge	-	-	46,141	11,333	44,106	297,444	8,930	275,026	53	683,033
Closing net book value	58,000	1,016,280	200,211	268,222	296,987	1,126,460	27,126	1,301,887	173	4,295,346
At December 31, 2023										
Cost / Revalued amount	58,000	1,016,280	464,031	283,333	542,694	2,546,649	59,023	2,495,806	1,065	7,466,881
Accumulated depreciation	-	-	263,820	15,111	245,707	1,420,189	31,897	1,193,919	892	3,171,535
Net book value	58,000	1,016,280	200,211	268,222	296,987	1,126,460	27,126	1,301,887	173	4,295,346
Rate of depreciation (percentage)			10%	4%	10%	10% - 20%	20%	10% - 20%	10%	

12.2.1 The leasehold land of the Bank was revalued as at December 31, 2023 by M/s Amir Evaluators and Consultants, an independent valuer. The revaluation was carried out on the basis of professional assessment of market value that resulted in surplus shown in note 23. The total revaluation surplus on land aggregating to Rs. 900.12 million is included in the carrying value of leasehold land. Had the leasehold land not been revalued, the total carrying amount of the leasehold land as at December 31, 2024 would have been Rs. 116.16 million. The forced sale value of leasehold land as assessed during the above valuation was Rs. 914.65 million.

12.2.2 There are no restrictions or discrepancies on the property's title, and no mortgage is associated with it.

12.2.3 Particulars of lands are as follow:

S. No	Location	Nature	Area (sq. feets)
1	The Mall, Peshawar Cantt. Peshawar	Leasehold land with multi story building	20,497
2	Faysal Town, Lahore	Freehold land with multi story building	20,398
3	Phase V, Hayatabad, Peshawar	Freehold land with multi story building	10,880

12.2.4 Details of disposals of property and equipment

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain on disposal	Mode of disposal	Particular of purchasers
Furniture and fixture	37,169	34,397	2,772	10,393	7,621	Auction	K K Traders
Office equipment	26,100	25,493	607	2,496	1,889	Auction	Ihsan Scrap Center
Leasehold improvements	164,595	162,852	1,743	2,516	773	Auction	Dycon Engineering Solutions
2024	227,864	222,742	5,122	15,405	10,283		
2023	68,278	64,670	3,608	4,556	948		

12.2.5 The cost of fully depreciated assets, that are still in use are as follows:

	2024	2023
Building on free hold land	93,964	1,964
Furniture and fixture	122,299	126,767
Office equipment	949,651	879,968
Vehicles	17,088	16,974
Books	822	783
Leasehold improvement	603,784	719,094
	1,787,608	1,745,550

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13	RIGHT-OF-USE ASSETS	Note	2024	2023
			----- Rupees in '000 -----	
	Buildings			
	At January 1			
	Cost		4,663,099	2,900,502
	Accumulated Depreciation		(2,113,858)	(1,492,152)
	Net carrying amount at January 1		2,549,241	1,408,350
	Additions during the year		351,947	1,853,833
	Terminations during the year			
	Cost		(49,867)	(91,236)
	Accumulated depreciation		755	60,019
			(49,112)	(31,217)
	Depreciation charge for the year		(792,106)	(681,725)
	Net carrying amount at December 31		2,059,970	2,549,241
	At December 31			
	Cost		4,965,179	4,663,099
	Accumulated depreciation		(2,905,209)	(2,113,858)
	Net carrying amount at December 31		2,059,970	2,549,241
14	INTANGIBLE ASSETS			
	Capital work in progress		36,884	49,701
	Licenses and computer softwares	14.1	324,479	378,907
			361,363	428,608

14.1	Licenses and computer softwares	2024		
		Licenses	Computer softwares	Total
----- Rupees in '000 -----				
	At January 1, 2024			
	Cost	388,584	447,485	836,069
	Accumulated amortization and impairment	168,371	288,791	457,162
	Net book value	220,213	158,694	378,907
	Year ended December 31, 2024			
	Opening net book value	220,213	158,694	378,907
	Additions:			
	- directly purchased	11,678	15,277	26,955
	Amortization charge	36,643	44,740	81,383
	Closing net book value	195,248	129,231	324,479
	At December 31, 2024			
	Cost	400,262	462,762	863,024
	Accumulated amortization and impairment	205,014	333,531	538,545
	Net book value	195,248	129,231	324,479
	Rate of amortization (percentage)	10% - 33.33%		
	Useful life - years	3 - 10		
	Remaining amortization years	0 - 6		

Notes to the Financial Statements

For the year ended December 31, 2024



	2023		
	Licenses	Computer softwares	Total
----- Rupees in '000 -----			
At January 1, 2023			
Cost	376,474	435,274	811,748
Accumulated amortization and impairment	128,617	242,944	371,561
Net book value	247,857	192,330	440,187
Year ended December 31, 2023			
Opening net book value	247,857	192,330	440,187
Additions:			
- directly purchased	12,110	12,211	24,321
Amortization charge	39,754	45,847	85,601
Closing net book value	220,213	158,694	378,907
At December 31, 2023			
Cost	388,584	447,485	836,069
Accumulated amortization and impairment	168,371	288,791	457,162
Net book value	220,213	158,694	378,907
Rate of amortization (percentage)	10% - 33.33%		
Useful life - years	3 - 10		
Remaining amortization years	0 - 7		

14.2	The cost of fully amortised intangible assets, that are still in use are as follows:	2024	2023
		----- Rupees in '000 -----	
	Licenses	89,207	87,416
	Computer softwares	184,529	177,355
		273,736	264,771

Notes to the Financial Statements

For the year ended December 31, 2024



16	OTHER ASSETS	Note	2024	2023
			----- Rupees in '000 -----	
	Income/ mark-up accrued in local currency		9,081,809	13,228,495
	Advances, deposits, advance rent and other prepayments		327,764	201,399
	Non-banking assets acquired in satisfaction of claims	16.1	259,895	285,561
	Mark to market gain on forward foreign exchange contracts		6,771	31,449
	Acceptances		18,892	3,502
	Pre-IPO investment		100,000	100,000
	Stationary and stamps on hand		213,914	159,670
	Employees benefits	38.1.3	166,498	206,194
	Clearing and settlement accounts		-	190,161
	Receivable from the State Bank of Pakistan	16.3	343,085	5,227,550
	Deferred cost on staff loans	16.4	2,067,708	-
	Others		176,869	165,678
			12,763,205	19,799,659
	Less: Credit loss allowance / provision held against other assets	16.2	(190,357)	(222,656)
	Other assets (net of credit loss allowance / provision)		12,572,848	19,577,003
	Surplus on revaluation of non-banking asset acquired in satisfaction of claims	23	55,440	93,574
	Other assets - total		12,628,288	19,670,577
16.1	Market value of non-banking assets acquired in satisfaction of claims		315,335	379,135
<p>The non-banking assets acquired in satisfaction of claims have been revalued on December 31, 2024 by M/s Star Tech Consultants and Creative Consultants & Construction, independent valuers. The revaluation was carried out on the basis of professional assessment of market value. 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. Based on latest valuation, the Bank has recognised an impairment of Rs. Nil (2023: Rs. Nil) during the year.</p>				
			2024	2023
16.1.1	Non-banking assets acquired in satisfaction of claims		----- Rupees in '000 -----	
	Opening balance		379,135	357,600
	Revaluation (deficit) / surplus		(22,319)	55,286
	Depreciation		(41,481)	(33,751)
	Closing balance		315,335	379,135
16.2	Credit loss allowance / provision held against other assets			
	Income / mark-up accrued in local currency		2,861	-
	Advances for Pre-IPO		100,000	100,000
	Others		87,496	122,656
			190,357	222,656

Notes to the Financial Statements

For the year ended December 31, 2024



	2024	2023
	----- Rupees in '000 -----	
16.2.1 Movement in credit loss allowance / provision held against other assets		
Opening balance	222,656	144,426
Impact of adoption of IFRS 9	3,251	-
Balance as of January 1, 2024 after adoption of IFRS 9	225,907	144,426
Charge for the year	-	78,230
Reversals	(35,550)	-
	(35,550)	78,230
Amount written off	-	-
Closing balance	190,357	222,656

16.3 For the year 2023, this includes receivable amounting to Rs. 5,000 million relating to Pakistan Investment Bonds (PIBs) which matured on December 30, 2023. On January 2, 2024, the Bank has received outstanding receivable relating to afore-mentioned PIBs in full. This also includes subsidy claim receivable from SBP in respect of Mera Pakistan Mera Ghar (MPMG) Scheme.

16.4 This represents notional deferred cost recognised upon fair valuation of subsidised staff loans in accordance with the requirements of IFRS 9.

		2024	2023
		----- Rupees in '000 -----	
17	BILLS PAYABLE		
	In Pakistan	21,951,353	3,759,078
	Outside Pakistan	-	-
		21,951,353	3,759,078

18 BORROWINGS

Secured

Borrowings from State Bank of Pakistan (SBP) under:

- Export refinance scheme	18.1	3,552,700	4,216,900
- Long term financing facility	18.2	3,038,577	3,560,830
- Refinance and credit guarantee scheme for women entrepreneurs	18.3	54,981	20,262
- Financing facility for renewable energy	18.4	265,478	244,594
- Refinance facility for modernization of Small and Medium Enterprises (SMEs)	18.5	53,976	41,019
- Refinance facility for combating COVID-19	18.6	428,627	680,065
- SME Asaan Scheme (SAAF)	18.7	799,615	292,047
- Financing facility for storage of agriculture produce	18.8	89,384	69,231
- Acceptance Mudarabha	18.9	4,057,905	-
- Repurchase agreement borrowings	18.10	91,064,600	35,000,000
		103,405,843	44,124,948
Repurchase agreement borrowings	18.10	22,125,999	5,460,611
Total secured		125,531,842	49,585,559

Notes to the Financial Statements

For the year ended December 31, 2024



	Note	2024 ----- Rupees in '000 -----	2023
Unsecured			
Call borrowings	18.11	6,000,000	875,000
Bai Muajjal borrowings	18.12	1,999,929	-
		7,999,929	875,000
Total		133,531,771	50,460,559

- 18.1** The Bank has entered into agreements for financing with the State Bank of Pakistan (SBP) for extending export finance to customers. As per the agreements, the Bank has granted to SBP the right to recover the outstanding amount from the Bank at the date of maturity of finance by directly debiting the current account maintained by the Bank with the SBP. These carry mark-up at rates ranging from 9.00% to 18.00% (2023: 13.00% to 18.00%) per annum. The borrowings are repayable within 6 months from the deal date.
- 18.2** These borrowings have been obtained from the SBP for providing financing facilities to exporters for imported and locally manufactured new plant and machinery to be used by the export oriented projects. These carry mark-up at rates ranging from 2.00% to 16.00% (2023: 2.00% to 16.00%) per annum. These borrowings are repayable within a period ranging from 3 years to 10 years.
- 18.3** These borrowings have been obtained from the SBP under a scheme to finance women entrepreneurs for setting up of new business enterprises or for expansion of existing ones. These carry mark-up at the rate of 0.00% (2023: 0.00%) per annum.
- 18.4** These borrowings have been obtained from the SBP under a scheme for financing renewable energy power plants to promote renewable energy projects in the country. These carry mark-up at the rate ranging from 2.00% to 3.00% (2023: 2.00%) per annum.
- 18.5** These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises. These carry mark-up at the rate of 2.00% (2023: 2.00%) per annum.
- 18.6** These borrowings have been obtained from the SBP to provide emergency refinance facility to hospitals & medical centres to develop capacity for the treatment of COVID-19 patients. These carry mark-up at the rate of 0.00% (2023: 0.00%) per annum. The maximum financing limit under the facility is Rs 200 million (2023: Rs. 200 million) per hospital / medical centre with a tenor of 5 years including a grace period of up to 6 months.
- 18.7** These borrowings have been obtained from the SBP under SME Asaan Scheme (SAAF). These carry mark-up at the rate of 1.00% (2023: 1.00%) per annum.
- 18.8** These borrowings have been obtained from the SBP for establishment, expansion and balancing, modernization & replacement (BMR) of steel / metal / concrete silos, warehouses & cold storage facilities for storing agricultural produce. These carry mark-up at the rate of 2.00% (2023: 2.00%) per annum.
- 18.9** This represents secured borrowings under Mudarabah carrying profit at the rate of 13.10% per annum (2023: Nil) which will mature on January 3, 2025 and are secured by way of investments given as collateral as referred in note 10.4.

Notes to the Financial Statements

For the year ended December 31, 2024



- 18.10** Repurchase agreement with financial institution and SBP carries interest rate ranging from 12.95% to 13.90% (2023: 22.08% to 22.95%) per annum with maturities ranging from January 2, 2025 to January 24, 2025 and are secured by way of investments given as collateral as referred in note 10.4.
- 18.11** Unsecured call borrowing from financial institutions carries interest ranging from 13.40% to 13.80% (2023: 21.60% to 22.90%) per annum with maturity up to January 2, 2025.
- 18.12** This represents unsecured borrowing under Bai Muajjal carrying profit at the rate of 13.50% per annum (2023: Nil) which will mature on January 6, 2025.

18.13	Particulars of borrowings with respect to currencies	2024		2023	
		In local currency	In foreign currencies	In local currency	In foreign currencies
	In local currency	133,531,771	-	50,460,559	-
	In foreign currencies	-	133,531,771	-	50,460,559

19 DEPOSITS AND OTHER ACCOUNTS

	2024		2023	
	In local currency	In foreign currencies	Total	Total
Customers				
Current deposits	53,734,250	595,131	54,329,381	48,111,328
Saving deposits	134,403,110	326,537	134,729,647	132,491,041
Term deposits	68,749,355	729,110	69,478,465	90,386,387
Others	17,183,317	-	17,183,317	13,704,470
	274,070,032	1,650,778	275,720,810	284,693,226
Financial Institutions				
Current deposits	539,360	31,230	570,590	526,190
Saving deposits	1,350,589	-	1,350,589	4,072,145
	1,889,949	31,230	1,921,179	4,598,335
	275,959,981	1,682,008	277,641,989	289,291,561

19.1	Composition of deposits	2024		2023	
		In local currency	In foreign currencies	In local currency	In foreign currencies
	Individuals	78,144,607	-	58,512,945	-
	Government (Federal and Provincial)	148,960,714	-	164,351,364	-
	Public sector entities	1,267,142	-	1,571,180	-
	Banking companies	228,446	-	469,265	-
	Non-banking financial institutions	1,692,733	-	4,129,070	-
	Private sector	47,348,347	-	60,257,737	-
		277,641,989	-	289,291,561	-

- 19.2** This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 99,904 million (2023: Rs. 80,865 million).

Notes to the Financial Statements

For the year ended December 31, 2024



20	LEASE LIABILITIES	2024	2023
		----- Rupees in '000 -----	
	Outstanding amount at the start of the year	2,407,066	1,368,661
	Additions during the year	351,947	1,853,833
	Lease payments including interest	(1,012,610)	(992,583)
	Interest expense	446,916	213,486
	Terminations / modifications during the year	(45,619)	(36,331)
		(259,366)	1,038,405
	Outstanding amount at the end of the year	2,147,700	2,407,066
20.1	Contractual maturity of lease liabilities		
	Short-term lease liabilities - within one year	666,438	656,710
	Long-term lease liabilities - 1 to 5 years	1,481,262	1,750,356
	Total lease liabilities	2,147,700	2,407,066
20.2	<p>The Bank mainly has lease contracts for real estate that are used in its operations including Branches and other offices. Leases generally have lease terms between 1.5 years to 5 years. The Bank's obligations correspond to the lessor's title to the leased assets. Generally, the Bank is restricted from assigning and subleasing the lease assets. As a practical expedient, management does not separate lease and non-lease components, wherever applicable. The lease obligations during the year have been discounted at rates ranging between 13.47% to 22.09% (2023: 15.22% to 22.37%) per annum; being the relevant incremental borrowing rate of the Bank.</p>		
21	OTHER LIABILITIES	2024	2023
		----- Rupees in '000 -----	
	Mark-up / return / interest payable in local currency	16,002,810	13,815,556
	Mark-up / return / interest payable in foreign currencies	23,053	15,162
	Unearned commission and income on bills discounted	154,067	227,050
	Accrued expenses and supplier payables	1,339,154	923,465
	Current taxation	1,450,667	945,270
	Acceptances	18,892	3,502
	Unclaimed dividends	76,302	61,448
	Mark to market loss on forward foreign exchange contracts	9,786	18,701
	Deferred income on government schemes	1,487	1,547
	Deferred income on Islamic financing	239,724	116,842
	Islamic pool management reserves	307,049	204,902
	Share subscription money refund	1,091	1,091
	Retention money	22,889	45,678
	Bills payment system over the counter (BPS-OTC)	14,107	61,191
	Charity fund balance	40,298	51,459
	Branch adjustment account	4,114	1,174
	Security deposits against Ijarah	45,483	62,708
	Clearing and settlement accounts	106,470	-
	Levies and other taxes payable	34,219	38,181
	Credit loss allowance / provision against off-balance sheet obligations	44,098	-
	Others	456,075	372,009
		20,391,835	16,966,936

Notes to the Financial Statements

For the year ended December 31, 2024



- 21.1** This includes equity portion of Profit Equalization Reserve amounting to Rs. 113.44 million (2023: Rs. 65.92 million), which has been presented as reserve in Annexure-II.
- 21.2** Share subscriptions pertaining to disputed cases pending for decisions with Securities and Exchange Commission of Pakistan.
- 21.3** This represents amounts collected on behalf of government entities. Subsequent to reporting date, these amounts have been deposited into designated bank accounts of these government entities.

21.4	Credit loss allowance / provision against off-balance sheet obligations	2024	2023
		----- Rupees in '000 -----	
	Opening balance	-	-
	Impact of adoption of IFRS 9	40,892	-
	Balance as at January 1, 2024 after adoption of IFRS 9	40,892	-
	Charge for the year	20,428	-
	Reversal	(17,222)	-
		3,206	-
	Amount written off	-	-
	Closing balance	44,098	-

22 SHARE CAPITAL

22.1 Authorized capital

2024	2023		2024	2023
			----- Rupees in '000 -----	
Number of shares				
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each	15,000,000	15,000,000

22.2 Issued, subscribed and paid up

2024	2023		2024	2023
			----- Rupees in '000 -----	
Number of shares				
		Ordinary shares of Rs. 10 each		
722,698,448	722,698,448	Fully paid in cash	7,226,984	7,226,984
		Issued as fully paid bonus shares:		
380,092,081	380,092,081	Opening balance	3,800,921	3,800,921
55,145,460	-	Issued during the year (Note 22.3)	551,455	-
435,237,541	380,092,081	Closing balance	4,352,376	3,800,921
1,157,935,989	1,102,790,529		11,579,360	11,027,905

- 22.3** During the year, 55,145,460 shares were issued as fully paid bonus shares in respect of the year ended December 31, 2023.
- 22.4** The Bank has only one class of shares and at reporting date, the Government of Khyber Pakhtunkhwa and Ismail Industries Limited held 812,893,803 (2023: 774,184,576) and 282,852,969 (2023: 269,383,781) ordinary shares respectively. Moreover, the Bank has no reserved shares under options.

Notes to the Financial Statements

For the year ended December 31, 2024



23	SURPLUS ON REVALUATION OF ASSETS	Note	2024 ----- Rupees in '000 -----	2023
	Surplus / (deficit) on revaluation of:			
	- Securities measured at FVOCI - Debt	10.1	2,567,032	-
	- Securities measured at FVOCI - Equity	10.1	(463,139)	-
	- Available for sale securities	10.1	-	(1,611,109)
	- Property and equipment	23.1	900,120	900,120
	- Non-banking assets acquired in satisfaction of claims	23.2	55,440	93,574
	- Revaluation of investment in associate		(295)	(3,051)
			3,059,158	(620,466)
	Deferred tax on (deficit) / surplus on revaluation of:			
	- Securities measured at FVOCI - Debt		(1,334,857)	-
	- Securities measured at FVOCI - Equity		(18,928)	-
	- Available for sale securities		-	789,444
	- Non-banking assets acquired in satisfaction of claims		(28,828)	(45,851)
	- Revaluation of investment in associate		153	1,495
			(1,382,460)	745,088
		23.3	1,676,698	124,622
23.1	Surplus on revaluation of property and equipment			
	Surplus on revaluation of property and equipment as at January 1		900,120	787,200
	Recognised during the year		-	112,920
	Surplus on revaluation of property and equipment as at December 31		900,120	900,120
23.2	Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
	Surplus on revaluation as at January 1		93,574	44,669
	Recognised during the year		(22,319)	55,286
	Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(7,591)	(3,254)
	Related deferred tax liability on incremental depreciation charged during the year		(8,224)	(3,127)
	Surplus on revaluation as at December 31		55,440	93,574
	Less: related deferred tax liability on:			
	Revaluation as at January 1		(45,851)	(19,208)
	Revaluation recognised during the year		11,606	(27,090)
	Impact of change in tax rate		(2,807)	(2,680)
	Incremental depreciation charged during the year		8,224	3,127
			(28,828)	(45,851)
			26,612	47,723

Notes to the Financial Statements

For the year ended December 31, 2024



23.3 Surplus on debt securities measured at FVOCI will be recycled to statement of profit and loss account and the deficit on equity securities measured at FVOCI will not be recycled to statement of profit and loss account.

24	CONTINGENCIES AND COMMITMENTS	Note	2024	2023
			----- Rupees in '000 -----	
	- Guarantees	24.1	39,768,236	41,756,059
	- Commitments	24.2	13,262,517	17,042,019
			53,030,753	58,798,078
24.1	Guarantees:			
	Financial guarantees		300,000	300,000
	Performance guarantees		39,462,154	41,449,977
	Other guarantees		6,082	6,082
			39,768,236	41,756,059
24.2	Commitments:			
	Documentary credits and short-term trade-related transactions			
	- Letters of credit		9,990,326	11,987,078
	Commitments in respect of:			
	- Forward foreign exchange contracts	24.2.1	2,869,232	4,503,204
	Commitments for acquisition of:			
	- Property and equipment		326,857	247,197
	- Intangible assets		76,102	304,540
	Other commitments		-	-
			13,262,517	17,042,019
24.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		1,102,151	1,652,860
	Sale		1,767,081	2,850,344
			2,869,232	4,503,204

Commitments for outstanding forward foreign exchange contracts are disclosed in these financial statements at contracted rates.

24.3 Other contingent liabilities

24.3.1 There are certain claims which have not been acknowledged as debts. These mainly represent counter claims by the borrowers, claims filed by the former employees of the Bank and certain other claims. Based on legal advice and/or internal assessments management is optimistic that the matters will be decided in the Bank's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these financial statements for the same.

24.3.2 The Bank is contesting a case filed by an employee in the Peshawar High Court regarding changes in post retirement benefit plans made by the Bank w.e.f. January 1, 2019. The management based on a legal opinion is of the view that such changes were lawfully made as per Bank's policy and is optimistic about the favourable outcome of the case. Hence, no provision in this respect is recognised in these financial statements. Considering the complexity and uncertainty in nature, the financial impact cannot be reasonably ascertained.

24.3.3 The matters arising from income tax assessments of the Bank up to Tax year 2024 are detailed below:

- i) In respect of Tax Year 2014, the Commissioner Inland Revenue, Appeals (CIRA), issued an order dated November 24, 2021 under section 129 of the Income Tax Ordinance, 2001 in which he remanded back certain matters to Commissioner Inland Revenue (CIR) for reassessment and also upheld few matters. Being aggrieved, the Bank filed an appeal with Appellate Tribunal Inland Revenue (ATIR) on February 23, 2022, which is currently pending.

The remand back proceedings were also completed by CIR, and order was issued, creating a total demand of Rs. 231 million (2023: Rs. 231 million) in respect of remand back proceedings and for matter upheld by CIRA and mainly included disallowances on account of provision for doubtful debt, depreciation and workers welfare fund. The Bank filed correction application with CIR as well as appeal with CIRA, on May 18, 2022 which is currently pending.

