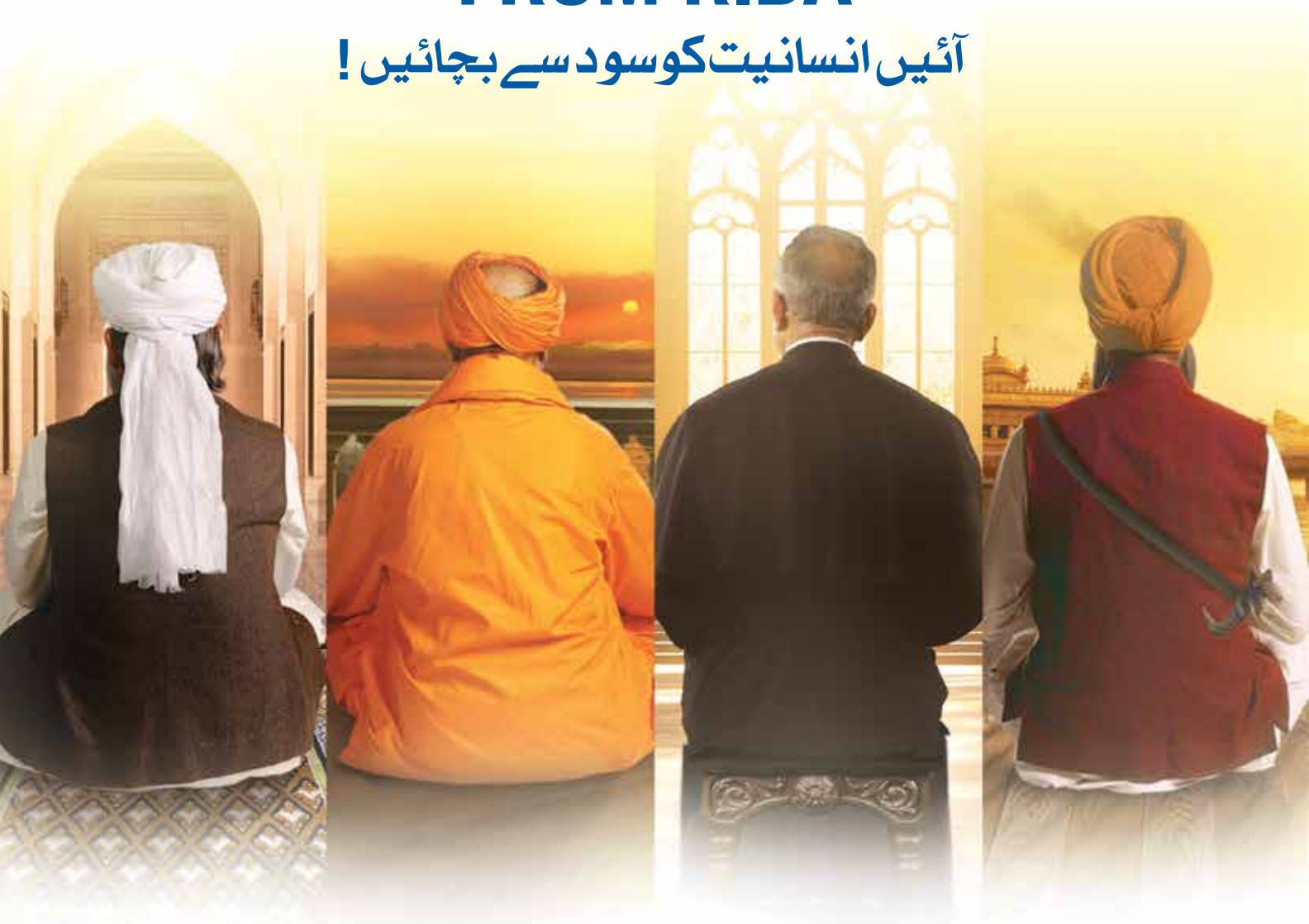


BankIslami

SAVING HUMANITY FROM RIBA

آئیں انسانیت کو سود سے بچائیں!



2024
ANNUAL REPORT.

For centuries, the financial sector has been the backbone of economic progress, but it is more than just transactions; it is a reflection of values. When built on fairness, transparency, and shared prosperity, it becomes a powerful driver of economic and social well-being. The global shift toward riba-free banking is an ode to this transformation, prioritizing ethics over excess, responsibility over speculation, and fairness over privilege. As financial systems evolve, the demand for trustworthy, equitable, and sustainable banking continues to grow.

The concept of Islamic banking, or Shariah-compliant banking, transcends religious and cultural boundaries. Across faiths, financial responsibility is emphasized, and exploitative practices are discouraged. Pakistan is steadily moving toward a fully Islamic banking framework, reinforcing the idea that finance should serve communities, foster growth, and uphold justice.

At BankIslami, we remain committed to a financial system that is accountable, progressive, and people-centric. Our approach blends innovation with tradition and technology with trust, ensuring that banking is not just a service but a means to empower individuals, support businesses, and contribute to a more equitable economy.

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VISION

Promoting global economic prosperity based on the Islamic Financial system

MISSION

Saving humanity from Riba by offering Shariah-compliant, customer-centric, innovative financial solutions, and creating value for our stakeholders, while upholding social responsibility and transparency.

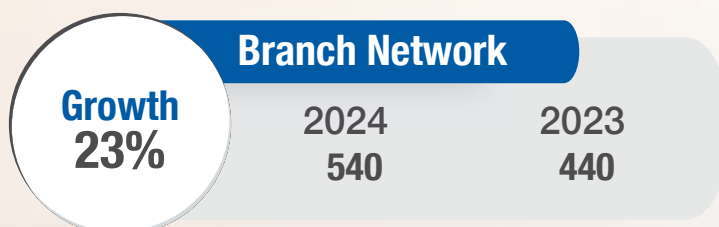
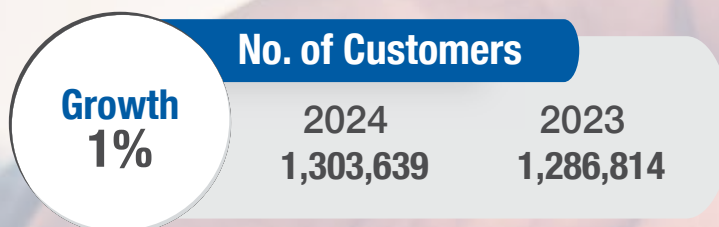


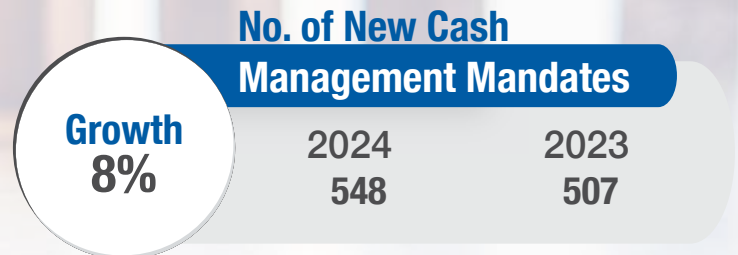
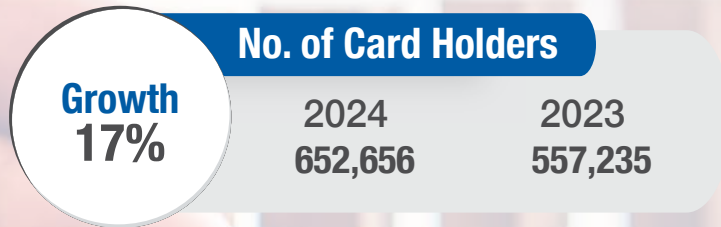
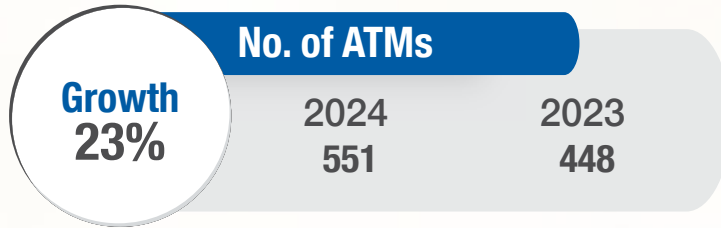
Core Values

- 01** Shariah Excellence 
- 02** Innovation 
- 03** People-Centric 
- 04** Meritocracy 
- 05** Team Work 
- 06** Transparency 

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At a Glance

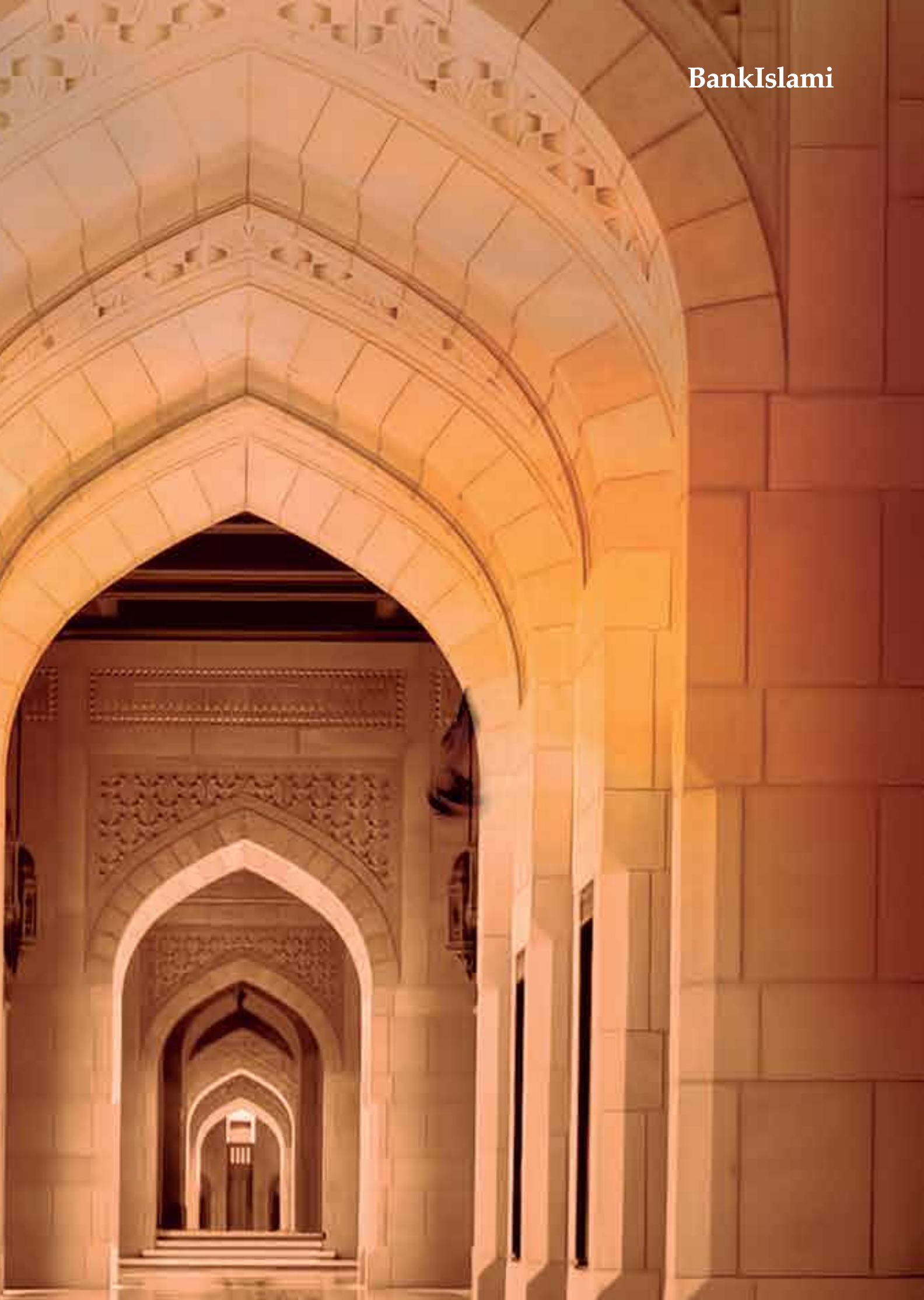




GUARDING SOCIETY AGAINST RIBA

Islam teaches that Riba undermines justice and equality. By rejecting exploitative financial practices, we honor the values of fairness, compassion, and social well-being in society.





Corporate Information

Board of Directors

Mr. Suleman Lalani
Mr. Rizwan Ata
Mr. Akhtar Abbas
Mr. Ali Hussain
Ms. Iffat Zehra Mankani
Mr. Haider Ali Hilaly
Mr. Sulaiman Sadruddin Mehdi
Mr. Syed Ali Hasham

Chairman (Non-Executive Director)
President & Chief Executive Officer
Independent Director
Non-Executive Director
Non-Executive Director
Independent Director
Independent Director
Non-Executive Director

Shariah Board

Dr. Mufti Irshad Ahmad Aijaz
Mufti Javed Ahmad
Mufti Muhammad Husain Khaleel Khail
Mufti Syed Hussain Ahmed

Chairperson
Resident Shariah Board Member
Member
Member

Board Audit Committee

Mr. Haider Ali Hilaly
Ms. Iffat Zehra Mankani
Mr. Sulaiman Sadruddin Mehdi
Mr. Syed Ali Hasham

Chairperson
Member
Member
Member

Board Risk Management Committee

Ms. Iffat Zehra Mankani
Mr. Sulaiman Sadruddin Mehdi
Mr. Syed Ali Hasham
Mr. Rizwan Ata, President & Chief Executive Officer

Chairperson
Member
Member
Member

Board Human Resources & Remuneration Committee

Mr. Akhtar Abbas
Ms. Iffat Zehra Mankani
Mr. Suleman Lalani
Mr. Syed Ali Hasham

Chairperson
Member
Member
Member

Board Information Technology Committee

Mr. Haider Ali Hilaly
Mr. Akhtar Abbas
Mr. Suleman Lalani
Mr. Rizwan Ata, President & Chief Executive Officer

Chairperson
Member
Member
Member

Company Secretary

Mr. Hasan Shahid

Chief Financial Officer/Chief Operations Officer

Mr. Sohail Sikandar

Auditors

KPMG Taseer Hadi & Co.,
Chartered Accountants

Legal Advisers

Haidermota & Co.
Mohsin Tayebaly & Co.

Management (in alphabetical order)

Rizwan Ata
Imran Haleem Shaikh
Ahsan Zamir
Asila Khandwala
Faisal Anwar
Hasan Shahid
Masood Muhammad Khan
Muhammad Amin
Muhammad Irfan Ahmed
Muhammad Uzair Sipra
Muzammil Aslam
Sajjad Hussain Qureshi
Sohail Sikandar
Usman Shahid
Wajid Hussain Junejo
Zaheer Elahi Babar
Zulfiqar Ali Lehri

President & Chief Executive Officer
DY Chief Executive Officer
Head of Internal Audit (acting)
Group Head Human Resource
Group Head Treasury & Financial Institutions
Company Secretary
Group Head Compliance
Group Head Information Technology
Head of Shariah Compliance
Head of Legal
Head of Operations
Chief Risk Officer
Chief Financial Officer/Chief Operations Officer
Group Head Wholesale Banking
Group Head Administration
Group Head Credit
Group Head Retail Banking

Registered Office

11th Floor, Executive Tower,
Dolmen City, Marine Drive,
Block-4, Clifton,
Karachi.
Phone (92-21) 111-247(BIP)-111
Fax: (92-21) 35378373
Email: info@bankislami.com.pk

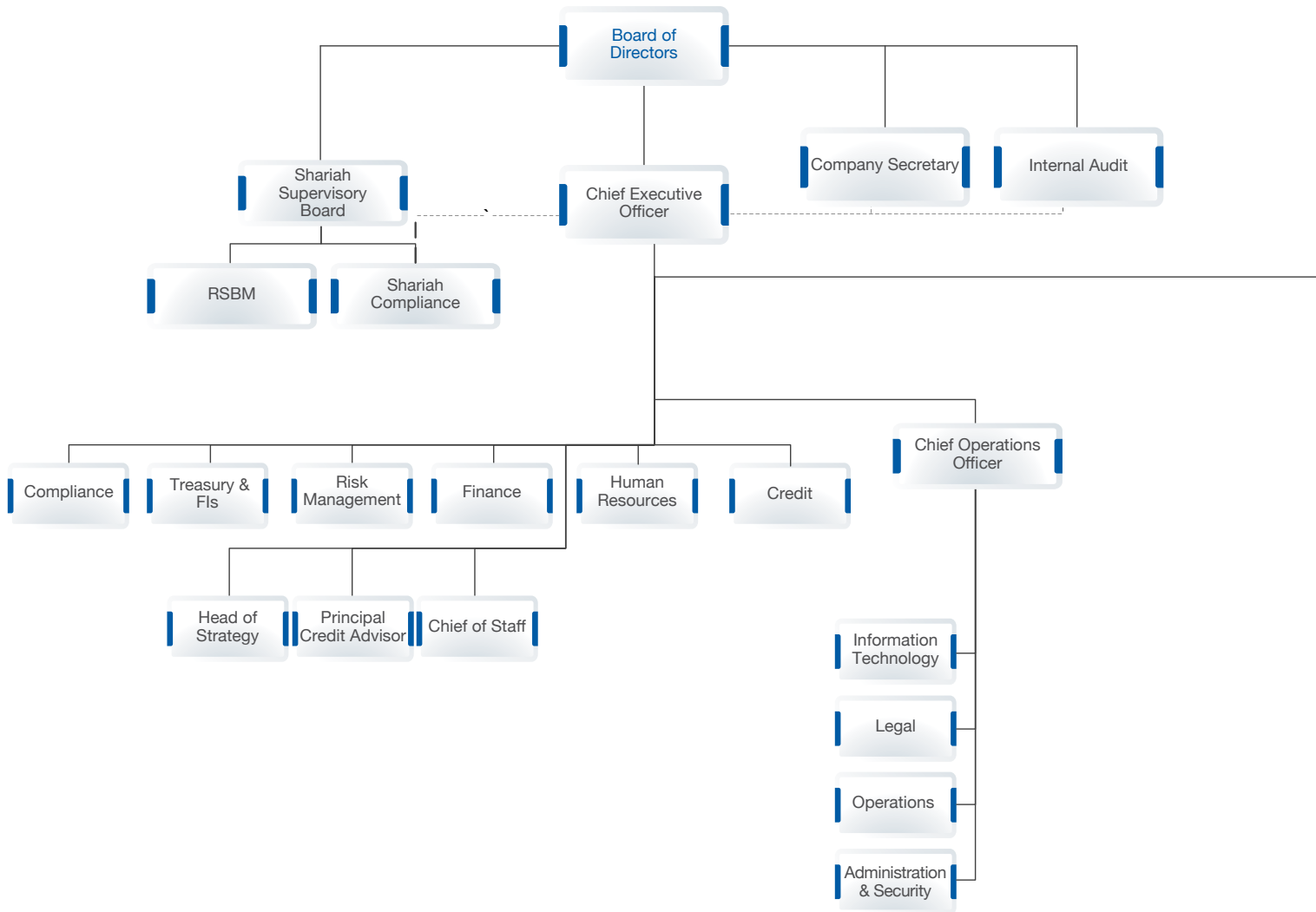
Share Registrar

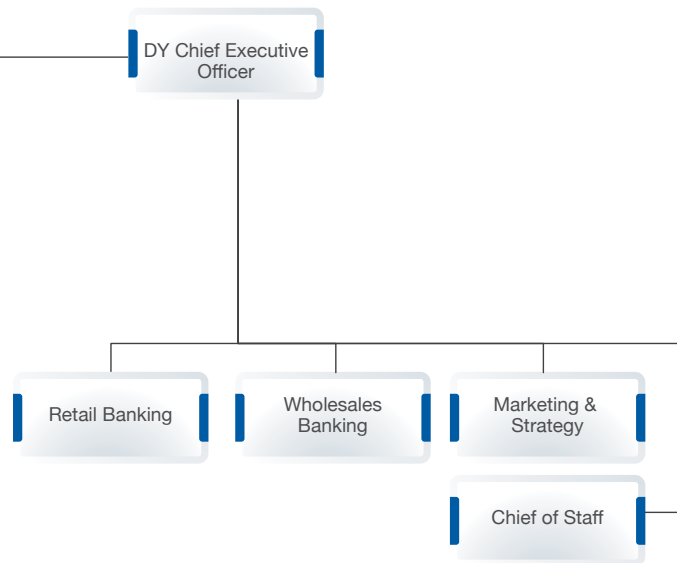
CDC Share Registrar Services Limited
Head Office: CDC House, 99 – B, Block ‘B’,
S.M.C.H.S., Main Shakra-e-Faisal
Karachi- 74400.
Tel: (92) 0800-23275 Fax: (92-21) 34326053
URL: www.cdcsrsl.com
Email: info@cdcsrsl.com

Website

www.bankislami.com.pk

Organizational Structure





Discussion on Corporate Governance

The purpose of this section is to provide a holistic view of Bank's corporate governance culture and practices.

Board of Directors

The Board of Directors of the Bank (the 'Board') aims to adopt best practices of the corporate governance to promote transparency in whatever we do, avoid conflicts and deliver sustainable value to the shareholders.

The Bank has adopted the requirements enshrined under the Corporate Governance Regulatory Framework, 2021 (CGRF) issued by the State Bank of Pakistan (SBP) and the Listed Companies Code of Corporate Governance Regulation, 2019 (CCG) issued by the Securities and Exchange Commission of Pakistan (SECP), and these have been duly complied with. A statement to this effect is an integral part of the Annual Report 2024.

Composition of the Board of Directors

The Bank values gender diversity and has included a female independent director on its Board. Additionally, it has ensured the presence of independent members on both the Board and its sub-committees, in full compliance with regulatory requirements.

Role and Responsibilities of the Board

The Board performs its statutory roles and responsibilities diligently while ensuring that the Bank is functioning under the competent management team. The Board reviews and approves the Bank's strategy and risk appetite. It also approves the capital and operational plans for achieving strategic objectives on the recommendation of the management.

The Board aspires to achieve continuous improvement in Corporate Governance culture by enhancing its soundness and effectiveness in the years to come. We believe it as a key to successfully fulfilling our mission to Save Humanity from Riba by offering Shariah compliant, customer-centric, innovative financial solutions and creating value for our stakeholders, while upholding social responsibility and transparency.

Sub-Committees of the Board

The Board, while nominating and appointing its members, ensures that it possesses requisite skills and expertise through its members carrying diversified education and experience so as to govern the strategy, policies and operations of the Bank in an effective manner.

The Board currently has the following sub-committees:

1. Board Audit Committee
2. Board Risk Management Committee
3. Board Human Resources & Remuneration Committee
4. Board Information Technology Committee

The Board establishes sub-committees to effectively discharge its responsibilities. For each sub-committee, the Board adopts formal Terms of Reference that outline the composition, roles, functions, and responsibilities of the committees. All Board sub-committee meetings are held as required under the code throughout the year to effectively discharge their duties.

Shariah Board

The Bank's Shariah Board is constituted under the State Bank of Pakistan's "Shariah Governance Framework for Islamic Banking Institutions". Shariah scholars meet SBP's Fit and Proper Criteria and are appointed as members of the Shariah Board for three years by the Board of Directors, with eligibility for reappointment.

The Shariah Board is responsible for ensuring that the Bank's operations adhere to the principles enshrined in Shariah; this is achieved through the implementation of a comprehensive Shariah Compliance Framework in all areas of operations within the Bank.

The Shariah Board is empowered to consider, decide and supervise all Shariah related matters relevant to the Bank, where all of its decisions, rulings and fatawa are binding on the organization. All products or services to be offered and/or launched by the Bank have prior approval of the Shariah Board, so that they are in conformity with the rules and principles of Shariah.

Annual Evaluation of the Board's Performance

The Bank conducts an annual performance evaluation of the Board, its Committees, the Chairman, Individual Directors, and the President & CEO, in line with regulatory requirements. An external independent evaluator carries out this assessment, focusing on areas like composition, expertise, risk management, internal controls, and audit functions. The results identify strengths and areas for improvement, followed by discussions on performance improvement plans with each Board member.

Directors' Training

The Board is compliant with the Director Training Program. At present, out of eight Board members, seven have completed the prescribed certification under Director Training Program (DTP) as per the requirement of Code of Corporate Governance. Furthermore, one of the Directors is exempt from the requirement. All Directors are fully conversant with their duties and responsibilities as members of the Board.

Additionally, in compliance with the Director Training Program, the Bank organized specialized orientation and training sessions on Islamic Banking in collaboration with the Shariah Department, as well as trainings on Corporate Governance and AML/CFT Regulatory Regime for the Bank's Board Members.



Profile of the Board

Following are the Profiles of the members of the Board:

Mr. Suleman Lalani, Chairman (Non-Executive Director)

Mr. Suleman Lalani is presently the Group President of Jahangir Siddiqui & Co. Limited (“JSCL”).

Before his elevation to the position of Group President, he served JSCL as its Chief Executive Officer for more than a decade. Prior to joining JSCL, he was Executive Director Finance & Operations and Company Secretary of JS Investments Limited where he also served as CFO and Company Secretary for seven years.

Mr. Lalani had started his career with JSCL in 1992 where he worked for over eight years. In year 2000, he was promoted to the position of Chief Operating Officer of Jahangir Siddiqui Investment Bank Limited, a subsidiary of JSCL. In January 2002, he joined The First Micro-Finance Bank Limited as its Chief Financial Officer and Company Secretary.

Mr. Lalani is a Fellow member of the Institute of Chartered Accountants of Pakistan and has more than 30 years of experience in the financial services sector. He has also completed the Board Development Series Certificate Program conducted by the Pakistan Institute of Corporate Governance.

Date of Joining the Board: May 10, 2023

Other directorships held:

Chairman/Director, JS Investments Limited

Director, Al-Abbas Sugar Mills Limited

Director, TRG Pakistan Limited

Mr. Akhtar Abbas (Independent Director)

Mr. Akhtar Abbas is a highly competent lawyer and legislative expert. He is serving the community for almost two decades through his untiring passion and commitment towards his profession. He has Bachelor and Masters degrees in Law from International Islamic University, Islamabad with a special focus on comparative study of Shariah and Common Law. He also has a Masters Degree in Political Science from Punjab University. As an advocate High Court, he has participated and played a pivotal role in several cases of public and constitutional importance throughout his career.