- ii) In respect of Tax Year 2015, Deputy Commissioner Inland Revenue issued an order dated February 23, 2023 creating an additional tax demand along with default surcharge of Rs. 645 million (2023: Rs. 645 million) under section 161 of Income Tax Ordinance, 2001, mainly on account of non-deduction of withholding taxes on profit on debt, salaries and wages, advertisement and professional charges etc. Being aggrieved, the Bank filed an appeal before CIRA on March 22, 2023 which is currently pending.
- iii) In respect of Tax Year 2016, Additional Commissioner Inland Revenue issued an order dated June 21, 2022 creating a demand of Rs. 188 million (2023: Rs. 188 million) on account of provision for non-performing loans and advances. Being aggrieved the Bank filed an appeal with CIRA on July 22, 2022 which is currently pending.
- iv) In respect of Tax Year 2017, Additional Commissioner Inland Revenue issued an order dated May 29, 2023 creating a demand of Rs. 130 million (2023: Rs. 130 million) on account of provision for non-performing loans and advances. Being aggrieved the Bank filed an appeal with CIRA on July 4, 2023 which is currently pending.
- v) In respect of Tax Year 2019, Assistant Commissioner Inland Revenue issued an order dated November 30, 2023 creating a demand of Rs. 962 million (2023: Rs. 962 million) along with default surcharge amounting to Rs. 567 million (2023: Rs. 567 million) under section 161 of Income Tax Ordinance, 2001, mainly on account of non-deduction of withholding taxes. Being aggrieved, the Bank filed an appeal before CIRA on January 1, 2024, which is currently pending.

Pursuant to Tax Law (Amendment) Act, 2024, appeal cases pending before Commissioner (Appeals) have now been transferred to Appellate Tribunal Inland Revenue, as per the pecuniary limits prescribed under section 126(A) of the Income Tax Ordinance, 2001.

24.3.4 The Bank's share of contingencies of its associated company i.e. Taurus Securities Limited amounts to Rs. 8.62 million (2023: Rs. 8.62 million)

Management is confident of a favourable outcome of the above matters. Hence, no provision has been recognised for the same in these financial statements.

	2024	2023
	----- Rupees in '000 -----	
25 MARK-UP / RETURN / INTEREST EARNED		
Loans and advances	17,021,260	18,978,030
Investments	35,010,235	30,187,467
Lendings to financial institutions	1,509,034	1,697,207
Balances with banks	209,486	268,646
Sukuk bonds	11,471,275	7,938,931
	65,221,290	59,070,281

Notes to the Financial Statements

For the year ended December 31, 2024



	Note	2024 ----- Rupees in '000 -----	2023
25.1 Interest income recognised on:			
Financial assets measured at amortised cost / held to maturity		21,740,817	21,304,676
Financial assets measured at FVOCI / available for sale		43,091,287	37,655,025
Financial assets measured at FVPL / held for trading		389,186	110,580
		65,221,290	59,070,281
26 MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		43,498,583	36,949,793
Borrowings		4,783,829	8,014,370
Lease liability		446,916	213,486
		48,729,328	45,177,649
27 FEE AND COMMISSION INCOME			
Branch banking customer fees		31,623	52,721
Consumer finance related fees		320	445
Card related fees (debit cards)		377,380	114,817
Commission on trade		153,357	118,992
Commission on guarantees		251,521	206,121
Commission on remittances including home remittances		52,591	35,056
Rebate from financial institutions		54,012	35,962
Others		21,186	20,358
		941,990	584,472
28 GAIN / (LOSS) ON SECURITIES			
Realised gain / (loss)	28.1	177,774	(70,591)
Unrealised loss - measured at FVPL		(773)	-
		177,001	(70,591)
28.1 Realised gain / (loss) on:			
Federal Government securities		171,260	28,043
Shares		-	(98,634)
Mutual fund units		6,514	-
		177,774	(70,591)

Notes to the Financial Statements

For the year ended December 31, 2024



	Note	2024 ----- Rupees in '000 -----	2023	
28.2	Net gain / loss on financial assets/ liabilities measured at FVPL:			
	Designated upon initial recognition	50,069	-	
	Mandatorily measured at FVPL	(768)	-	
		49,301	-	
	Net gain / loss on financial assets/ liabilities measured at amortised cost / HTM	-	-	
	Net gain / loss on financial assets (debt instruments) measured at FVOCI / AFS	127,700	28,043	
	Net gain / loss on investments in equity instruments designated at AFS	-	(98,634)	
		127,700	(70,591)	
		177,001	(70,591)	
29	NET LOSSES ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST			
	Gain on derecognition of financial assets measured at amortised cost	3,226	-	
	(Loss) on derecognition of financial assets measured at amortised cost	(27,028)	-	
		(23,802)	-	
30	OTHER INCOME			
	Rent on property	3,849	4,254	
	Gain on sale of property and equipment - net	10,283	948	
	Postal, swift and other services	125,202	110,736	
	Service income on Government schemes	4,325	4,975	
	(Loss) / gain on early culmination of lease	(3,493)	5,114	
		140,166	126,027	
31	OPERATING EXPENSES			
	Total compensation expense	31.1	4,759,564	3,851,376
	Rent & taxes		13,728	21,838
	Utilities cost		504,698	419,928
	Security (including guards)		390,557	288,085
	Repair & maintenance (including janitorial charges)		36,819	24,675
	Depreciation - Right-of-use assets	13	792,106	681,725
	Depreciation - Non-banking assets acquired in satisfaction of claims	16.1.1	41,481	33,751
	Depreciation - Property and equipment	12.2	371,266	332,500
			2,150,655	1,802,502

Notes to the Financial Statements

For the year ended December 31, 2024



	2024	2023
Note	----- Rupees in '000 -----	
Information technology expenses		
Software maintenance	505,122	383,129
Hardware maintenance	80,594	34,166
Depreciation - Property and equipment	12.2 302,409	260,471
Amortization	14.1 81,383	85,601
Network charges	16,186	19,910
Connectivity charges	277,840	199,638
ATM charges	290,941	177,989
	1,554,475	1,160,904
Other operating expenses		
Directors' fees & allowances	60,861	23,051
Fees and allowances to Shariah Board	16,122	12,947
Legal and professional charges	63,410	113,672
Outsourced services costs (refer note 37.1)	31.2 362,581	301,814
Travelling & conveyance	106,942	81,790
NIFT clearing charges	30,778	31,129
Depreciation - Property and equipment	12.2 91,890	90,062
Training & development	17,433	12,548
Postage & courier charges	76,327	40,932
Communication	202,404	238,528
Stationery & printing	166,760	115,966
Marketing, advertisement & publicity	215,429	96,816
Auditors remuneration	31.3 22,663	14,904
Entertainment	68,565	56,980
Newspapers & periodicals	2,329	2,332
Brokerage & commission	34,275	37,088
Rent & taxes	1,599	1,783
Cash carriage charges	122,370	97,642
Repair & maintenance	107,402	81,170
Insurance	70,443	60,271
Fee & subscription	11,246	9,249
Deposit protection premium	129,384	105,858
Utilities cost	18,952	49,631
Others	73,750	69,404
	2,073,915	1,745,567
	10,538,609	8,560,349

Notes to the Financial Statements

For the year ended December 31, 2024



31.1	Total compensation expense	Note	2024	2023
			----- Rupees in '000 -----	
	Managerial remuneration			
	Fixed		1,787,509	1,433,157
	Variable - cash bonus / awards etc.		357,114	424,599
	Charge for defined benefit plan	38.1.7.1	87,401	71,294
	Contribution to defined contribution plan	38.2	129,423	115,803
	Rent and house maintenance		715,184	646,484
	Fuel ceiling entitlement		507,676	360,973
	Utilities		239,113	215,603
	Medical		241,348	215,809
	Insurance		99,515	94,459
	Special duty allowance		33,406	28,636
	Conveyance		229,479	150,571
	Stipend / honorarium		4,942	5,328
	EOBI		43,345	31,816
	Marriage / child education support		2,530	2,593
	Recreation allowance		63,407	53,286
	Others		962	965
	Sub-total		4,542,354	3,851,376
	Sign-on bonus		-	-
	Severance allowance		-	-
	Unwinding of deferred cost on staff loans		217,210	-
	Grand total		4,759,564	3,851,376

31.2 Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 362.58 million (2023: Rs. 301.81 million). This cost pertains to the payment to companies incorporated in Pakistan. Total cost of outsourced activities for the year given to related parties is Rs. Nil (2023: Rs. Nil). Outsourcing shall have the same meaning as specified in Annexure-I of BPRD Circular No. 06 of 2019.

31.3	Auditors' remuneration	2024	2023
		----- Rupees in '000 -----	
	Fee for annual audit	4,508	4,025
	Fee for half yearly review	1,803	1,610
	Fee for shariah audit	1,803	1,610
	Fee for internal controls over financial reporting	4,122	3,680
	Fee for other statutory certifications and IFRS 9 review	6,674	1,495
	Out-of-pocket expenses	2,712	1,863
	Sales tax	1,041	621
		22,663	14,904

Notes to the Financial Statements

For the year ended December 31, 2024



		2024	2023
		----- Rupees in '000 -----	
32	OTHER CHARGES		
	Penalties imposed by State Bank of Pakistan	22,058	34,562
33	(REVERSAL) OF CREDIT LOSS ALLOWANCE / PROVISIONS AND WRITE OFFS - NET		
	(Reversal) of credit loss allowance against cash and balances with treasury banks and balances with other banks	7 & 8 (179)	-
	(Reversal) of credit loss allowance against lendings to financial institutions	9 (133,574)	-
	(Reversal) of credit loss allowance of provision for diminution in value of investments	10.5 (6,960)	(123,325)
	(Reversal) of credit loss allowance / provision against loans & advances	11.2.5 (252,697)	750,186
	(Reversal) of credit loss allowance / provisions against other assets	16.2.1 (35,550)	78,230
	Credit loss allowance against off balance sheet obligations	21.4 3,206	-
		(425,754)	705,091
34	TAXATION		
	Current	3,891,212	3,206,455
	Prior years	257,462	18,618
	Deferred	371,280	(4,769)
		34.1	4,519,954
34.1	Relationship between tax expense and accounting profit		
	Profit before tax	8,135,075	6,701,581
	Profit at the applicable rate of 44% (2023: 39%)	3,579,433	2,613,617
	Prior year tax	257,462	18,618
	Super tax at rate of 10% (2023: 10%)	813,508	670,158
	Permanent difference	11,911	16,935
	Changes in tax rate	(181,083)	(77,763)
	Others	38,723	(21,261)
		4,519,954	3,220,304

34.2 Pursuant to Income Tax (Amendment) Ordinance, 2024 issued on December 29, 2024, the Federal Government has raised the corporate tax rate for banking companies to 44% for the current year. The current year overall tax rate is 54% which includes 10% super tax.

Notes to the Financial Statements

For the year ended December 31, 2024



	2024	2023
35 BASIC AND DILUTED EARNINGS PER SHARE	----- Rupees in '000 -----	
Profit for the year	3,615,121	3,481,277
	----- (Number of shares) -----	
Weighted average number of ordinary shares	1,157,935,989	(Restated) 1,157,935,989
	----- (Rupees) -----	
Basic and diluted earnings per share	3.12	(Restated) 3.01

35.1 There were no dilutive potential ordinary shares outstanding as at December 31, 2024 and December 31, 2023.

		2024	2023
36 CASH AND CASH EQUIVALENTS	Note	----- Rupees in '000 -----	
Cash and balance with treasury banks	7	23,993,095	23,895,690
Balance with other banks	8	3,252,274	3,960,115
		27,245,369	27,855,805

36.1 This includes balances with the State Bank of Pakistan (SBP) related to statutory cash reserve held to comply with SBP requirements.

Notes to the Financial Statements

For the year ended December 31, 2024



36.2 Reconciliation of movement of liabilities and equity to cash flows arising from financing activities

	2024			2023		
	Lease liability against right-of-use asset	Reserves	Unappropriated profit	Lease liability against right-of-use asset	Reserves	Unappropriated profit
Balance as at January 1	2,407,066	4,343,001	4,805,756	1,368,661	3,646,746	1,982,704
- Payment of lease liability against right-of-use-assets	(1,012,610)	-	-	(992,583)	-	-
- Dividend paid	-	-	(1,639,510)	-	-	(168)
Total changes from financing cash flows	(1,012,610)	-	(1,639,510)	(992,583)	-	(168)
Other changes						
- Liability related						
- Non-cash based	306,328	-	-	1,817,502	-	-
- Interest expense on lease liability	446,916	-	-	213,486	-	-
- Transfer to statutory reserve	-	723,024	(723,024)	-	696,255	(696,255)
Total equity related other changes	753,244	723,024	(723,024)	2,030,988	696,255	3,519,475
Balance as at December 31	2,147,700	5,066,025	3,577,136	2,407,066	4,343,001	4,805,756
37 STAFF STRENGTH					2024	2023
Permanent					2,219	2,069
On Bank contract					40	45
Bank's own staff strength at the end of the year					2,259	2,114
Bank's own average staff strength					2,187	2,032

37.1 In addition to the above, 463 (2023: 411) 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. No staff was assigned by the Bank to perform activities outside Pakistan.

Notes to the Financial Statements

For the year ended December 31, 2024



38 DEFINED BENEFIT PLAN - EMPLOYEE BENEFITS

38.1 General description-gratuity fund

General description of the type of defined benefit plan and the accounting policy for recognizing actuarial gains and losses is disclosed in note 6.15.1 to these financial statements.

38.1.1 Number of employees under the scheme

The number of employees covered under the scheme are 2,219 (2023: 2,069).

38.1.2 Principal actuarial assumptions

The actuarial valuation was carried out as at December 31, 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-long term	10.50%	13.50%
Expected rate of salary increase-short term	12.00%	12.00%
Average expected remaining working life (years)	5.76	6.33
Withdrawal rates	Moderate	Moderate
Mortality rates	SLIC	SLIC
	2001-05	2001-05

38.1.3 Reconciliation of receivable under defined benefit plan

	Note	2024	2023
		----- Rupees in '000 -----	
Present value of obligation	38.1.4	(929,080)	(754,214)
Fair value of plan assets	38.1.5	1,095,578	960,408
Receivable		166,498	206,194

38.1.4 Movement in defined benefit obligations

Obligation at the beginning of the year		754,214	660,936
Current service cost		121,638	104,611
Interest cost		107,799	87,559
Benefits paid by the Bank		(88,094)	(75,309)
Remeasurement loss / (gain)	38.1.7.2	33,523	(23,583)
Obligation at the end of the year	38.1.4.1	929,080	754,214

38.1.4.1 This includes Rs. 8.65 million (2023: Rs. 20.74 million) payable to outgoing employees.

38.1.5 Movement in fair value of plan assets

Fair value at the beginning of the year		960,408	871,285
Interest income on plan assets		142,036	120,876
Contribution by the Bank		-	-
Benefits paid by the Fund		(88,094)	(75,309)
Remeasurements: net return on plan assets over interest income gain	38.1.7.2	81,228	43,556
Fair value at the end of the year		1,095,578	960,408

Notes to the Financial Statements

For the year ended December 31, 2024



38.1.6	Movement in receivable under defined benefit scheme	Note	2024	2023
			----- Rupees in '000 -----	
	Opening balance		206,194	210,349
	Charge for the year	38.1.7.1	(87,401)	(71,294)
	Remeasurement gain recognised in OCI during the year	38.1.7.2	47,705	67,139
	Closing balance		166,498	206,194
38.1.7	Charge for defined benefit plan - employee benefit plan			
38.1.7.1	Cost recognised in profit and loss			
	Current service cost		(121,638)	(104,611)
	Net interest on defined benefit asset		34,237	33,317
			(87,401)	(71,294)
38.1.7.2	Remeasurements recognised in OCI during the year			
	Loss / (gain) on obligation			
	- Financial assumptions		54,976	-
	- Demographic assumptions		-	(16,468)
	- Experience adjustment		(21,453)	(7,115)
			33,523	(23,583)
	Return on plan assets over interest income		(81,228)	(43,556)
	Total remeasurements recognised in OCI		(47,705)	(67,139)
38.1.8	Components of plan assets			
	Cash and cash equivalents		315,604	269,782
	Shares / mutual funds		114,425	65,790
	Term Deposit Receipts		665,549	624,836
		38.1.5	1,095,578	960,408

38.1.8.1 Plan assets are mostly contained in the form of cash and cash equivalents so there is no significant risk associated with it. However, investments in shares / mutual funds may be adversely affected by movement in equity and interest rate markets.

38.1.9 Sensitivity analysis

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied, as applied when calculating the gratuity liability recognized within the statement of financial position. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarised below:

Notes to the Financial Statements

For the year ended December 31, 2024



	2024	2023
	Gratuity fund	
	----- Rupees in '000 -----	
1% increase in discount rate	(58,332)	(43,617)
1% decrease in discount rate	66,114	49,227
1% increase in expected rate of salary increase	52,009	37,858
1% decrease in expected rate of salary increase	(45,930)	(33,461)
10% increase in withdrawal rates	5,186	5,501
10% decrease in withdrawal rates	(5,318)	(5,624)
1 Year Mortality age set back	(1,297)	(1,337)
1 Year Mortality age set forward	1,290	1,332
38.1.10 Expected contribution to be paid to the fund in the next financial year	-	-
38.1.11 Expected charge for the next financial year	105,821	75,386
38.1.12 Maturity profile - undiscounted payments		
	2024	2023
	----- Rupees in '000 -----	
Particulars		
Year 1	150,130	132,631
Year 2	118,326	102,511
Year 3	86,869	108,295
Year 4	104,640	78,249
Year 5	74,486	95,671
Year 6 to 10	514,458	477,348
Year 11 and above	2,053,043	2,660,482

38.1.13 Funding policy

Contributions to the Fund are made on the basis of actuarial recommendation. The Bank expects to adjust / recover net surplus of Rs. 166.50 million within next two years. Accordingly, the assets of the fund available for refund to the Bank and effect of asset ceiling is insignificant to the financial statements.

38.1.14 Risks associated with Defined Benefit Plans

Asset volatility

The risk arises due to inclusion of the risky assets in the gratuity fund portfolio, inflation and interest rate volatility.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to market yield on government bonds. A decrease in discount rate will increase the plan liabilities. However, this will be partially offset by an increase in the value of asset plan bond holdings in case of funded plans.

Salary increase risk

The gratuity scheme is also linked with final salary. The risk arises when the actual increases in salary are higher than expectation and impacts the liability accordingly.

Investment risks

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives. The risk is mitigated by closely monitoring the performance of investment. The investment in shares / mutual funds is subject to adverse fluctuation as a result of change in prices.

Notes to the Financial Statements

For the year ended December 31, 2024



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 Defined contribution plan - employees' provident fund

General description of the Fund is disclosed in note 6.15.2 to these financial statements. The number of employees covered under the scheme are 2,219 (2023: 2,069). During the year, the Bank has contributed Rs. 129.42 million (2023: Rs. 115.80 million) to the Fund.

39 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total compensation expense

Items	2024						
	Directors			Members shariah board	Managing Director**	Key management personnel	Other material risk takers / controllers
	Chairman*	Executives (other than Managing Director)	Non-executives				
	4,438	-	51,250	-	-	-	-
Fees and allowances etc.	-	-	-	-	-	-	-
Managerial remuneration:							
- Fixed	-	-	-	9,941	4,583	103,644	61,583
- Variable - cash bonus / awards etc.	-	-	-	928	-	41,408	17,565
Charge for defined benefit plan	-	-	-	-	-	-	-
Contribution to defined contribution plan	-	-	-	281	-	7,266	5,130
Rent & house maintenance	-	-	-	1,651	2,062	46,640	27,712
Utilities	-	-	-	550	688	15,547	9,237
Medical	-	-	-	550	688	15,547	9,237
Conveyance	82	-	1,718	1,440	-	31,894	25,853
Additional allowances	-	-	-	-	4,081	166	1,344
Contractual allowances	-	-	-	-	-	-	-
Other allowances	-	-	-	721	5,350	-	240
Others	417	-	2,956	60	2	1,156	1,089
Total	4,937	-	55,924	16,122	17,454	263,268	158,990
Number of persons	2*	-	8	4	3**	22	20

* This includes fee paid to the outgoing Chairman of the Board.

** This includes compensation / allowance paid to outgoing Managing Director, Managing Director (Acting) and current Managing Director of the Bank.

Notes to the Financial Statements

For the year ended December 31, 2024



Items	2023					Other material risk takers/ controllers
	Directors		Members shariah board	Managing Director	Key management personnel	
	Chairman*	Executives (other than Managing Director)				
Fees and allowances etc.	1,347	-	19,292	-	-	-
Managerial remuneration:						
- Fixed	-	-	-	8,617	29,336	86,559
- Variable - cash bonus / awards etc.	-	-	-	487	-	8,102
Charge for defined benefit plan	-	-	-	-	-	-
Contribution to defined contribution plan	-	-	-	273	-	6,884
Rent & house maintenance	-	-	-	1,474	13,201	39,679
Utilities	-	-	-	491	4,400	12,984
Medical	-	-	-	491	4,400	12,984
Conveyance	51	-	1,281	1,062	-	20,258
Additional allowances	-	-	-	-	-	91
Contractual allowances	-	-	-	-	-	-
Other allowances	-	-	-	-	-	264
Others	197	-	883	52	10	956
Total	1,595	-	21,456	12,947	51,347	188,761
Number of persons	3	-	8	4	1	20

*This includes fee paid to the outgoing Chairmen of the Board.

39.2 Remuneration paid to Directors for participation in board and committee meetings

2024

Sr. No.	Name of director	Meeting Fees and Allowances Paid						Total amount paid
		For board meetings	For Board Committees				Risk management committee	
			Audit committee	HR&R committee	IT Steering committee	Compliance committee		
----- Rupees in '000 -----								
1	Mr. Ikramullah Khan (Chairman)	1,188	-	-	500	-	-	1,688
2	Syed Imitiaz Hussain Shah*	2,999	-	250	-	-	-	3,249
3	Mr. Amer Sultan Tareen	1,878	1,250	-	-	-	750	3,878
4	Mr. Abid Sattar	3,038	2,275	3,500	1,250	1,000	1,541	12,604
5	Mr. Tahir Jawaid	2,727	357	3,536	1,026	1,000	-	8,646
6	Dr. Aliya Hashmi Khan	1,552	1,141	1,796	-	-	822	5,311
7	Syed Asad Ali Shah	3,376	2,615	2,190	-	-	-	8,181
8	Mr. Osman Asghar Khan	3,120	2,359	2,250	-	1,000	865	9,594
9	Mr. Muhammad Shahid Sadiq	2,761	968	-	526	500	1,455	6,210
10	Ms. Natasha Jahangir Khan	750	250	250	-	-	-	1,500
Total amount paid		23,389	11,215	13,772	3,552	3,500	5,433	60,861

*This director was Chairman of the Board during the year.

2023

Sr. No.	Name of director	Meeting Fees and Allowances Paid						Total amount paid
		For board meetings	For Board Committees				Risk management committee	
			Audit committee	HR&R committee	IT Steering committee	Compliance committee		
----- Rupees in '000 -----								
1	Syed Imitiaz Hussain Shah (Chairman)	873	-	-	-	-	-	873
2	Muhammad Zubair Asghar Qureshi*	375	-	-	-	-	-	375
3	Mr. Ikramullah Khan*	236	111	-	-	-	-	347
4	Mr. Amer Sultan Tareen	625	250	-	-	-	125	1,000
5	Muhammad Ayaz	611	597	222	-	-	375	1,805
6	Mr. Tahir Jawaid	1,514	-	1,172	125	486	-	3,297
7	Syed Asad Ali Shah	2,153	1,580	-	111	-	-	3,844
8	Mir Javed Hashmat	1,035	458	-	111	-	611	2,215
9	Mr. Abid Sattar	1,304	875	750	375	125	750	4,179
10	Dr. Aliya Hashmi Khan	1,353	875	972	-	-	750	3,950
11	Mr. Osman Asghar Khan	1,041	125	-	-	-	-	1,166
Total amount paid		11,120	4,871	3,116	250	1,083	2,611	23,051

*These directors were Chairman of the Board during the year ended December 31, 2023.

Notes to the Financial Statements

For the year ended December 31, 2024



39.3 Remuneration paid to shariah board members

Items	2024			2023		
	Chairman	Resident member	Non-resident members	Chairman	Resident member	Non-resident member
	Rupees in '000					
a. Meeting fees and allowances	-	-	-	-	-	-
b. Monthly remuneration	2,850	8,203	3,420	2,700	7,120	2,640
c. Bonus	-	928	-	-	487	-
d. Travelling and accommodation	63	-	658	-	-	-
Total amount	2,913	9,131	4,078	2,700	7,607	2,640
Total number of persons	1	1	2	1	1	2

40 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as amortised cost / held to maturity is based on quoted market prices. Quoted securities classified under amortised cost / held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates, is determined on the basis of break-up value of these investments as per their latest available audited financial statements.

The maturity and re-pricing profile and effective rates are stated in notes 45:2.5 and 45:4.1 respectively.

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 loans and deposits, are frequently re-priced.

40.1 Fair value of financial assets

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

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

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

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

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

	2024			
	Fair value			
	Carrying value	Level 1	Level 2	Level 3
On balance sheet financial instruments	Rupees in '000			
Financial assets - measured at fair value				Total
Investments				
Federal Government Securities	258,003,915	42,986,600	215,017,315	-
Shares	213,942	124,640	89,302	-
Non-Government Debt Securities	6,228,816	-	6,228,816	-
	18,217,573	-	18,157,598	-
Financial assets - disclosed but not measured at fair value				18,157,598
Investments				
Federal Government Securities	1,102,151	-	9,786	-
	1,767,081	-	6,771	-
Off-balance sheet financial instruments - measured at fair value				9,786
Forward exchange contracts purchase				-
Forward exchange contracts sale				6,771

Notes to the Financial Statements

For the year ended December 31, 2024



	2023				
	Carrying value	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	213,161,446	-	213,161,446	-	213,161,446
Shares	219,507	137,844	81,663	-	219,507
Non-Government Debt Securities	7,120,959	-	7,120,959	-	7,120,959
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	2,756,377	-	2,574,496	-	2,574,496
Off-balance sheet financial instruments - measured at fair value					
Forward exchange contracts purchase	1,652,860	-	18,701	-	18,701
Forward exchange contracts sale	2,850,344	-	31,449	-	31,449
40.3					
The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Bank's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between level 1 and 2 during the year.					
Leasehold land is carried at revalued amount as determined by professional valuer, based on their assessment of market value and has been classified under level-3 as the effect of changes in the unobservable inputs used in the valuation cannot be determined with certainty.					
40.3.1					
Fair value of financial assets					
(a) Financial instruments in level 1					
Financial instruments included in level 1 comprise of investments in listed ordinary shares and listed Government of Pakistan (GoP) - Ijarah Sukuks.					
(b) Financial instruments in level 2					
Financial instruments included in level 2 comprise of unquoted equity securities, Sukuks Bonds, Pakistan Investment Bonds, Market Treasury Bills, Term Finance certificates and forward exchange contracts.					
(c) Financial instruments in level 3					
Currently, no financial instruments are classified in level 3.					
The fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.					
40.3.2					
Fair value of non - financial assets					
Certain categories of property and equipment (leasehold land) of Rs. 1,016,280 thousand (2023: Rs. 1,016,280 thousand) and non banking assets acquired in satisfaction of claims of Rs. 315,335 thousand (2023: Rs. 379,135 thousand) are carried at revalued amounts (level 3 measurements) determined by professional valuers based on their assessment of the market values. The valuations are conducted by the valuation experts appointed by Bank, which are also on panel of State Bank of Pakistan.					
Valuation techniques and inputs used in determination of fair values within level 1					
Fully paid-up ordinary shares, listed GoP Ijarah Sukuks are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.					
Valuation techniques and inputs used in determination of fair values within level 2					
Pakistan Investment Bonds (PIBs) / Market Treasury Bills (MTBs)					
Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates for fixed rate securities and PKFRV rates for floating rate PIB's (Reuters page).					
Un-listed GoP Ijarah Sukuks					
Fair values of un-listed GoP Ijarah Sukuks are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers.					

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Term Finance, Bonds and Sukuk certificates Investments in debt securities (comprising term finance certificates, bonds, Sukuk, certificates and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan. In the determination of the rates, the MUFAP takes into account the holding pattern of these securities and categorizes these as traded, thinly traded and non-traded securities. However, fair values of investments in unquoted debt securities are valued on the basis of present value technique based on market interest rates.

Unquoted equity securities Fair value of unquoted equity securities is determined on the basis of the breakup value of these investments as per their latest available audited financial statements.

Valuation techniques and inputs used in determination of fair values within level 3

Property and equipment (Leasehold land) and non-banking assets acquired in satisfaction of claims These assets are revalued on regular basis using professional valuers on the panel of Pakistan Banker's Association. The valuation is based on their assessment of market value of the properties. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical, comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

41 SEGMENT INFORMATION

41.1 Segment details with respect to business activities

	2024				Total
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	
	----- Rupees in '000 -----				
Profit and loss					
Net mark-up / return / profit	(19,703,305)	41,706,356	(11,185,178)	5,674,089	16,491,962
Inter segment revenue - net	21,146,466	(23,669,368)	12,080,363	(9,557,461)	-
Non mark-up / return / interest income	8,026	921,852	355,938	492,210	1,778,026
Total income	1,451,187	18,958,840	1,251,123	(3,391,162)	18,269,988
Segment direct expenses	(3,531,524)	(3,956,341)	(1,852,633)	(1,220,169)	(10,560,667)
Inter segment expense allocation	2,694,442	(6,979,615)	1,130,952	3,154,221	-
Total expenses	(837,082)	(10,935,956)	(721,681)	1,934,052	(10,560,667)
Reversal of credit loss allowance	-	158,197	28,809	238,748	425,754
Profit before tax	614,105	8,181,081	558,251	(1,218,362)	8,135,075
Balance sheet					
Cash and bank balances	2,200,814	16,168,609	519,373	8,356,573	27,245,369
Investments	18,217,573	264,446,673	-	102,351	282,766,597
Net inter segment lending	142,908,088	(156,635,911)	76,975,885	(63,248,062)	-
Lendings to financial institutions	-	133,574	-	-	133,574
Advances - performing	17,96,165	-	8,469,009	118,741,702	145,006,876
Advances - non performing	-	-	204,541	1,670,554	1,875,095
Others	2,180,730	7,727,299	2,672,354	7,955,973	20,536,356
Total assets	183,303,370	131,840,244	88,841,162	73,579,091	477,563,867
Borrowings	12,341,243	113,190,599	-	7,999,929	133,531,771
Deposits and other accounts	148,960,714	-	78,144,607	50,536,668	277,641,989
Net inter segment borrowing	(142,908,088)	156,635,911	(76,975,885)	63,248,062	-
Others	20,149,043	5,421,253	10,152,461	8,768,131	44,490,888
Total liabilities	38,542,912	275,247,763	11,321,183	130,552,790	455,664,648
Equity	144,760,458	(143,407,519)	77,519,979	(56,973,699)	21,899,219
Total equity and liabilities	183,303,370	131,840,244	88,841,162	73,579,091	477,563,867
Contingencies and commitments	13,565,317	3,118,387	13,703,012	22,644,037	53,030,753

Notes to the Financial Statements

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2023

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000				
Profit and loss					
Net mark-up / return / profit	(14,550,494)	33,042,424	(6,106,706)	1,507,408	13,892,632
Inter segment revenue - net	16,738,990	(25,641,335)	6,891,791	2,010,554	-
Non mark-up / return / interest income	26,702	1,521,628	119,199	441,422	2,108,951
Total income	2,215,198	8,922,717	904,284	3,959,384	16,001,583
Segment direct expenses	(4,844,860)	(66,980)	(1,724,884)	(1,958,187)	(8,594,911)
Inter segment expense allocation	3,659,798	(4,706,396)	1,241,120	(194,522)	-
Total expenses	(1,185,062)	(4,773,376)	(483,764)	(2,152,709)	(8,594,911)
Reversal of credit loss allowance	-	123,325	(89,631)	(738,785)	(705,091)
Profit before tax	1,030,136	4,272,666	330,889	1,067,890	6,701,581
Balance sheet					
Cash and bank balances	3,767,523	18,390,992	623,725	5,073,565	27,855,805
Investments	2,756,377	220,501,912	-	90,210	223,348,499
Net inter segment lending	129,223,472	(198,727,702)	53,921,863	15,582,367	-
Lendings to financial institutions	-	2,000,000	-	-	2,000,000
Advances - performing	42,796,073	-	7,546,091	45,974,054	96,316,218
Advances - non performing	626,774	-	49,461	4,595,127	5,271,362
Others	8,284,367	15,551,753	713,214	3,845,266	28,394,600
Total assets	187,454,586	57,716,955	62,854,354	75,160,589	383,186,484
Borrowings	9,124,948	40,460,611	-	875,000	50,460,559
Deposits and other accounts	164,351,364	-	58,512,945	66,427,252	289,291,561
Net inter segment borrowing	(129,223,472)	198,727,702	(53,921,863)	(15,582,367)	-
Others	10,893,179	3,669,864	3,868,165	4,701,872	23,133,080
Total liabilities	55,146,019	242,858,177	8,459,247	56,421,757	362,885,200
Equity	132,308,567	(185,141,222)	54,395,107	18,738,832	20,301,284
Total equity and liabilities	187,454,586	57,716,955	62,854,354	75,160,589	383,186,484
Contingencies and commitments	37,441,442	4,884,852	3,360,776	13,111,008	58,798,078

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41.2 Segment details with respect to geographical locations

Segment details with respect to geographical locations are not presented in these financial statements as geographically the Bank is concentrated in Pakistan only.

42 TRUST ACTIVITIES

The Bank acts as a custodian for securities held in Investor Portfolio Securities (IPS) accounts on behalf of individuals / other organisations. These securities are not assets of the Bank and, therefore, are not included as such in these financial statements. Assets held under trust are shown in the table below:

Category	2024			2023			Total
	No. of IPS accounts	Market Treasury Bills	Pakistan Investment Bonds	No. of IPS accounts	Market Treasury Bills	Pakistan Investment Bonds	
Government of Khyber Pakhtunkhwa	5	108,659,200	-	3	20,249,500	-	20,249,500
Company	7	48,148,970	30,596,700	1	119,350	-	119,350
Individual*	1	-	200	1	-	50,000	50,000
	13	156,808,170	30,596,900	5	20,368,850	50,000	20,418,850

----- Rupees in '000 -----

*For the year 2023, this represents Pakistan Investment Bonds held on behalf of ex-Managing Director of the Bank who resigned from his position w.e.f January 3, 2024.

Notes to the Financial Statements

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43 RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its majority shareholders (Government of Khyber Pakhtunkhwa and Ismail Industries Limited), associates, directors, key management personnel, staff retirement benefit plan and other related parties.

The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives, disclosed in note 39 to these financial statements are determined in accordance with terms of their appointments. Further, for the year 2023, the Bank acted as a custodian for securities held in Investor Portfolio Securities (IPS) account maintained on behalf of ex-Managing Director of the Bank having face value of Rs. 50 million.

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			
	Directors	Key management personnel	Associate	Employee Funds	Directors	Key management personnel	Associate	Employee Funds
Advances								
Opening balance	-	179,490	-	-	-	213,178	-	-
Addition during the year	-	49,690	-	-	-	56,183	-	-
Repaid during the year	-	26,209	-	-	-	21,626	-	-
Transfer in / (out) - net	-	(21,546)	-	-	-	(68,245)	-	-
Closing balance	-	181,425	-	-	-	179,490	-	-
Credit loss allowance / provision held against advances	-	-	-	-	-	-	-	-
Deposits and other accounts								
Opening balance	13,956	6,467	44,580	3,301,627	3,228	7,637	40,825	2,841,338
Received during the year	18,408	161,951	249,512	4,830,897	55,900	131,625	54,125	4,272,781
Withdrawn during the year	16,723	159,755	198,263	5,116,299	45,172	130,015	50,370	3,812,492
Transfer in / (out) - net	(15,493)	(240)	-	-	-	(2,780)	-	-
Closing balance	148	8,423	95,829	3,016,225	13,956	6,467	44,580	3,301,627
Other liabilities								
Interest / markup payable	28	1,024	6,747	256,848	232	1,759	4,532	222,285

Notes to the Financial Statements

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	2024				2023			
	Directors	Key management personnel	Associate	Employee Funds	Directors	Key management personnel	Associate	Employee Funds
----- Rupees in '000 -----								
Income								
Mark-up / return / interest earned	-	4,036	-	-	-	3,857	-	-
Expense								
Mark-up / return / interest expensed	162	1,769	13,982	717,206	1,158	2,529	7,980	571,202
Operating expenses - Compensation	78,315	272,399	-	-	74,398	196,368	-	-
43.1	Government of Khyber Pakhtunkhwa (GoKP) holds 70.20% shareholding in the Bank and therefore, entities which are owned and / or controlled by the GoKP, or where the GoKP may exercise significant influence, are also related parties of the Bank. The Bank in the ordinary course of its business enters into transaction with various departments of the GoKP and its related entities. Such transactions include advances to, deposits from and provision for other banking services to Government related entities.							
Detailed related party disclosure for being government entity is disclosed as required under IAS-24 "Related Party Disclosures". Relevant details are referred in the following notes:								
Particulars					Note			
Investments					10.1			
Shareholding					22			
Compensation of directors and executives					39			
Trust activities					42			
Advances (by sector)					45.1.3			
Deposits (by sector)					19.1			
Detail of non-performing advances and other provisions (by sector)					45.1.3			

Notes to the Financial Statements

For the year ended December 31, 2024



44 CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS	2024	2023
	----- Rupees in '000 -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	11,579,360	11,027,905
Capital Adequacy Ratio (CAR):		
Eligible common equity tier 1 (CET 1) capital	19,861,157	19,747,849
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	19,861,157	19,747,849
Eligible tier 2 capital	2,714,195	173,029
Total eligible capital (Tier 1 + Tier 2)	22,575,352	19,920,878
Risk Weighted Assets (RWAs):		
Credit risk	85,128,759	75,008,452
Market risk	14,947,185	13,893,580
Operational risk	26,704,795	20,243,274
Total	126,780,739	109,145,306
Common equity tier 1 capital adequacy ratio	15.67%	18.09%
Tier 1 capital adequacy ratio	15.67%	18.09%
Total capital adequacy ratio	17.81%	18.25%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
ADT-1 minimum ratio	1.50%	1.50%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Capital conservation buffer (CCB- consisting of CET1 only)	1.50%	1.50%
Total capital plus CCB	11.50%	11.50%
Leverage Ratio (LR):		
Eligible tier-1 capital	19,861,157	19,747,849
Total exposures	553,214,970	455,665,307
Leverage ratio	3.59%	4.33%
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	210,120,866	178,286,835
Total net cash outflow	100,596,138	88,514,877
Liquidity coverage ratio	208.88%	201.42%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	204,889,233	210,054,766
Total required stable funding	138,223,557	116,062,991
Net stable funding ratio	148.23%	180.98%

- 44.1** The SBP in its application instructions for IFRS 9 has permitted the banks to adopt a transitional approach to phase in the initial impact of ECL for stage 1 and 2 financial assets over a period of five years. However, since the transitional arrangements were not yielding favorable impact on bank's CAR, the Bank has opted to disclose the figures of "fully loaded" CAR.
- 44.2** The full disclosures on the Capital Adequacy, Leverage Ratio and Liquidity Requirements as per SBP instructions issued from time to time is also placed on Bank's website. Please follow the link <https://www.bok.com.pk/downloads> for detailed disclosures.

45 RISK MANAGEMENT

Banks are in business of taking risk in order to earn acceptable required return. Risk management in Bank of Khyber is performed at each level of authority and is managed through an ongoing process of identification, measurement and monitoring subject to risk limits and other controls.

The Bank is primarily exposed to credit, market, operational and liquidity risks. For mitigation of these risks, Risk Management Group (RMG) is equipped with dedicated resources having expertise in various areas of risk. Credit Risk management department is responsible to assess credit risk present in a loan proposal and makes its recommendations for rectification / management of various credit risk in a loan proposal.

Enterprise Risk Management Division (ERMD) is responsible for Market and Liquidity Risk policy formulation, procedures development, controlling of market and liquidity related various risks including monitoring of exposures against limits and assessment of risks in new businesses. ERMD ensures that the bank's position in Money Market, Foreign Exchange, and Capital Market transactions remain within the assigned internal and regulatory limits. Market and liquidity Early Warning Indicators (EWI) and Portfolio-wise Management Action Triggers (MAT) are duly reported to the management. Similarly, ERMD also assess the impact of operational risk of loss due to an event or action causing failure of technology, process infrastructure, personnel and other external events. Their impact is assessed through Risk Control Self Assessment (RCSAs), Key Risk Indicators (KRIs) and loss data base. Owing to growing importance of regulatory reporting, a Basel II and Regulatory reporting department has also been established to keep the Bank in line with various regulatory requirements, and Enterprise Risk Management Division works in liaison with it for Capital Adequacy Ratio (CAR), Liquidity Coverage Ratio (LCR), Liquidity Monitoring Tools, and Net Stable Funding Ratio (NSFR) calculation and reporting to SBP. The Bank has also established Green Banking office to reduce vulnerability of the Bank from the risks arising from environment and to fulfill their responsibility to protect environment and to transform it into resource efficient and climate resilient economy. The Environmental Risk Management Desk at ERMD is dedicatedly working over implementation of Environmental Risk Management System.

The Bank is fully aware that risk management could not be solely performed by a dedicated centralized department but instead to have an effective risk management framework, front line staff of the Bank, senior management and Board oversight is needed to aid in Implementation of the framework. The Bank has a dedicated Management Risk Management Committee (MRMC) and Board Risk Management Committee (BRMC). BRMC is also responsible to review the extent of design and adequacy of risk management framework. The Bank also has a management level Risk Management Committee which is responsible for the smooth implementation of risk management framework within the entire Bank.

45.1

Credit risk

Credit risk is the potential that the counterparty will cause a financial loss to the Bank due to its inability or unwillingness to meet its contractual obligations. The Bank is exposed to credit risk through its lending and investment activities as well as from contingent liabilities.

The main objective of the credit risk management process is to identify, assess, measure and monitor credit risk in all the financial exposures of the Bank. The Bank has established a credit risk management framework to manage credit risk on relationship as well as at portfolio level.

Credit risk management is governed by the Board Risk Management Committee and other instructions and guidelines outlined by SBP. The Bank attempts to control risk by monitoring credit exposures, limiting non performing counter parties and continually assessing the credit worthiness of the borrowers. The Bank manages limits and controls concentrations of credit risk to individual counterparties, groups, sector and to industries, where applicable.

The Bank has adopted standardized approach to measure credit risk regulatory capital charge in compliance with Basel-II requirements. The approach relies upon the assessment of external credit rating agencies. The Bank is in the process of continuously improving the system and bringing it in line with the Basel framework requirements.

The Bank has dedicated Customer Risk Rating (CRR) and Facility Risk Rating (FRR) models for various customer types. The models aim to measure credit risk posed by a counterparty as well facility, it has applied for by assessing various qualitative and quantitative attributes keeping in view best industry practices in the field of credit risk management. Each risk rating model covers a dedicated procedural guidelines for its consistent implementation within the Bank. The Bank has also approved a dedicated risk rating policy providing broad policy guidelines for minimum acceptable risk for various borrowers of the Bank.

The Bank determines the amount for expected credit loss / provisions as per the IFRS guidelines / Prudential Regulations issued by the SBP and the management best estimates.

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

The Bank assesses on a forward-looking basis the expected credit losses (ECL) associated with all advances and other debt financial assets not held at FVPL, together with letter of credit and financial guarantees. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects: i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; ii) the time value of money; and iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at facility level.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal / external rating grade for subject customer. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list or the account 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 60 days past due.

Based on the above process, the Bank groups its financial instruments into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1 (Performing assets):

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

Stage 2 (Underperforming assets):

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

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Stage 3 (Non-performing assets): For financial instruments considered credit-impaired, the Bank recognises the LTECLs for these instruments. The Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP.

Financial 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.

Probability of Default

The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on statistical technique such as Transition Matrix approach. PDs for non advances portfolio is based on S&P's global transition default matrices, PDs are then adjusted using Vasicek Model to incorporate forward looking information.

Exposure at Default

The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, and accrued interest / 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 a legal right to call it earlier. The Bank's product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and / or reduce the facilities.

Loss Given Default

The Loss Given Default (LGD) 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. LGDs are adjusted to incorporate forward looking information.

Forward looking information

In its ECL models, the Bank relies on range of the following forward looking information as economic inputs, such as i) GDP growth; and ii) Consumer Price Index.

ECL principles, grouping and calculations

The ECL is determined by projecting the PD, LGD and EAD for each future repayment date and for each individual exposure. These three components are multiplied together, effectively calculating an ECL for each future repayment date, which is then discounted back to the reporting date and summed.

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

When estimating the ECLs, the Bank considers three scenarios (a base, best and a worst case). Each of these scenarios is based on different macro-economic forecasts and is associated with different set of PDs & LGD.

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

- History of legal certainty & enforceability
- History of recovery

The Bank's management has only considered cash, liquid securities, and Government of Pakistan guarantees as eligible collaterals, while calculating EADs. Furthermore, The credit exposure (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

Backward transition

In line with Bank's IFRS 9 policy and regulatory guidelines, financial assets shall be reclassified out of Stage 3 if they fulfill the criteria outlined in the Prudential Regulations (PR) issued by the State Bank of Pakistan (SBP). Similarly, financial assets classified under Stage 2 shall be reclassified to Stage 1 if the conditions that led to a significant increase in credit risk (SICR) no longer exist. However, a minimum period of three months from the initial downgrade is mandatory before any facility can be moved back to Stage 1 from Stage 2.

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

Notes to the Financial Statements

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45.1.1 Lendings to financial institutions

	Gross advances		Non-performing advances		Credit loss allowance / provision held		
	2024	2023	2024	2023	2024		
	Rupees in '000						
Credit risk by public / private sector					Stage 1	Stage 2	Stage 3
Public/ Government	-	-	-	-	-	-	-
Private	238,944	2,238,944	238,944	238,944	-	-	105,370
	238,944	2,238,944	238,944	238,944	-	-	105,370
							238,944
							238,944

45.1.2 Investment in debt securities

	Gross advances		Non-performing advances		Credit loss allowance / provision held		
	2024	2023	2024	2023	2024		
	Rupees in '000						
Credit risk by industry sector					Stage 1	Stage 2	Stage 3
Textile	124,658	124,658	124,658	124,658	-	-	124,658
Power (electricity), gas, water, sanitary	2,905,000	3,425,000	-	-	-	-	-
Financial	277,025,617	221,364,620	33,496	40,384	35	-	33,496
Others	-	14,584	-	-	-	-	-
	280,055,275	224,928,862	158,154	165,042	35	-	158,154
							165,042
Credit risk by industry sector							
Public / Government	276,192,207	220,684,396	-	-	-	-	-
Private	3,863,068	4,244,466	158,154	165,042	35	-	158,154
	280,055,275	224,928,862	158,154	165,042	35	-	158,154
							165,042

Notes to the Financial Statements

For the year ended December 31, 2024



45.1.3 Advances	Note	Gross advances		Non-performing advances		Credit loss allowance / provision held			
		2024		2023		2024			
		2024	2023	2024	2023	Stage 1	Stage 2	Stage 3	Provision
----- Rupees in '000 -----									
Agriculture, forestry, hunting and fishing		2,070,756	2,346,334	415,811	461,191	1,657	1,976	346,688	288,834
Auto loans		377,582	474,438	13,719	28,235	40,851	6,847	11,493	25,089
Automobile and transportation equipment		860,325	852,943	493,527	198,514	2,812	37	421,913	194,515
Cement		4,719,660	5,095,916	-	-	33,974	1,046	-	-
Chemical and pharmaceuticals		2,583,417	2,915,451	46,303	92,531	6,680	34,803	32,396	92,531
CNG / gas stations		579,243	469,848	17,861	13,005	4,852	22,860	11,743	455
Commodity financing		-	24,999,910	-	-	-	-	-	-
Communication		1,051,286	21,714	-	-	13,125	-	-	-
Construction		3,847,360	4,436,203	1,161,189	1,131,340	57,525	124,173	886,482	199,193
Consumer		556,049	212,350	29,532	11,098	56,002	2,429	27,886	10,885
Engineering		129,083	61,135	929	929	-	1,722	929	929
Financial		1,981,349	1,872,132	179,341	160,215	13,537	-	179,341	160,215
Food and beverages		1,741,816	1,913,105	580,493	564,146	45,993	8,894	537,426	497,478
Footwear and leather garments		101,624	101,624	101,624	101,624	-	-	101,624	101,624
Ghee and cooking oil		622,041	1,339,143	69,150	69,150	4,692	-	62,202	49,168
Housing		2,394,249	2,358,232	181,748	178,367	38,421	93,648	142,633	37,237
Individuals / personal		3,802,922	4,856,126	102,622	88,981	127,239	10,543	81,805	73,514
Manufacturing of match		140,000	140,000	-	-	1,215	-	-	-
Metal products		3,803,262	3,356,205	549,733	174,008	22,245	4,882	495,197	174,008
Mining and quarrying		160,630	58,278	-	-	1,898	-	-	-
Miscellaneous manufacturing		6,796,227	7,019,356	3,320,505	3,277,905	15,617	57,644	2,891,131	1,493,939
Petro chemical		16,070,965	1,891,969	1,832,521	1,330,908	1,295	124	1,822,203	1,807,737
Power (electricity), gas, water, sanitary services		17,840	17,840	17,840	17,840	-	-	17,840	17,840
Sugar		1,696,152	1,761,512	152,855	63,247	20,054	95,386	101,467	9,137
Textile		3,890,109	2,332,035	810,059	848,058	18,548	-	810,059	848,058
Trade		76,385,160	15,382,274	1,782,962	2,043,830	111,951	63,275	1,332,367	1,369,401
Power		5,421,010	4,928,349	1,440,644	1,308,819	90,184	54,330	1,111,048	567,566
Others		17,796,165	18,422,937	-	626,774	-	-	-	-
		27,321	65,704	-	-	773	-	-	-
		159,623,603	109,703,063	13,300,968	13,290,715	731,140	584,619	11,425,873	8,019,353
Credit risk by public / private sector									
Public / Government		17,796,165	43,422,847	-	626,774	-	-	-	-
Private		141,827,438	66,280,216	13,300,968	12,663,941	731,140	584,619	11,425,873	8,019,353
11		159,623,603	109,703,063	13,300,968	13,290,715	731,140	584,619	11,425,873	8,019,353

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45.1.4 Contingencies and commitments

Credit risk by industry sector	2024	2023
	----- Rupees '000 -----	
Agriculture, forestry, hunting and fishing	92,897	570,196
Automobile and transportation equipment	141,563	128,305
Cement	322,861	372,990
Chemical and pharmaceuticals	328,281	1,305,552
CNG / gas stations	715,699	657,643
Construction & other contractors	18,681,744	21,769,234
Engineering	57,486	586,387
Financial	20,000	20,000
Food and beverages	254,598	1,487
Ghee and cooking oil	381,536	2,780,736
Manufacturing of match	76,985	97,259
Metal products	377,273	886,056
Marble and mining	100,120	120
Petro chemical	46,088	980,573
Power (electricity), gas, water, sanitary	505	505
Services	323,198	217,813
Sugar	1,000	11,154
Communication	1,065,677	1,826,368
Textile	2,629,765	2,706,131
Trade	1,385,558	3,040,706
Travel agencies	1,106,779	137,445
Miscellaneous manufacturing	5,306,391	1,261,796
Government	13,565,317	14,344,938
Others	2,777,241	39,743
	49,758,562	53,743,137
Credit risk by public / private sector		
Public / Government	13,565,317	14,344,938
Private	36,193,245	39,398,199
	49,758,562	53,743,137

Notes to the Financial Statements

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45.1.5 Concentration of advances

The bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 115,725.18 million (2023: Rs 76,269.18 million) are as following:

	2024	2023
	----- Rupees '000 -----	
Funded	97,306,217	53,155,967
Non funded	18,418,963	23,113,210
Total exposure	115,725,180	76,269,177

The sanctioned limits against these top 10 exposures aggregated to Rs. 117,100.01 million (2023: Rs 87,281.68 million).