He is presently advising Federation of Pakistan Chambers of Commerce & Industry, FPCCI as member Advisory Committee on Legal Affairs. He has recently worked as an Assistant Advocate General with the Government of Punjab. He has also worked as Legislative Consultant to the Senate of Pakistan, where he has worked with Standing Committee on Law and Justice. He voluntarily assisted the Chairman of the Committee in research, drafting and comparative study of different laws in proposing new legislation through private member bill. Other than his legal services, he has been teaching various law subjects at top universities of the country including Quaid-e-Azam University, COMSATS University, and Bahria University in Islamabad as a visiting faculty member. He also appears in TV shows as a legal and political analyst.

He has also attended numerous trainings, workshops, and seminars of significant importance including but not limited to National Security Workshop (NSW-12); the highest course on the subject in the country offered by National Defence University and National Media Workshop (NMW-7) from the same university. He has graduated from Pakistan Naval War College Lahore where he attended Maritime Security Workshop (MARSEW-19). He has also attended a training course on Eco-Tourism held in Philippine organized by Asian Productivity Organization, Japan. He holds two diplomas in Business and Diplomacy from European

Academy of Diplomacy Warsaw, Poland.

He has also completed Director Training Programme from Lahore University of Management Sciences (LUMS).

Date of Joining the Board: May 10, 2023

Other Offices held:

Member, District Social Protection Committee Bhakkar (Punjab Social Protection Authority)

Deputy Information Secretary, Chamber of Agriculture, Punjab

Legal Advisor, Pakistan Institute of Conflict and Security Studies

Advocate High Court, Punjab Bar Council

Mr. Ali Hussain (Non-Executive Director)

Mr. Ali Hussain has over forty-eight years of professional and managerial experience in both corporate and private entities. For the past thirty-three years he has been managing his own global organizations and international financial investments in the field of technology, medical electronics and strategic investments with operations in USA, Canada, Singapore, UK and Germany. His portfolio of past acquisitions has created significant value through growth and M&A.

Currently, Mr. Hussain manages a portfolio of banking, ecommerce, Fintech and digital technology investments along with family office. In Singapore he invests in early stage Technology companies to promote entrepreneurship and encourage young entrepreneurs.

Mr. Hussain holds a Master's degree in Electrical engineering from Stanford University.

Date of Joining the Board: April 29, 2011

Other directorships held:

Managing Director, SAJ Capital Management Limited

Ms. Iffat Zehra Mankani (Non-Executive Director)

Ms. Iffat Mankani is the Chief Executive Officer of JS Investments Limited (JSIL), with over 20 years of expertise across premier asset management and financial institutions in Pakistan and Canada. Since rejoining JS Investments in 2021, she has led a transformative period of growth, restoring the company's profitability and revitalizing its market position. Her extensive expertise in asset management, strategic brand positioning, and financial scrutiny has strengthened JS Investments' growth trajectory and fortified its market presence.

Throughout her career, Ms. Mankani has held key roles, including Chief Investment Officer at JSIL and BMA Asset Management, where she introduced pioneering products like Pakistan's first asset allocation fund, capital-protected fund, and index fund. Known for her strategic acumen and analytical insight, Ms. Mankani has been instrumental in establishing a disciplined asset and risk allocation framework, driving consistent top-quartile fund performance at various firms during her career.

Her international experience includes significant contributions in firms in Canada with PwC's Deals Advisory team and risk management positions at Bank of Montreal and CIBC, where she excelled in financial instrument valuations, regulatory oversight, and managing risk across equity, fixed income, and structured products.

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Ms. Mankani holds a Master of Finance from the Rotman School of Management, University of Toronto, and an MBA from the Institute of Business Administration, Karachi.

Date of Joining the Board: May 10, 2023

Other directorships held:

Chief Executive Officer, JS Investments Limited

Mr. Haider Ali Hilaly (Independent Director)

Mr. Hilaly has been a principal investor in equities for 25 years. He currently serves as the Chief Executive Officer of the Ithaca Capital group, a privately held investment holding company with a 25 year track record of deploying capital in various businesses across multiple sectors in Pakistan including transportation, leasing, power generation, outsourcing, armed security, vehicle rental, technology, publishing and FMCG.

Prior to joining Ithaca, he worked in early-stage private equity and merchant banking. For the past twelve years he worked at a special situations hedge fund. His core expertise includes investment selection, portfolio construction, capital allocation and management, risk management, valuation, financial control, corporate governance and investor relations.

Mr. Haider graduated cum laude and Pi Sigma Alpha from Hamilton College in the United States and he holds a MBA degree from the London Business School. He is also a certified director from the Pakistan Institute of Corporate Governance.

Date of Joining the Board: May 07, 2020

Other directorships held:

- CEO/Director, Ithaca Capital (Pvt) Limited
- Director, Ithaca Capital Limited
- Director, Ithaca Capital BV
- CEO, Ithaca Capital Group
- CEO & Director, Calcorp Limited
- Director, BottleCo (Private) Limited
- Director, Optimus Technology (Pvt) Limited
- Director, Ravi Spherocast (Pvt) Limited
- Director, Mobility Digital Holdings BV
- Director, Bykea Technologies (Pvt) Limited
- Director, Bykea Technologies BV
- Director, Bykea Trade (Pvt) Limited
- Director, Retail Holdings (Pvt) Limited
- Director, Partners Resource Linked (Pvt) Limited
- Director, Optimus Limited
- Director, Athena Brands (Pvt) Limited
- Director, Kidco Holdings Limited
- Director, Partners Retail Holdings Limited

Mr. Sulaiman Sadruddin Mehdi (Independent Director)

Mr. Sulaiman is the First Independent Chairman of State Life Insurance Corporation, appointed on August 17, 2023 by the Federal Government under the newly promulgated SOE Act, 2023.

Mr. Sulaiman served TPL Developments as Chairman from September 2022 to December 2024, and as CEO from March 2022 - August 2023 and was leading all the development initiatives of USD 100mn TPL REIT Fund-I and was also responsible for all new developments of TPL.

Before TPL, he has served as CEO Cyan Limited, formerly Central Insurance Company Limited (CICL). In 2011, Mr. Sulaiman orchestrated the business restructuring of CICL (Insurance) to Cyan (Investments/PE), a landmark transaction, and the first of its kind in Pakistan.

Before Cyan, he has also served PICIC DFI, PICIC Asset Management Company Ltd., Allied Bank (ABL) and ABL Asset Management Company Limited. He has had the privilege of establishing two leading Asset Management Companies.

As a senior executive he has been working on strategy, mergers and acquisitions. He is a proven business leader with a track record of delivering sustainable change and superior results. Mr. Sulaiman's experience spans over 22 years in multiple areas of real estate development and financial services including investments, operations, marketing, legal and corporate affairs.

Amongst his prominent achievements have been the acquisition of HUBCO from National Power in June 2012 for PKR 6bn and exited in March 2018 for PKR 22bn resulting in gains of app. PKR 23bn (incl dividends) in less than 6 years. He also had the privilege of leading the election process of HUBCO for DH Group twice in 2012 and 2015 and managed 8 out of 11 seats with just 17.5% shareholding while managing the rest through proxies.

He has been the youngest Chairman of the Pakistan Stock Exchange (PSX). At PSX besides being the Chairman of the Board, Mr. Sulaiman was also the Chairman of the Nomination Committee, Human Resource and Remuneration Committee and Regulatory Affairs Committee. He was Chairman Unity Foods Limited. He was also Chairman Pebbles Ltd. - the real estate arm of Dawood Hercules (DH) Group and spearheaded all real estate initiatives of the Group. He is a Founding member of the Presidential Initiative for Artificial Intelligence and Computing (PIAIC) and a Member of the Committee on Emerging Technologies of MOIT. He is also an Independent Director on Sindh Energy Holding Company (Pvt) Limited, BankIslami Pakistan Limited, Lucky Motor Corporation Limited and Aga Khan Cultural Service Pakistan (AKCSP).

He has also served on the Board of Dawood Lawrencepur Limited, FOCUS Pakistan (an Aga Khan Foundation backed NGO), Inbox Business Technologies (Pvt.) Ltd., Inbox Consulting (Pvt.) Ltd., Inbox Corporation (Pvt.) Ltd., Sach International (Pvt.) Ltd., The Institute of Business Management (IOBM) and Unity Foods. He has also represented Sindh as an Independent Member on Private Power and Infrastructure Board (PPIB).

He holds a master's degree and is also a fellow member of The Institute of Corporate Secretaries of Pakistan (FCIS). He is also a Certified Director from the Pakistan Institute of Corporate Governance (PICG).

Date of Joining the Board: May 07, 2020

Other directorships held:

Chairman, State Life Insurance Corporation

Director, Lucky Motor Corporation Limited

Director, Sindh Energy Holding Company (Pvt.) Limited

Director, Aga Khan Cultural Services Pakistan

Mr. Syed Ali Hasham (Non-Executive Director)

Mr. Hasham is presently JSCL's Chief Financial Officer. He has been with JSCL since 2017 and during this tenure he worked on various roles and assumed varied responsibilities. Previously, Mr. Hasham had been associated with the Audit and Assurance department of Deloitte and worked in Pakistan and Qatar. During his association with Deloitte, his areas of experience were financial services, retail and aviation sectors.

Mr. Hasham has an overall experience of more than a decade in the fields of finance, taxation, auditing, internal control evaluation, and corporate affairs.

Mr. Hasham is an associate member of the Institute of Chartered Accountants of Pakistan (ICAP) and holds a Bachelor degree in Commerce from University of Karachi. He also has completed Corporate Governance Leadership Skills (CGLS) – Director Education Program from Pakistan Institute of Corporate Governance (PICG).

Date Joining the Board: May 07, 2020

Other directorships held:

JS Infocom Limited

Mahvash and Jahangir Siddiqui Foundation

Mr. Rizwan Ata, President & Chief Executive Officer

Mr. Rizwan Ata is one of the Pioneers of Islamic Banking Industry in Pakistan. He has been associated with BankIslami since 2019 and has played an instrumental role in the exceptional growth that the Bank has achieved since then.

Prior to joining BankIslami, Mr. Rizwan Ata has served in several leadership roles in different local and international banks, such as, Group Head Islamic Banking at Bank Alfalah, Group Chief Islamic Banking at Allied Bank, Group Head Branch Network and SME at Meezan Bank as well as several leadership roles at Emirates Bank Int.

Along with a rich Banking Experience Mr. Rizwan Ata has a strong Academic Background, he holds a Master's Degree from LUMS and other Leadership and Management certifications from INSEAD, ETHICA Institute of Islamic Finance and University of London. Mr. Rizwan Ata is also an Executive Committee member of IBA CEIF.

Date of Joining the Board: September 29, 2023

Other directorships held:

Director, Shakarganj Food Products Limited

Board of Directors' attendance during the year 2024

Sr. No.	Name of Directors	Category	No. of Meetings held in tenure	No. of Meetings attended
1	Mr. Suleman Lalani, Chairman	Non-Executive Director	6	6
2	Mr. Akhtar Abbas	Independent Director	6	6
3	Mr. Ali Hussain	Non-Executive Director	6	6
4	Ms. Iffat Zehra Mankani	Non-Executive Director	6	6
5	Mr. Haider Ali Hilaly	Independent Director	6	6
6	Mr. Sulaiman Sadruddin Mehdi	Independent Director	6	6
7	Mr. Syed Ali Hasham	Non-Executive Director	6	6
8	Mr. Rizwan Ata, President & CEO	Executive Director	6	6

Board Committees

In order to share the load of activities, the Board has formed specialized Committees consisting of Board members with clear objectives, agreed reporting procedures and scope of authority. Board Committees constitute an important element of governance process. The Board acknowledges that establishing these committees does not exonerate its the responsibility to comply with fiduciary requirements. The Chairs of each committee report matters of significance to the Board after each meeting and the minutes of the meetings are made available to all Board members. The detailed roles and responsibilities of each committee are set out in its respective terms of reference. Following are the Board Committee along with relevant details:

Information Technology (IT) Committee

Mr. Haider Ali Hilaly	Chairperson
Mr. Suleman Lalani	Member
Mr. Akhtar Abbas	Member
Mr. Rizwan Ata	Member

Terms of Reference

The Board IT Committee (BITC) has been constituted to assist the Board in devising IT and Digital strategies, reviewing IT Policies and Risk Management Framework before submission to the Board in order to ensure IT-related projects, procurements, and operations are performed in line with Board-approved IT and digital strategies, as well as remain within the regulatory framework. BITC reviews progress and implementation of the IT Strategic Plan and receives periodic updates from the IT Steering Committee to monitor all technology-related projects approved by the Board. BITC also monitors the latest developments on the cybersecurity action plan and its implementation status before sending it to the Board, implements the IT Risk Management Framework to assess and monitor IT-related risks, and provides directions to the management in addressing IT risks. BITC also reviews updates on the Bank's Disaster Recovery Site and Business Continuity Plan on a periodic basis.

S. No	Name of Directors	Number of eligible meetings held during 2024	Attendance
1.	Mr. Haider Ali Hilaly	4	4
2.	Mr. Suleman Lalani	4	4
3.	Mr. Akhtar Abbas	4	4
4.	Mr. Rizwan Ata	4	4

Board Risk Management Committee

Ms. Iffat Zehra Mankani (Chairperson)	Chairperson
Mr. Sulaiman Sadruddin Mehdi (Member)	Member
Mr. Syed Ali Hasham (Member)	Member
Mr. Rizwan Ata (Member)	Member

Terms of Reference

The Board Risk Management Committee (BRMC) is tasked with overseeing and reviewing the Bank's risk management framework, including the significant policies, procedures and practices employed within the Bank to manage all the Bank's risk including credit risk, market risk, operational risk, compliance risk and other risks.

BRMC also reviews the techniques developed and implemented to measure the Bank's risk exposure. Its responsibilities also include evaluating the risk profile and appetite of the Bank and ensuring that systems are in place for monitoring overall risk of the Bank. BRMC reviews exception reports highlighting deviations from the approved policies as well as deliberates upon risk-related reports including early warning signals of potential risks emerging from Bank's activities.

S. No	Name of Directors	Number of eligible meetings held during 2024	Attendance
1.	Ms. Iffat Zehra Mankani	4	4
2.	Mr. Sulaiman Sadruddin Mehdi	4	4
3.	Mr. Syed Ali Hasham	4	4
4.	Mr. Rizwan Ata	4	4

Board Audit Committee (BAC)

Terms of Reference

The responsibilities of the Audit Committee are governed by its Charter, approved by the Board of Directors and are broadly categorized into following important areas:

- Financial Reporting and related controls
- Corporate Governance compliance
- Supervision of Internal Controls
- Review of Internal Audit activities

In specific, the Committee is responsible for review of periodic financial statements prepared by the management, review of management letter issued by external auditors and to ensure that appropriate measures are taken by the management to address the same, review of the Bank's statement on internal controls prior to its endorsement by the Board and meeting with external auditors to ascertain any major risks or significant changes expected in the financial reporting framework which may have a material effect on the Bank. Audit Committee is also responsible for overseeing, the Bank's significant risk areas assessed by management, internal or external auditors as well as the related controls to mitigate such risks. It reviews and approves the Internal Audit Charter and Internal Audit Strategy. It also reviews and approves the Annual Audit Plan while ensuring that adequate resources are available to Internal Audit department. It reports matters of significant importance to the Board including major findings of investigations characterized by fraud, corruption and abuse of power and the management's response thereto.

Meeting Attendance 2024

S. No	Name of Directors	Attendance
1.	Mr. Haider Ali Hilaly	4/4
2.	Mr. Syed Ali Hasham	4/4
3.	Mr. Sulaiman Sadruddin Mehdi	4/4
4.	Mr. Iffat Zehra Mankani	4/4

Board Human Resources & Remuneration Committee

Mr. Akhtar Abbas	Chairperson
Ms. Iffat Zehra Mankani	Member
Mr. Suleman Lalani	Member
Mr. Syed Ali Hasham	Member

Terms of Reference

The Board Human Resources & Remuneration Committee (BHR&RC) is formed to assist the Board in the effective discharge of its responsibilities related to human resources, their remuneration, compensation & benefits and related policies. The Group Head Human Resource is the secretary of this committee. In the absence of Group Head of Human Resources for any reason, the Company Secretary may act as an interim secretary. The BHR&RC comprises of at least three (3) non-executive directors of the Bank and the Chairperson as an independent director.

The role of the Committee is to assist the Board to have an oversight of the Bank's human resources and remuneration management. The core responsibilities of BHR&RC include reviewing Human Resource management at the Bank to recommend the Board for taking strategic decisions including remuneration related policies and any change(s) or amendment(s) therein as well as implementation of succession planning for critical positions etc. Furthermore, to recommend the matters related to the selection, evaluation, compensation (including retirement benefits) and terms & condition of employment of the President & CEO and of other key executives of the Bank along with remuneration policy and remuneration structure of Board members (e.g. meeting allowance), President & CEO and employees. Moreover, to review the results of engagement and compensation & benefit surveys, and to make recommendations for improvement in policies and overall working environment of the Bank. In addition to this, BHR&RC is responsible to perform any other assignment delegated to the Committee by the Board from time to time.

S. No.	Name of Director	Number of Eligible Meetings Held During 2024	Attendance
1.	Mr. Akhtar Abbas	3	3
2.	Ms. Iffat Zehra Mankani	3	3
3.	Mr. Suleman Lalani	3	3
4.	Mr. Syed Ali Hasham	3	3

Profile of the Shariah Board

i. Dr. Mufti Irshad Ahmad Aijaz (Chairperson, Shariah Board)

Dr. Mufti Irshad Ahmad Aijaz is the Chairperson of the Shariah Supervisory Board of BankIslami. He graduated from Jamiat-ul-Uloom Islamiyyah, Binori Town, Karachi with a Shahadat-ul-Aalimiyyah (Masters in Arabic and Islamic Studies). He then completed his Takhassus fi al-Iftaa (Specialization in Islamic Jurisprudence and Fatwa) from Jamia Dar-ul-Uloom, Karachi. He passed the country's first Islamic Finance course "Contemporary Business and Banking and its Critical Evaluation in the Light of Shariah" offered by the Centre for Islamic Economics, Jamia Dar-ul-Uloom, Karachi in 1994.

He holds an MBA degree (Masters in Business Administration), and has completed his PhD in Islamic Studies with relevance in Islamic Finance from the Sheikh Zayed Islamic Center, University of Karachi.

Dr. Mufti Irshad Ahmad Aijaz currently holds advisory positions in the following institutions:

- Chairman, Shariah Advisory Committee - State Bank of Pakistan
- Chairman, Shariah Advisory Committee - SECP
- Member, Governance and Ethics Board - Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain
- Member, Shariah Board – Bank Makramah Limited
- Member, Shariah Board – Standard Chartered Bank (Pakistan) Limited
- Shariah Consultant - Shariah Review Bureau, Bahrain
- Member, Shariah Council - Al-Hilal Shariah Advisors (Pvt.) Ltd.
- Member, Religious Board of Modaraba Companies – Pakistan
- Member, Steering Committee for providing strategic guidance regarding implementation of Federal Shariat Court (FSC)'s judgment on Riba – Pakistan

He regularly delivers lectures on Islamic Economics and Finance at different forums and educational institutions including National Institute of Banking and Finance (State Bank of Pakistan) and Center of Islamic Economics (a division of Jamia Dar-ul-Uloom, Karachi).

ii. Mufti Muhammad Husain Khaleel Khail (Member)

Mufti Muhammad Husain is a prominent scholar in the field of Islamic jurisprudence. He graduated from Jamia Dar-ul-Uloom, Karachi and obtained his Shahadat-ul-Aalimiyyah (Masters in Arabic and Islamic Studies) from there. Afterwards, he completed his Takhassus fi al-Iftaa (Specialization in Islamic Jurisprudence and Fatwa) from Jamia-tur-Rasheed, Karachi.

He has been teaching Islamic studies including Fiqh and Fatwa for years. He has undertaken research work in various topics including economic thoughts in Islam, financial markets, modern economic and financial issues and Islamic banking and finance, and has also authored the famous series of books on Islamic Commercial Law, named "Asan Fiqh ul Muamalat". He is also a member of Shariah Supervisory Board of Halal Foundation, the first Shariah certification and Research body in Pakistan.

His research work includes Ushr obligation, Takaful on the basis of Waqf, Shariah rules of wealth earned through impermissible sources and rulings on status of juristic person in Islam. He has authored several articles and issued verdicts (Fatwas) on various issues. He is associated with Jamiat-ur-Rasheed, Karachi as a senior Mufti in Darul Iftaa and lecturer in department of Fiqh-ul-Muaamlaat.

iii. Mufti Syed Hussain Ahmed (Member)

Mufti Syed Hussain Ahmed is a Shariah Scholar carrying good reputation with ample experience of giving Shariah pronouncements (Fatawa). He graduated from Jamia Darul Uloom Karachi and obtained from there his Shahadat-ul-Aalimiyyah (Masters in Arabic and Islamic Studies) and Takahssus fi al-Iftaa (Specialization in Islamic jurisprudence and fatwa). He is also one of the prominent experts on Islamic Astronomy in the country.

Mufti Syed Hussain Ahmed has been serving at Jamia Dar-ul-Uloom Karachi since 1998 as faculty member and Senior Mufti. Assisting the Fatwa House of Dar-ul-Uloom, he has authored and issued more than 20,000 Fatawa on topics including but not limited to prayer, fasting, Zakat, Islamic Banking & Finance, Insurance/Takaful and Halal Food.

He is also associated with Indus Hospital as Shariah Consultant on their financial matters, most specifically on collection and disbursement of Zakat / donations. He regularly delivers lectures on topics related to Fiqh-ul-Muaamlaat and Islamic Finance at Center of Islamic Economics (a division of Jamia Dar-ul-Uloom, Karachi) and other organizations.

iv. Mufti Javed Ahmad (Resident Shariah Board Member)

Mufti Javed Ahmad has been serving as BankIslami's Resident Shariah Board Member (RSBM) since 2015. He has completed his Shahadat-ul-Aalimiyyah (Masters in Arabic and Islamic Studies) from Jamia Dar-ul-Uloom, Karachi, and Takhassus fi Fiqh-el-Muamlat (Specialization in Islamic Jurisprudence of trade and finance) from Jamia-tur-Rasheed, Karachi. He is also a Certified Shariah Advisor and Auditor (CSAA) from AAOIFI, Bahrain and Chartered Islamic Finance Professional (CIFFP) from INCEIF, Malaysia. He has completed M.A. Economics from Karachi University and undertaken research work on numerous topics including Islamic Banking and Finance.

Mufti Javed Ahmad is also a Shariah Board Member at Alfalah Asset Management Limited (Islamic Funds). Prior to joining BankIslami, he was associated with Ernst & Young Ford Rhodes Sidat Hyder as 'Senior Shariah Consultant' where he was engaged in Shariah Advisory, Shariah Review, Shariah Audit and Compliance activities for more than four years.

He regularly delivers lectures on Islamic Economics and Finance at different forums and educational institutions including National Institute of Banking and Finance (State Bank of Pakistan).

S. No.	Name of Members	Number of Eligible Meetings Held During 2024	Attendance
1	Dr. Mufti Irshad Ahmad Aijaz	4	4
2	Mufti Javed Ahmad	4	4
3	Mufti Muhammad Husain Khaleel Khail	4	4
4	Mufti Syed Hussain Ahmed	4	4

Disclosure on Remuneration Policy of the Bank

Remuneration Policy of the Bank is developed in line with the guidelines issued by the State Bank of Pakistan. The Remuneration Policy of Bank intends to inculcate a culture of “pay for performance” by rewarding merit. The review of this policy shall fall under the ambit of the Board Human Resource & Remuneration Committee (BHR&RC) and shall be reviewed at least once in three (3) years. During the implementation phase, Internal Audit department shall also periodically watch over for effective remuneration setting mechanism.

Performance of employees is measured in the appraisal cycle and reflected through ratings derived from various relevant scorecards briefed as follows, which also include key risk elements:

- Business (Targets, Branch Scorecards etc.)
- Operations (KPI's for operational activities)
- Support staff (Measurable Objectives)

For MRTs and MRCs, balanced scorecards is based on key performance indicators and key risk indicators, some of which are listed below:

- Non-Performing Loans/Financing
- Risk Ratings
- Non-Compliance (Shariah, Legal & Regulatory)
- Breach of Organizational Discipline
- Breach of Credit Limits
- Breach of Interbank Limits
- Occurrence of Operational Risk

An effective monitoring mechanism with proper MIS record of performance and risk of MRTs and MRCs has been developed

Payment of bonus is not considered as employees' right, rather it is based on the Board approval considering the overall Bank's profitability against the targets set out by the Board. The bonus shall be paid to Bank's permanent and contractual employees and not only to Material Risk Takers (who shall be entitled to at least 5% variable component) and Material Risk Controllers (whose variable component shall not exceed their fixed pay). Variable component shall be paid on the basis of deferral over 3 years and may be held or stopped in case any performance or risk factor, as has been defined, occurs. The deferred bonus pool will be remunerative and to be managed within the Bank.

Performance of the non-executive directors shall be presented to the shareholders with their approved remuneration.

The Bank respects and as a result implements the minimum wage as per the law of the land. The Bank shall operate at reasonable pay-gaps whereby difference between average salaries within same level shall not exceed 100%.

The following criteria is being followed for identification of MRTs and MRCs:

- President/CEO or any other equivalent positions.
- Direct reportees (Key Executives) of President/CEO or the BOD.
- Members of Management Credit Committee and Asset Liability Committee.
- Business Heads managing aggregate assets of more than Rs. 1 billion in their respective products/segments.
- Approvers of credit proposals of more than Rs. 250 million.
- Dealers having the authority to take positions of more than Rs. 3,000 million.
- Any other position added by BHR&RC on the basis of risk profile of such position.