Total funded classified therein	2024		2023	
	Amount	Credit loss allowance held	Amount	Provision held
	----- Rupees in 000 -----			
Other assets especially mentioned	57,738	30,741	238,941	1,345
Substandard	510,351	330,039	1,172,610	133,064
Doubtful	566,182	372,070	1,071,990	95,419
Loss	12,166,697	10,693,023	10,807,174	7,789,525
Total	13,300,968	11,425,873	13,290,715	8,019,353

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45.1.6 Advances - Province / Region-wise disbursement and utilization

Province / Region	2024						AJK including Gilgit-Baltistan
	Disbursements	Punjab	Sindh	KPK	Balochistan	Islamabad	
	Rupees in '000						
Punjab	43,768,491	43,768,491	-	-	-	-	-
Sindh	65,026,660	-	60,977,210	-	-	-	-
KPK including FATA	47,232,505	51,773	-	4,049,450	-	-	-
Balochistan	3,877	-	-	29,304,568	-	17,876,164	-
Islamabad	27,835,407	771,796	177,001	-	3,877	11,062,258	-
AJK including Gilgit-Baltistan	229,082	-	-	15,824,352	-	-	-
Total	184,096,022	44,592,060	61,154,211	49,178,370	3,877	28,938,422	229,082
	2023						
Province / Region	Disbursements	Punjab	Sindh	KPK	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	Rupees in '000						
Punjab	55,234,842	55,000,541	234,301	-	-	-	-
Sindh	18,167,158	-	15,476,958	2,690,200	-	-	-
KPK including FATA	53,939,945	1,773	-	36,062,008	-	17,876,164	-
Balochistan	4,412	-	-	-	4,412	-	-
Islamabad	11,640,292	771,796	177,001	814,934	-	9,876,561	-
AJK including Gilgit-Baltistan	255,162	-	-	-	-	-	255,162
Total	139,241,811	55,774,110	15,888,260	39,567,142	4,412	27,752,725	255,162

45.1.7

During 2024, Pakistan witnessed significant economic recovery. Declining inflation, decreasing fuel prices, improving foreign exchange reserves, appreciation of the Pakistani rupee, political stability, decreasing interest rates, and improved budget deficit made the year more favorable. In this backdrop, Fitch, Moody's and S&P Global improved / upgraded the country's sovereign credit rating. Additionally, international commodity prices also remained favorable through the year. The headline inflation reduced significantly touching a multi-year low i.e. 17.30% in April 2024 and gradually reduced to 4.10% in December 2024. During the year, SBP also reduced the benchmark interest rate by a cumulative 900 bps to 13%. This steep decrease was aimed at pushing aggregate demand in the economy and also to align it with lower inflation. This led to a steep downturn in domestic food prices.

45.2

Market risk

It is the risk that the value of the on and off-balance sheet positions of the Bank will be adversely affected by movements in market rates or prices such as interest rates, equity prices and/or commodity prices resulting in a loss of earnings, and capital. Market risks arise generally from trading activities, open foreign currency positions, holding common equity, and other products. All such instruments and transactions are exposed to general and specific market movements.

The Bank's Market Risk Management structure consists of BRMC for Board oversight, Management Risk Committee (MRC) and Asset and Liabilities Committee (ALCO) at the senior management level and dedicated Market and Liquidity Risk Management Department reporting directly to Head Enterprise Risk Management Division. Enterprise Risk Management Division is responsible for policy formulation, procedures development, controlling of market risks including monitoring of exposures against limits and assessment of risk in new businesses. Market risk authority, including both approval of market risk limits and approval of market risks is vested in BRMC and ALCO.

The Bank seeks to mitigate market risk by employing strategies that correlate price, rate and spread movements of its earning assets, liabilities and trading activities. Various broad limits are set and recommended by ALCO to BRMC approval for proper management of Market risk. ERMD has developed a dedicated Financial Institutions (FIs) model for inter-bank lines setting to different financial institutions. The intra-day positions are managed by treasury division through Management Action Trigger (MAT) / Dealers limits. Stress testing is carried out for both banking and trading books as per SBP guidelines. Accordingly, its impact is analyzed on the Capital Adequacy Ratio (CAR). In case of any deviation from regulatory limits, an action plan is devised to regularize any future breaches.

The Bank has adopted standardized approach to measure market risk regulatory charge in compliance with Basel II and III requirements. ERMD is preparing stress testing report and market risk capital charge on quarterly basis.

45.2.3 Equity position risk

It is the risk of loss to earning or capital as a result from unfavourable fluctuations in prices of shares in which the Bank carries long and / or short positions.

ALCO (Asset Liability Committee) is responsible for making investment decisions in the capital market and setting limits as per BRMC approved criteria as per Bank's BoD approved market risk management policy. Portfolio, sector and scrip wise limits are assigned by the ALCO to safeguard against concentration risk and these limits are reviewed and revised periodically along with results of different stress tests. The treasury division ensures compliance of concentration limits set by ALCO. Limit breaches if any are promptly reported to ALCO for its ratification and BRMC for their information.

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
Impact of 5% change in equity prices on:	----- Rupees in '000 -----			
- Profit and loss account	-	-	-	-
- Other comprehensive income	5,351	2,082	5,685	2,213

45.2.4 Yield / interest rate risk in the banking book (IRRBB)-Basel II Specific

Yield/ Interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date. This also refers to the non-trading market risk. Bok has adopted simple GAP analysis method to execute this analysis to estimate the impact on capital by an assumed change (decline by 1 basis point) in interest rates to yield an approximation of the change in net interest income that would result from such an interest rate movement.

- All assets and liabilities across the Yield interest rate risk sensitive GAPs are assumed to be in unique classification since the all risk sensitive assets and liabilities are considered to be affected through change in yield curve.

Major sources of interest rate risk are:

- differences between the timing of rate changes and the timing of cash flows (re-pricing risk);
- changing rate relationships among different yield curves affecting bank activities (basis risk);
- changing rate relationships across the range of maturities (yield curve risk); and
- interest-related options embedded in bank products (options risk).

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in interest rates on:	----- Rupees in '000 -----			
- Profit and loss account	394,399	(592,032)	564,367	(418,140)
- Other comprehensive income	-	-	-	-

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45.2.5 Mismatch of interest rate sensitive assets and liabilities

		2024										Non-interest bearing financial instruments
		Exposed to yield / interest risk										
Effective Yield / Interest 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		
----- Rupees in '000 -----												
On-balance sheet financial instruments												
Assets												
	23,993,095	1,252,333	-	-	-	-	-	-	-	-	-	22,740,762
Cash and balances with treasury banks	3,252,274	1,656,211	-	-	-	-	-	-	-	-	-	1,596,063
Balances with other banks	133,574	-	-	-	-	-	133,574	-	-	-	-	-
Lending to financial institutions	282,766,597	46,381,377	65,542,428	113,232,399	49,481,411	6,965,441	-	-	847,248	-	-	316,293
Investments	146,881,971	29,314,221	91,728,393	9,890,114	5,886,159	2,532,005	1,453,640	4,001,621	2,040,788	35,030	-	-
Advances	12,628,288	16,752	30,122	45,968	98,429	194,189	185,948	336,599	635,127	524,574	-	10,560,560
Other assets	469,655,799	78,620,894	157,300,943	123,168,481	55,465,999	9,691,635	1,639,588	4,471,794	3,523,163	559,604	-	35,213,898
Liabilities												
	21,951,353	-	-	-	-	-	-	-	-	-	-	21,951,353
Bills payable	133,531,771	125,475,476	-	839,000	-	2,761,865	370,053	638,577	1,924,385	1,038,807	-	483,608
Borrowings	277,641,989	5,464,927	4,783,987	144,564,604	48,917,856	490,665	309,627	976,535	500	50,000	-	72,083,288
Deposits and other accounts	2,147,700	51,801	199,664	137,111	288,596	1,034,375	313,266	121,653	1,234	-	-	-
Lease liabilities	20,391,835	-	-	-	-	-	-	-	-	-	-	20,391,835
Other liabilities	455,664,648	130,992,204	4,983,651	145,540,715	49,206,452	4,286,905	992,946	1,736,765	1,926,119	1,088,807	-	114,910,084
On-balance sheet gap	13,991,151	(52,371,310)	152,317,292	(22,372,234)	6,259,547	5,404,730	646,642	2,735,029	1,597,044	(529,203)	(79,696,386)	

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	Exposed to yield / interest risk								Non-interest bearing financial instruments	
	Effective Yield / Interest 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
Rupees in '000										
Off-balance sheet financial instruments										
Commitments in respect of:										
- forward foreign exchange contracts purchases		1102,151	-	-	-	-	-	-	-	1102,151
- forward foreign exchange contracts sales		1,767,081	-	-	-	-	-	-	-	1,767,081
Off-balance sheet gap		(664,930)	-	-	-	-	-	-	-	(664,930)
Total yield/interest risk sensitivity gap		(52,371,310)	152,317,292	(22,372,234)	6,259,547	5,404,730	646,642	2,735,029	1,597,044	(529,203)
Cumulative yield / interest risk sensitivity gap		(52,371,310)	99,945,982	77,573,748	83,833,295	89,238,025	89,884,667	92,619,696	94,216,740	93,687,537
On-balance sheet financial instruments										
Assets										
Cash and balances with treasury banks		23,895,690	167,024	-	-	-	-	-	-	23,728,666
Balances with other banks	5.32%	3,960,115	1,632,152	-	-	-	-	-	-	2,327,963
Lending to financial institutions	21.26%	2,000,000	2,000,000	-	-	-	-	-	-	-
Investments	19.67%	223,348,499	83,434,285	33,773,533	72,405,534	17,727,317	10,652,565	4,354,000	691,548	309,717
Advances	18.97%	101,587,580	44,344,614	48,052,437	4,786,001	1,356,563	332,488	221,756	827,424	658,542
Other assets		19,670,577	-	-	-	-	-	-	-	19,670,577
		374,462,461	81,825,970	77,191,535	19,083,880	10,985,053	4,575,756	827,424	1,350,090	1,007,755
Liabilities										
Bills payable		3,759,078	-	-	-	-	-	-	-	3,759,078
Borrowings	17.77%	50,460,559	41,399,911	3,126,000	1,026,600	700,327	646,892	3,560,829	-	-
Deposits and other accounts	13.65%	289,291,561	4,032,342	6,584,640	182,243,888	19,509,199	13,632,527	450,079	446,958	50,000
Other liabilities		19,374,002	-	-	-	-	-	-	-	19,374,002
		362,885,200	45,432,253	9,710,640	183,270,488	20,209,466	14,279,419	4,010,908	446,958	50,000
On-balance sheet gap		11,577,261	86,145,822	72,115,330	(106,078,953)	(1125,586)	564,848	380,466	1,350,090	957,755
Off-balance sheet financial instruments										
Commitments in respect of:										
- forward foreign exchange contracts purchases		1,652,860	-	-	-	-	-	-	-	1,652,860
- forward foreign exchange contracts sales		2,850,344	-	-	-	-	-	-	-	2,850,344
Off-balance sheet gap		(1,197,484)	-	-	-	-	-	-	-	(1,197,484)
Total Yield / Interest Risk Sensitivity Gap		86,145,822	72,115,330	(106,078,953)	(1,125,586)	(3,294,366)	564,848	380,466	1,350,090	957,755
Cumulative Yield / Interest Risk Sensitivity Gap		86,145,822	158,261,152	52,182,199	51,056,613	47,762,247	48,327,095	48,707,561	50,057,651	51,015,406
Operational risk										
4.5.3										

The Bank of Khyber, like all financial institutions, is exposed to many types of operational risks, including the potential losses arising from internal activities or external events caused by breakdowns in information, communication, physical safeguards, business continuity, supervision, settlement systems and procedures and the execution of legal, fiduciary and agency responsibilities.

BoK defines Operational Risk as "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk."

Operational Risk Management Department - Enterprise Risk Management Division (ERMD), maintains a system of internal controls designed to keep operational risk at appropriate levels keeping in view the Bank's financial strength, the characteristics of the activities and the market in which it operates. These internal control are periodically updated and tested.

The Bank also has in place a Business Continuity Plan and appropriate outsourcing measures to cater to related operational risks. The Operational Risk Management department engages with Bank's business/ support units and regularly collaborates in determining and reviewing the risks, and ERMD suggests controls on need basis. Additionally, all the policies, procedures and systems of the Bank are reviewed from an operational risk perspective, and the recommendations of ERMD are taken into consideration before their approval. ERMD performs Stress Testing for Operational Shocks for both Conventional and Islamic Banking on following scenarios: 1) Penalty due AML / CFT Violations, 2) Losses due to Cybersecurity Breaches, 3) Losses due to Shariah Non-Compliance, 4) General Operational Losses.

Currently the Bank uses the Basic Indicator Approach (BIA) for assessing its operational risk capital charge. The Bank also has an approved operational risk policy in terms of SBP BPRD circular 04 of 2014. The Bank is using Risk-Nucleus (Governance Risk and Compliance) software for conducting RCSA, assigning Action Plans and reporting of Loss Data. As part of pro-active operational risk management, The Operational Risk Management Department (ORMD) conducts Bank wide RCSA workshops. The processes are discussed with relevant stakeholders for any control failures/lapses. Based on the results of RCSAs, adequate Key Risk Indicators (KRIs) for various business lines are also developed and mapped with various risks. An Automated solution for Incident reporting is duly in place and can be accessed by every employee of the bank for reporting of control breaches leading to losses.

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45.3.1 Operational risk-disclosures Basel II specific

Basic Indicator Approach (BIA) is used for Operational Risk under Basel II.

45.4 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations, associated with its financial liabilities when they fall due, and to replace funds when they are withdrawn. Liquidity risk is governed by the liquidity management policy of the Bank and is managed by Market and Liquidity Risk Management Department - Enterprise Risk Management Division under the supervision of ALCO.

The Bank's Asset and Liability Committee (ALCO) manages the liquidity position on a regular basis and is primarily responsible for the formulation of the overall strategy and oversight of the asset and liability function. ALCO monitors the maintenance of liquidity ratios, both in terms of the overall funding mix and avoidance of undue reliance on large individual deposits. The BOD has approved Comprehensive Liquidity Risk Management Policy which stipulates the early warning indicators (EWI) of liquidity risk and maintenance of various ratios according to comfortable, acceptable, warning, and stress zones. Moreover, Bank also has Contingency Funding Plan (CFP) in place to address liquidity issues in times of stress / crisis situation. In addition, ALCO and BRMC are briefed about various Liquidity Risk standards like Liquidity Coverage Ratio and its monitoring tools on periodic basis. Further the Bank has designed different scenarios of cash outflows to stress test efficiency of its liquid assets and its impact on profit and loss. The Bank performs regular liquidity stress tests as part of its liquidity monitoring activities. The purpose of the liquidity stress tests is intended to ensure sufficient liquidity for the Bank under both idiosyncratic and systemic market stress conditions. The results are regularly reviewed by ALCO for taking appropriate measures.

Bank's liquidity risk management approach involves intraday liquidity management, managing funding sources and evaluation of structural imbalances in balance sheet structure. The Bank's large and stable base of customer deposits, along with Bank's strong capital base supplemented underlying strength and strong liquidity position during the year. Bank also has a substantial portfolio of marketable securities that can be realized in the event of liquidity stress. The level of liquidity reserves as per regulatory requirements also mitigates liquidity risk.

As a part of liquidity management, the Bank maintains borrowing relationships with various financial institutions to ensure the continued access to diverse market of funding sources. The Bank's credit rating together with market reputation has enabled it to secure ample call lines with local and foreign Banks and can fulfill its liquidity gap if a need arises.

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

2024

Assets	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
Assets														
Cash and balances with treasury banks	23,993,095	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	3,252,274	-	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	133,574	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	282,766,597	-	-	316,293	26,172,064	17,482,500	43,315,080	43,701,860	29,261,479	53,327,079	7,950,118	58,746,490	27,662,618	-
Advances	146,881,971	60,947	1,766,303	1,562	3,459	67,850,559	10,114,235	20,422	20,422	2,589,486	1,486,581	3,052,655	2,122,860	-
Property and equipment	4,293,173	223	1,562	1,562	3,459	6,807	62,081	182,236	184,239	12,674	12,149	23,981	2,493,683	-
Right-of-use assets	2,059,970	2,002	12,016	25,586	22,477	58,075	182,236	12,674	12,674	12,674	1,193,562	501,283	274,538	-
Intangible assets	361,363	136	970	970	2,147	4,225	4,225	2,877,896	-	-	-	-	-	-
Deferred tax assets	1,193,562	-	-	-	-	1,248,137	711,128	2,877,896	127,414	128,219	887,049	336,599	1,326,198	-
Other assets	12,628,288	2,922,108	847,505	443,601	271,151	1,248,137	26,704,172	56,909,323	45,068,934	34,215,471	58,611,281	64,229,106	33,890,441	-
Liabilities														
Bills payable	21,951,353	21,951,353	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	133,531,771	146,510	41,874,482	52	83,454,657	799,042	40,032	1,784,392	1,529	1,419,640	370,054	638,577	1,964,100	1,038,704
Deposits and other accounts	277,641,989	1,088,317	8,254,772	9,413,292	19,577,941	18,091,766	18,973,153	38,325,794	20,404,861	51,781,427	29,903,351	29,678,542	23,437,194	8,711,579
Lease liabilities	2,147,700	25,770	262	394	25,375	155,800	43,865	137,111	99,186	189,410	1,034,375	313,266	121,653	1,233
Other liabilities	20,391,835	7,738,364	726,510	739,922	669,096	270,386	385,655	2,846,662	583,657	6,047,821	17,334	4,564	54,362	307,402
	455,664,648	30,950,314	50,856,126	10,153,660	103,727,069	19,316,994	19,442,705	43,093,959	21,089,233	59,438,298	31,325,114	30,634,949	25,577,309	10,058,918
Net assets	21,899,219	(50,592)	(49,933,126)	(7,915,638)	(76,939,478)	67,333,309	7,261,467	13,815,364	23,979,701	(25,222,827)	27,286,167	(20,188,448)	38,651,797	23,821,523
Share capital	11,579,360													
Reserves	5,066,025													
Unappropriated profit	1,676,698													
Surplus on revaluation of assets	3,577,136													
	21,899,219													

Notes to the Financial Statements

For the year ended December 31, 2024



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
Assets														
Cash and balances with treasury banks	23,895,690	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	3,960,115	-	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	2,000,000	2,000,000	-	-	-	-	-	-	-	-	-	-	-	-
Investments	223,348,499	86,769	-	-	248,581	14,583	-	1,812,720	24,712,554	11,051,800	93,986,963	52,986,803	30,404,260	8,043,466
Advances	101,587,580	7,587,170	400,792	4,342,214	36,887	18,878,536	5,299,396	4,495,900	1,683,445	15,305,384	2,682,028	4,529,913	27,748,810	8,531,302
Property and equipment	6,948,667	2,196	13,489	36,887	36,887	64,171	67,950	200,071	201,961	201,961	712,788	937,193	2,027,338	2,467,284
Intangible assets	428,608	140	977	2,163	2,163	4,256	4,256	12,768	12,768	12,768	36,528	20,068	-	320,939
Deferred tax assets	1,346,748	-	-	-	-	-	-	-	-	-	1,346,748	-	-	-
Other assets	19,670,577	8,294,674	2,350,174	859,557	673,248	1,605,141	2,135,594	3,160,671	6,189	-	-	379,135	-	206,194
	363,186,484	43,826,754	4,467,330	1,276,704	5,303,093	20,566,687	7,507,196	9,682,130	26,616,917	26,571,913	98,765,055	58,853,112	60,180,408	19,569,185
Liabilities														
Bills payable	3,759,078	3,759,078	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	50,460,559	-	14,355,611	27,000,000	44,300	170,000	2,956,000	102,600	-	700,327	646,891	3,560,830	-	-
Deposits and other accounts	289,291,561	1,135,989	7,637,533	7,943,850	19,771,913	20,170,825	18,114,846	72,792,072	15,916,759	24,986,237	41,863,230	28,639,499	22,005,568	8,363,240
Other liabilities	19,374,002	9,202,635	449,918	509,920	527,873	457,993	233,723	1,132,366	1,497,116	385,931	3,237,999	600,536	931,655	206,337
	362,885,200	14,097,702	22,443,062	35,453,770	20,344,086	20,798,818	21,304,569	74,951,038	17,413,875	26,022,495	45,748,120	32,800,865	22,837,223	8,569,577
Net assets	20,301,284	29,729,052	(17,975,732)	(34,177,066)	(15,040,993)	(22,131)	(13,797,373)	(65,268,908)	9,203,042	549,418	53,016,935	26,032,247	37,243,185	10,999,608
Share capital	11,027,905	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	4,343,001	-	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	4,805,756	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	124,622	-	-	-	-	-	-	-	-	-	-	-	-	-
	20,301,284	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes to the Financial Statements