Following is gender pay gap statement under SECP Circular 10 of 2024

(i) Mean Gender Pay Gap is 38%

(ii) Median Gender Pay Gap is 12%

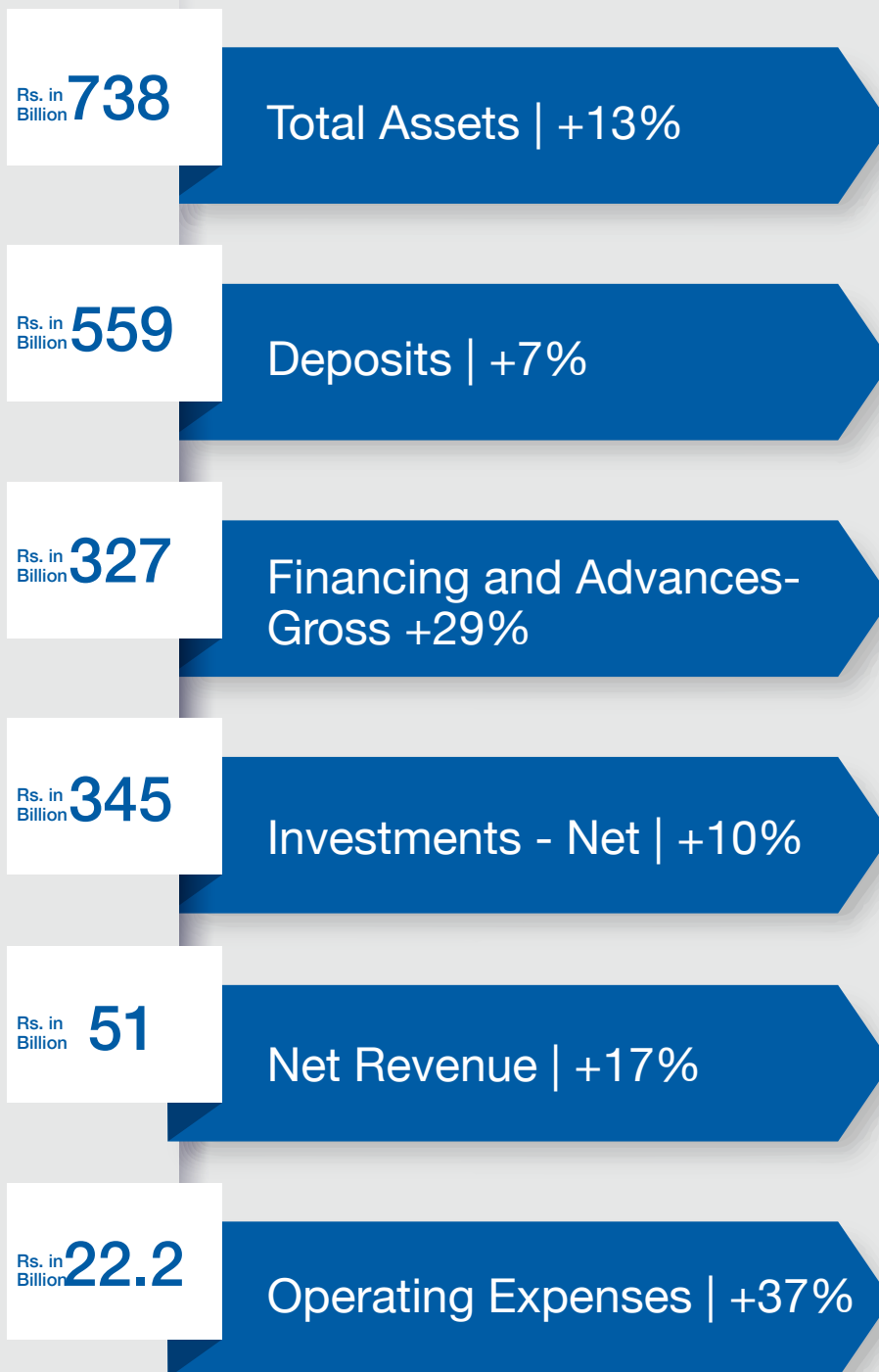
STANDING FAITHFULLY AGAINST RIBA

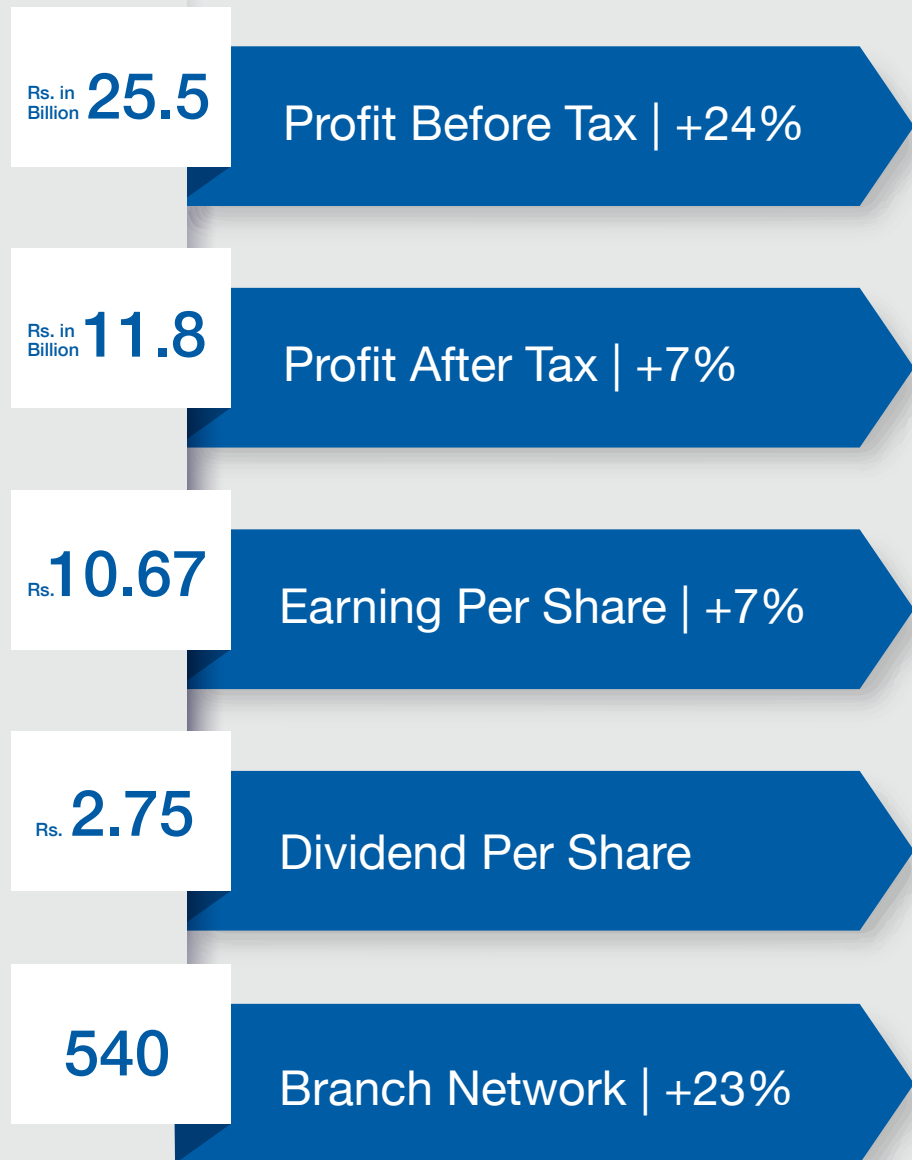
Christianity's teachings of compassion and justice urge us to stand against Riba. By nurturing fairness in finance, we strive for a world where everyone is free from exploitation and oppression.





Performance Highlights for the Year





Six Years' Financial And Non-Financial Summaries

Rs. in Million

	2024	2023	2022	2021	2020	2019
Profit and Loss Account						
Profit / return earned	112,801	92,756	46,345	23,235	25,744	23,650
Profit / return expensed	66,414	52,573	25,943	12,303	13,255	12,860
Net Spread earned	46,387	40,184	20,402	10,932	12,489	10,790
Fee, commission, brokerage & exchange Income	2,312	1,817	1,459	1,227	900	618
Dividend and capital gains	2,108	1,254	1,456	798	625	855
Other Income	171	240	684	94	111	160
Total Other Income	4,591	3,311	3,599	2,119	1,635	1,633
Total Income	50,977	43,494	24,001	13,052	14,124	12,424
Operating Expenses	22,714	16,579	11,961	9,623	8,764	7,794
Profit / (loss) before tax and provisions	28,263	26,915	12,041	3,429	5,360	4,630
Provisions / (Reversal)	2,734	6,391	3,812	32	2,601	2,799
Profit before tax	25,530	20,523	8,228	3,397	2,759	1,831
Profit after tax	11,834	11,045	4,440	2,131	1,703	1,087

Statement of Financial Position

Paid up capital - net	11,008	11,008	11,008	11,008	11,008	11,008
Reserves	7,167	4,800	2,591	1,703	1,527	1,186
Unappropriated profit	22,738	15,996	10,083	6,336	4,330	2,876
Shareholders' equity	40,913	31,804	23,682	19,047	16,865	15,070
Surplus on revaluation of assets-net of tax	7,396	4,662	2,768	3,464	3,031	4,626
Net Assets	48,309	36,466	26,450	22,511	19,895	19,696
Total Assets	737,834	654,866	487,239	408,390	336,297	283,096
Earning Assets	646,311	562,154	406,994	344,652	279,351	231,759
Gross Financings	327,185	254,035	220,341	196,378	145,338	144,720
Financings-net of provisions	296,018	230,194	201,328	181,176	130,162	131,775
Non-performing Loans (NPLs)	24,267	22,891	19,873	17,077	17,529	15,388
Investments - net	345,052	314,084	179,741	124,838	95,240	55,194
Total Liabilities	689,525	618,400	460,789	385,879	316,402	263,400
Deposits & other accounts	559,178	522,541	415,912	344,788	283,641	229,984
Current & Saving Deposits (CASA)	367,339	324,951	278,211	180,768	137,799	128,808
Borrowing	87,662	60,659	21,052	21,193	16,128	15,104
Cost bearing Liabilities	442,275	404,111	280,239	209,132	173,397	132,768
Contingencies and commitments	496,160	164,368	103,802	39,805	22,001	26,652

Per Branch

Deposits	1,036	1,188	1,095	1,014	827	689
CASA	680	739	732	532	402	386
Gross Advances	606	577	580	578	424	433

Other Non-Financial Information

No. of Branches	Absolute	540	440	380	340	343	334
Total No. of Employees	Absolute	7,317	5,891	4,562	4,046	3,437	3,447

Six Years Financial Ratios

		2024	2023	2022	2021	2020	2019
Profitability Ratios							
Profit before tax ratio	%	50.08%	47.19%	34.28%	26.03%	19.54%	14.74%
Gross Yield on Earning Assets	%	17.45%	16.50%	11.39%	6.74%	9.22%	10.20%
Gross Yield on Avg. Earning Assets	%	18.67%	19.14%	12.33%	7.45%	10.07%	11.59%
Gross Yield on Avg. Earning Assets (incl. Dividend & capital gains)	%	19.02%	19.40%	12.72%	7.70%	10.32%	12.01%
Gross Spread ratio	%	41.12%	43.32%	44.02%	47.05%	48.51%	45.62%
Cost to Income ratio	%	44.56%	38.12%	49.83%	73.73%	62.05%	62.73%
Return on average Equity (ROAE)	%	32.55%	39.81%	20.78%	11.87%	10.67%	7.84%
Return on average Assets (ROA)	%	1.70%	1.93%	0.99%	0.57%	0.55%	0.44%
Return on Capital employed	%	43.16%	39.93%	17.68%	11.92%	10.21%	9.22%
Shareholders' Funds	%	6.55%	5.57%	5.43%	5.51%	5.92%	6.96%
Market Return on Shareholders' Funds	%	14.48%	65.19%	4.20%	6.45%	7.97%	-7.88%
Return on Shareholders' Funds	%	27.92%	35.11%	18.14%	10.05%	8.60%	6.36%
Non-funded income to total income	%	9.01%	7.61%	14.99%	16.24%	11.58%	13.15%
Operating expenses to Profit before tax ratio	%	86.80%	78.74%	143.08%	281.13%	310.86%	421.61%
Assets Quality and Liquidity Ratios							
Gross Financing to deposits ratio	%	58.51%	48.62%	52.98%	56.96%	51.24%	62.93%
Net Financing to deposit ratio	%	52.94%	44.05%	48.41%	52.55%	45.89%	57.30%
Net Investment to deposit	%	61.71%	60.11%	43.22%	36.21%	33.58%	24.00%
CASA to Total deposit	%	65.69%	62.19%	66.89%	52.43%	48.58%	56.01%
Non-Performing loans to Gross Financing	%	7.42%	9.01%	9.02%	8.70%	12.06%	10.63%
Coverage Ratio (ECL/NPLs)	%	105.31%	104.15%	96.14%	89.57%	87.25%	84.90%
Cost of Funds	%	30.01%	15.36%	10.06%	5.53%	6.83%	8.21%
Earning Assets to Cost bearing Liabilities	Times	1.46	1.39	1.45	1.46	1.34	1.33
Deposit to shareholder Equity	Times	13.67	16.43	17.56	18.10	16.82	15.26
Assets to Equity	Times	15.27	20.59	20.57	21.44	19.94	18.79
Liquidity Coverage ratio	%	352.40%	348.22%	317.37%	249.73%	210.41%	162.60%
Net Stable Funding ratio	%	274.14%	307.90%	260.73%	238.21%	251.29%	199.00%
Efficiency Ratio	%	47.77%	40.21%	57.70%	87.35%	68.69%	71.56%
Investment and Market Ratios							
Earnings per share (EPS) and diluted EPS	Rs.	10.6733	9.9622	4.0043	1.9224	1.5362	1.0600
Price Earnings ratio	Times	2.15	2.23	3.34	6.66	7.82	10.46
Price to Book ratio	Times	0.53	0.67	0.56	0.63	0.67	0.58
Dividend Yield ratio	%	11.07%	15.47%	-	-	-	-
Dividend Payout ratio	%	23.42%	27.60%	-	-	-	-
Breakup value per share							
-With Surplus on Revaluation of Assets & Investments	Rs.	43.57	32.89	23.86	20.30	17.94	19.20
-Without Surplus on Revaluation of Assets	Rs.	42.18	31.58	22.38	18.43	16.47	17.61
-Without Surplus on Revaluation of Assets & Investment	Rs.	36.9	28.69	21.36	17.18	15.21	14.69
Share Information							
Market value per share Dec-31	Rs.	22.97	22.20	13.36	12.81	12.01	11.09
-High - During the year	Rs.	26.28	22.90	15.47	14.84	13.75	14.79
-low - During the year	Rs.	20.05	9.38	10.18	10.06	7.38	10.42
Market Capitalization	Rs. In Mn	25,467	24,613	14,812	14,202	13,316	12,296
No. Shares Outstanding	In Mn	1,109	1,109	1,109	1,109	1,109	1,109
Cash Dividend per share	Rs.	2.50	2.75	-	-	-	-
Capital Structure							
Tier 1 Capital	Rs. In Mn	41,793	31,367	22,389	15,552	15,347	15,188
Total Eligible Capital	Rs. In Mn	53,964	41,954	29,501	20,301	20,127	19,452
Risk Weighted Assets (RWAs)	Rs. In Mn	223,828	176,382	164,613	143,488	125,040	130,155
Capital Adequacy ratio	%	24.11%	23.79%	17.92%	14.15%	16.10%	14.95%
Earning Assets to total Assets	%	87.60%	85.84%	83.53%	84.39%	83.07%	81.87%
Debt to Equity ratio as per book value	%	6.21%	7.82%	10.77%	8.88%	10.05%	8.63%

Six Year's Horizontal Analysis

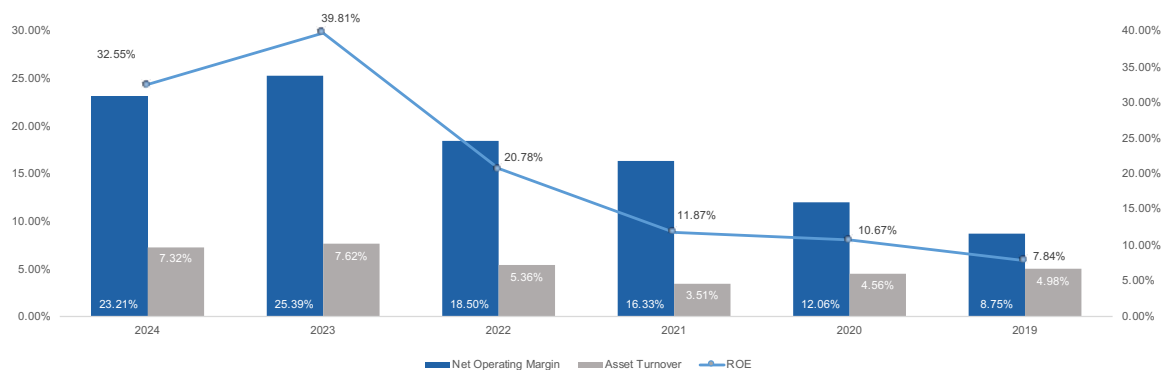
	2024	2023	2022	2021	2020	2019
	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million
	%	%	%	%	%	%
Statement of Financial Position						
Assets						
Cash and balances with treasury banks	41,094	41,287	39,973	24,552	22,034	14,640
Balances with other banks	983	1,374	2,046	3,692	12,308	1,878
Due from financial institutions - net	4,258	16,502	23,878	34,945	41,640	42,912
Investments - net	345,052	314,084	179,741	124,838	95,240	55,194
Islamic financing and related assets and Advances - net	296,018	230,194	201,328	181,176	130,162	131,775
Operating fixed assets	23,468	19,759	17,451	16,794	14,850	15,819
Deferred tax assets	-	236	3,339	4,308	5,825	5,622
Other assets - net	26,962	31,430	19,483	18,084	14,239	15,257
	737,834	654,866	487,239	408,369	336,298	283,097
	13%	34%	19%	21%	19%	31%
Liabilities						
Bills payable	13,774	5,125	3,531	3,484	3,324	2,488
Due to financial institutions	87,662	60,659	21,052	21,193	16,128	15,104
Deposits and other accounts	559,178	522,541	415,912	344,788	282,016	229,984
Subordinated sukuk	3,000	2,850	2,850	2,000	2,000	1,700
Deferred tax liabilities	1,385	-	-	-	-	-
Other Liabilities	24,562	27,225	17,444	14,413	11,309	14,125
	689,525	618,400	460,789	385,878	316,402	263,401
	12%	34%	19%	22%	20%	31%
Net Assets						
	48,309	36,466	26,450	22,511	19,896	19,696
	32%	38%	17%	13%	1%	36%
Represented by						
Share Capital	11,008	11,008	11,008	11,008	11,008	11,008
Reserves	7,167	4,800	2,591	1,703	1,527	1,186
Unappropriated profit	22,738	15,996	10,083	6,336	4,330	2,876
Surplus on revaluation of assets - net of tax	7,396	4,662	2,768	3,464	3,031	4,626
	48,309	36,466	26,450	22,511	19,896	19,696
	32%	38%	17%	13%	1%	36%
Profit and Loss Account						
Profit / return earned	112,801	92,756	46,345	23,235	25,744	23,650
Profit / return expensed	(66,414)	(52,573)	(25,943)	(12,303)	(13,255)	(12,860)
Net Spread earned	46,387	40,184	20,402	10,932	12,489	10,790
Provisions	(2,734)	(6,391)	(3,812)	(32)	(2,601)	(2,799)
Net Spread after provisions	43,653	33,792	16,590	10,900	9,888	7,991
Other income	4,591	3,311	3,599	2,119	1,635	1,633
Other expenses	(22,714)	(16,579)	(11,961)	(9,623)	(8,764)	(7,794)
Profit / (loss) before taxation	25,530	20,523	8,228	3,396	2,759	1,830
Taxation	(13,696)	(9,478)	(3,788)	(1,265)	(1,055)	(743)
Profit / (loss) after taxation	11,834	11,045	4,440	2,131	1,704	1,087
	7%	149%	108%	25%	57%	410%

Six Year's Vertical Analysis

	2024	2023	2022	2021	2020	2019
	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million
	%	%	%	%	%	%
Statement of Financial Position						
Assets						
Cash and balances with treasury banks	41,094	41,287	39,973	24,552	22,034	14,640
Balances with other banks	983	1,374	2,046	3,692	12,308	1,878
Due from financial institutions - net	4,258	16,502	23,878	34,945	41,640	42,912
Investments - net	345,052	314,084	179,741	124,838	95,240	55,194
Islamic financing and related assets and Advances - net	296,018	230,194	201,328	181,176	130,162	131,775
Operating fixed assets	23,468	19,759	17,451	16,794	14,850	15,819
Deferred tax assets	-	236	3,339	4,308	5,825	5,622
Other assets - net	26,962	31,430	19,483	18,084	14,239	15,257
	737,834	654,866	487,239	408,389	336,298	283,097
	100%	100%	100%	100%	100%	100%
Liabilities						
Bills payable	13,774	5,125	3,531	3,484	3,324	2,488
Due to financial institutions	87,662	60,659	21,052	21,193	16,128	15,104
Deposits and other accounts	559,178	522,541	415,912	344,788	282,016	229,984
Subordinated sukuk	3,000	2,850	2,850	2,000	2,000	1,700
Deferred tax liabilities	1,385	-	-	-	-	-
Other Liabilities	24,562	27,225	17,444	14,413	11,309	14,125
	689,525	618,400	460,789	385,878	316,402	263,401
	93%	94%	95%	94%	94%	93%
Net Assets	48,309	36,466	26,450	22,511	19,896	19,696
	7%	6%	5%	6%	6%	7%
Represented by						
Share Capital	11,008	11,008	11,008	11,008	11,008	11,008
Reserves	7,167	4,800	2,591	1,703	1,527	1,186
Unappropriated profit	22,738	15,996	10,083	6,336	4,330	2,876
Surplus on revaluation of assets - net of tax	7,396	4,662	2,768	3,464	3,031	4,626
	48,309	36,466	26,450	22,511	19,896	19,696
	7%	6%	5%	6%	6%	7%
Profit and Loss Account						
Profit / return earned	112,801	92,756	46,345	23,235	25,744	23,650
Profit / return expensed	(66,414)	(52,573)	(25,943)	(12,303)	(13,255)	(12,860)
Net Spread earned	46,387	40,184	20,402	10,932	12,489	10,790
Provisions	(2,734)	(6,391)	(3,812)	(32)	(2,601)	(2,799)
Net Spread after provisions	43,653	33,792	16,590	10,900	9,888	7,991
Other income	4,591	3,311	3,599	2,119	1,635	1,633
Other expenses	(22,714)	(16,579)	(11,961)	(9,623)	(8,764)	(7,794)
Profit / (loss) before taxation	25,530	20,523	8,228	3,396	2,759	1,830
Taxation	(13,696)	(9,478)	(3,788)	(1,265)	(1,056)	(743)
Profit / (loss) after taxation	11,834	11,045	4,440	2,131	1,703	1,087
	10%	12%	10%	9%	7%	5%

Dupont Analysis

		2024	2023	2022	2021	2020	2019
Net Operating Margin	%	23.21%	25.39%	18.50%	16.33%	12.06%	8.75%
Asset Turnover	%	7.32%	7.62%	5.36%	3.51%	4.56%	4.98%
Financial Leverage / Equity Multiplier	Times	19.15	20.58	20.96	20.74	19.40	17.99
Return on Equity (ROE)	%	32.55%	39.81%	20.78%	11.87%	10.67%	7.84%



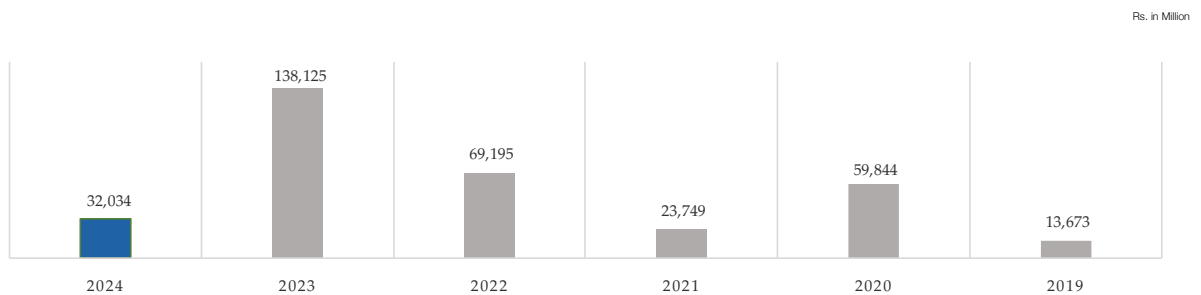
DuPont Analysis gives detail understanding of return on equity (ROE) by breaking down it into three major Financial metrics: Operating efficiency, Asset use efficiency and Financial Leverage.

The analysis shows that the Bank's operating efficiency, which is measured by net operating margin, has seen consistent improvement over the past six years, this analysis highlights the fact more prominently that the Bank's profitability does not entirely depend upon rise in Policy rates but also on its ability to conduct its business in efficient manner. The asset use efficiency has also witnessed a stable increase over the years, where utilization by the Bank of its assets base has been efficient. This is attributed to the rise in policy rates which resulted in higher yields on earning assets as well as an increase in non-funded income. Further, the study shows that the bank's financial leverage has been consistent over the years.

Free Cashflows

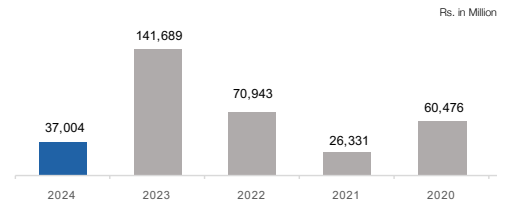
	Rs. in Million					
	2024	2023	2022	2021	2020	2019
Profit Before Taxation	25,530	20,523	8,228	3,397	2,759	1,831
Adjustment for non-cash items	11,509	9,514	6,165	2,607	5,811	5,795
Operating assets / liabilities changes	(34)	111,651	56,549	20,327	51,906	9,401
Net cash generated from operating activities	37,004	141,689	70,943	26,331	60,476	17,027
Capital Expenditure	(4,970)	(3,564)	(1,748)	(2,582)	(632)	(3,354)
Free cash flows	32,034	138,125	69,195	23,749	59,844	13,673

Free Cash Flows



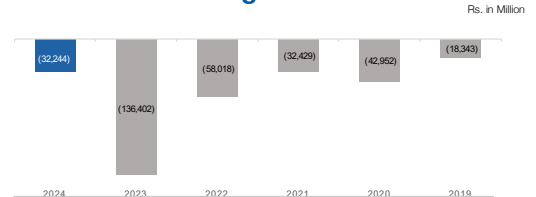
Operating Activities Cash flow from operating activities represents the cash generated by the Bank from its core operations. In 2024, the Bank experienced a declining trend in cash flow from operating activities, primarily due to a strategic shift aimed at enhancing the quality of its deposit base. This involved a greater focus on low-cost deposits, such as current and savings accounts. Additionally, the Bank significantly expanded its financing portfolio, as evidenced by a net increase of Rs. 66 Bn in Islamic Financing. This expansion further contributed to the reduction in net cash generated from operating activities compared to the previous year. In contrast, during the prior year, the Bank had strategically prioritized generating cash flow from operating activities and utilized the surplus in its investing activities.

Operating Activities



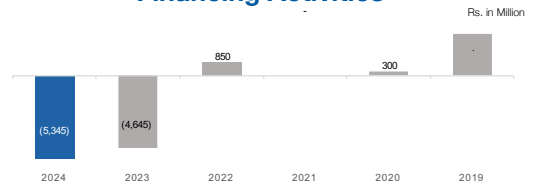
Investing Activities Funds utilized in investing activities exhibited a declining trend as the Bank shifted its focus toward expanding its financing portfolio. This strategic realignment was implemented in response to decreasing policy rates, which generally lead to lower yields on the investment portfolio, particularly in Government of Pakistan (GoP) Sukuks. In the preceding year, the Bank had allocated surplus funds generated from operating activities to its investment portfolio, as policy rates remained elevated during that period.

Investing Activities



Financing Activities The Bank's financing activities have shown an outflow both in the current year and the previous year. In 2024, the Bank announced a dividend of Rs. 2.5 per share, which is reflected under financing activities in the cash flow statement. Additionally, the expansion of the Bank's branch network led to an increase in payments related to new lease agreements, amounting to Rs. 758 Mn during the year.

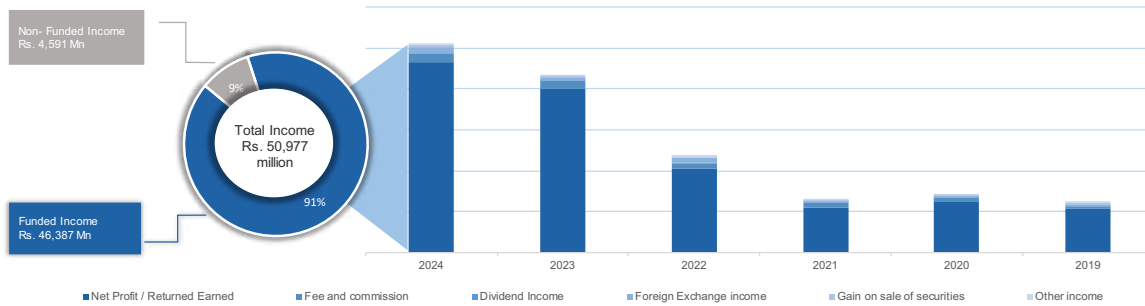
Financing Activities



Income Trend Over the Years

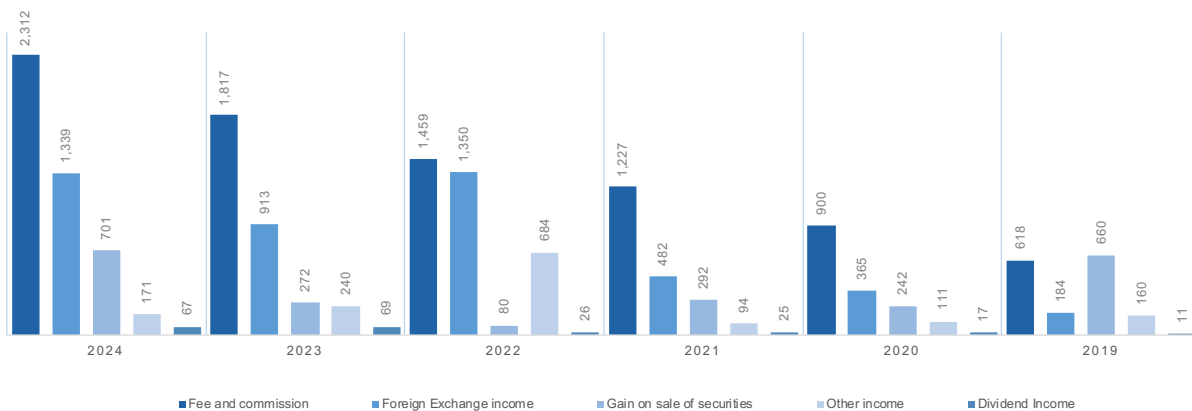
The Bank's total income, comprising funded income and non-funded income (NFI), has demonstrated a consistent upward trend over the years. During the year, overall income grew by 17% compared to the previous year. Out of the total income of Rs. 50.9 Bn, funded income (net spread) accounted for Rs. 46.3 Bn. Gross spread income recorded a significant growth of Rs. 20 Bn, or 22%, compared to the prior year. Notably, income from the investment portfolio contributed to a 45% increase, rising from Rs. 46 Bn in 2023 to Rs. 67 Bn in 2024. This growth in investment income was primarily driven by elevated policy rates in the earlier part of 2024. As policy rates began to decline, the Bank strategically shifted its focus toward enhancing its Islamic financing portfolio, which generally offers higher yields due to the increased risk assumed by the Bank.

Funded and Non-Funded Income



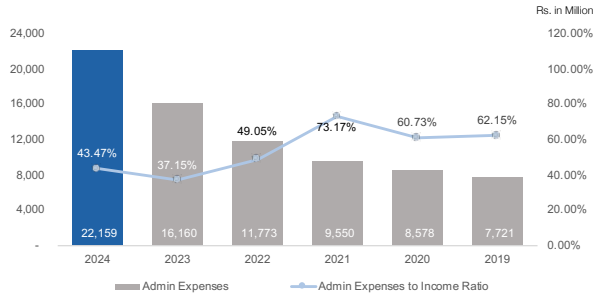
Non Funded Income

Rs. in Million

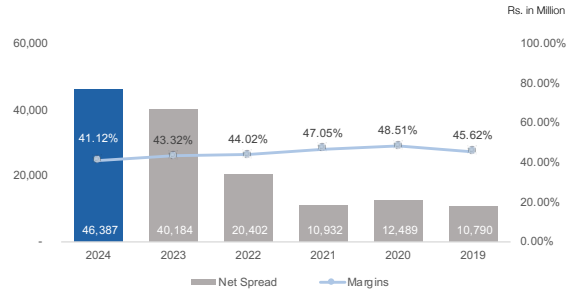


Ratios Analysis

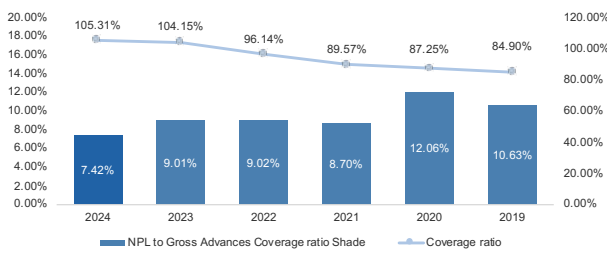
Operating Expenses to Income Ratio



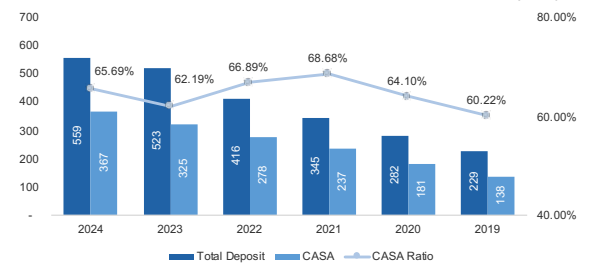
Net Spread and Margins



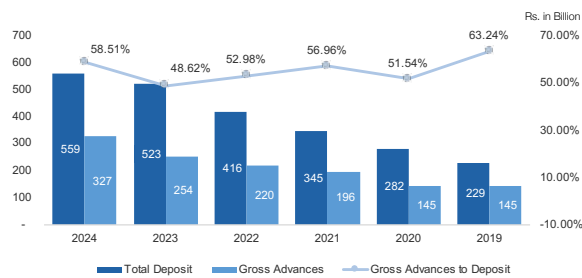
NPL Coverages Ratios



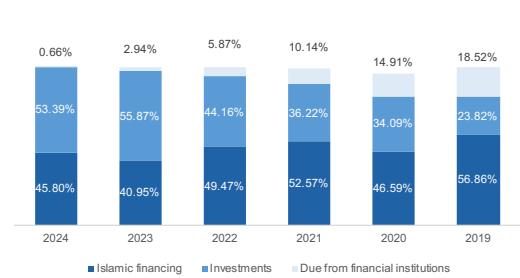
CASA to Total Deposit



Gross Financing to Total Deposit

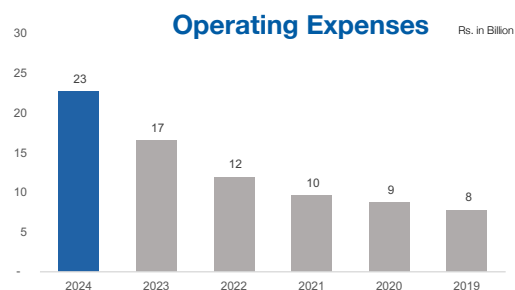
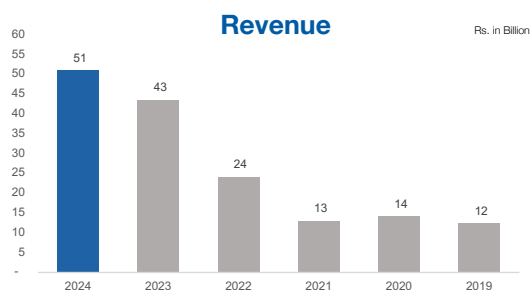
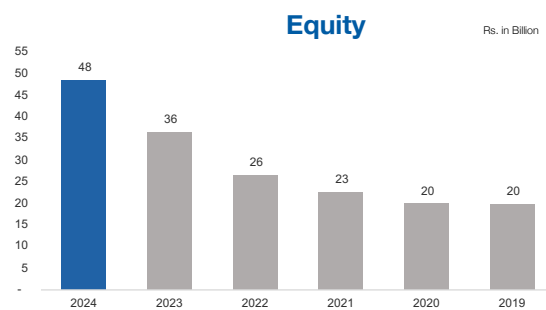
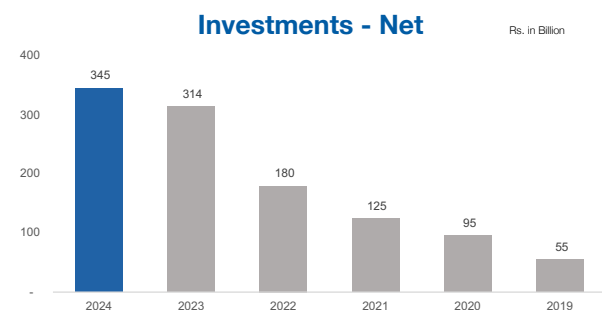
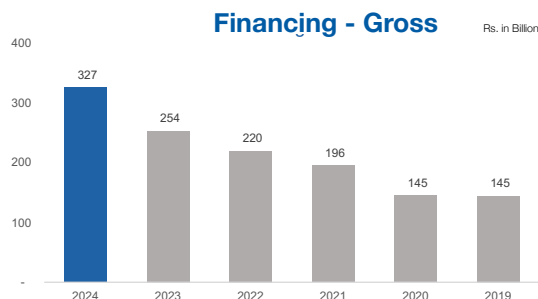


Earning Assets Mix*



*Excluding Balances with other banks

Financial Performance Over the Years



Statement of Value Added

	2024	2023
	Rs. In Million	
Value Added		
Profit Earned net of FE Swap cost	111,645	91,987.6
Non Funded Income	4,591	3,310.6
Operating Expenses excluding salaries, depreciation & amortization on owned assets and workers' welfare fund	(8,765)	(6,602.2)
Finance cost on lease Liabilities against Right of Use Assets	(807)	(441.5)
Provision against Financing, Lendings, Investments & Others	(2,734)	(6,391.5)
Value added Available for distribution	103,930	81,863.0
Allocation of Value added		
To Depositors, Sukuk Holders and Financial Institution		
Profit expense on deposits and other dues	64,376	51,287.3
To Employees		
Remuneration, Provident fund and other benefits	9,947	7,493.2
To Government		
Workers' Welfare Fund	521	410.5
Income tax	13,696	9,478.3
	14,217	9,888.8
To Society		
Donations	186	-
Islami Khayr Account	76	75
	262	75
To Shareholders		
Interim/Final Cash Dividends to shareholders	2,772	3,048.9
To Expansion and Growth		
Depreciation	3,019	1,929.9
Amortization	275	143.7
Retained Earnings	9,062	7,996.2
	12,356	10,069.8
	103,930	81,863.0

BREAKING FREE FROM THE CHAINS OF RIBA

Hinduism's core teachings encourage liberation from anything that binds or oppresses, including the chains of financial exploitation.





Chairman's Review

I am pleased to present the annual report for BankIslami Pakistan Limited for the year ended December 31, 2024. This year has been marked by strong financial performance, strategic growth, and continued commitment to Islamic banking principles. Despite a challenging macroeconomic environment, BankIslami has demonstrated resilience and progress, delivering a record profit after tax of Rs. 11,833 million, expanding our branch network to 540 locations, and enhancing our digital banking services, leading to greater customer engagement.

Expanding financial inclusion remains a strategic priority. Through Shariah-compliant solutions, we are enabling greater access to finance for SMEs, women entrepreneurs, and underserved market segments. Our branch expansion strategy, adding 100 new locations, further reinforces our commitment to improving accessibility to Islamic banking solutions.

The Bank remains focused on strengthening its digital banking infrastructure, expanding its financing portfolio, and improving customer experience. Our digital transformation efforts accelerated in 2024, with enhanced mobile banking platforms, Alternate Delivery Channels (ADC), and digital payment solutions, providing customers with a seamless and secure banking experience. These initiatives have led to significant growth in non-funded income, reflecting increasing customer adoption of digital services.

As part of our commitment to corporate governance and transparency, we engaged Grant Thornton Anjum Rahman to conduct an independent evaluation of the Board's performance, its committees and individual board members. Based on the findings, structured improvement plans are discussed with individual Board members to strengthen governance effectiveness. The Bank remains fully compliant with the Director Training Program (DTP) under the Listed Companies (Code of Corporate Governance) Regulations, 2019, with seven out of eight Board members certified and one is exempted from the requirement. Additionally, specialized training programs on Islamic Banking, Corporate Governance, and AML/CFT regulations were conducted to enhance leadership capabilities.

The Shariah Board continues to play a pivotal role in ensuring that BankIslami's products and services remain fully aligned with Islamic banking standards. We have actively invested in Shariah education and training, further strengthening internal expertise and fostering greater customer confidence in our offerings. We remain committed to sustainable banking practices, proactively assessing and managing sustainability-related risks across our lending portfolios. In addition, diversity, equity, and inclusion (DE&I) remain fundamental to our corporate ethos, ensuring an environment that fosters innovation and long-term growth.

The Board has proposed a final cash dividend of Rs. 1.25 per share for the year ended December 31, 2024, subject to approval at the upcoming Annual General Meeting. This, combined with the interim cash dividend of Rs. 1.5 per share (15%) declared earlier, brings the total cash dividend for 2024 to Rs. 2.75 per share.

Looking ahead to 2025, while economic challenges such as fiscal pressures and climate-related vulnerabilities persist, BankIslami remains well-positioned to capitalize on emerging opportunities. Our strategic roadmap focuses on strengthening the deposit base, particularly through CASA growth, expanding our financing portfolio in the corporate, SME, and retail segments, accelerating digital innovation, reinforcing risk management and compliance frameworks, and upholding our commitment to Shariah governance and sustainable banking practices.

I extend my sincere appreciation to the State Bank of Pakistan, Ministry of Finance, Securities & Exchange Commission of Pakistan, and Pakistan Stock Exchange for their continued support in fostering the growth of Islamic finance in Pakistan. I would also like to thank our customers, shareholders, the Shariah Supervisory Board, and the Board of Directors for their trust and confidence in BankIslami's mission. We remain committed to delivering sustainable value creation for all stakeholders and further strengthening our position as a leading Islamic financial institution.

Suleman Lalani

Chairman of the Board of Directors

February 27, 2025

Karachi

چیسر مین کا تجزیہ

میں اسٹیٹ بینک آف پاکستان، وزارت خزانہ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کو پاکستان میں اسلامی مالیات کی ترقی کو فروغ دینے کے لیے ان کی مسلسل حمایت پر تہہ دل سے خراج تحسین پیش کرتا ہوں۔ میں اپنے صارفین، حصص یافتگان، شریعہ سپروائزر بورڈ، اور بورڈ آف ڈائریکٹرز کا بھی شکریہ ادا کرنا چاہوں گا کہ انہوں نے بینک اسلامی کے مشن پر اعتماد کیا۔ ہم تمام اسٹیک ہولڈرز کے لیے پائیدار قدر پیدا کرنے اور ایک سرکردہ اسلامی مالیاتی ادارے کے طور پر اپنی پوزیشن مزید مستحکم کرنے کے لیے پرعزم ہیں۔



سلیمان لالانی

چیسر مین بورڈ آف ڈائریکٹرز

27 فروری، 2025

کراچی

چیسر میں کا تجزیہ

میں بینک اسلامی پاکستان لمیٹڈ کے 31 دسمبر 2024 کو ختم ہونے والے سال کی سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔ یہ سال مضبوط مالی کارکردگی، حکمت عملی کے تحت ترقی، اور اسلامی بینکاری کے اصولوں پر مسلسل عزم کی علامت رہا ہے۔ معاشی چیلنجوں کے باوجود، بینک اسلامی نے چلک اور ترقی کا مظاہرہ کیا ہے، جس میں ریکارڈ 11,833 ملین روپے کا بعد از حصول منافع، شاخوں کے نیٹ ورک میں توسیع جو کہ 540 مقامات تک پہنچ گئی، اور ڈیجیٹل بینکنگ خدمات میں بہتری جو کہ صارفین کی وابستگی میں اضافہ کا سبب بنیں۔

مالیاتی شمولیت بڑھانا ایک ترجیحی حکمت عملی ہے۔ شرعی اصولوں کے مطابق ہم SME's، کاروباری خواتین اور مارکیٹ کے پسماندہ شعبوں کے لیے فنانس تک زیادہ سے زیادہ رسائی ممکن بنا رہے ہیں۔ ہماری برانچ کی توسیع کی حکمت عملی، جس میں 100 نئے مقامات کا اضافہ کیا گیا ہے، اسلامی بینکاری کے حل تک رسائی بہتر بنانے کے ہمارے عزم کو مزید تقویت دیتی ہے۔

بینک نے اپنا ڈیجیٹل بینکاری کا انفراسٹرکچر مضبوط بنانے، اپنے فنانسنگ پورٹ فولیو کو وسعت دینے اور صارفین کا تجربہ بہتر بنانے پر توجہ مرکوز کر رکھی ہے۔ 2024ء میں موبائل بینکنگ پلیٹ فارمز، متبادل ڈیوری ویئلز (ADC) اور ڈیجیٹل ادائیگی کے حل کے ساتھ ہماری ڈیجیٹل ارتقاء کی کوششوں میں تیزی آئی، جو صارفین کو بینکاری کا ہموار اور محفوظ تجربہ فراہم کرتے ہیں۔ ان اقدامات کی وجہ سے نان فنڈڈ آمدنی میں نمایاں اضافہ ہوا ہے، جو ڈیجیٹل خدمات کے صارفین کے بڑھتے ہوئے اعتماد کی عکاسی کرتا ہے۔

کارپوریٹ گورننس اور شفافیت کے اپنے عزم کے ایک حصے کے طور پر، ہم نے بورڈ کی کارکردگی، اس کی کمیٹیوں اور انفرادی بورڈ ممبران کا آزادانہ جائزہ لینے کے لیے Grant Thornton Anjum Rehman کی خدمات حاصل کی ہیں۔ نتائج کی بنیاد پر، گورننس کی اثر پذیری مضبوط بنانے کے لیے انفرادی بورڈ ممبران کے ساتھ منظم بہتری کے منصوبوں پر تبادلہ خیال کیا جاتا ہے۔ بینک لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تحت ڈائریکٹرز بینکنگ پروگرام (DTP) کی مکمل تعمیل کرتا ہے، جس میں بورڈ کے آٹھ میں سے سات ممبران تصدیق شدہ ہیں اور ایک کو اس شرط سے مستثنیٰ قرار دیا گیا ہے۔ مزید برآں اسلامی بینکاری، کارپوریٹ گورننس اور AML / CFT ریگولیشنز پر خصوصی تربیتی پروگرام منعقد کیے گئے تاکہ قائدانہ صلاحیتوں میں اضافہ کیا جاسکے۔

شریہ بورڈ نے بینک اسلامی کی مصنوعات اور خدمات کو اسلامی بینکاری کے معیارات کے ساتھ مکمل ہم آہنگ رکھنے میں اہم کردار ادا کیا ہے۔ ہم نے شریعہ تعلیم اور تربیت میں فعال طور پر سرمایہ کاری کی ہے، جس سے داخلی مہارت مزید مضبوط کی گئی ہے اور ہماری مصنوعات پر صارفین کا اعتماد بڑھا ہے۔ ہم بینکاری کے پائیدار طریقوں کے لیے پرعزم ہیں، اور اپنے قرضہ کے پورٹ فولیوز میں پائیداری سے متعلق خطرات کا فعال طور پر جائزہ لیتے ہیں اور ان کا بندوبست کرتے ہیں۔ اس کے علاوہ، تنوع، مساوات، اور شمولیت (DE&I) ہماری کاروباری اخلاقیات کا بنیادی حصہ ہیں، جو ایک ایسا ماحول فراہم کرتے ہیں جو جدت اور طویل مدتی ترقی کو فروغ دیتا ہے۔

بورڈ نے 31 دسمبر 2024 کو ختم ہونے والے سال کے لیے فی حصص 1.25 روپے کے حتمی نقد منافع منقسمہ کی تجویز دی ہے، جو آئندہ سالانہ اجلاس عام میں منظوری کے بعد لاگو ہوگا۔ پہلے اعلان کردہ 1.5 روپے (15%) عبوری نقد منافع منقسمہ کے ساتھ، 2024 کے لیے مجموعی نقد منافع منقسمہ 2.75 روپے ہو جائے گا۔ 2025 کے دوران، اقتصادی چیلنجوں جیسے کہ مالی دباؤ اور موسمیاتی مسائل کے باوجود، بینک اسلامی ابھرتے ہوئے مواقع سے فائدہ اٹھانے کی بہترین پوزیشن میں ہے۔ ہمارے مستقبل کے لائحہ عمل میں خاص طور پر CASA کے ذریعے ڈپازٹ میں مضبوط کرنے، کارپوریٹ، SME، اور ریٹیل سیکٹرز میں مالیاتی پورٹ فولیو بڑھانے، ڈیجیٹل جدت میں تیزی لانے، رسک مینجمنٹ اور کمپلائنس فریم ورک مستحکم کرنے، اور شریعت کے مطابق بینکاری اور پائیدار بینکاری کے اصول پر مبنی رہنے پر مرکوز ہے۔

میں اسٹیٹ بینک آف پاکستان، وزارت خزانہ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کو پاکستان میں اسلامی مالیات کی ترقی کو فروغ

Handwritten signature

Directors' Report to the Members

Dear Members,

On behalf of the Board of Directors, we are pleased to present the Directors' Report of BankIslami Pakistan Limited ('the Bank' or 'BankIslami') on the annual audited Financial Statements for the year ended December 31, 2024.

Principal Activities

BankIslami operates as a licensed Scheduled Islamic Commercial Bank, providing a full suite of Shariah-compliant financial solutions through its 540 branches, including 60 sub-branches, across Pakistan. The Bank remains committed to delivering innovative solutions that cater to corporate, commercial, SME, Agri, consumer, and retail clients. Our focus remains on sustainable growth, digital transformation, and enhancing financial inclusion to strengthen our position as one of the leading Islamic financial institutions.

Economy Snapshot & Industry Outlook

Brief Overview on Economy

Pakistan's economy showed early signs of stabilization in 2024, achieving 2.5% GDP growth, largely driven by gains in agriculture and measured recovery in trade, electricity generation, and auto sales. However, investment activity remained subdued due to policy uncertainties and evolving business conditions. Inflationary pressures eased significantly, with YoY inflation in January 2025 declining to 2.41% and an annual average of 6.5%, supported by disciplined monetary policy, improved supply chains, and a favorable base effect. In response, the State Bank of Pakistan (SBP) cut the policy rate to 12%, signaling a shift toward growth-centric policies while maintaining inflation within the 5-7% target range.

Pakistan's external position strengthened, with a \$1.2 billion current account surplus in H1-FY25, bolstered by robust remittances, a rebound in textiles exports, and prudent import management. SBP reserves rose by \$3 billion to \$11.2 billion (Feb 2025), improving external buffers. However, debt servicing pressures persist, and while the trade deficit narrowed, this was driven more by import restrictions and weak domestic demand than export growth.

Despite a 29.8% YoY rise in tax revenues in FY24, revenue collection fell short of targets, underscoring the urgent need for broadening the tax base and improving compliance. High debt servicing costs continue to absorb fiscal space, limiting investment in infrastructure and social sectors. The IMF's \$7 billion Extended Fund Facility (EFF) remains crucial, emphasizing fiscal discipline, decentralization, and market-driven reforms. A key focus is reducing state intervention, improving governance in SOEs, and ensuring cost-reflective energy pricing to restore financial viability. The IMF has reiterated the need for fiscal prudence, emphasizing a shift in financial and development responsibilities to the provincial level to improve efficiency and governance.