For the year ended December 31, 2024



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

2024

	Rupees in '000									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Assets										
Cash and balances with treasury banks	23,993,095	23,993,095	-	-	-	-	-	-	-	-
Balances with other banks	3,252,274	3,252,274	-	-	-	-	-	-	-	-
Lending to financial institutions	133,574	-	-	-	-	-	133,574	-	-	-
Investments	282,766,597	316,293	18,485,580	43,701,860	72,576,559	53,327,080	7,950,118	58,746,490	26,611,833	1,050,784
Advances	146,881,971	28,729,198	92,767,410	10,114,235	6,019,546	2,589,486	1,486,581	3,052,655	2,122,860	-
Property and equipment	4,293,173	6,806	13,614	20,422	40,844	1,001	47,162	1,669,641	1,420,049	1,073,634
Right-of-use assets	2,059,970	62,081	120,156	182,236	366,475	600,955	437,376	290,147	544	-
Intangible assets	361,363	4,223	8,450	12,674	25,348	12,149	23,981	-	274,538	-
Deferred tax assets	1,193,562	-	-	-	-	1,193,562	-	-	-	-
Other assets	12,628,288	4,484,365	1,959,265	2,877,896	255,633	887,049	501,283	336,599	801,625	524,573
	477,563,867	60,848,335	113,354,475	56,909,323	79,284,405	58,611,282	10,446,501	64,229,106	31,231,449	2,648,991
Liabilities										
Bills payable	21,951,353	21,951,353	-	-	-	-	-	-	-	-
Borrowings	133,531,771	125,475,701	839,074	1,784,392	1,421,169	370,054	638,577	1,964,100	1,038,704	-
Deposits and other accounts	277,641,989	77,548,215	4,783,987	144,564,604	48,917,856	490,665	309,826	976,536	500	50,000
Lease liabilities	2,147,700	51,801	199,665	137,111	288,596	1,034,375	313,266	121,653	1,233	-
Other liabilities	20,391,835	9,873,992	656,041	2,846,662	6,631,478	17,334	4,564	54,362	204,937	102,465
Net assets	455,664,648	234,901,062	6,478,767	149,332,769	57,259,099	1,912,428	1,266,033	3,116,651	1,245,374	152,465
	21,899,219	(174,052,727)	106,875,708	(92,423,446)	22,025,306	56,698,854	9,180,468	61,112,455	29,986,075	2,496,526
Share capital	11,579,360									
Reserves	5,066,025									
Unappropriated profit	3,577,136									
Surplus on revaluation of assets	1,676,698									
	21,899,219									

Notes to the Financial Statements

For the year ended December 31, 2024



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	23,895,690	-	-	-	-	-	-	-	-	-
Balances with other banks	3,960,115	-	-	-	-	-	-	-	-	-
Lending to financial institutions	2,000,000	-	-	-	-	-	-	-	-	-
Investments	223,348,499	335,350	14,583	1,812,720	35,764,354	93,986,963	52,986,803	30,404,260	6,770,983	1,272,483
Advances	101,587,580	12,432,866	24,177,932	4,495,900	16,988,829	2,682,028	4,529,913	27,748,810	4,830,362	3,700,940
Property and equipment	6,948,667	67,950	132,121	200,071	403,922	712,788	937,193	2,027,338	1,393,650	1,073,634
Intangible assets	428,608	4,257	8,512	12,768	25,536	36,528	20,068	-	320,939	-
Deferred tax assets	1,346,748	-	-	-	-	1,346,748	-	-	-	-
Other assets	19,670,577	12,177,653	3,740,735	3,160,671	6,189	-	379,135	-	137,463	68,731
	383,186,484	54,873,881	28,073,883	9,682,130	53,188,830	98,765,055	58,853,112	60,180,408	13,453,397	6,115,788
Liabilities										
Bills payable	3,759,078	3,759,078	-	-	-	-	-	-	-	-
Borrowings	50,460,559	41,399,911	3,126,000	1,026,600	700,327	646,891	3,560,830	-	-	-
Deposits and other accounts	289,291,561	66,374,330	6,584,640	182,243,888	19,509,139	13,632,527	450,079	446,958	-	50,000
Other liabilities	19,374,002	10,690,346	691,716	1,132,366	1,883,047	3,237,999	600,536	931,655	137,560	68,777
Net assets	362,885,200	122,223,665	10,402,356	184,402,854	22,092,513	17,517,417	4,611,445	1,378,613	137,560	118,777
	20,301,284	(67,349,784)	17,671,527	(174,720,724)	31,096,317	81,247,638	54,241,667	58,801,795	13,315,837	5,997,011
Share capital	11,027,905									
Reserves	4,343,001									
Unappropriated profit	4,805,756									
Surplus on revaluation of assets	124,622									
	20,301,284									

45.5 Derivative risk

Derivatives are type of financial contract that value is determined by underlying one or more assets or benchmarks. Globally Derivatives are known and used to be very complex and risky financial instruments, however in Pakistan the banks usually operates in forwards, futures, swaps and options.

- Currently Bank of Khyber is not dedicatedly involved in Derivatives Business or trading however it operates in foreign Currency forwards, a type of financial derivatives. The risk / return attributes of financial derivatives are discussed.
- In our banking industry derivatives desk is operated within treasury business through competent resources in terms of adequate systems and qualified human resources.
- The responsibility to monitor and contain the risks in derivatives business resides with Enterprise Risk Management Division. The Risks associated with Financial Derivatives business are:

Credit Risk:

Credit risk refers to any default by a party involved in derivatives transaction, resulting an adverse impact on the profitability of the bank. The credit risk is further categorized into settlement and pre-settlement risks and are controlled via imposition of limits to derivatives transactions.

Market Risk:

In Pakistan mainly derivatives products are used to hedge / cover interest rate risk and exchange rate risk by taking positions in interest rate swaps, cross currency swaps and foreign currency options. These risks are controlled though taking counter positions (back to back positions) and via limits in terms of DV01 (sensitivity limit) tenor limits and investment limits.

Operational Risk:

The resources in terms of people and systems involved in the management of derivatives activities are required to be adequately qualified, trained and competent in order to avoid the losses generated through mis-handling of derivatives business.

46 ENVIRONMENT AND SOCIAL RISK MANAGEMENT / GREEN BANKING

Environmental Risk is actual or potential threats of adverse effects on the environment and living organisms by effluents, emissions, wastes, chemical releases, resource depletion, etc. arising out of the Bank or its clients' operational activities. Green Banking Objective is to reduce the vulnerability of the portfolio performance from the risks arising due to climate change and by transforming into a resource-efficient and sustainable financing institution.

The Bank of Khyber has its Green Banking Policy approved by the BOD. A dedicated Environmental Risk Management Department is established under Enterprise Risk Management Division for identification, vetting, and approving projects from an Environmental Risk Management (ERMs) perspective. Enterprise Risk Management Division has developed its 'Internal Environmental Risk Management System' (ERMS) which is comprised of environmental due diligence, and Environmental Risk Rating to segregate high, medium, and low-risk areas and sectors. The Bank has gradually started bringing its customers into the environmental compliances by assessing and advising corrective action plans, and transformation of Environment-Friendly Business Models. This ERMS is an integral part of the credit approval process. All the relevant credit proposals require review by the Environmental Risk department before Head Office Credit Committee (HOCC) approval. The ERMS primarily requires that any relevant lending opportunity is to be reviewed and evaluated under Environmental Due Diligence procedure, Environmental Risk Avoidance list, and applicable national laws on environment, health, safety, and social issues, and the customer must provide Undertaking to ensure compliance of Environmental Risk Covenants. The undertaking consisting of Environmental Risk Covenants is now made part of the agreements with the customer to legally bind the customer to comply with all the national and local environmental rules and regulations.

Social responsibility in the financial sector has evolved and its significance has increased considerably in the past couple of decades. In order to meet the evolved social obligations, BOK has initiated various activities focusing on environmental preservation and energy conservation. The Bank aims to promote the concept of own

Notes to the Financial Statements

For the year ended December 31, 2024



impact reduction, paperless culture, carbon emissions reduction, and encouraging plantation. Being a socially responsible Bank, we are keen to provide our input in the reduction of emissions, increase awareness through environment-friendly practices, and reduce our carbon footprint through the establishment of Solar powered ATMs. To reduce its own impact the Bank has converted its sixteen branches totally to renewable energy systems i.e. solar systems. All the branches and Head Office have successfully shifted to the core banking system that has made day-to-day operations from manual to digital. The Bank of Khyber has successfully launched its Digital/ internet banking services through an app and the web. Customers can now successfully transfer funds and pay their utility bills and other payments through apps and internet banking.

During the previous year, the Bank has provided renewable energy (Solar) financing facilities for households, corporate, SME Agriculture Businesses (solar tube wells), and Drip Technology based Agri financing. The Head Office is now shifted to a new Head Office building, where central cooling and heating system, and LED lights are installed to utilize and conserve energy efficiently. The head office and security staff are strictly instructed to switch off their lights while leaving the office. Branches have been instructed to use energy efficiently through managing equipment, lesser use of paper, and encouraging plantation in the vicinity of the Branches. Branches are also advised to arrange meetings in order to raise awareness among the staff regarding the conservation of energy and environmental protection. Moreover, marketing activities also utilize digital mediums including social media. The Bank has developed digital banking solutions with an aim to integrate paperless culture within the Bank as well as among the customers.

47 EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Bank in their meeting held on March 5, 2025 have proposed a cash dividend of Rs. 1.70 per share in respect of 2024 (2023: cash dividend of Rs. 1.50 per share and bonus shares in proportion of 5 shares for every 100 shares held i.e. 5%).

48 CORRESPONDING FIGURES

48.1 Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison. The following reclassification has been made in the statement of profit and loss account.

Description of item	From	To	(Rupees in '000)
Rebate from financial institutions	Other income	Fee and commission income	35,962

48.2 The effect of reclassification, rearrangement, restatement in the comparative information presented in these financial statements due to adoption of revised forms for the preparation of financial statements as mentioned in note 3.2 is as follows:

Description of item	From	To	(Rupees in '000)
Right-of-use assets	Property and equipment	Right-of-use assets	2,549,241
Lease liabilities against right-of-use assets	Other liabilities	Lease liabilities	2,407,066

49 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on March 5, 2025 by the Board of Directors of the Bank.

Managing Director

Chief Financial Officer

Director

Director

Director

Notes to the Financial Statements

For the year ended December 31, 2024



Annexure - I

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES FIVE HUNDRED THOUSAND OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2024

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's / Husband's Name	Outstanding liabilities at beginning of year				Principal written-off	Interest / Mark-up written-off/waived	Other Financial Relief Provided	Total (9+10+11)
				Principal	Interest / Mark-up	Other than Interest / Mark-up	Total				
				5	6	7	8	9	10	11	12
1	Ms. Rukhsana Nighat House # 364, Street # 01, Sethi Town, Peshawar	Ms. Rukhsana Nighat 17301-7113820-8	W/o Ghulam Riaz	-	1,148	41	1,189	-	1,148	41	1,189
2	Vincraft (Pvt) Limited 66-A, Industrial Estate, Jammud Road, Peshawar	Mr. Shahid Iqbal 17301-0185739-7 Mr. Abdul Waheed 17301-1406863-9 Mr. Saeed Ahmad 17301-1407055-9 Mr. Musaddiq Ali 17301-8463151-7 Mr. Khurshid Anwar 17301-5514119-5	S/o Mir Khuda Baksh S/o Mir Khuda Baksh S/o Mir Khuda Baksh S/o Mir Khuda Baksh S/o Mir Khuda Baksh	37,679	20,677	-	58,356	-	7,606	-	7,606
3	Mr. Behram Bashir Khan House # 283, Street # 56, Sector. 1-8/3, Islamabad	Mr. Behram Bashir Khan 13101-4280931-9	S/o Bashir Ahmad Khan	65	1,131	150	1,346	-	555	-	555
4	Mr. Ghazanfar Ullah Taheem Faqir Abad, Back Side Commerce College, D.I. Khan	Mr. Ghazanfar Ullah Taheem 21010-9355453-3	S/o Mati Ullah Taheem	479	613	57	1,149	-	625	-	625
5	Hyper Mall Dilawarabad, Ring Road, Peshawar	1) Mr. Muhammad Nawaz Khan 17301-1657615-5 2) Mr. Khushdil Khan 17301-1624159-9 3) Mr. Muhammad Jawad 17301-2697541-3 4) Mr. Muhammad Hammad 17301-1586709-9 5) Mr. Muhammad Hassam 17301-7819093-9	S/o Dilawar Khan S/o Dilawar Khan S/o Khurshid Anwar S/o Khurshid Anwar S/o Khurshid Anwar	74,148	8,581	-	82,729	-	2,500	-	2,500
6	Shaheen Shah & Brothers Ziyarat Kaka Sahib, Distt Nowshera	Mr. Shaheen Shah 17201-2172195-7	S/o Jehandar Gul	3	2,706	-	2,709	-	2,456	122	2,578
7	Lada Stainless Steel Corporation Shop # 34, Aftab Steel Market, G.T. Road, Gujranwala	Mr. Muhammad Shahid 34101-8849223-7	S/o Khushi Muhammad	20,704	9,601	250	30,555	-	4,800	-	4,800

Notes to the Financial Statements

For the year ended December 31, 2024



Annexure - II

ISLAMIC BANKING BUSINESS

The Bank is operating 131 (2023: 123) Islamic Banking Branches at the end of the year.

	Note	2024	2023
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks		9,578,634	10,697,876
Balances with other banks		469,552	1,169,045
Due from financial institutions	1	-	2,000,000
Investments	2	87,035,748	54,438,416
Islamic financing and related assets - net	3	19,381,209	33,620,499
Property and equipment		729,247	782,059
Right-of-use assets		679,308	753,238
Intangible assets		-	-
Due from head office		-	-
Other assets		3,458,220	3,929,795
Total assets		121,331,918	107,390,928
LIABILITIES			
Bills payable		3,493,761	481,636
Due to financial institutions		10,022,769	1,645,347
Deposits and other accounts	4	90,129,385	89,314,690
Due to head office		339,861	1,310,267
Lease liabilities		647,456	659,416
Subordinated debt		-	-
Other liabilities	5	6,578,534	5,553,646
Total liabilities		111,211,766	98,965,002
NET ASSETS		10,120,152	8,425,926
REPRESENTED BY			
Islamic banking fund		1,000,000	1,000,000
Reserves		113,438	65,918
Surplus / (deficit) on revaluation of assets		1,770,518	(97,300)
Unappropriated profit	6	7,236,196	7,457,308
		10,120,152	8,425,926
CONTINGENCIES AND COMMITMENTS	7		

Notes to the Financial Statements

For the year ended December 31, 2024



The profit and loss account of the Bank's Islamic banking branches for the year ended December 31, 2024 is as follows:

	Note	2024 Rupees in '000	2023
Profit / return earned	8	17,573,122	15,860,516
Profit / return expensed	9	7,958,761	7,372,973
Net profit / return		9,614,361	8,487,543
Other income			
Fee and commission income		326,559	202,717
Dividend income		391	2,895
Foreign exchange income		217,225	253,556
Income / (loss) from derivatives		-	-
Gain on securities		6,514	1,807
Net losses on derecognition of financial assets measured at amortised cost		(11,989)	-
Other income		68,112	59,433
Total other income		606,812	520,408
		10,221,173	9,007,951
Other expenses			
Operating expenses		4,839,274	4,164,664
Workers welfare fund		-	-
Other charges		204	100
Total other expenses		4,839,478	4,164,764
Profit before credit loss allowance / provisions		5,381,695	4,843,187
Reversal of credit loss allowance / (charge) for provisions and write offs - net		90,584	(373,757)
Profit before taxation		5,472,279	4,469,430
Taxation		2,955,032	2,190,021
Profit after taxation		2,517,247	2,279,409

Notes to the Financial Statements

For the year ended December 31, 2024



3	Islamic financing and related assets	Note	2024	2023
			----- Rupees in '000 -----	
	Ijarah	3.1	118,959	175,077
	Murabaha	3.2	2,154,176	1,684,931
	Diminishing Musharakah		7,781,849	8,726,454
	Running Musharakah		6,100,000	18,972,415
	Qarz e Hasna		89	183
	Istisna	3.3	5,768,519	4,973,663
	Impact of fair valuation of Islamic financing and related assets		(495,531)	-
	Gross Islamic financing and related assets		21,428,061	34,532,723
	Less: Credit loss allowance / provision against Islamic financings			
	Stage 1		168,696	-
	Stage 2		184,050	-
	Stage 3		1,694,106	-
	Specific		-	896,662
	General		-	15,562
			2,046,852	912,224
	Islamic financing and related assets - net of credit loss allowance / provision		19,381,209	33,620,499

3.1	Ijarah	Note	2024	2023
			----- Rupees in '000 -----	
	Under IFAS-II	3.1.1	116,769	172,211
	Under finance method	3.1.2	2,190	2,866
			118,959	175,077
	Assets / inventory		-	-
			118,959	175,077

Notes to the Financial Statements

For the year ended December 31, 2024



3.1.1 Ijarah under IFAS-II

	2024				2023			
	Cost		Depreciation		Cost		Depreciation	
	As at January 1, 2024	Additions / (deletions)	As at December 31, 2024	As at January 1, 2024	Charge for the year	As at December 31, 2024	As at January 1, 2023	Charge for the year
	Rupees in '000							
Plant and machinery	259,634	(131,282)	128,352	238,718	110,366	128,352	-	-
Vehicles	686,305	(481,524)	204,781	535,010	446,998	88,012	116,769	116,769
Housing	-	-	-	-	-	-	-	-
Total	945,939	(612,806)	333,133	773,728	557,364	216,364	116,769	116,769

	Cost		Depreciation		Book value as at December 31, 2023	
	As at January 1, 2023	Additions / (deletions)	As at December 31, 2023	As at January 1, 2023	Charge for the year	As at December 31, 2023
	Rupees in '000					
Plant and Machinery	323,375	(63,741)	259,634	185,616	53,102	20,916
Vehicles	757,804	(71,499)	686,305	496,356	38,654	151,295
Housing	-	-	-	-	-	-
Total	1,081,179	(135,240)	945,939	681,972	91,756	172,211

Future Ijarah rental receivable

Ijarah assets under IFAS-2 are stated at cost of Rs. 333.13 million (2023: Rs. 945.94 million) less accumulated depreciation of Rs. 216.36 million (2023: Rs. 773.73 million) in accordance with the SBP letter no. BPRD/BRLD-04/2008-6268.

3.1.2 Net investment in Ijarah under finance method

	2024			2023		
	Not later than one year	Over five years	Total	Not later than one year	Later than one and less than five years	Total
	Rupees in '000					
Ijarah rentals receivable	2,859	-	2,859	3,690	-	3,690
Residual value	43	-	43	43	-	43
Minimum Ijarah rentals	2,902	-	2,902	3,733	-	3,733
Profit for future periods	(712)	-	(712)	(867)	-	(867)
Ijarah under finance method	2,190	-	2,190	2,866	-	2,866

Notes to the Financial Statements

For the year ended December 31, 2024



			2024	2023
		Note	----- Rupees in '000 -----	
3.2	Murabaha			
	Murabaha financing	3.2.1	1,790,498	1,602,581
	Advances for Murabaha		363,678	82,350
			2,154,176	1,684,931
3.2.1	Murabaha receivable - gross	3.2.2	1,418,953	1,519,214
	Less: Deferred Murabaha income	3.2.4	171,097	116,842
	Profit receivable shown in other assets		542,642	200,209
	Murabaha financings		1,790,498	1,602,581
3.2.2	The movement in Murabaha financing during the year is as follows:			
	Opening balance		1,519,214	1,645,293
	Sales during the year		6,823,858	3,096,596
	Adjusted during the year		6,924,119	3,222,675
	Closing balance		1,418,953	1,519,214
3.2.3	Murabaha sale price		6,823,858	3,096,596
	Murabaha purchase price		6,605,397	2,863,828
			218,461	232,768
3.2.4	Deferred Murabaha income			
	Opening balance		116,842	118,309
	Arising during the year		218,461	232,768
	Less: Recognized during the year		164,206	234,235
	Closing balance		171,097	116,842
3.3	Istisna			
	Advance against Istisna		4,433,519	4,713,663
	Istisna Inventory		1,335,000	260,000
			5,768,519	4,973,663

Notes to the Financial Statements

For the year ended December 31, 2024



4	Deposits	2024			2023		
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
							Rupees in '000
	Customers						
	Current deposits	24,066,601	120,202	24,186,803	23,149,660	192,030	23,341,690
	Savings deposits	55,428,037	12,282	55,440,319	53,504,988	2,343	53,507,331
	Term deposits	7,032,252	-	7,032,252	6,758,767	-	6,758,767
	Others	3,307,949	-	3,307,949	3,733,075	-	3,733,075
		89,834,839	132,484	89,967,323	87,146,490	194,373	87,340,863
	Financial Institutions						
	Current deposits	12,062	273	12,335	294,658	333	294,991
	Savings deposits	149,727	-	149,727	1,678,836	-	1,678,836
		161,789	273	162,062	1,973,494	333	1,973,827
		89,996,628	132,757	90,129,385	89,119,984	194,706	89,314,690
4.1	Composition of deposits			Note	2024		
	- Individuals				2023		
	- Government (Federal and Provincial)				----- Rupees in '000 -----		
	- Public sector entities				38,165,196		30,603,984
	- Banking companies				27,154,587		25,936,327
	- Non-banking financial institutions				152,689		40,973
	- Private Sector				58,768		349,309
					103,294		1,624,518
					24,494,851		30,759,579
					90,129,385		89,314,690
4.2				4.2			

This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 50,829 million (2023: Rs.43,070 million).

Notes to the Financial Statements

For the year ended December 31, 2024



5	Other liabilities	Note	2024	2023
			----- Rupees in '000 -----	
	Other liabilities	5.1	6,578,534	5,553,646
5.1	Charity fund			
	Opening balance		51,459	14,502
	Additions during the year			
	Received from customers on account of delayed payment		3,492	45,443
	Other Non-Shariah compliant income		304	2,254
	Others		2,604	22
			6,400	47,719
	Payments / utilization during the year	5.1.1		
	Welfare		2,200	6,062
	Education		10,561	2,000
	Health		4,800	2,700
			17,561	10,762
	Closing balance		40,298	51,459
5.1.1	Details of charity payments			
	Details of charity payments individually exceeding Rs. 100,000 are as follows:			
	The Citizens Foundation, Karachi		2,000	2,000
	Kohatians Foundation, Kohat		1,075	1,075
	Mercy Pak, Peshawar		2,000	1,000
	Khpal Kor Foundation, Swat		1,000	1,000
	University of Technology, Nowshera		2,000	1,000
	Khyber Eye Foundation, Peshawar		-	1,000
	Akbar Kare Institute, Peshawar		-	1,000
	SOS Children Village, Peshawar		1,200	800
	Diabetic Association, Charsadda		1,800	700
	IM Sciences, Peshawar		2,286	-
	Comprehensive Health and Education Forum, Charsadda		1,000	-
	Ran'aa Child Welfare Foundation, Peshawar		1,200	-
	The Fatmeed Foundation, Peshawar		1,000	-
	Shaukat Khanum Memorial Trust, Peshawar		1,000	-
			17,561	9,575

Notes to the Financial Statements

For the year ended December 31, 2024



	2024	2023
	----- Rupees in '000 -----	
6 Islamic banking business unappropriated profit		
Opening balance	7,457,308	5,633,781
Impact of adoption of IFRS 9	(610,932)	-
Balance as at January 1, 2024	6,846,376	5,633,781
Add: Islamic banking profit for the year	5,472,279	4,469,430
Less: Taxation	(2,955,032)	(2,190,021)
Less: Transferred to head office	(2,127,427)	(455,882)
Closing balance	7,236,196	7,457,308
7 Contingencies and commitments		
- Guarantees	9,248,623	11,905,753
- Commitments	2,669,203	4,598,814
	11,917,826	16,504,567
8 Profit / return earned on financing, investments and placements		
Profit earned on:		
Financing	5,130,107	7,443,435
Investments	11,358,434	7,830,600
Placements	1,084,581	586,481
	17,573,122	15,860,516
9 Profit on deposits and other dues expensed		
Deposits and other accounts	7,463,250	6,963,290
Due to Financial Institutions	340,839	360,866
Unwinding of discount - IFRS 16	154,672	48,817
	7,958,761	7,372,973

10 Pool management

Islamic Banking Group of the Bank is operating following pools / sub-pools:

General pool

Sub-pools

- i. Riba Free Special Deposit Pool - 1
- ii. Riba Free Special Deposit Pool - 2
- iii. Riba Free Special Deposit Pool - Corporate - 1
- iv. Riba Free Special Deposit Pool - Corporate - 2
- v. Riba Free Special Deposit Pool - Corporate - 3
- vi. Riba Free Special Deposit Pool - Corporate - 4
- vii. Riba Free Special Deposit Pool - Corporate - 5
- viii. Riba Free Special Deposit Pool - Corporate - 6

- ix. Riba Free Special Deposit Pool - Corporate - 7
- x. Riba Free Special Deposit Pool - Mutual fund / FI
- xi. Riba Free Special Deposit Pool 2 - Mutual fund / FI
- xii. RFSD - Daily Product - 1 Pool
- xiii. RFSD - Daily Product - 2 Pool
- xiv. RFSD - Daily Product - 3 Pool
- xv. RFSD - Daily Product - 4 Pool
- xvi. RFSD - Daily Product - 5 Pool
- xvii. RFSD - Daily Product - 6 Pool
- xviii. Khyber Islamic Investment Certificates - 1
- xix. Khyber Islamic Investment Certificates - 2
- xx. Raast Financial Institutions Pool - 1
- xxi. Raast Financial Institutions Pool - 2
- xxii. RFSD - Itminan Mahana Certificate - pool
- xxiii. Riba free special deposit pool - Islamic export refinance security (IERS)
- xxiv. Riba free special deposit pool - Profit Equalization Reserves (PER)
- xxv. Riba free special deposit pool - Investment Risk Reserves (IRR)
- xxvi. General Pool (FCY)

Features of general pool

In this pool all types of deposits were accepted on Musharakah basis till November 30, 2024, however, with effect from December 1, 2024, the Bank converted its pool management and profit and loss distribution mechanism to Mudarabah and is accepting deposits against all types of assets and income earned from these assets. Certificates can also be issued for a fixed period.

Deposits received in this Pool are invested in Islamic assets like Murabaha, Ijarah, Diminishing Musharakah, Running Musharakah, Istisna, Islamic Sukuks and any other Shariah Compliant Investment which are duly approved by the Shariah Advisor. Deposits are accepted through all BOK Islamic branches.

Features of special pools

In special pools, deposits were accepted on Musharakah basis till November 30, 2024 and on Mudarabah basis from December 1, 2024 onwards against specific assets and are offered expected profit rates. Certificates can also be issued for a fixed period.

Deposits received in this pool are invested in Islamic assets like Ijarah, Diminishing Musharakah, Running Musharakah, Islamic Sukuks and any other Shariah Compliant investment which are duly approved by the Shariah Advisor. Deposits are accepted through all Islamic branches of the Bank.

These deposits are tagged with specific assets and deposits are accepted only when there is some opportunity of investment. These deposits require approval before acceptance.

Key features

- Minimum investment is prescribed by the Bank for each special pool.
- Profit payment on monthly basis.
- Profit calculated on daily average balance for the month.
- Investment as deposit and certificate for 1 month, 3 months and 6 months etc.
- Pre-mature termination is allowed without any adjustment if sharing ratios and / or weightages are changed for coming months.

Risks of the special pools

In Musharakah, all special pools were created as sub pools of the general pool. All administrative expenses of the pools were borne by the general pool as equity contributor. However, depositors borne the risk of all direct losses and expenses of the pools. All residual income of the pools were transferred to the general pool being equity holders. However, in Mudarabah, all special pools are created as separate entities wherein depositors bear the risk of all direct losses and expenses of the pool. All indirect expenses of the pools are borne by the Bank as Mudarib.

Profit sharing and weightages for distribution of profit

Assignment of weightage for profit distribution to different types of profit bearing sources of funds is as follows:

While considering weightages emphasis shall be given to the quantum, type and the period of risk assessed by following factors:

- i. Period of investment (number of months, years)
- ii. Profit payment option (monthly, quarterly, yearly maturity)
- iii. Purpose of deposit (Hajj, Umrah etc.)
- iv. Type of customer (pensioners, widows, corporate, individual)

Weightages are declared five days before start of each month.

As per policy of the Bank, no gift (Hiba) is given in favour of any particular customer or a particular class or category of customers / investors. However, the Bank reduced its own share of the Bank's additional profit which is less than 60% of the Bank's additional profit ratio. Out of distributable income, an amount of Rs. 4,792.622 million (39.99%) has been charged as additional profit (Mudarabah fee). The total Hiba amount of Rs. 185.107 million (3.86%) is distributed during the year.

Brief highlights of profit earned and distributed to depositors and retained by IBG are as under:

	2024	2023
	----- Rupees in '000 -----	
Gross profit earned	14,077,304	16,380,924
Administrative expenses	4,365,698	4,164,764
Distributable share	7,246,853	12,216,160
Profit paid to IAH / PLS depositors	3,654,441	7,372,973

Charging expenses

In Musharakah, all types of administrative expenses were shared with the depositors. However, equity holders had the option to absorb all or part of administrative expenses. While in Mudarabah, all type of indirect expenses are being borne by Mudarib.

All credit loss allowance / provisions created against non-performing financing and diminution in the value of investment as under IFRS 9, prudential regulations and other SBP directives have not been passed on to the PLS deposits as expense. However, income reversals due to classification of assets and losses due to actual write-off of any facility have been considered expenses of the pool.

Profit Equalization Reserve of Rs. 113.44 million (2023: Rs. 65.92 million) is not available for the distribution of cash and stock dividend to the shareholders.

Notes to the Financial Statements

For the year ended December 31, 2024



Classification of assets, revenues, expenses, gain and loss on the basis of sources of finance

All earning assets of Islamic banking group are jointly financed by unrestricted investments / PLS deposits account holders and the Bank. Detail of jointly financed earning assets is:

	Rupees in '000	
	2024	2023
Financings	570,577	535,600
Agri business		2,651,694
Chemical and pharmaceuticals	2,463,762	3,075,503
Cement	3,035,956	5,423,568
Textile	7,234,957	7,298
Automobile and transportation equipment	9,987	25,002
Petro chemical	2,984	1,152,668
Housing	1,116,992	140,000
Manufacturing of match	140,000	2,455,532
Miscellaneous manufacturing	2,582,761	785,344
Personal	883,969	407,155
Construction	304,798	774,513
Tradings	1,119,694	-
Communication	35,000	1,208,713
Services	899,939	290,765
Auto loans	294,871	464,286
Metal products	335,840	14,999,910
Commodity finance	500,000	15,825
CNG station / gas	31,440	108,872
Consumer finance	351,752	10,475
Others	8,313	-
Impact of fair valuation of Islamic financing and related assets	(495,531)	-
	21,428,061	34,532,723
Investments		
GOP Ijarah Sukuk	5,024,765	50,817,608
Power / electric / gas	82,010,983	3,620,808
	87,035,748	54,438,416
	108,463,809	88,971,139

Details regarding pools managed by the Bank

Remunerative depositors pools	Profit rate and announcement period	Profit rate return earned %	Profit sharing ratios		Mudarib share Rupees in '000	Profit rate return distributed to remunerative deposits (saving and fixed)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba Rupees in '000
			Mudarib share	Rab-ul-maal share				
General Pool								
PKR Pool	Monthly	19.04%	50%	50%	5,786,292	9.91%	0.55%	21,156.02
USD Pool	Monthly	3.71%	99%	1%	1,776	1.19%	25.18%	0.05
Special Pools								
Saving & TDRs	Monthly	20.52%	41.34%	58.66%	2,471,201	15.85%	3.24%	154,621.00
IERS Pool	Monthly	18.97%	Bank 61.03%	SBP 38.97%	268,428	Nil	30.10%	9,330.19

Notes to the Financial Statements

For the year ended December 31, 2024



Annexure - III

	2024		2023	
	Cost	Market value	Cost	Market value
Quality of FVOCI / AFS securities - Ordinary shares				
Listed companies				
	----- Rupees in '000 -----			
Cable and electrical goods	-	-	22,312	18,064
Chemical	6	410	6	119
Engineering	2,398	1,242	2,398	806
Investment banks / investment companies	162,185	64,309	162,185	51,088
Leather and tanneries	-	80	-	106
Oil and gas marketing companies	-	-	40,276	29,157
Paper and board	-	297	-	297
Refineries	61,475	39,251	61,474	24,599
Transport	23,493	18,291	23,494	13,007
Textile composite	15	353	14	194
Textile spinning	23	376	23	376
Vanaspatti and allied industries	-	31	-	31
Total	249,595	124,640	312,182	137,844
Un-listed companies				
	----- Rupees in '000 -----			
	2024		2023	
	Cost	Breakup value	Cost	Breakup value
Dawood Family Takaful	112,500	89,290	112,500	81,651
Trust Investment Bank	75,000	-	75,000	-
Saudi Pak Leasing - Preference Shares	195,000	-	195,000	-
Mohib Textile Mills Limited	25,000	-	25,000	-
Mohib Exports Limited	487	-	487	-
Asian Housing Finance Limited	5,000	-	5,000	-
Caravan East Fabric Limited	9,487	-	9,487	-
Business & Industrial Insurance	5,000	-	5,000	-
Hafiz Textile Mills	5	5	5	5
Syed Match Company Limited	7	7	7	7
Total	427,486	89,302	427,486	81,663

List of Branches



Sr.No	Branch ID	Type of office	Nature of Branch	City	Province	Address
1	0001	Branch	Conventional	Peshawar	KPK	Shop No. 1 to 6 (Ground Floor) and Office No. 1 to 3 (First Floor), Olympic Plaza, Qayyum Stadium, Bara Road, Peshawar Cantt.
2	0002	Branch	Conventional	Peshawar	KPK	Shop No.1, Ground Floor, Al Sayed Plaza, University Road, Peshawar.
3	0003	Branch	Conventional	Kohat	KPK	Cantonment Plaza Bannu Road, Kohat.
4	0003	Sub-Branch	Conventional	Kohat	KPK	Kohat University of Science & Technology, Bannu Road, Kohat, Tehsil & District Kohat
5	0004	Branch	Conventional	D I Khan	KPK	Circular Road, D.I.Khan.
6	0004	Sub-Branch	Conventional	D I Khan	KPK	MTI, DHQ Teaching Hospital, D.I. Khan, Tehsil & District D.I. Khan.
7	0007	Branch	Conventional	Mardan	KPK	Chamber House, Aiwan-e-Sanat- o- Tijarat, Collage Chowk.
8	0007	Booth	Conventional	Mardan	KPK	Women University, Canal Road , Mardan .
9	0010	Branch	Conventional	Peshawar	KPK	Ground Floor, Afandi Tower, Bilal Town, G.T. Road, Peshawar.
10	0011	Branch	Conventional	Chitral	KPK	Bypass Road Ataliq Bazaar, Chitral.
11	0012	Branch	Conventional	Mingora	KPK	Upper Ground floor, Emerald Trade Center, Makan Bagh, Saidu Sharif Road Mingora Swat.
12	0012	Sub-Branch	Conventional	Mingora	KPK	Saidu Medical College, Saidu Sharif, Swat.
13	0013	Branch	Conventional	Peshawar	KPK	Shop No.9,10 & 11, at Super Market, Adjacent State Bank of Pakistan Peshawar, Saddar Road, Peshawar .
14	0014	Branch	Conventional	Hattar	KPK	.Industrial Estate Hattar, Haripur
15	0014	Sub-Branch	Conventional	Hattar	KPK	Pak Austria Fachhochschule Institute of Applied Sciences & Technology, Mang, Haripur.
16	0015	Branch	Conventional	Peshawar	KPK	Civil Secretariat , Peshawar.
17	0016	Branch	Conventional	Peshawar	KPK	Shop No, 1,2 & 3, Saadat Market, Suikarno Square, Khyber Bazar, Peshawar.
18	0019	Branch	Conventional	Haripur	KPK	Shahrah-e-Hazara, Haripur.
19	0019	Booth	Conventional	Haripur	KPK	University of Haripur, off Hattar Road, Haripur.
20	0022	Branch	Conventional	Islamabad	Federal Capital	38-Zahoor Plaza, Blue Area, Islamabad. .
21	0023	Branch	Conventional	Lahore	Punjab	Ali Trade Centre, Property No.99&100-A, Block B/1 M.M. Alam Road, Lahore ,Gulberg-III, Lahore. .
22	0024	Branch	Conventional	Karachi	Sindh	Ebrahim Alibhai Tower, Shop No.02, Plot No.03, Block-7/8 Modern Cooperative Housing Society (MCHS), Shahrah-e-Faisal, Karachi .
23	0025	Branch	Conventional	Peshawar	KPK	New Rampura Gate, Ashraf Road, Peshawar.
24	0027	Branch	Conventional	Muzaffarabad	AJK	Khasra # 214 Near Government: Girls high School, Sain Sahaili Sarkar Secretariat Road Jalalabad, Muzaffarabad AJK.
25	0030	Branch	Conventional	Rawalpindi	Punjab	B-212, Satellite Town 4th Road, TMA Rawal Town Rawalpindi.
26	0031	Branch	Conventional	Lahore	Punjab	Property#891,Block -R-1, M.A. Johar Town, Lahore.
27	0032	Branch	Conventional	Sialkot	Punjab	Industrial Area, Shahabpura, Ugoki Road, Near Masjid Mohajirin, Sialkot.
28	0033	Branch	Conventional	Multan	Punjab	Lower Ground, Khan Centre, Main Market, Abdali Road Multan Cantt.
29	0034	Branch	Conventional	Karachi	Sindh	Block-1, Clifton, Shireen Jinnah Colony Karachi.
30	0035	Branch	Conventional	Mirpur	AJK	Plot No.3, Sector B/3, Allama Iqbal Road, Mirpur, Azad Jammu Kashmir.
31	0036	Branch	Conventional	Karachi	Sindh	Room No.204-205, 2nd Floor, New Pakistan Stock Exchange Building, Pakistan Stock Exchange Road, Karachi.
32	0037	Branch	Conventional	Gujrat	Punjab	Property No.1157/527,Ground Floor, Empire Centre, G.T. Road Gujrat.
33	0038	Branch	Conventional	Faisalabad	Punjab	Plot No.245-C,Ground & 1st Floor, Madina Town, Sosaan Road, Faisalabad.
34	0039	Branch	Conventional	Gujranwala	Punjab	Property No.BXII-7S-157, Bank Square, Main G. T. Road Gujranwala.
35	0040	Branch	Conventional	Havelian	KPK	Property # 4242, Bank Square Havelian.
36	0040	Booth	Conventional	Havelian	KPK	Abbotabad University of Science & Technology, Banda Sahib Khan Road, Havelian.
37	0041	Branch	Conventional	Sargodha	Punjab	63/5/2/1 VIP Complex, Niazi Square, Club Road, Sargodha.
38	0043	Branch	Conventional	Abbottabad	KPK	934-A, Mansehra Road, Abbottabad.
39	0044	Branch	Conventional	Chiniot	Punjab	Faisalabad Road, Near Tehsil Chowk, Chiniot.
40	0045	Branch	Conventional	Sahiwal	Punjab	272/B-2 High Street, Sahiwal.
41	0046	Branch	Conventional	Karachi	Sindh	Shop No.7,8 & 9 Plot # G-10, Garnet Centre, Block-8, Main Road, KDA Scheme # 5, Clifton Cantonment, Karachi.
42	0047	Branch	Conventional	Hyderabad	Sindh	Shop No. 8 & 9, Mehdi Heights, Prince Town Housing Scheme Phase II, Qasimabad, Hyderabad.
43	0048	Branch	Conventional	Peshawar	KPK	Peshawar High Court Branch, Khyber Road, Peshawar .
44	0048	Sub-Branch	Conventional	Peshawar	KPK	KPK Provincial Assembly Building, Khyber Road, Peshawar.
45	0049	Branch	Conventional	Karak	KPK	Khasra No. 1327/1364, Mian Muqadess Gul Market, Main Bazar, Karak.
46	0049	Sub-Branch	Conventional	Karak	KPK	Khushal Khan Khattak University, Opposite Tableeghi Markaz, Karak.

List of Branches



Sr.No	Branch ID	Type of office	Nature of Branch	City	Province	Address
47	0050	Branch	Conventional	Bahawalpur	Punjab	Plot No.4, Khata No. 411/411, Khatooni No. 539, Sodagar Colony Block A Model Town B Bahawalpur.
48	0051	Branch	Conventional	Rahim Yar Khan	Punjab	Plot No.15, Opposite Town Hall, Model Town, Rahim Yar Khan.
49	0052	Branch	Conventional	Lahore	Punjab	Plot No.178, Block-Y, DHA, Lahore Cantt.
50	0053	Branch	Conventional	Gilgit	GB	Shop No.1 to 6, ZS Plaza, Opposite Radio Pakistan, Shahrah-e-Quaid-e-Azam, Jutial Cantt. Gilgit.
51	0054	Branch	Conventional	Quetta	Baluchistan	Shahra-e-Iqbal (Khasra no.205), Gandhari Bazar, Quetta.
52	0055	Branch	Conventional	Islamabad	Federal Capital	Plot No. 6D Akbar Plaza, Block –D, Main Double Road PWD Employees Co-Operative Housing Society Islamabad.
53	0056	Branch	Conventional	D. G Khan	Punjab	Plot No.5, Dawood Plaza, Railway Road, Dera Ghazi Khan .
54	0057	Branch	Conventional	Lahore	Punjab	Plot No.811, Block C, Faysal Town, Lahore.
55	0059	Branch	Conventional	Sadiqabad	Punjab	Shop No.10, Masood Plaza, Bank Road, Sadiqabad.
56	0060	Branch	Conventional	Khanewal	Punjab	Property No.32, Paracha Hospital, Adjacent JS Bank, College Road, Khanewal.
57	0061	Branch	Conventional	Mian Channu	Punjab	Property No.17/24, Shadab Market, G.T. Road, Mian Channu, District Khanewal.
58	0062	Branch	Conventional	Gujar Khan	Punjab	Shop No.6-8, Ward No.5, Near Ali Hospital, Main G.T. Road, Gujar Khan.
59	0063	Branch	Conventional	Karachi	Sindh	C-89-D,12th Commercial Street, Phase 2-Ext, D.H.A. (Khyaban-e-Jami), Karachi.
60	0065	Branch	Conventional	Attock	Punjab	Property No.B-V-99, Committee No.E-3, Railway Park Chowk, Attock City.
61	0066	Branch	Conventional	Peshawar	KPK	Khasra No.6184/2893, Shop No.1, Sabir Business Center, Warsak Road, Peshawar.
62	0067	Branch	Conventional	Karachi	Sindh	Shop No.4&5, Sumya Tower Plot No 15/3, Block 3, BMCH, Main Jamal Ud Din Afghani Road (Sharfabad) Karachi.
63	0068	Branch	Conventional	Peshawar	KPK	Opposite Auqaf Plaza (E&T Office Peshawar), Shami Road Peshawar Cantt.
64	0069	Branch	Conventional	Lahore	Punjab	Plot No.119, Auto Market, Badami Bagh, Lahore .
65	0070	Branch	Conventional	Jhang	Punjab	Khata No. 710, Yousaf Shah Building, Ground Floor, Kachary Road , Jhang.
66	0071	Branch	Conventional	Daska	Punjab	Property No.8.9.90, Ground & 1st Floor, Bank Road, Daska, Sialkot.
67	0072	Branch	Conventional	Karachi	Sindh	Mandwivala Building, Shop No. 1, Survey No. 14, Sheet No. SR 6, Shahrah-e-Liaquat, Serai Quarters, Karachi.
68	0073	Branch	Conventional	Peshawar	KPK	Nawaz Plaza, Taxation No. 4988 to 5008, Ground Floor, Dalazak Road, Peshawar.
69	0074	Branch	Conventional	Peshawar	KPK	Khasra No. 1615/832, Adjacent Khayali CNG Station, Shero Jhangi, Charsadda Road, Peshawar.
70	0075	Branch	Conventional	Bannu	KPK	University Plaza, D.I.Khan Road, Bannu.
71	0075	Sub-Branch	Conventional	Bannu	KPK	University of Science & Technology, Main Campus, Township Bannu, Bannu.
72	0076	Branch	Conventional	Parachinar	KPK / FATA	Shop No. 1 to 5 Ground Floor, Haji Safdar Market, School Road, Parachinar.
73	0077	Branch	Conventional	Yar Hussain	KPK	Akbar Building, intiqal No. 3422, Main Bazar, Yar Hussain, Swabi.
74	0078	Branch	Conventional	Umarzai	KPK	Khasra No. 4011/3485 & 4012/3486, Major Saeed Khan Market, Main Bazar, Umarzai.
75	0079	Branch	Conventional	Sheikh Maltoon	KPK	Shop No. 25,26,27,28,29 & 31, Commercial Plaza Sector-E, Sheikh Maltoon Town, Mardan.
76	0079	Sub-Branch	Conventional	Sheikh Maltoon	KPK	Abdul Wali Khan University, Garden Campus, Mardan.
77	0080	Branch	Conventional	Shergarh	KPK	Groud floor, Asghar Khan Market, Main Bazar, Shergarh, Mardan.
78	0081	Branch	Conventional	Katlang	KPK	Inteqal No. 5038, Imam Shah Market, Main Bazar, Tehsil Katlang, District Mardan.
79	0082	Branch	Conventional	Sherkot	KPK	Khasra No. 315, Mujahid & Brothers Market, Sherkot Tehsil & District Kohat.
80	0083	Branch	Conventional	Peshawar	KPK	Ground Floor, Plot No. 28, Sector B-1, Phase-V, Hayatabad, Peshawar .
81	0083	Sub-Branch	Conventional	Peshawar	KPK	Plot No.7-9, Sector A-3,Phase-5, North West Hospital, Hayatabad, Peshawar.
82	0083	Sub-Branch	Conventional	Peshawar	KPK	Peshawar Institute of Cardiology, Phase-V, Hayatabad, Peshawar.
83	0083	Sub-Branch	Conventional	Peshawar	KPK	Khyber Medical University, Phase-V, Hayatabad Peshawar.
84	0083	Sub-Branch	Conventional	Peshawar	KPK	Khyber Institute of Child Health & Bashir Bilour Memorial Children Hospital Near Passport Office, Phase-V, Hayatabad, Peshawar.
85	0083	Booth	Conventional	Peshawar	KPK	Khyber Girls Medical College, Phase-V, Hayatabad, Peshawar.
86	0084	Branch	Conventional	Peshawar	KPK	Khasra No. 156 & 157, Honey Market, Hidayatabad Chamkani, Peshawar.
87	0085	Branch	Conventional	Tordher	KPK	Khasra No.1751, Main Swabi Jehangira Road Matani Changan Tordher, Swabi.
88	0086	Branch	Conventional	Darosh	KPK	Main Darosh Bazaar, Zero Point Chitral.
89	0087	Branch	Conventional	Sheikh Yousuf Adda	KPK	Khasra No.1007/529, Sheikh Yousaf Adda, Opposite Punjab Collage, Bannu Road, D.I.Khan.
90	0088	Branch	Conventional	Sardheri	KPK	Maroof Khel, Sardheri Bazar Tehsil & District Charsadda.