While monetary easing aims to boost economic activity, investment levels remain weak due to governance inefficiencies, policy unpredictability, and bureaucratic hurdles. FDI inflows remain subdued, highlighting the need for regulatory stability, business-friendly policies, and financial sector modernization. Pakistan's banking sector remains resilient, but credit growth, NPL trends, and capital market performance will be critical in determining long-term financial stability.

The energy crisis, external debt obligations, and climate vulnerabilities (e.g., floods, droughts) pose persistent risks. Additionally, political uncertainty and resistance to key reforms could delay economic progress. However, if fiscal discipline, structural reforms, and private sector competitiveness improve, Pakistan's GDP could accelerate beyond 3% in 2025, with higher domestic demand, investment recovery, and a strengthened financial sector supporting growth.

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Pakistan's economic trajectory shows measured stabilization, stronger external accounts, and declining inflation, but sustainable growth hinges on policy continuity, governance reforms, and private sector-led expansion. The 2025 outlook remains cautiously optimistic, contingent on fiscal discipline, investment climate improvement, and global financial conditions.

(Source: SBP Monetary Policy Statement, SBP data and News Reports)

Banking Industry Outlook

Pakistan's banking sector demonstrated resilience and sustained growth in 2024, despite domestic financial tightening, heightened inflation, and prolonged macroeconomic uncertainty. The sector's total assets expanded by 15.7%, driven primarily by higher financing activity and increased investment in government securities. Notably, private-sector financing surged by 29.6%, reflecting banks' strategic response to tax-driven incentives.

To comply with the government's Advances-to-Deposit Ratio (ADR) requirement, banks successfully increased ADR to 52.8% by December 2024, up from 44.4% in 2023, ensuring improved credit intermediation. However, deposit growth moderated to 8.8% (vs. 23.9% in 2023), largely due to shifts in liquidity dynamics following these regulatory changes. Meanwhile, the Income Tax Amendment Ordinance 2024 raised the corporate tax rate for banks from 39% to 44%, annulling ADR related taxation requirement, adding fiscal pressure on profitability.

The sector's asset quality remained stable, with gross non-performing loans (NPLs) at 8.5% (Sep 2024), compared to 7.7% (Dec 2023). Enhanced provisioning coverage under IFRS-9 improved risk buffers, ensuring greater resilience against potential credit losses.

Despite monetary easing and lower interest rates, Net Interest Income (NII) grew by 6% YoY, supported by volumetric expansion and favorable repricing effects. Non-interest income surged 55% YoY, reflecting higher fee-based revenues and improved treasury operations. However, non-interest expenses rose by 21% YoY, primarily due to inflation-driven administrative costs.

The banking sector's solvency position strengthened, with the Capital Adequacy Ratio (CAR) rising to 21.5% (Sep 2024) from 19.7% (Dec 2023), well above regulatory requirements. Recent stress test results confirm the sector's ability to absorb severe financial shocks, reinforcing Pakistan's financial stability amid external and domestic risks.

The banking sector navigated 2024 with resilience, maintaining asset growth, stable credit quality, and strong capital buffers, despite tax pressures and regulatory adjustments. Continued structural reforms, digital transformation, and improved risk management will be key to sustaining momentum in 2025 and beyond.

(Source: SBP – Economic Data, Publications and News Reports)

Significant Transactions

In order to advance its strategic business plan, the Bank has effectively broadened its presence by inaugurating 100 additional branches across the nation, bringing the total count to 540 branches, inclusive of 60 sub-branches. The Bank is committed to sustaining this momentum, further expanding its network to fortify balance sheet growth.

Overview of Financial Performance

Following are the key financial highlights for the year ended December 31, 2024:

Key Balance Sheet Numbers	2024 Rupees in '000	2023 Rupees in '000	Change %
Net Assets	48,309,276	36,465,918	32.5%
Deposits	559,177,932	522,540,925	7.0%
Financing and related assets - net	296,018,363	230,194,288	28.6%
Investments – net	345,051,553	314,083,872	9.9%
Due to FI	87,662,161	60,659,056	44.5%
Due from FI	4,257,928	16,502,138	-74.2%

Key Profit and Expense Numbers	2024 Rupees in '000	2023 Rupees in '000	Change %
Profit / return earned	112,800,697	92,756,237	21.6%
Profit / return expensed	66,414,069	52,572,505	26.3%
Net Spread Earned	46,386,628	40,183,732	15.4%
Fee and commission income	2,312,184	1,816,904	27.3%
Operating expenses	22,159,072	16,159,656	37.1%
Operating Profit before provisions	28,263,257	26,914,852	5.0%
Profit before taxation	25,529,701	20,523,397	24.4%
Profit after taxation	11,833,541	11,045,099	7.1%
Earnings per share (in Rupees)	10.6733	9.9622	7.1%
Transfer to Statutory Reserve	2,366,708	2,209,020	-

Alhamdulillah! the Bank's deposit base has demonstrated consistent growth since 2018. As of December 31, 2024, the Bank achieved a Compound Annual Growth Rate (CAGR) of 20.2%, compared to 23.1% as of December 31, 2023. During the reporting period, deposit growth moderated to 7% on a year-on-year basis. This slower growth was primarily driven by the Government's measures to broaden the tax base, including the imposition of an additional tax on banks failing to maintain an Advance-to-Deposit Ratio (ADR) of 50%, which shifted focus away from deposit mobilization. Subsequently, the Government promulgated the Income Tax Amendment Ordinance 2024, raising the standard income tax rate for banks from 39% to 44%.

In absolute terms, the Bank's deposit base grew by Rs. 36.6 billion, with savings deposits contributing 66.9% and current deposits contributing 48.8%. However, high-cost term deposits experienced a decline of 15.7%. On a year-on-year basis, the Bank witnessed growth of 18.9% in savings deposits, 9.2% in current deposits, and a decrease of -2.9% in term deposits.

The Bank has consistently maintained a Current Account and Savings Account (CASA) mix at 60% or more for the past 6 years, reflecting a balanced and stable funding structure. The growth in total deposits is attributed to the Bank's strategic approach towards product diversification, effectively catering to distinct market segments and addressing specific market needs.

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Consistent with its strategic focus, the Bank concentrated on enhancing its CASA growth, achieving a ratio of 65.7% by December 31, 2024. Further to this objective, the Bank introduced customized products for women, established priority banking centers, and strengthened its cash management and employee banking services. Additionally, the ongoing expansion of the branch network is a key component of the Bank's growth strategy, aimed at improving accessibility and broadening market presence. Together, these initiatives contribute significantly to the Bank's continued growth and its relevance in the market.

The Bank's financing portfolio registered a robust growth of 28.8% over the prior year. This growth was achieved despite headwinds such as regulatory tightening on auto financing, political uncertainty, and the discontinuation of subsidized housing finance schemes for new cases, which collectively led to a decline in the consumer financing segment. However, the downward trend in policy rates provided some support, creating growth opportunities. Furthermore, the introduction of an additional tax on banks maintaining an Advance-to-Deposit Ratio (ADR) below 50% incentivized industry-wide portfolio expansion. In line with this, the Bank strategically increased its financing to large corporate clients, resulting in an improvement in its gross ADR to 58.5% as of December 31, 2024, compared to 48.6% in 2023.

The Bank strategically deployed surplus liquidity primarily into GoP Ijarah Sukuk, resulting in significant growth in its investment portfolio. The portfolio increased from Rs. 314.08 billion as of December 2023 to Rs. 345.1 billion as of December 2024, reflecting a 9.9% year-on-year growth.

The implementation of IFRS 9 across the Pakistani banking sector, effective January 1, 2024, represents a significant transition in financial reporting practices, aligning local standards with international best practices. This standard introduces forward-looking credit loss provisions, enhancing transparency and strengthening risk management. The impact of IFRS 9 adoption is disclosed in Note 7.1.12 to the Unconsolidated Financial Statements for the year ended December 31, 2024. Furthermore, during the year, the fair valuation impact on assets and liabilities, along with any modification gains or losses, has been appropriately recognized in the financial statements along with relevant disclosures in compliance with IFRS 9.

Following the adoption of IFRS 9, the Bank's net provision against financing increased by 5.49% during the year. This rise was primarily driven by fresh classifications under Stage 3 and additional provisioning requirements for Stages 1 and 2. As a result, the Bank's coverage ratio improved to 106.6%, reflecting the Bank's continued focus on prudent risk management and its commitment to maintaining financial resilience amidst evolving economic conditions. Conversely, provision against investments declined by 60.2%, largely due to re-classification of fully provided conventional securities under IFRS 9.

A resilient capital base remains vital to supporting a sound and growing asset portfolio. As of December 31, 2024, the Bank's Capital Adequacy Ratio (CAR) stood at 24.11%, compared to 23.79% in the previous year, despite a dividend payout of Rs. 2.5 per share during the year. This improvement was primarily driven by strong profitability and a strategic focus on deploying funds into zero and low-risk weighted assets. The strengthened CAR reflects the Bank's continued commitment to maintaining a robust financial position while enhancing shareholder returns.

The aggressive reduction in policy rates during Q4 2024 was partially offset by the expansion of the Bank's balance sheet, resulting in a moderate increase of 15.4% in net spread income, compared to 97% growth in the previous year. On the other hand, fee and commission income recorded a notable growth of 27.3% year-on-year, driven primarily by higher fees from ADC services and trade-related commission income. Operating expenses increased by 37.1%, largely due to inflationary pressures and the Bank's strategic expansion initiatives, including the opening of new branches and business-side headcount growth to support future operations.

Alhamdulillah! the Bank delivered a robust growth of 24.4% in profit before tax for the year ended December 31, 2024, compared to the previous year. This performance reflects the Bank's well-executed strategy, which focused on optimizing the CASA deposit mix, expanding low-risk weighted financing portfolios, increasing fee-based income, and selectively growing the investment portfolio. As a result, profit after tax increased by 7.1%, reaching Rs. 11.8 billion.

Group Results

Principal Activities

The principal activities of the Group's material and significant operations are as follows:

- BankIslami Pakistan Limited (Holding Company) – Scheduled Islamic Commercial Bank
- Shakarganj Food Products Limited (Associate) – Manufacturing, Processing and Sale of Food Products

Financial Performance of the Group

In 2024, the Group experienced a significant 32.6% growth in its total assets, reflecting a marked improvement in its financial position. This increase was primarily driven by financing and investments in GoP Ijarah Sukuks. The Group achieved a commendable post-tax profit of Rs. 11.8 billion, representing an 11.5% increase as compared to the previous year. This achievement can be attributed to the expansion of earning assets, growth in profit-bearing liabilities, and higher policy rates prevailed during first nine months of the year.

Dividend to Shareholders

The Board of Directors has recommended a final cash dividend of Rs. 1.25 per share (12.5%) for the year ended December 31, 2024, subject to shareholders' approval at the upcoming Annual General Meeting (AGM). This brings the total cash dividend for the year to Rs. 2.75 per share, including the Rs. 1.5 per share (15%) interim dividend paid earlier.

Future Strategy

BankIslami has achieved remarkable growth in profitability and market presence, driven by the dedication of its employees, the trust in its Shariah-compliant financial solutions, and strong shareholder confidence. To sustain this momentum, the Bank has developed a Strategic Business Plan (2024-2026) aimed at accelerating deposit growth, expanding trade business, enhancing cash management services, strengthening credit risk management, and driving digital transformation.

The Strategic Plan outlines a series of goals and Key Performance Indicators (KPIs) designed to drive accelerated growth in the deposit base, boost trade business volumes, expand cash management services, improve the credit risk profile, foster technological innovation, and extend the Bank's digital footprint. Additionally, the plan focuses on increasing the branch network, enhancing shareholders value, and developing a customer-centric approach. It also emphasizes the nurturing of human capital, strengthening the brand image, maintaining a healthy capital base, and positioning the Bank as one of the prominent Islamic financial institutions.

At the heart of BankIslami's vision is its commitment to Riba-Free, Islamic banking, ensuring financial solutions align with Shariah principles while being accessible to people of all faiths who seek transparent and responsible banking. The Bank's corporate marketing campaign underscored this inclusive philosophy, highlighting its role as a trusted financial institution for individuals and businesses, regardless of religious background.

To ensure the plan remains dynamic and aligned with changing circumstances, the goals are regularly monitored, and adjustments are made to reflect shifts in business dynamics through feedforward control measures. This commitment to adaptability and continuous improvement highlights BankIslami's dedication to sustained growth and excellence.

Trends and Factors Likely to Affect the Future Development, Performance and Position of the Bank

The Board of Directors and Management of the Bank are firmly dedicated towards evaluating the performance of the organization while making sure that the Bank is advancing in accordance with its Strategic Business Plan. The Management on more frequent basis and the Board at least once a quarter, meets to assess the Bank's performance versus operating and financial budgets and the key performance indicators. While assessing the KPIs, the Board and the Management take into consideration various elements that may potentially affect the Bank's future performance, possibly requiring short-term modifications in its Strategic Plan and Budgeted targets. These factors include:

- Economic and political situation of the Country.
- Change in policy rate and its consequences on pricing of assets and liabilities of the Bank.
- Variation in exchange rates.
- Macroeconomic indicators.
- Changes in laws, regulation, rules, corporate taxation and accounting framework.
- Competitive landscape.
- Capital adequacy.
- Availability of Shariah compliant investment avenues.
- External risks connected to geo-political and law order situation.
- Technological disruptions.
- Social and environmental changes.
- Business continuity in times of crisis, natural disaster and political uncertainty.

Corporate Social Responsibility

Guided by its mission to "Save Humanity from Riba", BankIslami embeds Corporate Social Responsibility (CSR) as a core value, ensuring its financial solutions align with ethical Islamic principles while fostering social welfare. The Bank's welfare initiatives span all segments of society, with a strong focus on supporting underserved communities. This commitment underscores its dual responsibility viz. providing Riba-Free financial solutions and contributing to socioeconomic betterment. The Bank mainly carries out major benevolent activities in partnership with Future Trust.

Following is a brief on the major CSR activities carried out during 2024:

- Karachi Vocational Training Centre (KVTC) offers free vocational rehabilitation services to intellectually challenged individuals, primarily from low-income households. Recognizing the importance of this initiative, the Bank has contributed to supporting the operations of the organization.
- Ida Rieu Schools & Colleges for the Blind and Deaf empower students to become literate, independent, and productive citizens, capable of supporting themselves and their communities. In support of this cause, the Bank has contributed by providing a sustainable energy solution i.e., a solar power system at their premises.
- The Bank primarily executes major CSR initiatives in collaboration with Future Trust, a non-profit entity established by JS Group in 2018. The Trust supports technology advancement, healthcare, education, professional training, emotional well-being, and poverty alleviation across Pakistan. It also provides sustenance to low-income families, reinforcing its commitment to long-term social impact.

Charity and Donations

The Bank manages a dedicated charity account funded through Shariah non-compliant income, purification of dividends, late payment charges, and profit from the charity account. Charity disbursements are not just regulatory obligations but a means of creating lasting social impact, supporting organizations with a proven history of public welfare. Further details are available in Note 23.2.1 of the unconsolidated financial statements.

Additionally, through its 'Islami Khair Current Account', BankIslami directs contributed funds entirely towards charitable causes, ensuring no deductions from customer accounts. This reinforces the Bank's commitment to ethical banking, financial inclusion, and community empowerment.

Customer Service and Complaint Management

BankIslami is committed to delivering Shariah-compliant, customer-focused financial solutions that align with ethical banking principles. The Bank takes pride in serving customers the right way, ensuring fairness, transparency, and a Riba-Free financial experience. To reinforce this, Fair Treatment of Consumers (FTC) is embedded in the Bank's service culture, supported by a robust Consumer Protection Framework that safeguards customer interests at every stage of their banking journey.

BankIslami prioritizes accessibility, service excellence, and innovation in designing, selling, and managing its products ensuring fairness without discrimination. The Bank's Service Quality Department drives initiatives to enhance customer experience, regularly introducing improvements that make banking more seamless and convenient. Customer-facing channels adhere to strictly monitored Key Service Indicators. Staff training on service excellence and complaint management is conducted on a continuous basis, reinforcing the Bank's commitment to quality.

To ensure continuous enhancement, the Service Excellence Committee (SEC), chaired by the President & CEO, meets quarterly to review service quality benchmarks, identify process improvements, and eliminate redundancies. The committee also assesses customer experience metrics, stakeholder feedback, and market trends to strengthen service delivery.

Customer Grievance

BankIslami has established a robust Complaint Handling Policy and Grievance Redress Mechanism, ensuring timely resolution of customer issues and preventing recurrence of similar concerns. Customers can lodge complaints through branches, phone banking, website, social media, email, and ATMs, with awareness campaigns conducted via SMS alerts and digital platforms. A structured registration, acknowledgment, and resolution process ensures transparency, while an annual customer survey evaluates feedback on the Bank's complaint resolution performance. Customers dissatisfied with the response can escalate concerns to the Banking Mohtasib.

To further strengthen customer service, several new initiatives have been introduced:

- The Call Center is transitioning into a state-of-the-art Digital Contact Center, integrating all social media platforms onto a single interface. The first phase has been implemented, enabling responses to customer queries via social media within five minutes. The second phase will provide 24/7 self-service access to all banking services.
- Operational Level Agreements (OLAs) have been implemented across departments to streamline internal processes and enhance service efficiency. Areas where turnaround times (TATs) are not met are closely monitored to drive improvement.

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- The Voice of Customer (VoC) program has transitioned from an annual to a monthly feedback system, gathering insights across Account Opening, Debit Cards, ATMs, Internet Banking, SMS, Mobile App, Call Center, Counter Transactions, and consumer products to enable real-time improvements.
- The Service Quality Department is implementing a 'Train the Trainer' initiative, equipping branch staff with banking and ethics training to strengthen Shariah-compliant service culture.

In 2024, 72,597 complaints were received, including 389 from regulatory bodies such as the State Bank of Pakistan (SBP) and Banking Mohtasib Pakistan (BMP). A total of 72,820 complaints were resolved, achieving an average complaint closure TAT of 4days.

Compliance

BankIslami places high importance on cultivating a strong compliance culture, ensuring adherence to ethical standards, regulatory frameworks, and industry best practices. This commitment is embedded across all levels of the organization, reinforcing a risk-aware, integrity-driven approach to banking.

At the core of this effort is the Compliance Function, which plays a critical role in safeguarding the Bank's operations within the legal and regulatory landscape. The Bank ensures strict adherence to Anti-Money Laundering (AML), Combating the Financing of Terrorism (CFT), Countering Proliferation Financing (CPF), and Trade-Based Money Laundering (TBML) frameworks. To effectively manage risks in CFT and TBML, specialized teams have been established, supported by external regulatory intelligence tools to enhance due diligence and prevent onboarding of proscribed individuals.

Leveraging Regulatory Technology (RegTech), the Bank strengthens compliance by ensuring real-time monitoring of transactions, aligning with local and international sanctions regimes, and meeting reporting obligations under FATCA, Common Reporting Standard (CRS), and Top 100 depositors' reviews. High-risk accounts undergo rigorous scrutiny, ensuring financial integrity and transparency. The Compliance Function also provides ongoing advisory support to branches and business segments, reinforcing AML/CFT compliance through regular training programs conducted nationwide.

BankIslami prioritizes the security of its clients and operations, with the Fraud Management Section serving as a vital compliance pillar. The Bank's proactive fraud prevention strategy integrates advanced analytics, investigative tools, and partnerships with Law Enforcement Agencies (LEAs) to detect and prevent fraudulent activities. On-site investigations for high-severity cases, coupled with effective monetary recovery efforts, demonstrate the Bank's commitment to operational integrity and stakeholder protection.

Recognizing that awareness is key to fraud prevention, the Bank conducts nationwide training programs on fraud mitigation and financial crime risks, equipping employees with the knowledge to identify, report, and prevent fraudulent transactions.

Statement of Internal Controls

The Board of Directors is wholly committed to upholding the highest standard of Corporate Governance and ensuring that an effective internal control system is in place to mitigate the risk of not achieving our business objectives. This system is implemented and monitored by an independent Audit Department that reports directly to the Board Audit Committee. The Board is pleased to endorse the management's statement of internal control, including their evaluation of Internal Control over Financial Reporting presented in the Annual Report.

Risk Management Framework

The objective of risk management is to effectively manage uncertainties that arise in the normal course of business activities. It is one of the key imperatives of the banking business through which the Bank manages entity-wide risks with the aim of maximizing risk-adjusted returns while remaining within the set risk parameters.

The Risk Management Group has the following departments, headed by senior executives, reporting to the Group Head - Risk Management:

- Corporate Credit Risk Management
- Consumer Credit Risk Management
- Enterprise Risk Management
- Operational Risk & Internal Control
- Information Security
- Special Assets Management
- Consumer Recovery and Collection
- Credit Administration

Specialized committees, comprising members from senior management with relevant experience and expertise, perform their functions in line with the overall strategy set by the Board to ensure exposures remain within risk appetite. The committees include:

- 1. Management Credit Committee (MCC):** Ensures that credit risk activities align with Board-approved policies, regulatory requirements, the Bank's risk appetite, and best industry practices.
- 2. Asset Liability Committee (ALCO):** Reviews market, liquidity, and country risk exposures, assets and liabilities maturity profiles, sets pricing, and takes decisions for sound liquidity management regarding long-term assets and quality acquisitions.
- 3. Portfolio Management Committee (PMC):** Oversees portfolio strategy, including risk-return trade-offs and diversification, ensuring alignment with the Bank's strategic objectives and risk appetite.
- 4. Remedial Assets Management Committee (RMC):** Focuses on overseeing recovery strategies for non-performing finance and managing remedial assets in line with regulatory and policy guidelines.

Policies and processes have been amended to make them more stringent, leading to further improvement in asset quality.

The risk associated with Equity, Foreign Exchange, and Liquidity is continuously assessed by the Market Risk function. Stress testing and sensitivity measures are used as risk management tools to monitor and manage market risk. Asset quality is ensured through well-defined financing policies and procedures, an appropriately delegated financing approval matrix, sufficient collateral coverage, its documentation, and periodic reviews. Growth in financing is ensured while focusing on comprehensive risk analysis and portfolio diversification. The Bank calculates value at risk for market risk assessment. Day-to-day liquidity management is done through cash flow matching, meeting regulatory reserve requirements, and maintaining adequate liquid assets. Various liquidity ratios are monitored to assess potential liquidity risks.

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The role of the Market & Liquidity Risk function in monitoring treasury activities has been strengthened with various limits structuring, their monitoring, reporting, and system improvements. Loss data reporting, self-assessment of risk and control, enhanced coverage of key risk indicators, documenting, and improving Bank processes through risk identification and mitigations demonstrate continuous improvements in the operational risk management framework.

Continued efforts are being made to enhance the scope of a robust Operational Risk Management Framework. The Bank has an internal operational risk awareness program aimed at building capacity and inculcating a risk-free culture in the staff through training and on-job awareness, promoting greater risk awareness.

The Bank has maintained a CAR of 24.11% as of December 31, 2024, well above the regulatory threshold of 11.50%. The Bank is managing its CAR by carefully monitoring and managing the risk profile of its asset portfolio.

BankIslami has implemented an extensive Information Security (IS) program and governance structure to manage the security of its information and technology-based assets. The sensitive information managed by the Bank, including data entrusted to BankIslami by its customers, partners, and staff, is among the Bank's most critical assets. Given the competitive nature of the Bank's business and the significant value of the data it manages, the Risk Group, in conjunction with business and technology, has taken necessary measures to minimize the risk.

Internal Controls over Financial Reporting (ICFR)

BankIslami adheres to the State Bank of Pakistan's (SBP) Guidelines on Internal Controls, ensuring financial reporting integrity and regulatory compliance. A bank-wide process documentation and gap analysis has led to enhanced control mechanisms and remediation of identified weaknesses. The Bank has developed a structured management testing and reporting framework to monitor key control effectiveness, significantly improving internal oversight. Following the successful implementation of the ICFR roadmap, SBP granted the Bank an exemption in 2017 from the submission of the Long Form Report (LFR) by external auditors, reflecting regulatory confidence in the Bank's control environment.

Capital Plan

BankIslami views capital planning as a strategic priority, ensuring compliance with regulatory requirements, economic resilience, and risk absorption. A well-structured capital framework supports the Bank's long-term business strategy, enabling it to withstand stress scenarios while maintaining strong financial stability. The Bank remains aligned with Basel III and Minimum Capital Requirements (MCR) under SBP regulations, ensuring a proactive approach to capital adequacy and regulatory compliance.

Sustainability and Environmental Risk Management

Committed to sustainable banking, BankIslami integrates Environmental, Social, and Governance (ESG) principles into its financing decisions. The Environmental Risk Rating (ERR) framework is applied across Corporate and SME portfolios, classifying exposures as:

- Low Risk: 50.75% of total outstanding exposure
- Medium Risk: 48.30% of total outstanding exposure
- High Risk: 0.94% of total outstanding exposure

The Bank's low level of high-risk exposures reflects the effectiveness of its internal risk management policies. To address and mitigate environmental risks, BankIslami has undertaken the following measures:

- Conducting enhanced due diligence for high-risk sectors.

- Integrating Environmental, Social, and Governance (ESG) criteria into the credit approval process.
- Promoting green financing initiatives, such as funding renewable energy projects and eco-friendly ventures.
- Monitoring compliance with regulatory requirements related to environmental and social risk management.
- Conducting in-house trainings for Credit, Corporate, and SME teams to enhance their understanding of Environmental & Social Risk Management (ESRM) and its practical application in decision-making.

As part of its sustainability agenda, the Bank aims to further minimize its environmental footprint while encouraging clients to transition towards sustainable business models in line with global best practices.

Diversity, Equity, and Inclusion (DE&I)

BankIslami recognizes Diversity, Equity, and Inclusion (DE&I) as fundamental to innovation and long-term growth. The Bank has actively promoted inclusive workplace policies, ensuring equal opportunities for all employees. Key initiatives include:

- Enhancing gender diversity through targeted recruitment and leadership development programs for women.
- Ensuring fair and transparent hiring and promotion processes.
- Organizing employee awareness programs to foster inclusivity and eliminate unconscious bias.
- Establishing mentorship programs to support underrepresented talent in career advancement.

A continued focus on DE&I reflects BankIslami's commitment to creating an equitable, diverse, and thriving workplace, empowering employees to contribute to its success and innovation-driven culture.