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Sr.No	Branch ID	Type of office	Nature of Branch	City	Province	Address
91	0088	Sub-Branch	Conventional	Sardheri	KPK	Judicial Complex Sardheri, Malkan Dher Khula Dher, Charsadda.
92	0088	Sub-Branch	Conventional	Sardheri	KPK	Bacha Khan University, Sardheri Charsadda.
93	0089	Branch	Conventional	Lundkhwar	KPK	Ramora Lundkhwar, Tehsil Takht Bhai, District Mardan.
94	0091	Branch	Conventional	Sadda	KPK / FATA	Bangash Market Main Bazar Sadda, Tehsil Lower Kurram, District Kurram Agency.
95	0092	Branch	Conventional	Peshawar	KPK	Khasra no. 2387/2130, Mouza Landi yarghajo, Opposite Govt. Technical college, adjacent to Taj Automobiles total parco petrol pump Kohat road Peshawar.
96	0093	Branch	Conventional	Kuza Bandai	KPK	Shop No.1-6, Hamas Khan Market, Matta Road, Kuza Bandai, Tehsil Kabal, District Swat.
97	0096	Branch	Conventional	Peshawar	KPK	Police Employees Co-Housing Society, Nasir Bagh, Peshawar.
98	0096	Sub-Branch	Conventional	Peshawar	KPK	Regi Model Town, Site, Zone-IV, Peshawar.
99	0097	Branch	Conventional	Haripur	KPK	Judicial Complex, District Courts, GT Road, Opposite Post Graduate College for Boys, Haripur.
100	0099	Branch	Conventional	Angoor Adda	KPK / FATA	Main Bazar Angoor Adda, Tehsil Birmil, District South Waziristan.
101	0302	Branch	Conventional	DI Khan	KPK	Gomal University, Indus Highway, DI Khan City, Dera Ismail Khan.
102	0303	Branch	Conventional	Kohat	KPK	Khasra No. 2518, Khata No. 1153, Mutation No. 5027 at Gate No. 2, Kohat Development Authority, Peshawar Road, kohat.
103	0303	Sub-Branch	Conventional	Kohat	KPK	Khyber Medical University Institute of Medical Sciences, DHQ Teaching Hospital, Kohat Development Authority, Kohat.
104	0304	Branch	Conventional	Islamabad	Federal Capital	Plot 13-A, Amir Center F-7 Markaz, Islamabad.
105	0305	Branch	Conventional	Mingora	KPK	Khasra No 549, Khata No. 60, Airport Road, Mingora Swat.
106	0306	Branch	Conventional	Nowshera	KPK	Property No. 1101/I-68 & 1126/I-26,, Taj Building, Sher Shah Road Nowshera.
107	0307	Branch	Conventional	Peshawar	KPK	Amber Building, Pir Abdullah Shah Market, Gur Mandi, Dalazak Road Peshawar.
108	0308	Branch	Conventional	Swabi	KPK	Khasra No 3462, Taraqae Plaza, Mouza Maneri Payan Swabi, Tehsil and District Swabi.
109	0308	Sub-Branch	Conventional	Swabi	KPK	Judicial Complex Shah Mansoor, Jehangira Road, Swabi, Tehsil & District Swabi.
110	0308	Sub-Branch	Conventional	Swabi	KPK	University of Swabi, Peshawar Motorway, District Swabi, KPK.
111	0309	Branch	Conventional	Islamabad	Federal Capital	Property No.2-E, I/9 Markaz Islamabad.
112	0310	Branch	Conventional	Peshawar	KPK	Aman Medical Center Dabgari Peshawar.
113	0311	Branch	Conventional	Karak	KPK	Khasra No.7041/789, 7047/792, 7048/792, Allahdad Khel, Hamidan Chowk, Takht-E- Nasrati Karak.
114	0311	Sub-Branch	Conventional	Lakki Marwat	KPK	University of Lakki Marwat, Tehsil & District Lakki Marwat.
115	0312	Branch	Conventional	Timergara	KPK	Shaheed Chowk, Bypass Road Mingora, Timergara District Lower Dir.
116	0313	Branch	Conventional	Burewala	Punjab	Plot No. 207/208/209, Property No. P-39/SH+CH & P-39/SH+CH & P-39/A/ Off A Block Vehari Bazaar Burrewala.
117	0314	Branch	Conventional	Chichawatni	Punjab	Plot No 151, Khawat No 244, GT Road Chichawatni.
118	0315	Branch	Conventional	Lahore	Punjab	F 1619/B, Bismillah Block, Azam Cloth Market, Lahore.
119	0316	Branch	Conventional	Thana	KPK	Qitta Arazi No. 2, Near Police Post Main Bazar Thana, District Malakand.
120	0317	Branch	Conventional	Peshawar	KPK	University of Peshawar, Jamrud Road, Peshawar.
121	0317	Sub-Branch	Conventional	Peshawar	KPK	Islamia College University, Jamrud Road, Peshawar, Tehsil & District Peshawar.
122	0318	Branch	Conventional	Charsadda	KPK	Khasra No. 979, Khata No. 358/810, Opposite Mardan Adda, Main Bazar Charsadda, Tehsil & District Charsadda.
123	0318	Sub-Branch	Conventional	Ekka Ghund	KPK	TMA, Near Assistant Commissioner Office, Ekka Ghund, Tehsil Ekka Ghund Lower Mohmand, District Mohmand.
124	0319	Branch	Conventional	Basham	KPK	Mouza Batyal, Hadbast No. 19, Main Bazaar Besham, District Shangla.
125	0320	Branch	Conventional	Risalpur	KPK	Khyber Pakhtunkhwa Economic Zone Development & Management Company (KPEZDMC) Estate Office, Bara Banda, Risalpur, Tehsil & District Nowshera.
126	0321	Branch	Conventional	Quetta	Baluchistan	Khasra No. 1765/529, Adjacent Suzuki Showroom, Double Road Quetta, Tehsil & District Quetta.
127	0322	Branch	Conventional	Peshawar	KPK	Javed Alam Khanzada Market, Block III, Sector I-8, Phase VI Hayatabad, Tehsil & District Peshawar.
128	0323	Branch	Conventional	Islamabad	Federal Capital	Awami Trade Center, G-9, Islamabad, Tehsil & District Islamabad.

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Sr.No	Branch ID	Type of office	Nature of Branch	City	Province	Address
129	0324	Branch	Conventional	Islamabad	Federal Capital	I-8 Markaz Islamabad, Tehsil & District Islamabad.
130	0325	Branch	Conventional	Peshawar	KPK	PIA Building, Peshawar Cantt, Tehsil & District Peshawar.
131	0326	Branch	Conventional	Islamabad	Federal Capital	Ali Plaza, Plot # 1, Block D, Top City, Islamabad, Tehsil & District Islamabad.
132	0327	Branch	Conventional	Lahore	Punjab	Plot#56/14, Karim Block, Allama Iqbal Town, Lahore, Tehsil & District Lahore.
133	0328	Branch	Conventional	Lahore	Punjab	109 MB, DHA Phase-VI, Lahore, Tehsil & District Lahore.
134	0329	Branch	Conventional	Lahore	Punjab	Showroom No. 12, C Block, Bank Square Market, Model Town, Lahore, Tehsil & District Lahore.
135	0330	Branch	Conventional	Islamabad	Federal Capital	Plot No. 9, Mustafa Mansion, E-11/3 Markaz, Islamabad, Tehsil & District Islamabad.
136	0331	Branch	Conventional	Islamabad	Federal Capital	B-44 M, Sector F, DHA Phase-1, Islamabad, Tehsil & District Islamabad.
137	0332	Branch	Conventional	Kohat	KPK	Main Bazar, Shakardara, Tehsil & District Kohat.
138	5101	Branch	Islamic	Peshawar	KPK	Plot no.134-135-136, Near Frontier CNG, Industrial Estate Hayatabad.
139	5102	Branch	Islamic	Quetta	Baluchistan	Jinnah Road, Quetta.
140	5103	Branch	Islamic	Bannu	KPK	Gowshala road Bannu.
141	5104	Branch	Islamic	Nowshera	KPK	Saad Plaza, Saddar Bazar, Nowshera.
142	5105	Branch	Islamic	Timergara	KPK	Shaheed Plaza, Ground Floor, Alamzeb Shaheed Chowk, Timergara.
143	5106	Branch	Islamic	Tank	KPK	Gillani Market, Main Bazar Opposite DHQ Hospital, Tank.
144	5107	Branch	Islamic	Hangu	KPK	Opposite DCO Office, Main Bazar, Kohat Road, Hangu.
145	5108	Branch	Islamic	Batkheela	KPK	Main Bazar Batkhela.
146	5109	Branch	Islamic	Karachi	Sindh	B-78 Allied Plaza Estate Avenue Karachi.
147	5110	Branch	Islamic	Karachi	Sindh	Plot no.ST-6/4, sector 24, Korangi Industrial Area, Chamrra Chowrangi, Karachi.
148	5111	Branch	Islamic	Charsadda	KPK	Main Bazar, Mardan Road, Charsadda .
149	5113	Branch	Islamic	Abbottabad	KPK	Jinnah Road, Abbottabad.
150	5114	Branch	Islamic	Lahore	Punjab	28-A, Ali Block New Garden Town Lahore.
151	5115	Branch	Islamic	Rawalpindi	Punjab	369-18, Zaman Centre Bank Road Rawalpindi.
152	5116	Branch	Islamic	Faisalabad	Punjab	Opposite M.C College Kotwali Road Faisalabad.
153	5117	Branch	Islamic	Mansehra	KPK	Opposite GTS Stand, Abbottabad Road, Mansehra City, Mansehra.
154	5118	Branch	Islamic	Swabi	KPK	Jamil Khan Market Mardan Road, Swabi.
155	5119	Branch	Islamic	Peshawar	KPK	Tariq Sultan Building Hospital Road, Peshawar.
156	5121	Branch	Islamic	Peshawar	KPK	Khyber Teaching Hospital, University Road, Peshawar.
157	5122	Branch	Islamic	Mansehra	KPK	Main Shakra-e-Resham, Pakwal Chowk, Mansehra.
158	5123	Branch	Islamic	Karachi	Sindh	Khyber Chowk, Metroville-1, Site, Karachi.
159	5124	Branch	Islamic	Lahore	Punjab	Shop #E/36, Alamgir Market, Inside Shah Alam Gate, Lahore.
160	5125	Branch	Islamic	Jamrud	KPK / FATA	Main Bazaar, (Next to Caltex Petrol Station), Jamrud, Khyber Agency.
161	5126	Branch	Islamic	Upper Dir	KPK	Shop No. 1 to 6 Shafi Plaza, Saleem Market Main Bazar Upper Dir.
162	5127	Branch	Islamic	Sarai Naurang	KPK	Khasra No. 438, (Sahibzada Kabir Plaza), G.T. Road, Sarai Naurang, Lakki Marwat.
163	5128	Branch	Islamic	Peshawar	KPK	Shop No.2, Saif Shopping Mall Phase III, Hayatabad Chowk Main Jamrud Peshawar.
164	5129	Branch	Islamic	D I Khan	KPK	Tank Adda, D.I.Khan.
165	5130	Branch	Islamic	Thall	KPK	Malik Abdul Gayum Plaza, Main Chowk Thall, Tehsil Thall District Hangu KPK.
166	5131	Branch	Islamic	Buner	KPK	Nisar Market, Pir Baba Road, Swari Buner.
167	5132	Branch	Islamic	Mingora	KPK	Shop No.1, Bank Square, Main Bazar, Mingora, Swat.
168	5133	Branch	Islamic	Islamabad	Federal Capital	Ground and First Floor, Plot Number 7-O S-38, Butt Plaza F-10 Markaz Islamabad.
169	5134	Branch	Islamic	Battagram	KPK	Momin Khan Plaza, Opposite Al Bukhari Institute Shakra-e-Resham, Battagram.
170	5135	Branch	Islamic	Topi	KPK	Sher Khan Market, Main Bazar, Tarbela Road, Topi, Distt Swabi.
171	5136	Branch	Islamic	Dargai	KPK	Main Bazar, Dargai.
172	5137	Branch	Islamic	Chitral	KPK	Dewan Market Kruprisht Bazar, District Lower Chitral.
173	5138	Branch	Islamic	Kohat	KPK	Kacheri Chowk Kohat.
174	5139	Branch	Islamic	Mardan	KPK	Shop # 4 to 8 Lower Ground and Ground Floor, Mardan City Center Plaza, Qazi Bashir Road, Mardan Cantt.
175	5140	Branch	Islamic	Okara	Punjab	Ist Floor, Iftikhar Children Hospital M.A. Jinnah Road Okara.

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Sr.No	Branch ID	Type of office	Nature of Branch	City	Province	Address
176	5141	Branch	Islamic	Miran Shah	KPK / FATA	Said Muhammad Market Main Bannu Road Miranshah, District North Waziristan.
177	5142	Branch	Islamic	Multan	Punjab	Plot No. 12-B & 13-B, Haq Nawaz Plaza, Main Gate Shah Shams Colony, Vehari Road, Multan.
178	5143	Branch	Islamic	Khwaza Khela	KPK	Irfan Plaza, Main Bazar, Khwaza Khela, Swat.
179	5144	Branch	Islamic	Kamabar	KPK	City Market, Main Road, Kambur, Lower Dir, Kambur.
180	5145	Branch	Islamic	Shabqadar	KPK	kharsa No. 4244/159-162, Opposite shabaqadar Fort Gate, Shabqadar.
181	5146	Branch	Islamic	Islamabad	Federal Capital	kharsa No. 781, Geo Madina Tower, Main G.T Road , Tarnol.
182	5147	Branch	Islamic	Saleh Khana	KPK	Kharsa No. 169 & 183, Main Bazar, Moza Saleh Khana Tehsil Pubbi, Nowshera.
183	5148	Branch	Islamic	Loralai	Baluchistan	Property No. 1061/A, 1061/B, 1061 & 1064 Zhob Road, Loralai Tehsil & District Loralai, Balochistan .
184	5149	Branch	Islamic	Chakdara	KPK	Shop No. 1 to 10, Zaman Market, Adjacent UBL & nbp, Main Bazaar, Chakdara, Lower Dir.
185	5150	Branch	Islamic	Takht Bhai	KPK	Kharsa No. 785, Shaukat Mansion,Ground & 1st floor, Opposite Takht Bhai Mega Mart,Takht Bhai, Mardan.
186	5151	Branch	Islamic	Jehangira	KPK	1st floor, Behram Khan center, G.T Road, Jehangira .
187	5152	Branch	Islamic	Wanna	KPK / FATA	South Waziristan Scouts Camp, Wana District South Waziristan.
188	5153	Branch	Islamic	Ghalani	KPK / FATA	Opposite Civil Colony Ghalanai , Mohmand Agency Tribal District.
189	5154	Branch	Islamic	Peshawar	KPK	Shaheen Tower City Circular Road Opposite Sarki Gate Peshawar.
190	5155	Branch	Islamic	Peshawar	KPK	Ground Floor, Arbab Market, Garhi Qamar din, near Mujaddad CNG station, North side Ring Road, Peshawar.
191	5156	Branch	Islamic	Peshawar	KPK	Plot No. 4-A & 4-B, Sameer Square, Anam Sanam Chowk, Gulbahar Road, Hussainabad.
192	5157	Branch	Islamic	Barikot	KPK	Khasra No.1333, Iqbal Khan Plaza, Pir Baba Road, Barikot Swat.
193	5158	Branch	Islamic	Tangi	KPK	Kharsa No. 1633, Malak Plaza, Shabqadar Road, Tangi Charsadda .
194	5159	Branch	Islamic	Pabbi	KPK	Anjum Market, G.T. Road, Pabbi, Nowshera.
195	5160	Branch	Islamic	Shangla	KPK	Khasra No 1283, 84 & 86, Munir Plaza, Adjacent MCB, Basement & Ground Floor, Besham Road, Alpuri Shangla.
196	5161	Branch	Islamic	Upper Dir	KPK	Ittehad plaza, Lower basement and Ground floor, Wari Bazaar, Dir chitral road, Upper Dir.
197	5162	Branch	Islamic	Nowshera	KPK	Kharsa No. 805, malak jameen market, Soorya khel, manki sharif, tehsil & Distt Nowshera.
198	5163	Branch	Islamic	Khar Bajur	KPK / FATA	abid city centre, Ground floor, Lt. Sajjad Khan Shaheed Bypass Road, Khar Bazaar, Bajaur Agency.
199	5164	Branch	Islamic	Mingora	KPK	Malak Tahir Market, Mouza Main Bazar, Matta, Mingora , District Swat KP.
200	5165	Branch	Islamic	Tor Ghar	KPK	District Headquarter Complex, Judba, Torghar, KPK.
201	5166	Branch	Islamic	Peshawar	KPK	Muhammad Arcade, Achini Payan, Ring Road near Hayatabad, Peshawar.
202	5167	Branch	Islamic	Torkham	KPK / FATA	Ground Floor, Masoom Building, Near PTDC & Tehsildar Office, Peshawar Torkham Road, Torkham.
203	5168	Branch	Islamic	Sheva Adda	KPK	Office No, 1 Ground Floor, Sardar Khan Malak Plaza, Mardan Swabi Road Sheva Adda, Swabi.
204	5169	Branch	Islamic	Lower Dir	KPK	Groud Floor, Habib Jan Market, Adjacent Tehsildar Office Munda, Munda Lower Dir.
205	5170	Branch	Islamic	Kabal	KPK	Khasra No. 2271 Ground Floor, Wahab Market, Mingora Road, Swat.
206	5171	Branch	Islamic	Kalaya	KPK / FATA	Head Quarter Kalay, Orakzai District.
207	5172	Branch	Islamic	Peshawar	KPK	Office No.1, Ground Floor, Khanis Plaza, The Mall Road, Peshawar Cantt.
208	5173	Branch	Islamic	Lakki Marwat	KPK	Shop No.1, Haji Jan Khan Market, Lakki City, Lakki Marwat.
209	5174	Branch	Islamic	Shangla	KPK	Khasra No.227, Aluch Bazar, Tehsil Puran, Distruct Shangla.
210	5175	Branch	Islamic	Dara Adam Khel	KPK	Ground Floor, Nawab Shah Plaza Dara Bazaar Mohammad Khel Zargahar Dara Adam Khel.
211	5176	Branch	Islamic	Sakhakot	KPK	Noor Market, Main Malakand Road, Sakhakot, District, Malakand.
212	5177	Branch	Islamic	Zhob	Baluchistan	Shop No. C84-85, Main Bazar, Thana Road Quetta, Zhob.
213	5178	Branch	Islamic	Peshawar	KPK	Haji Nazar Mohammad Building, Tehkal Payan, University Road, Peshawar.
214	5179	Branch	Islamic	Mardan	KPK	Sharif Khan Plaza, New Charsadda Chowk, Railway Phatak, Sugar Mill Bypass Road, Mardan.
215	5180	Branch	Islamic	Islamabad	Federal Capital	Malak Shafait Plaza, Mauza Mahal Kot, Hathial Main Murree Road, Bhara Kahu, Islamabad.
216	5181	Branch	Islamic	Charbagh	KPK	Saad Tower, Main Bazar Charbagh, Tehsil & District Swat.
217	5182	Branch	Islamic	Nowshera	KPK	Deed No. 142/1, Main Bazar Rashakai, Nowshera.

List of Branches

Sr.No	Branch ID	Type of office	Nature of Branch	City	Province	Address
218	5183	Branch	Islamic	Mardan	KPK	Main Bazar Rustam, Mardan.
219	5184	Branch	Islamic	Upper Dir	KPK	Al-Madina Market, Shahi Road, Main Bazar Barawal Bandi, Upper Dir.
220	5185	Branch	Islamic	Peshawar	KPK	Hayatabad Medical Complex Phase 4 Hayatabad Peshawar.
221	5186	Branch	Islamic	Bara	KPK / FATA	Main Bazar Adjacent to Bara Tehsil Bara.
222	5187	Branch	Islamic	Buner	KPK	Khatta No.26, Khasra NO.3378, Mouza Tatalai, Tehsil Khadu Khel District Buner.
223	5188	Branch	Islamic	Madyan	KPK	Khatta No. 227, Khatooni NO. 309, Khasra NO. 302, Fatehpur Hadbast NO. 48, Madayn Bazar Swat.
224	5189	Branch	Islamic	Dewana baba	KPK	Khasra NO.67, Dewana Baba Bazar, Kalyari Gagra, Dewana Baba Swari Buner.
225	5190	Branch	Islamic	Zaida	KPK	Khasra NO.2080-2084 & 2086 Khata NO.1599/2841, Salar Market Main Bazar Zaida, Swabi.
226	5191	Branch	Islamic	Peshawar	KPK	Khata No. 1168/3802 to 4083 Gittat 383, Mouza Matani Hadbast No. 268, Tehsil & District Peshawar.
227	5192	Branch	Islamic	Abbottabad	KPK	Aziz Ullah Plaza, Mandian Mansehra Road Abbottabad.
228	5193	Branch	Islamic	DOABA	KPK	Khasra NO. 1326, Bangash Filling Station, Main Road Doaba Distt Hangu.
229	5194	Branch	Islamic	Inayat Kalay	KPK / FATA	Ground Floor Ihsan Plaza, Bypass Road Inayat kalay, Khar Bajaur.
230	5195	Branch	Islamic	Islamabad	Federal Capital	Plot No. 9(A), 9(B), I-10 Markaz Islamabad.
231	5196	Branch	Islamic	Ghazi	KPK	Khasra No. 859/143, Khatooni 439/538, Main Bazar Ghazi, Tehsil & Distt Haripur.
232	5197	Branch	Islamic	Balakot	KPK	Plot No.39-51, Liaquat Market, Adjacent to office of SDPO, Balakot.
233	5198	Branch	Islamic	Haripur	KPK	Haq Nawaz Plaza, Near Sabzi Mandi Morr, Haripur Tehsil & District Haripur.
234	5199	Branch	Islamic	Bakshali	KPK	Khasra / Khatooni / Registry No. 714-715/1551-1555, Main bazar Bakshshali, Tehsil & District Mardan.
235	5200	Branch	Islamic	Lachi	KPK	Khata no 27,khatoni no 585,khasra no.1316,lachi payan, lachi district kohat.
236	5201	Branch	Islamic	Akora Khattak	KPK	Khata No.351,Khotoni No.1181,Registry No.1778,Main GT Road Near Chungi Stop ,Akora Khattak .
237	5202	Branch	Islamic	SWABI	KPK	Medical Teaching Institute (MTI) Bacha khan Medical Complex & Gajju Khan Medical College, Shah Mansoor District Swabi .
238	5203	Branch	Islamic	Mingora	KPK	Swat Trade Center, Allah Chowk Saidu Sharif Road, Mingora Tehsil Babuzai, Distrcit Swat.
239	5204	Branch	Islamic	PISHIN	Baluchistan	Band Road Pishin, Tehsil & District Pishin, Baluchistan .
240	5205	Branch	Islamic	Bannu	KPK	Medical training Institute (MTI) Khalifa Gul Nawaz (KGN) Hospital Kohat Road Township Bannu, Tehsil & District Bannu.
241	5206	Branch	Islamic	Duki	Baluchistan	Plot No. 8, Bacha Khan Chowk Duki, Tehsil & District Duki, Baluchistan .
242	5207	Branch	Islamic	Pirbaba	KPK	Main Bazar Pirbaba, Tehsil Daggar District Buner.
243	5208	Branch	Islamic	Torwarsak	KPK	Main GT Road, Torwarsak Bazar, Tehsil Daggar District Buner.
244	5209	Branch	Islamic	Peshawar	KPK	Deans Heights Phase II, Hayatabad Peshawar, Tehsil and District Peshawar, KPK.
245	5210	Branch	Islamic	Kambat bazar	KPK	Main GT Road, Kambat bazar, Tehsil Samarbagh District Dir Lower.
246	5211	Branch	Islamic	Peshawar	KPK	Phandu Chowk, Phandu Road Tehsil and District Peshawar.
247	5212	Branch	Islamic	Nowshera	KPK	Qazi Hussain Ahmed Hospital MTI Nowshera.
248	5213	Branch	Islamic	Dagar	KPK	Main Dagar Pull, Tehsil Dagar, District Buner.
249	5214	Branch	Islamic	Chitral	KPK	Booni Bazar, Tehsil Booni, District Upper Chitral.
250	5215	Branch	Islamic	Nowshera	KPK	Army Services Corps Housing Society Tehsil & District Nowshera .
251	5216	Branch	Islamic	Rawalpindi	Punjab	Plot No.5, Corniche Road, Marina Commercial, Bahria Town, Phase IV, Rawalpindi, Tehsil & District Rawalpindi.
252	5217	Branch	Islamic	Harichand	KPK	Main Bazar Harichand Tehsil Tangi District Charsadda .
253	5218	Branch	Islamic	Talash	KPK	Main Bazar Talash Adjacent to Al Bahar Hotel, Tehsil Timergara, District Lower Dir.
254	5219	Branch	Islamic	Jamrud	KPK / FATA	District education Office Jamrud, Tehsil Jamrud, District Khyber.
255	5220	Branch	Islamic	Oghi	KPK	Main Bazar Shergarh Road, Tehsil Oghi, District Mansehra.
256	5221	Branch	Islamic	Peshawar	KPK	Al-Haram Tower, Main Charsadda Road Peshawar Tehsil & District Peshawar.
257	5222	Branch	Islamic	Timergara	KPK	GT Road Timergara Bazar District Lower Dir.
258	5117	Sub-Branch	Islamic	Mansehra	KPK	Hazara University, Mansehra.
259	5119	Sub-Branch	Islamic	Peshawar	KPK	LRH Hospital Peshawar.
260	5126	Sub-Branch	Islamic	Upper Dir	KPK	Shaheed benazir Bhutto University, Sharingal District Upper Dir.
261	5188	Sub-Branch	Islamic	Kalam	KPK	GT Road main Bazar kalam, Swat.
262	5167	Sub-Branch	Islamic	Torkham	KPK	Khasra No.388, Landi Kotal Bazar, Tehsil Landi Kotal District Khyber.