Directors' Statement on Corporate and Financial Reporting Framework

The Board of Directors is fully cognizant of its responsibility under the Listed Companies (Code of Corporate Governance) Regulations, 2019 (CCG) issued by the Securities and Exchange Commission of Pakistan (SECP) and adopted by Sate Bank of Pakistan.

The following statements demonstrate its commitment towards maintaining high standards of Corporate Governance and Best Practices:

1. The financial statements prepared by the management of the Bank present fairly its state of affairs, the results of its operations, cash flow and changes in equity.
2. Proper books of account of the Bank have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements, except if disclosed separately in the financial statements, and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed and explained.
5. The system of internal control is sound in design and has been effectively implemented and monitored.

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6. There are no significant doubts upon the Bank's ability to continue as a going concern.
7. There are no debts or sukuk instruments in which the Bank is in default or likely to default.
8. There has been no material departure from the best practices of CCG.
9. The appointment terms of the Chairman and other members of the Board are in line with applicable best practices and are also in the best interest of the Bank.
10. As of December 31, 2024, the Board is compliant with respect to Directors' training requirement under CCG.
11. Transactions with related parties were conducted on arm's length basis and were carried out in the ordinary course of the Bank's business. Details of these transactions are disclosed in note 46 to the financial statements.
12. The financial statements of the Bank have been audited by the auditors of the Bank, KPMG Taseer Hadi & Co., Chartered Accountants and approved by the Board in its meeting held on February 27, 2025 for issuance to the shareholders.
13. No material changes and commitments affecting the financial position of the Bank have occurred between the end of the financial year to which these financial statements relate and the date of the Director's report.
14. The value of investments of the Bank's provident fund and gratuity fund based on un-audited accounts as at December 31, 2024, amounted to Rs. 2,190 million and Rs. 455 million, respectively.
15. Following information is enclosed as annexure to the Directors' Report.
 - i. Key operating and financial data of last six years.
 - ii. Pattern of Shareholding

Furthermore, there was no purchase or sale of shares by the Directors, the Chief Executive, or their spouses and minor children during the year.

Compliance with Code of Corporate Governance

The Bank considers compliance with best practices of Corporate Governance as its highest priority. We are of the view that improvement in corporate governance is an ongoing process. The Board and the Management endeavor to improve and implement Bank's corporate values enabling the organization to meet the expectations of all stakeholders, including its shareholders and customers.

BankIslami also ensures transparency and merit in each and every process, particularly while dealing with customers and employees which is also reflected from its following Core Values:

- Shariah Excellence
- Meritocracy
- Team Work
- Innovation
- People Centric
- Transparency

The requirements of the Listed Companies (Code of Corporate Governance) Regulation, 2019 (CCG) issued by Securities and Exchange Commission of Pakistan (SECP) relevant for the year ended December 31, 2024 have been duly complied by the Bank. A statement to this effect is annexed with the Annual Report.

Composition of the Board

In line with the requirements of the CCG and best practices, the Board of the Bank comprises of both non-executive and independent directors, including representation of a female director on the Board.

The current composition of the Board is as follows:

Total number of Directors 8 *

Composition:

(i) Independent Directors:	3
(ii) Non-executive Directors:	4
(iii) Executive Director:	1
(a) Female Director:	1
(b) Male Directors:	7

* Names of Directors of the Bank have been mentioned in the corporate information section of this report.

Framework for Remuneration

Chairman, non-executive directors and independent directors are entitled only for the fee and reasonable actual expenses relating to travelling, boarding & lodging for attending the Board, Committees and general meetings. Remuneration to the Directors for attending Board and Committee meetings of the Bank is being paid by the Bank as per scale approved by the Board and the shareholders in the general meeting of the Bank. A formal remuneration policy for the Board of Directors has already been approved by the shareholders.

With regards to remuneration policy for its employees, the Bank offers compensation structure to attract and retain relevant and professional employees, whereas the annual performance review and increments of the same are based on process that encourages the culture of 'pay for performance'. The Board Human Resource & Remuneration Committee (BHR&RC) is responsible to recommend the Board about the structure of compensation package of employees. The Board has approved a Remuneration Policy which clearly defines the criteria for identification of Material Risk Takers (MRTs) and Material Risk Controllers (MRCs) along with mechanism to assess their performance, compensation structure and disclosure requirements.

Detail of remuneration of Chairman, President/CEO, Non-Executive Directors, Key Management Personnel and other MRTs and MRCs is disclosed in Note 42 of the unconsolidated financial statements.

Performance Evaluation Mechanism for the Board

The Bank has developed a formal and effective mechanism for annual performance evaluation of the Board as a whole, its Committees, the Chairman, Individual Directors and the President & CEO in line with the regulatory requirements. This activity is performed annually, by an external independent evaluator in compliance with the Corporate Governance Regulatory Framework issued by State Bank of Pakistan and as required under the Listed Companies (Code of Corporate Governance) Regulations, 2019. The evaluation is conducted covering areas, particularly in respect to its composition, expertise, effective risk management, adequate system of internal controls and audit function. Based on the assessment results,

BankIslami

areas of strength and improvement are identified followed by discussion on performance improvement plans with each individual Board member.

For the year 2024, the Bank has engaged services of Grant Thornton Anjum Rahman as an Independent External Evaluator.

Directors' Training

The Board is compliant with the Director Training Program. At present, out of eight Board members, seven have completed the prescribed certification under Director Training Program (DTP) as per the requirement of Code of Corporate Governance. Furthermore, one of the Director is exempt from the requirement. All Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies.

Furthermore, in compliance with the Director Training Programme requirements, the Bank organized specialized orientation and training sessions on Islamic Banking in collaboration with the Shariah Department, as well as sessions on Corporate Governance and the AML/CFT regulatory framework for the Bank's Board Members.

Pattern of Shareholding

The Bank is listed on Pakistan Stock Exchange Limited. The detailed pattern and categories of its shareholding including shares held by directors and executives, if any, are annexed to the Annual Report.

Auditors

The present auditors KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, have given consent to continue to act as statutory auditors of the Bank for next year, if so appointed. As required under the Code of Corporate Governance, the Audit Committee has recommended the re-appointment of KPMG Taseer Hadi & Co., Chartered Accountants, as statutory auditors for the year ending December 31, 2025. The appointment shall be subject to approval in the forthcoming Annual General Meeting of the Bank's shareholders.

The auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan (ICAP), and that the firm and all their partners are compliant with the International Federation of Accountants' (IFAC) Guidelines on Code of Ethics, as adopted by the ICAP, and meet the requirements for appointment under all applicable laws.

Credit Rating

The Bank maintains its long-term entity rating as "AA-" with short-term rating at "A1", with a stable outlook. The credit ratings of the Bank's unsecured, subordinated and listed Additional Tier-1 Sukuks are 'A'. The rating has been conducted by Pakistan Credit Rating Agency (PACRA).

Litigations

The Bank is party to various litigations either initiated by it or initiated against it by various parties. The Bank is confident, based on the legal advice that there exists no material uncertainty due to these litigations. Updates and developments with respect to major cases and contingencies are mentioned in note 26.3.1 to the financial statements.

Acknowledgements

The Board wishes to express its profound gratitude to the State Bank of Pakistan for their invaluable assistance and guidance. Additionally, we extend our appreciation to the Securities and Exchange Commission of Pakistan and other regulatory bodies for their unwavering support towards the Bank's endeavors. Our sincere gratitude goes out to our esteemed customers, valued business partners, and shareholders for their continuous loyalty and trust.

Furthermore, we would like to recognize the exceptional dedication, commitment, and tireless efforts exhibited by our management team and employees. Their contributions have been instrumental in propelling BankIslami to a prominent position within the broader banking sector and particularly in the Islamic Banking industry.

On behalf of the Board,



Rizwan Ata
President & Chief Executive Officer
February 27, 2025
Karachi



Suleman Lalani
Chairman of the Board of Directors

مشورے کی بنیاد پر اعتماد ہے کہ ان مقدمات کی وجہ سے کوئی نمایاں غیر یقینی صورتحال موجود نہیں ہے۔ بڑے مقدمات اور ممکنہ واجبات کے حوالے سے تازہ ترین اطلاعات اور پیش رفت مالیاتی گوشواروں کے نوٹ 26.3.1 میں درج ہیں۔

اظہارِ تشکر

بورڈ اسٹیٹ بینک آف پاکستان کا تہہ دل سے شکر گزار ہے، جس کی بیش قدر معاونت اور رہنمائی نے بینک کی ترقی میں اہم کردار ادا کیا ہے۔ اس کے علاوہ، ہم سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اداروں کا بھی شکریہ ادا کرتے ہیں، جن کی بے لوث معاونت نے اپنے عزائم پروان چڑھانے میں بینک کو مدد فراہم کی ہے۔ ہم اپنے معزز صارفین، قابل قدر کاروباری شراکت داروں، اور حصص یافتگان کا بھی خلوص دل سے شکریہ ادا کرتے ہیں، جن کی مسلسل وابستگی اور اعتماد نے بینک کی کامیابی میں اہم کردار ادا کیا ہے۔

مزید برآں، ہم اپنی انتظامی ٹیم اور عملے کی غیر معمولی لگن، عزم، اور بے لوث محنت کو خراج تحسین پیش کرتے ہیں۔ ان کی کاوشیں بینک اسلامی کو مجموعی طور پر بینکاری کے شعبے اور خصوصاً اسلامی بینکاری کی صنعت میں ایک ممتاز مقام دلانے میں اہم رہی ہیں۔

منجانب و حسب الحکم بورڈ



سلیمان لالانی

چیئر مین آف بورڈ آف ڈائریکٹرز



رضوان عطاء

صدر اور چیف ایگزیکٹو آفیسر

27 فروری، 2025

کراچی

کارپوریٹ گورننس ریگولیشنز، 2019 کے تحت درکار ہے۔ تشخیص کے دوران خصوصاً بورڈ کی تشکیل، مہارت، خطرات کے مؤثر بندوبست، اندرونی کنٹرولز اور آڈٹ فنکشن کے مناسب نظام جیسے شعبوں کا احاطہ کیا جاتا ہے۔ تشخیص کے نتائج کی بنیاد پر، مضبوط شعبوں اور بہتری کی ضرورت والے شعبوں کی نشاندہی کی جاتی ہے، جس کے بعد ہر بورڈ ممبر کے ساتھ کارکردگی بہتر بنانے کے منصوبوں پر بحث کی جاتی ہے۔

سال 2024 کے لیے، بینک نے ایک آزاد بیرونی تشخیص کار کے طور پر Grant Thornton Anjum Rahman کی خدمات سے استفادہ کیا ہے۔

ڈائریکٹرز کی تربیت

بورڈ ڈائریکٹرز بینک پروگرام پر عمل پیرا ہے۔ فی الحال، آٹھ بورڈ اراکین میں سے سات نے کارپوریٹ گورننس کے ضابطے کے تقاضے کے مطابق ڈائریکٹرز بینک پروگرام (DTP) کے تحت مقررہ سرٹیفیکیشن مکمل کر لی ہے۔ مزید برآں، ایک ڈائریکٹر اس ضرورت سے مستثنیٰ ہے۔ تمام ڈائریکٹرز اپنے فرائض اور ذمہ داریوں سے پوری طرح واقف ہیں جو کہ کارپوریٹ اداروں کے ڈائریکٹرز کے طور پر ان پر عائد ہوتی ہیں۔

مزید برآں، ڈائریکٹرز بینک پروگرام کے تقاضوں کے ساتھ تعمیل کرتے ہوئے، بینک نے اسلامی بینکاری پر خصوصی تربیتی سیشنز کا اہتمام کیا، جو کہ بینک کے شریعہ ڈیپارٹمنٹ کے تعاون سے منعقد کیے گئے۔ نیز، کارپوریٹ گورننس اور AML/CFT ریگولیشنز فریم ورک پر بھی بینک کے بورڈ ممبران کے لیے تربیتی سیشنز کا انعقاد کیا گیا۔

حصص یافتگی کا اسلوب

بینک پاکستان اسٹاک ایکس چینج لمیٹڈ میں لسٹڈ ہے۔ اس کی شیئرز ہولڈنگ بشمول اس کے ڈائریکٹرز اور ایگزیکٹوز کے پاس موجود حصص (اگر کوئی ہے) کا مفصل طریقہ نامہ اور زمرہ جات، سالانہ رپورٹ میں منسلک ہے۔

آڈیٹرز

بینک کے موجودہ آڈیٹرز KPMG Taseer Hadi & Co. Chartered Accountants نے سبکدوش ہونے اور اہلیت کی بنا پر آئندہ سال کیلئے بینک کے قانونی آڈیٹرز کے طور پر اپنی خدمات دوبارہ پیش کرنے پر آمادگی ظاہر کی ہے۔ کوڈ آف کارپوریٹ گورننس کے تحت آڈٹ کمیٹی نے KPMG Taseer Hadi & Co. Chartered Accountants کی 31 دسمبر، 2025 کو ختم ہونے والے سال کیلئے قانونی طور پر دوبارہ تقرری کی سفارش کی ہے۔ یہ تقرری بینک کے حصص یافتگان کے آئندہ سالانہ عام اجلاس میں منظوری سے مشروط ہوگی۔

آڈٹ فرم نے تصدیق کی ہے کہ اسے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول ریویو پروگرام کے تحت اطمینان بخش درجہ بندی دی گئی ہے اور یہ کہ فرم اور اس کے تمام شراکت دار بین الاقوامی فیڈریشن آف اکاؤنٹنٹس (IFAC) کے ضابطہ اخلاق کے مطابق رہنما خطوط جیسا کہ ICAP نے اپنایا ہے اور تمام قابل اطلاق قوانین کے تحت تقرری کے تقاضوں کو پورا کرتے ہیں۔

کریڈٹ ریٹنگ

بینک نے مثبت نقطہ نظر کے ساتھ اپنی طویل مدتی ادارہ جاتی ریٹنگ "AA-" اور مختصر مدتی ریٹنگ "A1" برقرار رکھی ہے۔ بینک کے غیر محفوظ، ماتحت اور درج کردہ اضافی ٹیئر 1-صکوک کی کریڈٹ ریٹنگ 'A' ہے۔ پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) کی طرف سے ریٹنگ کی گئی۔

قانونی چارہ جوئی

بینک مختلف مقدمات میں فریق ہے، جو یا تو بینک کی جانب سے دائر کیے گئے ہیں یا بینک کے خلاف مختلف فریقین کی جانب سے دائر کیے گئے ہیں۔ بینک کو قانونی

بورڈ کی تشکیل

CCG کے تقاضوں اور بہترین طریقہ کار کے مطابق، بینک کے بورڈ میں نان ایگزیکٹو اور آزاد ڈائریکٹرز شامل ہیں، جس میں ایک خاتون ڈائریکٹر کی نمائندگی بھی شامل ہے۔

بورڈ کی موجودہ تشکیل درج ذیل ہے:

ڈائریکٹرز کی مجموعی تعداد 8*

تشکیل

3	(i) آزاد ڈائریکٹرز
4	(ii) نان ایگزیکٹو ڈائریکٹرز
1	(iii) ایگزیکٹو ڈائریکٹر
1	(اے) خاتون ڈائریکٹر
7	(بی) مرد ڈائریکٹرز

* بینک کے ڈائریکٹرز کے نام اس رپورٹ کے کارپوریٹ معلومات کے سیکشن میں درج ہیں۔

مشاہرہ کا فریم ورک

چیئر مین، نان ایگزیکٹو ڈائریکٹرز، اور آزاد ڈائریکٹرز صرف فیس اور بورڈ کمیٹیوں، اور جنرل میٹنگز میں شرکت کے لیے سفر، قیام اور رہائش سے متعلق مناسب اخراجات کے حقدار ہیں۔ بینک کے بورڈ اور کمیٹی میٹنگز میں شرکت کے لیے ڈائریکٹرز کو معاوضہ بینک کی جانب سے منظور شدہ پیمانے کے مطابق ادا کیا جاتا ہے جو بورڈ اور حصص یافتگان کے اجلاس عام میں منظور کیا گیا ہے۔ بورڈ آف ڈائریکٹرز کے لیے ایک باقاعدہ مشاہرہ پالیسی حصص یافتگان کی جانب سے پہلے ہی منظور کی جا چکی ہے۔

ملازمین کے لیے معاوضے کی پالیسی کے حوالے سے، بینک متعلقہ اور پیشہ ور ملازمین کو راغب کرنے اور برقرار رکھنے کے لیے معاوضے کا ڈھانچا پیش کرتا ہے، جبکہ سالانہ کارکردگی کا جائزہ اور اس میں اضافہ ایک ایسے عمل پر مبنی ہے جو کارکردگی کے مطابق معاوضہ کی ثقافت کو فروغ دیتا ہے۔ بورڈ کی انسانی وسائل اور معاوضہ کمیٹی (BHR&RC) ملازمین کے معاوضہ پیکج کے ڈھانچے کے بارے میں بورڈ کو سفارشات دینے کی ذمہ دار ہے۔ بورڈ نے ایک معاوضہ پالیسی منظور کی ہے جو میٹیریل رسک ٹیکرز (MRTs) اور میٹیریل رسک کنٹرولرز (MRCs) کی نشاندہی کے معیارات، ان کی کارکردگی کا جائزہ لینے کا طریقہ کار اور معاوضہ کے ڈھانچے کو واضح طور پر بیان کرتی ہے۔

چیئر مین، صدر/سی ای او، نان ایگزیکٹو ڈائریکٹرز، اہم انتظامی عہدے دار، اور دیگر MRTs اور MRCs کے معاوضے کی تفصیل غیر مجتمع مالیاتی گوشواروں کے نوٹ 42 میں بیان کی گئی ہے۔

بورڈ کیلئے کارکردگی کے جائزہ کا طریقہ کار

بینک نے ریگولیٹری تقاضوں کے مطابق بورڈ کی سالانہ کارکردگی کے جائزے کے لیے ایک باقاعدہ اور مؤثر طریقہ کار تیار کیا ہے، جس میں مجموعی طور پر بورڈ، اس کی کمیٹیوں، چیئر مین، انفرادی ڈائریکٹرز، اور صدر/سی ای او کی سالانہ کارکردگی کا جائزہ ریگولیٹری تقاضوں کے مطابق کیا جاتا ہے۔ یہ سرگرمی سالانہ بنیادوں پر ایک بیرونی آزاد تشخیص کار کے ذریعے انجام دی جاتی ہے، جو اسٹیٹ بینک آف پاکستان کے جاری کردہ کارپوریٹ گورننس ریگولیٹری فریم ورک اور سلیڈ کمپینیز (کوڈ آف

- 9- چیئرمین اور بورڈ کے دیگر اراکین کی تقرری کی شرائط قابل اطلاق، بہترین طریقہ کار کے مطابق ہیں اور بینک کے بہترین مفاد میں ہیں۔
 - 10- 31 دسمبر 2024 تک، بورڈ CCG کے تحت ڈائریکٹرز کی تربیت کی ضروریات کے حوالے سے تعمیل کر چکا ہے۔
 - 11- متعلقہ فریقین کے ساتھ لیمن دین طے کردہ فاصلے کی بنیاد پر کیے گئے ہیں اور بینک کے معمول کے کاروباری عمل کے تحت انجام دیے گئے ہیں۔ ان لیمن دین کی تفصیلات مالیاتی گوشواروں کے نوٹ 46 میں ظاہر کی گئی ہیں۔
 - 12- بینک کے مالیاتی گوشواروں کی پڑتال بینک کے آڈیٹرز KPMG Taseer Hadi & Co. Chartered Accountants نے کی اور حصص یافتگان کو جاری کرنے کے لیے ان گوشواروں کی منظوری بورڈ نے 27 فروری 2025 کو منعقدہ اپنے اجلاس میں دی ہے۔
 - 13- مالی سال کے اختتام اور ڈائریکٹرز کی رپورٹ کی تاریخ کے درمیان بینک کی مالی حالت متاثر کرنے والی کسی قسم کی مادی تبدیلیاں یا معاہدے نہیں ہوئے ہیں۔
 - 14- 31 دسمبر 2024 تک، غیر پڑتال شدہ کھاتوں کی بنیاد پر بینک کے پروڈیٹ فنڈ اور گریجویٹ فنڈ کے سرمایہ کاری کی مالیت بالترتیب 2,190 ملین روپے اور 455 ملین روپے ہے۔
 - 15- درج ذیل معلومات ڈائریکٹرز رپورٹ کے ساتھ بطور ضمیمہ منسلک ہیں۔
 - I- گزشتہ چھ سال کے اہم آپریٹنگ اور مالی اعداد و شمار
 - II- حصص یافتگی کا اسلوب
- مزید برآں، سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو، یا ان کے اہل خانہ اور نابالغ بچوں کی جانب سے کسی بھی حصص کی خرید یا فروخت نہیں کی گئی۔

کارپوریٹ گورننس کے ضابطے کی تعمیل

بینک کارپوریٹ گورننس کے بہترین طریقوں کی تعمیل کو اپنی اعلیٰ ترجیح سمجھتا ہے۔ ہمارا یہ نقطہ نظر ہے کہ کارپوریٹ گورننس میں بہتری ایک جاری عمل ہے۔ بورڈ اور انتظامیہ بینک کی کاروباری اقدار بہتر بنا کر نافذ کرنے کے لیے کوشاں رہتے ہیں، تاکہ بینک اپنے تمام حصہ داران، بشمول حصص یافتگان اور صارفین کی توقعات پر پورا اتر سکے۔ بینک اسلامی ہر طریقہ میں، بالخصوص صارفین اور ملازمین کے ساتھ معاملات طے کرنے میں شفافیت اور اہلیت یقینی بناتا ہے جس کا اظہار بینک کی درج ذیل بنیادی اقدار سے بھی ہوتا ہے:

شرعی اصولوں کی پاسداری

اہلیت پر مبنی نظام

ٹیم ورک

جدت

صارفین پر مرکوز خدمات

شفافیت

بینک نے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی طرف سے جاری کردہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (CCG) کی تفضیلات کی، جو کہ 31 دسمبر 2024 کو ختم ہونے والے سال سے متعلق ہیں، مناسب انداز میں تعمیل کی ہے۔ اس حوالے سے ایک بیان سالانہ رپورٹ کے ساتھ منسلک کیا گیا ہے۔

- ماحولیاتی اور سماجی خطرات کے انتظام سے متعلق ریگولیٹری تقاضوں کی تعمیل کی نگرانی کرنا۔

- کریڈٹ، کارپوریٹ، اور SME ٹیوں کے لیے اندرونی تربیتی سیشنز کا انعقاد، تاکہ ماحولیاتی اور سماجی خطرات کے بندوبست (ESRM) اور فیصلہ سازی میں اس کے عملی اطلاق کی بہتر تفہیم پیدا کی جاسکے۔

اپنے پائیداری ایجنڈے کے حصے کے طور پر، بینک کا مقصد اپنے ماحولیاتی اثرات مزید کم کرنا ہے، جبکہ اپنے صارفین کو عالمی بہترین طریقہ کار کے مطابق پائیدار کاروباری ماڈلز کی طرف منتقلی کی ترغیب دینا ہے۔

تنوع، مساوات، اور شمولیت (DE&I)

بینک اسلامی تنوع، مساوات، اور شمولیت (DE&I) کو اختراع اور طویل مدتی ترقی کے لیے بنیادی اصول سمجھتا ہے۔ بینک نے ورک پلیس پالیسیوں کو فعال طور پر فروغ دیا ہے، تاکہ تمام ملازمین کو یکساں مواقع فراہم کیے جاسکیں۔ اہم اقدامات میں درج ذیل شامل ہیں:

- خواتین کے لیے مخصوص بھرتی اور قیادت کی ترقی کے پروگراموں کے ذریعے صنفی تنوع بہتر بنانا۔

- بھرتی اور ترقی کا عمل منصفانہ اور شفاف بنانا۔

- ملازمین میں شمولیت کو فروغ دینے اور لاشعوری تعصب ختم کرنے کے لیے آگاہی پروگراموں کا انعقاد کرنا۔

- کم نمائندگی والے ہنرمند افراد کی کیریئر کی ترقی میں مدد کے لیے رہنمائی کے پروگرام قائم کرنا۔

تنوع، مساوات، اور شمولیت (DE&I) پر مسلسل توجہ بینک اسلامی کے اس عزم کی عکاسی کرتی ہے کہ وہ ایک منصفانہ، متنوع، اور پرجوش مقام کار تخلیق کرے، جہاں ملازمین کو کامیابی اور اختراع پر اپنی اس ثقافت میں اپنا کردار ادا کرنے کے لیے بااختیار بنایا جاسکے۔

کارپوریٹ اور مالی رپورٹنگ فریم ورک سے متعلق ڈائریکٹرز کا بیان

بورڈ آف ڈائریکٹرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی طرف سے جاری کردہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (CCG) اور اسٹیٹ بینک آف پاکستان کی طرف سے اپنائے گئے اصولوں کے تحت اپنی ذمہ داریوں کا پورا ادا کرنا ہے۔

درج ذیل بیانات کارپوریٹ گورننس اور بہترین طریقہ کار کے اعلیٰ معیارات برقرار رکھنے کے لیے بورڈ کا عزم ظاہر کرتے ہیں:

1- بینک کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے بینک کے معاملات، اس کے عملی نتائج، زرفنڈ کی ترسیل، اور ایکویٹی میں تبدیلیاں درست طور پر پیش کرتے ہیں۔

2- بینک کے اکاؤنٹس کی مناسب کتب برقرار رکھی گئی ہیں۔

3- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو کی گئی ہیں، سوائے ان معاملات کے جو مالیاتی گوشواروں میں علیحدہ سے ظاہر کیے گئے ہوں، اور شمار یا تخیلی معقول اور محتاط فیصلوں پر مبنی ہیں۔

4- مالیاتی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) کی پیروی کی گئی ہے، اور ان سے انحراف مناسب انداز میں ظاہر اور واضح کیا گیا ہے۔

5- اندرونی کنٹرول کا نظام ڈیزائن کے لحاظ سے مضبوط ہے اور اسے مؤثر طریقے سے نافذ اور نگرانی کی جا رہی ہے۔

6- بینک کے بطور ادارہ کاروبار جاری رہنے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

7- بینک کسی بھی قرض یا سلوک میں نادہندہ نہیں ہے یا نادہندہ ہونے کا امکان نہیں ہے۔

8- کارپوریٹ گورننس کے بہترین طریقہ کار سے کوئی نمایاں انحراف نہیں ہوا ہے۔

بینک اپنے اثاثوں کے پورٹ فولیو کے رسک پروفائل کی احتیاط سے نگرانی اور انتظام کر کے اپنا CAR برقرار رکھ رہا ہے۔

بینک اسلامی نے اپنی معلومات اور ٹیکنالوجی پر مبنی اثاثوں کی حفاظت کے لیے ایک وسیع معلوماتی سلامتی (IS) پروگرام اور گورننس ڈھانچہ نافذ کیا ہے۔ بینک کے زیر انتظام حساس معلومات، بشمول وہ ڈیٹا جو بینک اسلامی کو اپنے صارفین، شرکاء داروں اور عملے نے سونپا ہے، بینک کے سب سے اہم اثاثوں میں سے ہیں۔ بینک کے کاروبار کی مسابقتی نوعیت اور اس کے زیر انتظام ڈیٹا کی اہمیت مد نظر رکھتے ہوئے، رسک گروپ نے کاروبار اور ٹیکنالوجی کے ساتھ مل کر ضروری اقدامات اٹھائے ہیں تاکہ رسک کو کم سے کم کیا جاسکے۔

مالی رپورٹنگ (ICFR) پر اندرونی کنٹرولز

بینک اسلامی، اسٹیٹ بینک آف پاکستان (SBP) کی جانب سے جاری کردہ اندرونی کنٹرولز کے رہنما اصولوں پر عمل کرتا ہے، تاکہ مالی رپورٹنگ کی سالمیت اور ریگولیٹری تعمیل یقینی بنائی جاسکے۔ بینک میں عمل درآمد کی دستاویزات اور گریپ تجزیہ کے ذریعے کنٹرول میکانزمز بہتر بنائے گئے ہیں اور نشاندہی کی گئی کمزوریاں دور کی گئی ہیں۔ بینک نے ایک منظم انتظامی ٹیسٹنگ اور رپورٹنگ فریم ورک تیار کیا ہے تاکہ اہم کنٹرولز کی اثر پذیری کی نگرانی کی جاسکے، جس سے اندرونی نگرانی میں نمایاں بہتری آئی ہے۔ ICFR روڈ میپ پر کامیاب عملدرآمد کے بعد، اسٹیٹ بینک آف پاکستان نے 2017 میں بینک کو بیرونی آڈیٹرز کی جانب سے لائیک فارم رپورٹ (LFR) جمع کرانے سے مستثنیٰ قرار دے دیا، جو بینک کے کنٹرول ماحول پر ریگولیٹری اعتماد کی عکاسی کرتا ہے۔

سرمایہ کاری کا منصوبہ

بینک اسلامی سرمایہ کی منصوبہ بندی کو ایک اسٹریٹجک ترجیح سمجھتا ہے، تاکہ ریگولیٹری تقاضوں کی تعمیل، معاشی استحکام، اور خطرات جذب کرنے کی صلاحیت یقینی بنائی جاسکے۔ ایک مضبوط کپیٹل فریم ورک بینک کی طویل مدتی کاروباری حکمت عملی کی معاونت کرتا ہے، جس سے یہ دباؤ والے حالات کا مقابلہ کرتے ہوئے مضبوط مالی استحکام برقرار رکھنے کے قابل ہوتا ہے۔ بینک، پیسل III اور اسٹیٹ بینک آف پاکستان کے تحت کم از کم سرمایہ کے تقاضوں (MCR) کے ساتھ ہم آہنگ رہتا ہے، تاکہ کپیٹل ایڈووکیسی اور ریگولیٹری تعمیل کے معاملے میں پیشگی اقدامات کیے جاسکیں۔

پائیداری اور ماحولیاتی خطرات کا بندوبست

بینک اسلامی پائیدار بینکاری کے اصولوں پر کاربند ہے اور اپنے مالیاتی فیصلوں میں ماحولیاتی، سماجی اور گورننس (ESG) کے اصول شامل کرتا ہے۔ ماحولیاتی خطرات کی درجہ بندی (ERR) کا فریم ورک کارپوریٹ اور چھوٹے درمیانے درجے کے کاروباری (SME) پورٹ فولیوز پر لاگو کیا جاتا ہے، جس کے تحت قرضوں کو درج ذیل زمروں میں تقسیم کیا گیا ہے:

- کم خطرہ : مجموعی قرضوں کا %50.75

- درمیانہ خطرہ : مجموعی قرضوں کا %48.30

- زیادہ خطرہ : مجموعی قرضوں کا %0.94

بینک کے زیادہ خطرے والے قرضوں کی کم شرح اس کی اندرونی خطرات کے بندوبست کی پالیسیوں کی اثر پذیری ظاہر کرتی ہے۔ ماحولیاتی خطرات حل کرنے اور ان کے اثرات کم کرنے کے لیے، بینک اسلامی نے درج ذیل اقدامات اٹھائے ہیں:

- زیادہ خطرے والے شعبوں کے لیے، بہتر لازمی چھان بین (Due Diligence) کا اجراء۔

- ماحولیاتی، سماجی اور گورننس (ESG) معیارات کریڈٹ منظوری کے عمل میں شامل کرنا۔

- سبز مالیاتی اقدامات کو فروغ دینا، جیسے کہ قابل تجدید توانائی کے منصوبوں اور ماحول دوست کاروباری ventures کو فنڈ فراہم کرنا۔

انفارمیشن سیکورٹی

خصوصی اثاثوں کا انتظام

صارفین سے وصولی

کریڈٹ ایڈمنسٹریشن

مخصوص کمپنیاں، جو سینئر مینجمنٹ کے ارکان پر مشتمل ہیں اور جن کے پاس متعلقہ تجربہ اور مہارت ہے، بورڈ کی طرف سے طے کردہ مجموعی حکمت عملی کے مطابق اپنے فرائض انجام دیتی ہیں تاکہ کم سے کم خطرات کو یقینی بنایا جاسکے۔ یہ کمپنیاں درج ذیل ہیں:

مینجمنٹ کریڈٹ کمیٹی (MCC): یہ یقینی بناتی ہے کہ کریڈٹ رسک سرگرمیاں بورڈ کی منظور شدہ پالیسیوں، ریگولیٹری تقاضوں، بینک کی رسک کی حدود، اور صنعت کے بہترین طریقوں کے مطابق ہوں۔

ایسٹ لائیکلیٹی کمیٹی (ALCO): مارکیٹ، لیکویڈیٹی، اور ملکی رسک کے خطرات، اثاثوں اور واجبات کے مینجمنٹ پر وفا کلاز کا جائزہ لیتی ہے، قیمتوں کا تعین کرتی ہے، اور طویل مدتی اثاثوں اور معیاری خریداریوں کے حوالے سے مضبوط لیکویڈیٹی مینجمنٹ کے لیے فیصلے کرتی ہے۔

پورٹ فولیو مینجمنٹ کمیٹی (PMC): پورٹ فولیو کی حکمت عملی کی نگرانی کرتی ہے، جس میں رسک اور منافع جات کے توازن اور تنوع شامل ہیں، جو اسٹریٹجک اہداف اور رسک کی حدود کے ساتھ بینک کی ہم آہنگی یقینی بناتا ہے۔

ریمیڈیل ایسیٹس مینجمنٹ کمیٹی (RMC): غیر فعال فنانس کی وصولی کی حکمت عملی کی نگرانی اور ریمیڈیل اثاثوں کے انتظام پر توجہ مرکوز کرتی ہے، جو ریگولیٹری اور پالیسی گائیڈ لائنز کے مطابق ہوتا ہے۔

پالیسیاں اور عمل درآمدزید سخت بنانے کے لیے ترامیم کی گئی ہیں، جس سے اثاثوں کی معیار میں مزید بہتری آئی ہے۔

مارکیٹ رسک فنکشن کے ذریعے ایکویٹی، غیر ملکی کرنسی، اور لیکویڈیٹی سے وابستہ رسک کا مسلسل جائزہ لیا جاتا ہے۔ رسک مینجمنٹ کے ٹولز کے طور پر اسٹریٹجک ٹیسٹنگ اور حساسیت کے اقدامات کا استعمال کیا جاتا ہے تاکہ مارکیٹ رسک کی نگرانی اور بندوبست کیا جاسکے۔ اثاثوں کا معیار اچھی طرح سے طے شدہ فنانسنگ پالیسیوں اور طریقہ کار، مناسب طور پر تقویض کردہ فنانسنگ منظوری کے اشاریوں، خاطر خواہ کولیرل کوریج، اس کی دستاویزات، اور وقفے وقفے سے جائزہ لینے کے ذریعے یقینی بنایا جاتا ہے۔ فنانسنگ میں نمور رسک کے جامع تجزیے اور پورٹ فولیو تنوع پر توجہ مرکوز کرتے ہوئے یقینی بنائی جاتی ہے۔ بینک مارکیٹ رسک کے جائزے کے لیے بالفاظ قدر رسک کا حساب لگاتا ہے۔ روزمرہ لیکویڈیٹی مینجمنٹ کیش فلو مینجنگ، ریگولیٹری ریزرو تقاضے پورے کرنے، اور مناسب لیکویڈیٹی اثاثے برقرار رکھنے کے ذریعے کی جاتی ہے۔ ممکنہ لیکویڈیٹی رسک کا جائزہ لینے کے لیے مختلف لیکویڈیٹی تناسب کی نگرانی کی جاتی ہے۔

مارکیٹ اور لیکویڈیٹی رسک فنکشن کا کردار ٹریڈری سرگرمیوں کی نگرانی میں مختلف حدود کی تشکیل، ان کی نگرانی، رپورٹنگ، اور نظام میں بہتری کے ذریعے مضبوط کیا گیا ہے۔ نقصانات کی ڈیٹا رپورٹنگ، رسک اور کنٹرول کا خود تشخیص، کلیدی رسک اشاروں کی بہتر کوریج، بینک کے عمل کو دستاویز کرنا، اور رسک کی شناخت اور تخفیف کے ذریعے ان میں بہتری لانا، آپریٹل رسک مینجمنٹ فریم ورک میں مسلسل بہتری ظاہر کرتا ہے۔

ایک مضبوط آپریٹل رسک مینجمنٹ فریم ورک کا دائرہ کار بہتر بنانے کے لیے مسلسل کوششیں کی جا رہی ہیں۔ بینک کے پاس ایک اندرونی آپریٹل رسک آگاہی پروگرام موجود ہے جس کا مقصد تربیت اور کام کے دوران آگاہی کے ذریعے عملے میں صلاحیتیں بڑھانا اور ایک رسک سے پاک ثقافت کو فروغ دینا ہے، تاکہ رسک کے بارے میں زیادہ سے زیادہ آگاہی پیدا کی جاسکے۔

بینک نے 31 دسمبر 2024 تک کا اپنا موزوں سرمائے کا تناسب (CAR) 24.11 فیصد برقرار رکھا ہے، جو کہ ریگولیٹری حد 11.50 فیصد سے کہیں زیادہ ہے۔

اس عمل کے بنیادی حصے میں تعمیل کا کام شامل ہے جو بینک کے معاملات قانونی اور انتظامی منظر نامے کے اندر محفوظ رکھنے میں اہم کردار ادا کرتا ہے۔ بینک منی لانڈرنگ کے انسداد (AML)، دہشت گردی کی مالی معاونت کے انسداد (CFT)، جوہری ہتھیاروں کے پھیلاؤ کی مالی معاونت کے انسداد (CPF)، اور تجارت پر مبنی منی لانڈرنگ (TBML) کے فریم ورکس پر سختی سے عملدرآمد یقینی بناتا ہے۔ CFT اور TBML میں خطرات کا مؤثر طریقے سے بندوبست کرنے کے لیے، خصوصی ٹیمیں قائم کی گئی ہیں، جو بیرونی ریگولیٹری معلومات کے آلات کے ذریعے سپورٹ کی جاتی ہیں تاکہ جانچ پڑتال کو بہتر بنایا جاسکے اور ممنوعہ افراد کو شامل ہونے سے روکا جاسکے۔

ریگولیٹری ٹیکنالوجی (RegTech) کا استعمال کرتے ہوئے لین دین کی حقیقی وقت میں نگرانی، مقامی اور بین الاقوامی پابندیوں کے نظام کے ساتھ ہم آہنگی، FATCA، کاسن رپورٹنگ اسٹینڈرڈ (CRS)، اور ٹاپ 100 ڈپازٹرز کی جائزہ رپورٹس کی ذمہ داریاں پوری کر کے بینک تعمیل کو مضبوط بناتا ہے۔ زیادہ خطرے والے اکاؤنٹس کی سخت جانچ پڑتال کی جاتی ہے، جس سے مالی سالمیت اور شفافیت کو یقینی بنایا جاتا ہے۔ تعمیل کا شعبہ برانچوں اور کاروباری شعبوں کو مسلسل مشاورتی معاونت بھی فراہم کرتا ہے، اور AML/CFT کی تعمیل کو ملکہ بھر میں باقاعدہ تربیتی پروگراموں کے ذریعے مضبوط کرتا ہے۔

بینک اسلامی اپنے صارفین اور کاروباری امور کی حفاظت کو ترجیح دیتا ہے، جس میں فراڈ اینجمنٹ سیکشن تعمیل کا ایک اہم ستون ہے۔ بینک کی فراڈ کی پیشگی روک تھام کی حکمت عملی جدید تجرباتی ٹولز، تحقیقی آلات، اور قانون نافذ کرنے والے اداروں (LEAs) کے ساتھ شراکت داری کو مربوط کرتی ہے تاکہ فراڈ پر مبنی سرگرمیوں کا پتہ لگایا جاسکے اور انھیں روکا جاسکے۔ سنگین نوعیت کے معاملات کے لیے مقامی تحقیقات، مالی وصولی کی موثر کوششوں کے ساتھ، بینک کی عملی سالمیت اور حصہ داروں کی حفاظت کا عزم ظاہر کرتی ہیں۔

یہ تسلیم کرتے ہوئے کہ آگاہی فراڈ کی روک تھام کی کلید ہے، بینک فراڈ کے خطرات کو کم کرنے اور مالی جرائم کے خطرات پر ملک بھر میں تربیتی پروگرام منعقد کرتا ہے، جو ملازمین کو فراڈ پر مبنی لین دین کی شناخت، رپورٹ کرنے، اور روکنے کے لیے ضروری علم سے آراستہ کیا جاتا ہے۔

اندرونی کنٹرولز کا بیان

بورڈ آف ڈائریکٹرز کا رپورٹ گورننس کے اعلیٰ ترین معیارات برقرار رکھنے اور یقینی بنانے کے لیے پرعزم ہے کہ ہمارے کاروباری اہداف حاصل نہ کرنے کا خطرہ کم کرنے کے لیے ایک مؤثر اندرونی کنٹرول سسٹم موجود ہے۔ یہ نظام ایک آزاد آڈٹ ڈیپارٹمنٹ کے ذریعے نافذ اور نگرانی میں رکھا جاتا ہے، جو براہ راست بورڈ آڈٹ کمیٹی کو رپورٹ کرتا ہے۔ بورڈ انتظامیہ کے اندرونی کنٹرول کے بیان کی تائید کرتا ہے، بشمول سالانہ رپورٹ میں مالی رپورٹنگ پر اندرونی کنٹرول کے ان کے جائزے کی تشخیص بھی شامل ہے۔

رسک اینجمنٹ فریم ورک

رسک اینجمنٹ کا مقصد کاروباری سرگرمیوں کے معمول کے دوران پیدا ہونے والی غیر یقینی صورتحال کا مؤثر طریقے سے بندوبست کرنا ہے۔ یہ بینکاری کے کاروباری اہم ضروریات میں سے ایک ہے، جس کے ذریعے بینک اداروں سے وابستہ خطرات کو کم کر کے خطرات کے متعین پیرائے کے اندر رہتے ہوئے خطرات کو ایڈجسٹ کرنے کی کوشش کرتا ہے

رسک اینجمنٹ گروپ میں درج ذیل محکمے شامل ہیں، جو بینکار ایگزیکٹوز کی قیادت میں کام کرتے ہیں اور گروپ ہیڈ - رسک اینجمنٹ کو جواب دہ ہیں:

- کارپوریٹ کریڈٹ رسک اینجمنٹ

- کنزیومر کریڈٹ رسک اینجمنٹ

- انٹرنیشنل رسک اینجمنٹ

- آپریشنل رسک اور اندرونی کنٹرول

صارفین کے مفادات کا ان کے بینکاری کے سفر کے ہر مرحلے پر تحفظ فراہم کرتا ہے۔

بینک اسلامی اپنے مصنوعات ڈیزائن کرنے، فروخت کرنے، اور ان کے انتظام میں رسائی، خدمت کی عمدگی، اور جدت کو ترجیح دیتا ہے، جو امتیاز کے بغیر انصاف یقینی بناتا ہے۔ بینک کا سروس کوالٹی ڈیپارٹمنٹ یہ یقینی بنانے کے لیے باقاعدگی سے اقدامات کرتا ہے کہ صارفین کا بینکاری کا تجربہ آسان، باہولت اور تسلی بخش ہو۔ صارفین کے ساتھ رابطے والے شعبہ جات کی سختی سے نگرانی کیے جانے والے کلیدی خدمات کے اشاروں (Key Service Indicators) پر عمل کرتے ہیں۔ خدمت کی عمدگی اور شکایت کے انتظام پر عمل کی تربیت مسلسل بنیادوں پر کی جاتی ہے، جو بینک کا معیار کے عزم کو مستحکم کرتی ہے۔

مسلسل بہتری یقینی بنانے کے لیے، سروس ایکسیلینس کمیٹی (SEC) جس کی صدارت صدر اور CEO کرتے ہیں، سہ ماہی بنیادوں پر اجلاس منعقد کیا جاتا ہے تاکہ کوالٹی بیچ مارک کا جائزہ لیا جائے، عمل درآمد میں بہتری کی نشاندہی کی جائے، اور غیر ضروری کارروائیاں ختم کی جائیں۔ کمیٹی صارفین کے تجربے، حصہ داروں کی رائے، اور مارکیٹ کے رجحانات کا بھی جائزہ لیتی ہے تاکہ خدمت کی فراہمی مضبوط بنائی جاسکے۔

صارفین کی شکایات کا ازالہ

بینک اسلامی نے صارفین کی شکایات کے بروقت ازالے کے لیے شکایات کے انتظام اور ازالے کا ایک مضبوط طریقہ کار نافذ کیا ہے، جو صارفین کے مسائل کا بروقت حل یقینی بناتا ہے اور اسی طرح کے مسائل دوبارہ پیش آنے کا تدارک کرتا ہے۔ صارفین برانچوں، فون بینکنگ، ویب سائٹ، سوشل میڈیا، ایمیل، اور اے ٹی ایبز کے ذریعے شکایات درج کروا سکتے ہیں، جبکہ صارفین کو ان ذرائع سے آگاہ کرنے کے لیے ایس ایم ایس الرٹس اور ڈیجیٹل پیٹ فارمز کے ذریعے آگاہی ہم چلائی جاتی ہیں۔ شکایات کا منظم اندراج، تصدیق، اور ازالے کا عمل شفافیت یقینی بناتا ہے، اس کے علاوہ ہر سال ایک کسٹمر سروسے کیا جاتا ہے جس میں بینک کی جانب سے شکایت کے حل کے لئے طریقہ کار پر صارفین کی رائے لی جاتی ہے۔ جو صارف جواب سے مطمئن نہیں ہوتے، وہ اپنی شکایت بینکنگ محتسب تک پہنچا سکتے ہیں۔

صارفین کی خدمت مزید مستحکم بنانے کے لیے، کئی نئے اقدامات متعارف کرائے گئے ہیں:

کال سینٹر ایک جدید ڈیجیٹل رابطہ مرکز میں تبدیل کیا جا رہا ہے، جس میں تمام سوشل میڈیا پلیٹ فارمز ایک ہی جگہ پر یکجا کیے جائیں گے۔ پہلا مرحلہ نافذ کر دیا گیا ہے، جس کے تحت سوشل میڈیا کے ذریعے صارفین کے سوالات کے جوابات پانچ منٹ کے اندر دیے جاسکتے ہیں۔ دوسرے مرحلے میں 24/7 کی بنیاد پر تمام بینکنگ خدمات تک خود کار رسائی فراہم کی جائے گی۔

آپریٹیشن لیول معاہدہ (OLAs) تمام محکموں میں نافذ کیا گیا ہے تاکہ اندرونی عمل بہتر بنایا جاسکے اور خدمت کی کارکردگی بڑھائی جاسکے۔ جن شعبوں میں کام مقررہ وقت (TATs) پر پورا نہیں ہوتا ان پر خصوصی توجہ دی جاتی ہے تاکہ انہیں بہتر بنایا جاسکے۔

صارف کی آواز (VoC) پروگرام کو سالانہ سے ماہانہ فیڈ بیک سسٹم میں تبدیل کیا گیا ہے، جس میں اکاؤنٹ کھولنے، ڈیپٹ کارڈز، اے ٹی ایبز، انٹرنیٹ بینکنگ، ایس ایم ایس، موبائل ایپ، کال سینٹر، کاؤنٹر لیٹن دین، اور صارفین کی مصنوعات کے بارے میں آگاہی حاصل کی جاتی ہے تاکہ ریکٹل ٹائم میں بہتری لائی جاسکے۔ سروس کوالٹی ڈیپارٹمنٹ نے ٹرین دی ٹرینر (Train the Trainer) اقدام نافذ کیا ہے، جو شاخوں کے عملے کو بینکنگ اور اخلاقیات کی تربیت فراہم کرتا ہے تاکہ شرعی اصولوں کے مطابق خدمات کو فروغ دیا جاسکے۔

2024 میں، 72,597 شکایات موصول ہوئیں، جن میں سے 389 ریگولیٹری اداروں جیسے اسٹیٹ بینک آف پاکستان (SBP) اور بینکنگ محتسب پاکستان (BMP) سے تھیں۔ کل 72,820 شکایات حل کی گئیں، جس میں شکایت حل کرنے کا اوسط وقت (TAT) 4 دن رہا۔

تعمیل (Compliance)

بینک ریگولیٹری ضابطوں کی تعمیل کے ایک مضبوط کلچر کی تشکیل کو بہت زیادہ اہمیت دیتا ہے۔ بینک اعلیٰ اخلاقی معیارات اور ریگولیٹری فریم ورک کی غیر متزلزل تعمیل پر مبنی ماحول کے فروغ کیلئے کوشاں ہے۔ ادارے کے تمام شعبوں میں اس کا اطلاق کرتے ہوئے ضوابط، معیارات اور بہترین طریقہ عمل کے مستقل نفاذ کو یقینی بنایا جاتا ہے۔

تکنیکی رکاوٹیں

۔ سماجی اور ماحولیاتی تغیرات

۔ بحران، قدرتی آفات اور سیاسی غیر یقینی صورتحال میں کاروبار کا تسلسل۔

کارپوریٹ سماجی ذمہ داری

”انسانیت کو سود سے بچانے“ کے مشن کی رہنمائی میں، بینک اسلامی کارپوریٹ سماجی ذمہ داری (CSR) کو اپنی بنیادی اقدار میں شامل سمجھتا ہے، جو اس بات کو یقینی بناتا ہے کہ اس کے مالیاتی حل اخلاقی اسلامی اصولوں کے مطابق ہوں، جبکہ سماجی بہبود کو فروغ دیا جائے۔ بینک کی فلاحی سرگرمیاں معاشرے کے تمام طبقات پر محیط ہیں، جس میں نظر انداز کئے جانے والے طبقے کی مدد پر خصوصی توجہ مرکوز ہے۔ یہ عزم اس کی دوہری ذمہ داری اجاگر کرتا ہے، یعنی سود سے پاک مالیاتی حل فراہم کرنا اور سماجی و معاشی بہتری میں حصہ ڈالنا۔ بینک بنیادی طور پر فیوچر ٹرسٹ کے ساتھ شراکت میں بڑی فلاحی سرگرمیاں انجام دیتا ہے۔

2024 کے دوران انجام دی گئی اہم CSR سرگرمیوں کا مختصر جائزہ درج ذیل ہے:

- کراچی وکیشنل ٹریڈنگ سینٹر (KVTC) ذہنی طور پر کمزور افراد، خاص طور پر کم آمدنی والے گھرانوں سے تعلق رکھنے والے افراد کو مفت پیشہ ورانہ بحالی کی خدمات فراہم کرتا ہے۔ اس اقدام کی اہمیت تسلیم کرتے ہوئے، بینک نے تنظیم کے آپریشنز سپورٹ کرنے میں حصہ ڈالا ہے۔

Ida Rieu School & Colleges برائے نابینا اور بہرے طلباء کو خواندہ، خود مختار، اور کارآمد شہری بننے کے قابل بناتے ہیں، جو اپنی اور اپنے معاشرے کی مدد کرنے کی صلاحیت رکھتے ہوں۔ اس مقصد کی معاونت میں، بینک نے ان کے ادارے میں ایک سٹشی توانائی کا نظام نصب کر کے پائیدار توانائی کا حل فراہم کیا ہے۔

- بینک بنیادی طور پر فیوچر ٹرسٹ کے ساتھ شراکت میں اہم CSR اقدامات انجام دیتا ہے، جو 2018 میں JS گروپ کے ذریعے قائم کردہ ایک بلا منافع ادارہ ہے۔ ٹرسٹ پاکستان بھر میں ٹیکنالوجی کی ترقی، صحت کی دیکھ بھال، تعلیم، پیشہ ورانہ تربیت، ذہنی تندرستی، اور غربت کے خاتمے میں معاونت کرتا ہے۔ یہ کم آمدنی والے خاندانوں کو معاونت بھی فراہم کرتا ہے، جو اس کے طویل مدتی سماجی اثرات کے عزم کو مضبوط کرتا ہے۔