List of Branches



Sr.No	Branch ID	Type of office	Nature of Branch	City	Province	Address
263	5128	Booth	Islamic	Peshawar	KPK	PDA Commercial Complex, Phase -V, Hayatabad Peshawar.
264	5129	Booth	Islamic	D I Khan	KPK	Gomal Medical College & Mufti Mehmood Memorial Hospital ,DI Khan .
265	5185	Booth	Islamic	Peshawar	KPK	Burn & Truma Center Near Institute of kidney Diseases Phase Iv Hayatabad Peshawar.
266	5101	Sub-Branch	Islamic	Peshawar	KPK	Peshawar General Hospital ,Phase V Hayatabad, Peshawar .
267	5101	Booth	Islamic	Peshawar	KPK	Peshawar Health Excellence (Pvt)Ltd ,Plot No.33,Sector A3,Phase V Hayatabad, Peshawar.
268	5113	Sub-Branch	Islamic	Abbottabad	KPK	Murree Road Abbottabad.
269	5159	Booth	Islamic	Nowshera	KPK	Jalozai Economic Zone, Main Cherat Road Jalozai, Pabbi.
270	5104	Booth	Islamic	Nowshera	KPK	University of Technology Nowshera, Tehsil and District Nowshera.
271	5223	Branch	Islamic	Islamabad	Federal Capital	Shop No. 5-8, Ground Floor, Plot No. 109-W Sardar Begum Chamber Jinnah Avenue, Blue Area Islamabad.
272	5224	Branch	Islamic	Islamabad	Federal Capital	Unit No. AA-5, A J Tower, Gulberg Green islamabad.
273	0333	Branch	Conventional	Mardan	KPK	Mardan Medical Complex, Nowshera Road, Tehsil and District Mardan.
274	5179	Booth	Islamic	Mardan	KPK	UET Mardan.
275	0007	Booth	Conventional	Mardan	KPK	Fazlehaq College Mardan.
276	0004	Booth	Conventional	D I Khan	KPK	Mufti Mehmood Memorial Hospital ,DI Khan.
277	5158	Sub-Branch	Islamic	Charsadda	KPK	Khawat No. 126/209 Khatooni, Sherpao Charsadda,Tehsil Tangi, District Charsadda.
278	0334	Branch	Conventional	Islamabad	Federal Capital	Shop # 2, Plot # 8, F-11 Markaz Islamabad, tehsil and District Islamabad.
279	5225	Branch	Islamic	Peshawar	KPK	Sonehri Plaza, Sonehri Masjid Road, Tehsil and District Peshawar .
280	316	Sub-Branch	Conventional	Lower Dir	KPK	Post Office University of Malakand, Tehsil Adenzai, Chakdara, District Lower Dir.
281	0074	Sub-Branch	Conventional	Peshawar	KPK	Shaheed Benazir Bhutto Women University, Larama, Charsadda Road, Tehsil and District Peshawar.
282	0335	Branch	Conventional	Mardan	KPK	Main kaatlang Road, Shankar, Tehsil and District Mardan.
283	0322	Sub-Branch	Conventional	Peshawar	KPK	FC Foundation Plaza Bara Road Shakas, Tehsil Jamrud, District Khyber.
284	5226	Branch	Islamic	Karak	KPK	Main Bazar Terri, Tehsil & District Karak.
285	5227	Branch	Islamic	Lakki Marwat	KPK	Main Bazar Tajori, Lakki Marwat, Tehsil Ghazni Khel & District Lakki Marwat.
286	5228	Branch	Islamic	Karachi	Sindh	Showroom No.1, Plot # 65, MR4 Near Acchi Qabar, Rampart Road, Jodia Bazar, Karachi, Tehsil & District Karachi.
287	5229	Branch	Islamic	Karachi	Sindh	Shop No. 36 & 37, Plot # C-2, Block 17, KDA Scheme No.36, Gulistan-e-Jauhar, Karachi, Tehsil & District Karachi.
288	5230	Branch	Islamic	Karachi	Sindh	Shop No # 1 & 2, Plot # 1704, Lane 8, Opposite Soomro Street, Old Haji Camp, Timber Market Karachi, Tehsil & District Karachi.
289	5231	Branch	Islamic	Islamabad	Federal Capital	Plaza No.62, Lane Jinnah Boulevard, Sector-E Commercial, DHA Phase-II Islamabad, Tehsil & District Islamabad.
290	5232	Branch	Islamic	Peshawar	KPK	Aman Tower Sufyan Complex, Darmangi, Warsak Road Peshawar, Tehsil & District Peshawar.
291	5234	Branch	Islamic	Bannu	KPK	Kakki Khas, Near Police Station Kakki, Tehsil Kakki and District Bannu.
292	5139	Sub-Branch	Islamic	Mardan	KPK	Malakand Chowk Mardan, Tehsil and District Mardan.
293	5203	Sub-Branch	Islamic	Mingora	KPK	Khasra No. 49, Khatooni No. 286, Moza Amankot, Rahimabad Swat, Tehsil Babuzai & District Swat.
294	5205	Sub-Branch	Islamic	D I Khan	KPK	Main D.I.Khan Road, District Headquarter Hospital Bannu, Tehsil & District Bannu.
295	5217	Sub-Branch	Islamic	Charsadda	KPK	Main Harichand Tangi Road, Dhakki Amirabad, Tehsil Tangi & District Charsadda.
296	5150	Sub-Branch	Islamic	Hathian	KPK	Main Hathian Bazar, Hathian, Tehsil Takht Bhai & District Mardan.
297	5129	Sub-Branch	Islamic	D I Khan	KPK	Near Facilitation Center, Gomal University D.I.Khan, Tehsil & District D.I.Khan.
298	5121	Sub-Branch	Islamic	Peshawar	KPK	Prime Town Apartments, Pawaka, Old Bara Road, University Town Peshawar, Tehsil & District Peshawar.
299	5129	Sub-Branch	Islamic	D I Khan	KPK	Dahoter Adda, Chashma Road, D.I.Khan, Tehsil Paharpur & District D.I.Khan.

List of Foreign Correspondent Banks



Sr.No	Country	Correspondent Name
1	Afghanistan	NATIONAL BANK OF PAKISTAN, KABUL BRANCH
2	Australia	AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
3	Bahrain	JS BANK LIMITED
4	Bahrain	ARAB INVESTMENT COMPANY, THE
5	Bahrain	UNITED BANK LIMITED
6	Bahrain	AL BARAKA ISLAMIC BANK B.S.C CLOSED
7	Bahrain	ALUBAF ARAB INTERNATIONAL BANK B.S.C. (C)
8	Bahrain	ASKARI BANK LIMITED, BAHRAIN BRANCH
9	Bahrain	HABIB BANK LTD.
10	Bahrain	WOORI BANK, MANAMA
11	Bahrain	BANK AL HABIB LIMITED
12	Bangladesh	NATIONAL BANK OF PAKISTAN
13	Bangladesh	SOCIAL ISLAMI BANK LIMITED
14	Bangladesh	DHAKA BANK LIMITED
15	Bangladesh	HABIB BANK LTD.
16	Bangladesh	WOORI BANK, DHAKA
17	Belgium	HABIB BANK LTD.
18	Canada	HABIB CANADIAN BANK
19	China	ZHEJIANG CHOUZHOU COMMERCIAL BANK CO LTD
20	China	ZHEJIANG XIAOSHAN RURAL COMMERCIAL BANK COMPANY LIMITED
21	China	INDUSTRIAL AND COMMERCIAL BANK OF CHINA
22	China	QILU BANK CO., LTD.
23	China	NANXUN BANK
24	China	WELLS FARGO BANK, NA, SHANGHAI BRANCH
25	China	JIANGSU ZHANGJIAGANG RURAL COMMERCIAL BANK CO.,LTD.
26	China	JIANGSU JIANGNAN RURAL COMMERCIAL BANK CO.,LTD.(FORMALY JIANGSU WUJIN RURAL BANK)
27	China	SHENGJING BANK CO.,LTD
28	China	ZHEJIANG TAILONG COMMERCIAL BANK CO.,LTD
29	China	AGRICULTURAL BANK OF CHINA, THE
30	China	AGRICULTURAL DEVELOPMENT BANK OF CHINA, THE
31	China	BANK OF CHINA
32	China	BANK OF JIANGSU CO LTD
33	China	CHINA CITIC BANK
34	China	EXPORT-IMPORT BANK OF CHINA, THE
35	China	HABIB BANK LIMITED URUMQI BRANCH
36	China	WOORI BANK (CHINA) LIMITED
37	China	AUSTRALIA AND NEW ZEALAND BANK (CHINA) COMPANY LIMITED
38	Egypt	MASHREQ BANK
39	Ethiopia	DASHEN BANK S.C.

List of Foreign Correspondent Banks



Sr.No	Country	Correspondent Name
40	France	NATIONAL BANK OF PAKISTAN
41	France	UNION DE BANQUES ARABES ET FRANCAISES
42	France	CREDIT MUTUEL ARKEA
43	Germany	NATIONAL BANK OF PAKISTAN, FRANKFURT
44	Germany	SPARKASSE WESTMUENSTERLAND
45	Germany	COMMERZBANK AG
46	Germany	COMMERZBANK AG
47	Germany	COMMERZBANK AG
48	Germany	EUROPEAN BANK FOR FINANCIAL SERVICES GMBH (EBASE)
49	Germany	LANDESBANK HESSEN-THUERINGEN GIROZENTRALE
50	Germany	Commerzbank AG Trade Services
51	Gibraltar	BANK J. SAFRA SARASIN (GIBRALTAR) LTD
52	Greece	ATTICA BANK SA
53	Hong Kong	NATIONAL BANK OF PAKISTAN HONG KONG
54	Hong Kong	WELLS FARGO BANK, N.A., HONG KONG BRANCH
55	Hong Kong	Habib Bank Zurich (Hong Kong) Limited
56	India	MASHREQ BANK
57	India	SHINHAN BANK
58	Indonesia	PT.BANK WOORI SAUDARA INDONESIA 1906 TBK
59	Indonesia	PAN INDONESIA BANK PT.
60	Indonesia	MUFG BANK, LTD. JAKARTA BRANCH
61	Italy	BANCA UBAE SPA
62	Italy	BPER BANCA S.P.A.
63	Italy	COMMERZBANK AG
64	Japan	WOORI BANK, TOKYO
65	Japan	NATIONAL BANK OF PAKISTAN
66	Japan	WELLS FARGO BANK, N.A., TOKYO BRANCH
67	Japan	U.B.A.F. - UNION DE BANQUES ARABES ET FRANCAISES TOKYO BRANCH
68	Japan	MUFG BANK, LTD.
69	Kenya	HABIB BANK AG ZURICH
70	Republic of Korea	WOORI BANK, SEOUL
71	Republic of Korea	INDUSTRIAL BANK OF KOREA
72	Republic of Korea	KEB HANA BANK
73	Republic of Korea	NATIONAL BANK OF PAKISTAN, SEOUL BRANCH KOREA
74	Republic of Korea	SUHYUP BANK
75	Republic of Korea	WELLS FARGO BANK, N.A., SEOUL BRANCH
76	Republic of Korea	BUSAN BANK
77	Republic of Korea	SHINHAN BANK
78	Republic of Korea	U.B.A.F.-UNION DE BANQUES ARABES ET FRANCAISES

List of Foreign Correspondent Banks



Sr.No	Country	Correspondent Name
79	Republic of Korea	KOOKMIN BANK
80	Kuwait	MASHREQBANK PSC.
81	Kyrgyzstan	NATIONAL BANK OF PAKISTAN BISHKEK BRANCH
82	Lebanon	HABIB BANK LIMITED
83	Malaysia	MUFG BANK (MALAYSIA) BERHAD
84	Malaysia	CITIBANK BERHAD
85	Malaysia	BANK AL HABIB LIMITED
86	Mauritius	BANK OF BARODA
87	Monaco	BANQUE J. SAFRA SARASIN (MONACO) SA
88	Netherlands	COMMERZBANK AG BENELUX BRANCH
89	New Zealand	ANZ BANK NEW ZEALAND LIMITED
90	Oman	SOHAR INTERNATIONAL BANK S.A.O.G
91	Oman	HABIB BANK OMAN
92	Pakistan	INDUSTRIAL AND COMMERCIAL BANK OF CHINA, KARACHI BRANCH
93	Pakistan	JS BANK LIMITED
94	Pakistan	MCB ISLAMIC BANK LIMITED
95	Pakistan	MEEZAN BANK LIMITED
96	Pakistan	HABIB METROPOLITAN BANK LIMITED
97	Pakistan	MCB BANK LIMITED
98	Pakistan	NATIONAL BANK OF PAKISTAN
99	Pakistan	SAMBA BANK LIMITED
100	Pakistan	SILKBANK LIMITED
101	Pakistan	SINDH BANK LIMITED
102	Pakistan	SONERI BANK LIMITED
103	Pakistan	SUMMIT BANK LTD
104	Pakistan	UNITED BANK LIMITED
105	Pakistan	ALLIED BANK LIMITED
106	Pakistan	ALBARAKA BANK (PAKISTAN) LIMITED
107	Pakistan	BANK ALFALAH LIMITED
108	Pakistan	ASKARIBANK LIMITED
109	Pakistan	BANK AL HABIB LIMITED
110	Pakistan	BANK OF CHINA LIMITED KARACHI BRANCH
111	Pakistan	BANKISLAMI PAKISTAN LIMITED
112	Pakistan	THE BANK OF PUNJAB
113	Pakistan	DUBAI ISLAMIC BANK PAKISTAN LIMITED
114	Pakistan	FAYSAL BANK LIMITED
115	Pakistan	FIRST WOMEN BANK LIMITED
116	Pakistan	HABIB BANK LIMITED
117	Philippines	ASIAN DEVELOPMENT BANK

List of Foreign Correspondent Banks



Sr.No	Country	Correspondent Name
118	Qatar	UNITED BANK LIMITED, DOHA
119	Russia	AO Woori Bank
120	Saudi Arabia	NATIONAL BANK OF PAKISTAN
121	Saudi Arabia	RIYAD BANK
122	Saudi Arabia	BANK AL-JAZIRA
123	Saudi Arabia	THE SAUDI NATIONAL BANK
124	Singapore	DBS Bank Ltd
125	Singapore	WOORI BANK, SINGAPORE
126	Singapore	WELLS FARGO BANK, NA
127	Singapore	U.B.A.F. - UNION DE BANQUES ARABES ET FRANCAISES
128	Singapore	COMMERZBANK AG, SINGAPORE BRANCH
129	Singapore	HABIB BANK LIMITED
130	Singapore	BANK MANDIRI (PERSERO)TBK. PT
131	South Africa	HBZ BANK LIMITED
132	Spain	ABANCA CORPORACION BANCARIA, S.A.
133	Spain	COMMERZBANK AG
134	Spain	CAIXABANK SA
135	Sri Lanka	HABIB BANK LTD.
136	Sri Lanka	HATTON NATIONAL BANK PLC
137	Sri Lanka	SAMPATH BANK PLC
138	Switzerland	HABIB BANK AG ZURICH
139	Taiwan	WELLS FARGO BANK, N.A., TAIPEI BRANCH
140	Taiwan	MUFG BANK, LTD., TAIPEI BRANCH
141	Thailand	BANK OF AYUDHYA PUBLIC COMPANY LIMITED, BANGKOK OFFICE
142	Turkiye	AKBANK T.A.S.
143	Turkiye	ALBARAKA TURK PARTICIPATION BANK
144	Turkiye	AKTIF YATIRIM BANKASI A.S.
145	Turkiye	HABIB BANK LTD.
146	United Arab Emirates	DUBAI ISLAMIC BANK
147	United Arab Emirates	MCB BANK LIMITED
148	United Arab Emirates	UNITED BANK LTD.
149	United Arab Emirates	ABU DHABI COMMERCIAL BANK
150	United Arab Emirates	BANK ALFALAH LIMITED (DUBAI BRANCH)
151	United Arab Emirates	MASHREQBANK PSC.
152	United Arab Emirates	HABIB BANK LIMITED
153	United Arab Emirates	HABIB BANK AG ZURICH
154	United Kingdom	MASHREQ BANK PSC
155	United Kingdom	WELLS FARGO BANK, N.A., LONDON BRANCH
156	United Kingdom	BANK OF CHINA

List of Foreign Correspondent Banks

Sr.No	Country	Correspondent Name
157	United Kingdom	HBL BANK UK LIMITED
158	United Kingdom	HABIB BANK ZURICH PLC
159	United Kingdom	WOORI BANK, LONDON
160	United Kingdom	SANTANDER UK PLC
161	United Kingdom	BANK J. SAFRA SARASIN (GIBRALTAR) LTD
162	United States of America	WOORI BANK, NEW YORK
163	United States of America	WOORI BANK, LOS ANGELES
164	United States of America	THE BANK OF NEW YORK MELLON
165	United States of America	MASHREQBANK PSC., NEW YORK BRANCH
166	United States of America	NATIONAL BANK OF PAKISTAN
167	United States of America	WELLS FARGO BANK, N.A.
168	United States of America	WELLS FARGO BANK, N.A.
169	United States of America	WELLS FARGO BANK, N.A.
170	United States of America	WELLS FARGO CLEARING SERVICES, LLC
171	United States of America	WELLS FARGO BANK, N.A.
172	United States of America	SHINHAN BANK
173	United States of America	SHINHAN BANK AMERICA
174	United States of America	WELLS FARGO BANK, N.A.
175	United States of America	TRUIST BANK
176	United States of America	HAB BANK
177	United States of America	FIRST HORIZON BANK
178	United States of America	GOLDEN BANK, N.A.
179	Vietnam	WOORI BANK VIETNAM LIMITED
180	Vietnam	SHINHAN BANK VIETNAM LIMITED
181	Vietnam	VIETNAM PUBLIC JOINT STOCK COMMERCIAL BANK (PVCOMBANK)

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Form of Proxy

Folio No. _____ CDC Participant Identity Card No. _____ CDC
A/C No. _____

I/We _____ of _____
a member/ members of The Bank of Khyber, and holder of _____ shares do
hereby appoint- _____ of _____ or failing him
/ her _____ of _____ who is also a
member of the company, vide Registered Folio No. _____ as my/ our proxy to
attend, speak and vote for me /us and on my/our behalf at the 34th Annual General Meeting of the Bank to be held on
Friday, March 28, 2025 at 10:00 a.m. at The Bank of Khyber, Head Office, BOK Tower, 24-The Mall, Peshawar Cantt.

As witness my/our hand this _____ day of _____ 2025.

Dated

Place:

Signature
Ten-Rupees
Revenue Stamp

The Signature should agree with the
Specimen registered with the Bank

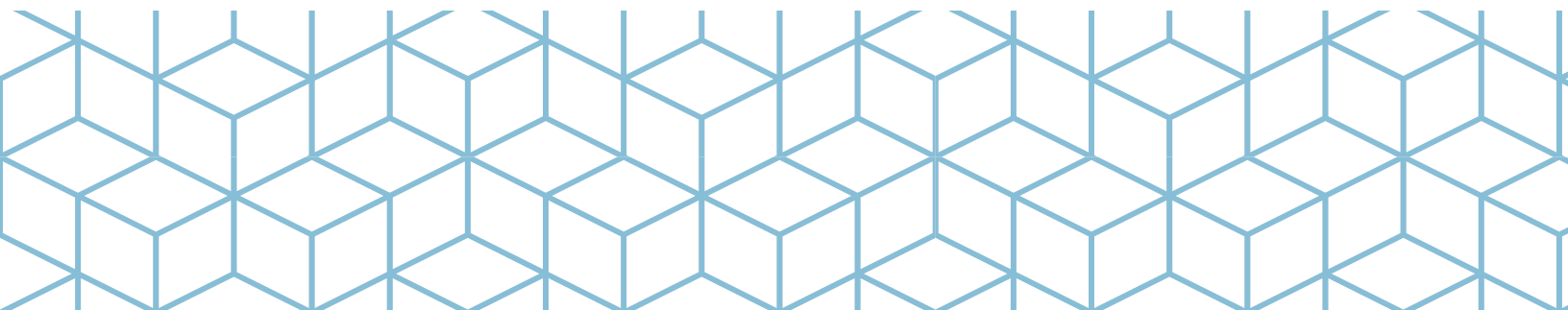
Notes

A. General

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy to attend and vote instead him/her. No person shall act as a proxy, who is not a member of the bank except that Government of Pakistan /Provincial Government/State Bank of Pakistan/ Corporation may appoint a person who is not a member.
2. The instrument appointing a proxy should be signed by the member of his/ her attorney duly authorized in writing. If the member is a corporation (other than Government of Pakistan and State Bank of Pakistan), its common seal should be affixed on the instrument.
3. The instrument appointing a proxy, together with the Power of Attorney, if any, under which it is signed or a nationally certified copy thereof, should be deposited, with our Registrar/Transfer Agents, Messrs. THK Associates (Pvt) Ltd. Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase-VII, Karachi-75500 Pakistan, not less than 48 hours before the time of holding meeting.
4. If a member appoints more than one proxy, and more than one instrument of proxy are deposited by a member with the Bank, all such instruments of proxy shall be rendered invalid.

B. For CDC Account Holders

1. The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
2. Attested copies of CNIC or the passport of the beneficial owners and proxy shall be furnished with the proxy form.
3. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
4. In case of Government of Pakistan /Provincial Government / State Bank of Pakistan/Corporate entry, the Board of Director's resolution/power of attorney with specimen signature shall be submitted along with proxy to the Bank.



AFFIX
CORRECT
POSTAGE

The Company Secretary

The Bank of Khyber

24, The Mall, Peshawar Cantt.

پراکسی فارم

فولیو نمبر _____ سی ڈی سی اکاؤنٹ نمبر _____

ذیلی اکاؤنٹ نمبر _____

میں/ہم _____ ساکن _____

بحیثیت بینک آف خیبر کے ممبر _____ عدد عام حصص _____

محترم/محترمہ _____ ساکن _____

جو کہ بینک کا ممبر ہے فولیو نمبر _____ کو اپنی/اپنے ایما پر بطور مختار (پراکسی) مقرر کرتا/کرتی/کرتے ہیں/تاکہ میری/ہماری

جگہ میری/ہماری طرف سے بینک کے 34 واں سالانہ اجلاس عام (AGM) میں جو بروز جمعہ مورخہ 28 مارچ 2025 کو دن 10:00 بجے بمقام بینک آف خیبر ہیڈ آفس، بی او کے

ٹاور، 24-دی مال پشاور مختار (پراکسی) شرکت کرے، بولے اور حق رائے دہی استعمال کرے۔

آج بروز _____ بتاریخ _____ 2025 کو بطور گواہ دستخط کئے

دس روپے کاربونیو سیٹمپ

تاریخ:

بمقام:

دستخط بینک میں رجسٹرڈ نمونے سے مطابقت رکھنے چاہئیں

نوٹ:

عمومی:

- 1- جنرل میٹنگ میں شرکت کرنے اور ووٹ دینے کا حقدار رکن اس کے بجائے شرکت کرنے اور ووٹ دینے کے لیے پراکسی مقرر کرنے کا حقدار ہے۔ اس کا اس کی کوئی بھی شخص پراکسی کے طور پر کام نہیں کرے گا، جو بینک کا ممبر نہ ہو سوائے اس حکومت پاکستان کے/صوبائی حکومت اسٹیٹ بینک آف پاکستان کارپوریشن ایسے شخص کو مقرر کر سکتی ہے جو ممبر نہیں ہے۔
- 2- پراکسی کا تقرر کرنے والے فارم پر اس کے وکیل کے ممبر کے دستخط ہونے چاہئیں جو کہ تحریری طور پر مجاز ہو۔ اگر ممبر ایک کارپوریشن ہے حکومت پاکستان اور اسٹیٹ بینک آف پاکستان کے علاوہ، اس کی مشترکہ ممبر پراکسی فارم پر چسپاں ہونا چاہئے۔
- 3- پراکسی کا تقرر کرنے والا فارم، پاور آف اٹارنی کے ساتھ، اگر کوئی ہو، جس کے تحت اس پر دستخط کیے گئے ہیں باقومی سطح پر اس کی تصدیق شدہ کاپی، ہمارے رجسٹرار/ٹرانسفر ایجنٹس، میسرز کے پاس جمع کرائی جانی چاہیے۔ THK Associates (Pvt) Ltd پلاٹ نمبر 32-سی، جامی کمرشل اسٹریٹ 2، ڈی ایچ اے، فیئر VII، کراچی-75500 پاکستان، کم از کم 48 گھنٹے پہلے اجلاس منعقد کرنے کا وقت۔
- 4- اگر ایک رکن ایک سے زیادہ پراکسی کا تقرر کرتا ہے، اور پراکسی کے ایک سے زیادہ فارم ایک ممبر کے ذریعے جمع کیے جاتے ہیں بینک، پراکسی کے ایسے تمام فارمز کو غلط قرار دے دیا جائے گا۔

سی ڈی سی اکاؤنٹ ہولڈرز کے لیے:

- 1- پراکسی فارم پر دو افراد گواہی دیں گے جن کے نام، پتے اور CNIC نمبر فارم پر درج کیا جائے گا۔
- 2- پراکسی فارم کے ساتھ CNIC یا بینیفیشل مالکان اور پراکسی کے اسپورٹ کی تصدیق شدہ کاپیاں پیش کی جائیں گی۔
- 3- پراکسی میٹنگ کے وقت اپنا اصل CNIC یا اصل پاسپورٹ پیش کرے گا۔
- 4- حکومت پاکستان صوبائی حکومت اسٹیٹ بینک آف پاکستان کارپوریٹ داخلے کی صورت میں، بورڈ ڈائریکٹر کی قرارداد پاور آف اٹارنی کا نمونہ دستخط کے ساتھ پراکسی فارم کے ساتھ بینک کو جمع کرایا جائے گا۔

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The Company Secretary


The Bank of Khyber

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