خیرات اور عطیات

بینک ایک مخصوص خیراتی اکاؤنٹ کا انتظام کرتا ہے، جو شرعی اصولوں کے مطابق نہ ہونے والی آمدنی، منافع منقسمہ کی تطہیر، تاخیر سے ادائیگی کے چارجز، اور قابل خیرات ادائیگی کرنے والے اکاؤنٹ سے حاصل ہونے والے منافع سے فنڈ کیا جاتا ہے۔ خیراتی ادائیگیاں نہ صرف قانونی ذمہ داریاں ہیں بلکہ یہ دیرپا سماجی اثرات پیدا کرنے کا ایک ذریعہ بھی ہیں اور ایسی تنظیموں کی مدد کرنا بھی ہے جن کا عوامی فلاح و بہبود میں ایک طویل کردار رہا ہے۔ مزید تفصیلات غیر مجتمع مالی گوشواروں کے نوٹ 23.2.1 میں دستیاب ہیں۔

اس کے علاوہ، اپنے ”اسلامی خیر کرٹ اکاؤنٹ“ کے ذریعے، بینک اسلامی عطیہ کردہ فنڈز کو مکمل طور پر خیراتی مقاصد کے لیے استعمال کرتا ہے، جس سے صارفین کے اکاؤنٹس سے کوئی کٹوتی نہیں کی جاتی۔ یہ بینک کے اخلاقی بینکاری، مالی شمولیت، اور کیونٹی کو بااختیار بنانے کا عزم مزید مضبوط کرتا ہے۔

صارف کے لئے خدمات اور شکایت کا انتظام

بینک اسلامی شرعی اصولوں اور صارفین کی ضروریات کے مطابق مالیاتی حل فراہم کرنے کے لیے پرعزم ہے، جو اخلاقی بینکاری کے اصولوں کے ساتھ ہم آہنگ ہوں۔ بینک اس بات پر فخر کرتا ہے کہ وہ صارفین کو صحیح طریقے سے خدمات فراہم کرتا ہے، جو انصاف، شفافیت، اور سود سے پاک مالیاتی خدمات فراہم کرتا ہے۔ اس مقصد کے حصول کے لیے، صارفین کے ساتھ منصفانہ سلوک (FTC) کو بینک کی خدمت کی ثقافت کا حصہ بنایا گیا ہے اور ایک مضبوط صارف تحفظ کا نظام قائم کیا گیا ہے

مستقبل کی حکمت عملی

بینک اسلامی نے منافع اور مارکیٹ میں موجودگی میں قابل ذکر نمونہ حاصل کی ہے، جو اس کے ملازمین کی محنت، اس کے شریعہ کے مطابق مالی حل پر اعتماد، اور حصص یافتگان کے مستحکم اعتماد کی وجہ سے ممکن ہوئی ہے۔ یہ رفتار برقرار رکھنے کے لیے، بینک نے حکمت عملی کے تحت ایک اسٹریٹجک کاروباری منصوبہ (2024-2026) تیار کیا ہے جس کا مقصد ڈپازٹ کی نمو میں تیزی لانا، تجارتی کاروبار بڑھانا، کیش مینجمنٹ خدمات بہتر بنانا، کریڈٹ رسک مینجمنٹ مضبوط بنانا، اور ڈیجیٹل تبدیلی کو فروغ دینا ہے۔

حکمت عملی کے تحت منصوبے میں اہداف اور کارکردگی کے اہم اشاروں (KPIs) کی ایک سیریز کا خاکہ پیش کیا گیا ہے جو ڈپازٹ میں تیز تر نمو، تجارتی کاروباری حجم میں اضافہ، کیش مینجمنٹ خدمات بڑھانا، کریڈٹ رسک پر فائل بہتر بنانا، تکنیکی جدت کو فروغ دینا، اور بینک کی ڈیجیٹل موجودگی بڑھانا ہے۔ اضافی طور پر، منصوبہ برانچوں کا نیٹ ورک بڑھانے، حصص یافتگان کی قدر میں اضافہ کرنے، اور صارفین کی ضروریات پوری کرنے پر توجہ مرکوز کرتا ہے۔ اس کے ساتھ ساتھ، یہ ملازمین کی پیشہ ورانہ صلاحیتوں کو بڑھانے، برانڈ امیج مضبوط بنانے، سرمایہ کی مضبوط بنیاد برقرار رکھنے، اور بینک کو ایک نمایاں اسلامی مالی ادارہ کے طور پر مستحکم کرنے پر زور دیتا ہے۔

بینک اسلامی کا نصب العین ہے کہ وہ سود سے پاک اسلامی بینکاری فراہم کرے، جس کے تحت مالیاتی حل شرعی اصولوں کے مطابق ہوں، اور تمام مذاہب کے لوگوں کے لیے میسر ہوں جو شفاف اور ذمہ دارانہ بینکاری کے خواہشمند ہیں۔ بینک کی کارپوریٹ مارکیٹنگ مہم نے یہ جامع فلسفہ اجاگر کیا جس میں مذہبی پس منظر سے قطع نظر تمام افراد اور کاروباری اداروں کے لئے ایک قابل اعتماد مالیاتی ادارے کے طور پر اس کے کردار پر زور دیا گیا ہے۔

منصوبے کو بدلتے ہوئے حالات سے ہم آہنگ اور متحرک رکھنے کے لئے اہداف کی باقاعدگی سے نگرانی کی جاتی ہے، اور کاروباری حکمت عملی میں تبدیلیوں کے مطابق پیشگی انتظامی اقدامات کے ذریعے معیارات میں کمی کو کنٹرول کیا جاتا ہے۔ موافقت اور مسلسل بہتری کا عزم بینک اسلامی کی مسلسل ترقی اور عمدگی کے لیے لگن کو واضح کرتا ہے۔

بینک کی مستقبل کی نمو، کارکردگی اور صورتحال کو متاثر کرنے والے ممکنہ رجحانات اور عوامل

بینک کے بورڈ آف ڈائریکٹرز اور انتظامیہ ادارے کی کارکردگی کا جائزہ لینے کے لیے پر عزم ہیں تاکہ یہ بات یقینی بنائی جاسکے کہ بینک اپنی حکمت عملی اور کاروباری منصوبے کے مطابق آگے بڑھ رہا ہے۔ انتظامیہ متواتر اور بورڈ سہ ماہی میں ایک بار بینک کی کارکردگی عملی اور مالیاتی بجٹ اور کارکردگی کے اہم اشاریوں کا جائزہ لینے کے لیے اجلاس کا منعقد کرتے ہیں۔ KPIs کا جائزہ لینے وقت، بورڈ اور انتظامیہ مختلف عناصر مد نظر رکھتے ہیں جو ممکنہ طور پر بینک کی مستقبل کی کارکردگی متاثر کر سکتے ہیں، جس کے لیے ممکنہ طور پر اس کی حکمت عملی اور بجٹ کے اہداف میں مختصر مدتی ترامیم کی ضرورت پڑ سکتی ہے۔ ان میں درج ذیل عوامل شامل ہیں:

- ملک کی معاشی اور سیاسی صورتحال۔

- پالیسی ریٹ میں تبدیلی اور بینک کے اثاثوں کی مالیت اور واجبات پر اس کے اثرات۔

- شرح مبادلہ میں تغیر۔

- میکرو اکنامک اشارے۔

- قوانین، ضوابط، قواعد، کارپوریٹ محصولات اور اکاؤنٹنگ فریم ورک میں تبدیلیاں۔

- مسابقتی ماحول

- کپیٹل ایڈووکیسی

- شریعت کے مطابق سرمایہ کاری کے مواقع کی دستیابی۔

- جغرافیائی سیاسی اور امن و امان کی صورتحال سے منسلک بیرونی خطرات۔

مقابلہ پروویژن 60.2 فیصد کم ہوگئی، جس کی بڑی وجہ IFRS 9 کے تحت مکمل فراہم کردہ روایتی سیکورٹیز کی دوبارہ درجہ بندی ہے۔ ایک مستحکم سرمایہ کی بنیاد ایک مستحکم اور بڑھتے ہوئے اثاثہ جات کی معاونت کے لیے اہم ہے۔ 31 دسمبر 2024 تک بینک کا موزوں سرمائے کا تناسب (CAR) 24.11 فیصد تھا، جبکہ پچھلے سال یہ 23.79 فیصد تھا باوجود اس کے کہ سال کے دوران 2.5 روپے فی حصص کے حساب سے نقد منافع منقسمہ کی ادائیگی کی گئی۔ منافع میں منظوم نمونہ صفر/کم خطرے والے اثاثوں میں سرمایہ کاری نے خاص طور پر CAR کو بہتر بنانے میں اہم کردار ادا کیا۔ مضبوط CAR بینک کی مضبوط مالی پوزیشن برقرار رکھنے اور حصص یافتگان کے منافع جات بہتر بنانے کے عزم کی عکاسی کرتا ہے۔

2024 کی چوتھی سہ ماہی کے دوران پالیسی ریٹس میں جارحانہ کمی کے باوجود بینک کی بیلنس شیٹ کی توسیع جزوی طور پر معتدل ہوگئی، جس کے نتیجے میں حاصل کردہ صافی آمدنی میں 15.4 فیصد معمولی اضافہ ہوا، جبکہ گزشتہ سال 97 فیصد اضافہ ہوا تھا۔ دوسری جانب، فیس اور کمیشن سے حاصل ہونے والی آمدنی میں سال بہ سال کی بنیاد پر 27.3 فیصد کا نمایاں اضافہ ریکارڈ کیا گیا، جو بنیادی طور پر ADC خدمات اور تجارت سے متعلقہ کمیشن آمدنی کی وجہ سے ہوا۔ آپریٹنگ اخراجات میں 37.1 فیصد اضافہ ہوا، جو زیادہ تر افراط زر کے دباؤ اور بینک کی توسیعی اقدامات حکمت عملی، بشمول نئی برانچوں کے افتتاح اور مستقبل کے آپریشنز میں معاونت کے لیے کاروباری عملے میں اضافہ کی وجہ سے تھا۔

الحمد للہ! 31 دسمبر 2024 کو ختم ہونے والے سال کے لیے بینک نے پچھلے سال کے مقابلے میں قبل از محصول منافع میں 24.4 فیصد کی زبردست نمو حاصل کی۔ یہ کارکردگی بینک کی مؤثر حکمت عملی کی عکاسی کرتی ہے، جس نے CASA ڈپازٹس کم بہتر بنانے، کم خطرے والے فنانسنگ پورٹ فولیو میں توسیع، فیس پر مبنی آمدنی بڑھانے، اور سرمایہ کاری پورٹ فولیو میں منتخب طور پر اضافے پر توجہ دی۔ اس کے نتیجے میں، بعد از محصول منافع میں 7.1 فیصد اضافہ ہوا، جو 11.8 ارب روپے تک پہنچ گیا۔

گروپ کے نتائج

بنیادی سرگرمیاں

گروپ کی بنیادی کاروباری سرگرمیاں درج ذیل ہیں:

- بینک اسلامی پاکستان لمیٹڈ (Holding Company)۔ شیڈولڈ اسلامی کمرشل بینک
- شکر گنج فوڈ پروڈکٹس لمیٹڈ (Associate)۔ فوڈ پروڈکٹس کی تیاری، پراسیسنگ اور فروخت

گروپ کی مالی کارکردگی

2024 میں، گروپ نے اپنے کل اثاثوں میں 32.6 فیصد کی قابل ذکر نمو حاصل کی، جو اس کی مالی پوزیشن میں نمایاں بہتری کی عکاسی کرتا ہے۔ یہ اضافہ بنیادی طور پر فنانسنگ اور حکومت پاکستان کے اجارہ صلوک میں سرمایہ کاری سے ممکن ہوا۔ گروپ نے بعد از محصول منافع میں قابل تعریف اضافہ کیا، جو 11.8 ارب روپے رہا، جو کہ پچھلے سال کے مقابلے میں 11.5 کا فیصد اضافہ ظاہر کرتا ہے۔ اس کامیابی کی وجہ کمائی والے اثاثوں میں توسیع، منافع پر مبنی واجبات اور سال کے پہلے نومبہینوں کے دوران پالیسی کی شرح میں زیادہ اضافہ ہے۔

حصص یافتگان کے لیے منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 31 دسمبر 2024 کو ختم ہونے والے سال کے لیے فی حصص 1.25 روپے (12.5 فیصد) کے حتمی نقد منافع منقسمہ کی سفارش کی ہے، جو آئندہ سالانہ جنرل میٹنگ (AGM) میں حصص یافتگان کی منظوری سے مشروط ہے۔ اس سال کے لیے مجموعی نقد منافع منقسمہ 2.75 روپے فی حصص ہو جاتا ہے، جس میں پہلے ادا شدہ 1.5 روپے فی حصص (15 فیصد) عبوری منافع منقسمہ شامل ہے۔

الحمد للہ! بینک کی ڈیپازٹس نے 2018 سے مستقل نمو کا مظاہرہ کیا ہے۔ 31 دسمبر 2024 تک، بینک نے 20.2 فیصد مرکب سالانہ شرح نمو (CAGR) حاصل کی، جو 31 دسمبر 2023 کو 23.1 فیصد تھی۔ رپورٹنگ کے دورانیے میں، ڈیپازٹس کی شرح نمو سالانہ بنیاد پر 7 فیصد تک محدود رہی۔ یہ کم شرح نمو بنیادی طور پر حکومت کی ٹیکس پالیسی کو وسیع کرنے کی کوششوں کی وجہ سے تھی، جس میں بینکوں پر اضافی ٹیکس عائد کرنا شامل تھا جو 50 فیصد ایڈوانسز اور ڈیپازٹس کے درمیان مجموعی تناسب (ADR) برقرار رکھنے میں ناکام رہے، جس نے ڈیپازٹس کو بڑھانے سے توجہ ہٹا دی۔ اس کے بعد، حکومت نے ایک ٹیکس ترمیمی آرڈیننس 2024 جاری کیا، جس نے بینکوں کے لیے ایک ٹیکس کی معیاری شرح 39 فیصد سے بڑھا کر 44 فیصد کر دی۔

بینک کے ڈیپازٹس میں 36.6 ارب روپے کا اضافہ ہوا، جس میں سیونگ ڈیپازٹس کا حصہ 66.9 فیصد اور کرنٹ ڈیپازٹس کا حصہ 48.8 فیصد تھا۔ تاہم زیادہ لاگت والے ٹرم ڈیپازٹس میں 15.7 فیصد کمی واقع ہوئی۔ سال بہ سال کی بنیاد پر بینک نے سیونگ ڈیپازٹس میں 18.9 فیصد، کرنٹ ڈیپازٹس میں 9.2 فیصد نمو، اور ٹرم ڈیپازٹس میں 2.9 فیصد کمی دیکھی۔

بینک نے گزشتہ 6 سالوں سے مسلسل 60 فیصد یا اس سے زیادہ کارکنٹ اکاؤنٹ اور سیونگ اکاؤنٹ (CASA) مکس برقرار رکھا ہے، جو ایک متوازن اور مستحکم مالیاتی ڈھانچے کی عکاسی کرتا ہے۔ ڈیپازٹس کی مجموعی شرح نمو بینک کی مصنوعات کی تنوع کی حکمت عملی کی بدولت ہے، جو مارکیٹ کے مختلف حصوں کی مخصوص ضروریات پوری کرتی ہیں۔

اپنی حکمت عملی کے مطابق، بینک نے CASA کی شرح نمو بڑھانے پر توجہ مرکوز کی اور 31 دسمبر 2024 تک 65.7 فیصد کا تناسب حاصل کیا۔ اس مقصد کے تحت، بینک نے خواتین کے لیے مخصوص مصنوعات متعارف کروائیں، ترجمانی بینکنگ مراکز قائم کیے، اور اپنی کیش منجمنٹ اور ایمپلائی بینکنگ سروسز مستحکم کیں۔ اس کے علاوہ، برانچ نیٹ ورک کی مسلسل توسیع بینک کی ترقی کی حکمت عملی کا ایک کلیدی حصہ ہے، جس کا مقصد رسائی بہتر بنانا اور مارکیٹ میں موجودگی بڑھانا ہے۔ ان کوششوں کے نتیجے میں بینک کی مستقل نمو اور مارکیٹ میں اس کی اہمیت میں نمایاں اضافہ ہوا ہے۔

بینک کے فنانسنگ پورٹ فولیو نے پچھلے سال کے مقابلے میں 28.8 فیصد کی زبردست نمو حاصل کی۔ یہ نمو آؤٹونامنگ پروگریسیو پالیسی، سیاسی عدم استحکام، اور نئے کیسز کے لیے سبسڈی والی ہاؤسنگ فنانس اسکیموں کے ختم ہونے جیسے چیلنجوں کے باوجود حاصل کی گئی، جو کسٹمر فنانسنگ کے شعبے میں کمی کا باعث بنے۔ تاہم، پالیسی ریٹس کے نیچے آنے کے رجحان نے کچھ معاہدات فراہم کی، جس سے ترقی کے مواقع پیدا ہوئے۔ مزید برآں، ایڈوانسز اور ڈیپازٹس کے درمیان مجموعی تناسب (ADR) 50 فیصد سے کم رکھنے والے بینکوں پر اضافی ٹیکس کے نفاذ نے صنعت کی پورٹ فولیو توسیع کی حوصلہ افزائی کی۔ اسی کے مطابق، بینک نے بڑے کارپوریٹ صارفین کے لئے فنانسنگ میں اضافہ کیا جس سے اس کے مجموعی ADR میں 31 دسمبر 2024 کو 58.5 فیصد تک بہتری آئی، جو کہ 2023 میں 48.6 فیصد تھی۔

بینک نے حکمت عملی کے ساتھ اضافی لیکویڈیٹی زیادہ تر حکومت پاکستان کے اجارہ وصولی میں منتقل کی، جس کے نتیجے میں اس کے سرمایہ کاری پورٹ فولیو میں نمایاں اضافہ ہوا۔ پورٹ فولیو دسمبر 2023 کے 314.08 بلین روپے سے بڑھ کر دسمبر 2024 تک 345.1 بلین روپے ہو گیا، جو سال بہ سال بنیاد پر 9.9 فیصد کی شرح نمو ظاہر کرتا ہے۔

پاکستانی بینکاری سیکٹر میں IFRS 9 کا نفاذ، جو 1 جنوری 2024 سے مؤثر ہوا، مالیاتی رپورٹنگ کے طریقوں میں ایک اہم تبدیلی کی نمائندگی کرتا ہے، جو مقامی معیار کو بین الاقوامی بہترین طریقوں کے ساتھ ہم آہنگ کرتا ہے۔ یہ معیار مستقبل کے کریڈٹ نقصانات کے لیے پروویژن متعارف کرواتا ہے، جس سے شفافیت میں اضافہ ہوتا ہے اور رسک منجمنٹ کو مضبوط بنایا جاتا ہے۔ IFRS 9 کے نفاذ کا اثر غیر مجتمع مالیاتی گوشواروں کے نوٹ 7.1.14 میں ظاہر کیا گیا ہے جو 31 دسمبر 2024 کو ختم ہونے والے سال کے لیے ہے۔ مزید برآں، سال کے دوران، اثاثوں اور واجبات کی منصفانہ قیمت کا تعین کیا گیا ہے اور اس کے اثرات بشمول کسی بھی ترمیم سے ہونے والے نفع یا نقصان کو مالی بیانات میں مناسب طریقے سے ظاہر کیا گیا ہے جو کہ IFRS 9 کے مطابق ہے۔

IFRS 9 کے نفاذ کے بعد، بینک کے فنانسنگ کے مقابلے خالص پروویژن میں سال کے دوران 5.49 فیصد اضافہ ہوا۔ یہ اضافہ بنیادی طور پر اسٹیج 3 میں نئی درجہ بند یوں اور اسٹیج 1 اور 2 کے لئے اضافی پروویژننگ کے تقاضوں کی وجہ سے ہوا۔ اس کے نتیجے میں، بینک کے کوریج ریشیو میں بہتری ہوئی اور یہ 106.6 فیصد ہو گیا، جو بینک کے محتاط رسک منجمنٹ پر مسلسل توجہ اور بدلتے ہوئے معاشی حالات میں مالیاتی چلک برقرار رکھنے کے عزم کی عکاسی کرتا ہے۔ اس کے برعکس، سرمایہ کاری کے

(ماخذ: اسٹیٹ بینک آف پاکستان) اقتصادی اعداد و شمار، اشاعتیں اور نیوز پورٹس

نمایاں لین دین

اپنی کاروباری حکمت عملی اور منصوبے کو آگے بڑھانے کے لیے، بینک نے ملک بھر میں 100 اضافی شاخیں کھول کر اپنی موجودگی مؤثر طریقے سے وسیع کی ہے، جس سے شاخوں کی مجموعی تعداد 540 ہو گئی ہے، جس میں 60 ذیلی شاخیں بھی شامل ہیں۔ بینک یہ رفتار برقرار رکھنے اور بیلنس شیٹ کی نمو مضبوط بنانے کے لیے اپنے نیٹ ورک کو مزید وسعت دینے کے لیے پرعزم ہے۔

مالی کارکردگی کا جائزہ

31 دسمبر، 2024 کو ختم ہونے والے سال کے لیے اہم مالیاتی نکات درج ذیل ہیں:

تغییرات	2023 روپے ہزار میں	2024 روپے ہزار میں	بیلنس شیٹ کے اہم اعداد و شمار
32.5 فیصد	36,465,918	48,309,276	صافی اثاثہ جات
7.0 فیصد	522,540,925	559,177,932	ڈپازٹس
28.6 فیصد	230,194,288	296,018,363	فنانسنگ اور متعلقہ اثاثہ جات
9.9 فیصد	314,083,872	345,051,553	سرمایہ کاری۔ صافی
44.5 فیصد	60,659,056	87,662,161	ایف آئی (FI's) کو واجب الادا
-74.2 فیصد	16,502,138	4,257,928	ایف آئی (FI's) کی طرف واجب الادا

تغییرات	2023 روپے ہزار میں	2024 روپے ہزار میں	منافع اور اخراجات کے اہم اعداد و شمار
21.6 فیصد	92,756,237	112,800,697	حاصل کردہ منافع / آمدن
26.3 فیصد	52,572,505	66,414,069	خرچ کردہ منافع / آمدن
15.4 فیصد	40,183,732	46,386,628	حاصل کردہ صافی آمدن
27.3 فیصد	1,816,904	2,312,184	فیس اور کمیشن سے حاصل آمدن
37.1 فیصد	16,159,656	22,159,072	آپریٹنگ اخراجات
5.0 فیصد	26,914,852	28,263,257	پروویژنز سے قبل آپریٹنگ منافع
24.4 فیصد	20,523,397	25,529,701	قبل از محصول منافع
7.1 فیصد	11,045,099	11,833,541	بعد از محصول منافع
7.1 فیصد	9.9622	10.6733	فی حصص آمدن (روپے میں)
-	2,209,020	2,366,708	قانونی ریزرو میں منتقلی

اور کیپٹل مارکیٹ کی کارکردگی اہم ہوگی۔

توانائی کا بحران، بیرونی قرضوں کی ذمہ داریاں، اور ماحولیاتی خدشات (مثال کے طور پر، سیلاب، اور خشک سالی) مستقل خطرات پیدا کرتے ہیں۔ مزید برآں، سیاسی غیر یقینی صورتحال اور اہم اصلاحات کی مزاحمت معاشی ترقی میں تاخیر کر سکتی ہے۔ تاہم، اگر مالی نظم و ضبط، ساختی اصلاحات اور نجی شعبے کی مسابقت میں بہتری آتی ہے تو پاکستان کی جی ڈی پی 2025 میں 3 فیصد سے زیادہ بڑھ سکتی ہے، جس میں طلب میں اضافہ، سرمایہ کاری کی بحالی اور مضبوط مالیاتی شعبے کی ترقی کی معاونت اہم ہوگی۔

پاکستان کی معیشت میں بتدریج استحکام آرہا ہے، بیرونی اکاؤنٹس مضبوط ہو رہے ہیں اور افراط زر میں کمی واقع ہو رہی ہے۔ تاہم پائیدار ترقی کے لئے پالیسیوں میں تسلسل، بہتر گورننس اور نجی شعبے کی قیادت میں ترقی ضروری ہے۔ 2025 کے لئے معاشی نقطہ نظر محتاط انداز میں مثبت ہے، لیکن یہ مالی نظم و ضبط، سرمایہ کاری کے لئے سازگار ماحول اور عالمی مالی حالات پر منحصر ہے۔

(ماخذ: SBP مانیٹری پالیسی اسٹیٹمنٹ، SBP ڈیٹا اور نیوز رپورٹس)

بینکنگ انڈسٹری کا جائزہ

پاکستان کے بینکنگ شعبے نے 2024 میں مشکل معاشی حالات، بڑھتی ہوئی مہنگائی، اور طویل مدتی معاشی غیر یقینی صورت حال کے باوجود پیک اور مسلسل ترقی کا مظاہرہ کیا۔ شعبے کے کل اثاثوں میں 15.7 فیصد کی توسیع ہوئی، جو بنیادی طور پر زیادہ فنانسنگ سرگرمیوں اور حکومتی سیکورٹیز میں سرمایہ کاری میں اضافے کی وجہ سے ممکن ہوئی۔ خاص طور پر، پرائیویٹ سیکٹر فنانسنگ میں 29.6 فیصد کا اضافہ ہوا، جو بینکوں کی ٹیکس سے متعلق مراعات سے فائدہ اٹھانے کے لئے حکمت عملی کو ظاہر کرتا ہے۔

حکومت کی ایڈوانسز اور ڈیپازٹ کے درمیان مجموعی تناسب (ADR) کی ضروریات پوری کرنے کے لیے، بینکوں نے ADR کو دسمبر 2024 تک 52.8 فیصد تک بڑھا دیا، جو 2023 میں 44.4 فیصد تھا، جس سے قرضوں کی فراہمی میں بہتری یقینی بنائی گئی۔ تاہم، ڈپازٹ کی نمو میں کمی واقع ہوئی اور یہ 8.8 فیصد رہی (2023 میں 23.9% کے مقابلے میں)، جو بنیادی طور پر ان ریگولیٹری تبدیلیوں کے بعد مالیاتی ڈائنامکس میں تبدیلی کی وجہ سے ہوئی۔ اسی دوران، انکم ٹیکس ترمیمی آرڈیننس 2024 کے تحت بینکوں کے لیے کارپوریٹ ٹیکس کی شرح 39 فیصد سے بڑھا کر 44 فیصد کر دی گئی، جس سے ADR سے متعلق ٹیکس کی ضروریات ختم کر دی گئیں، جس سے منافع پر مالیاتی دباؤ بڑھ گیا۔

شعبے کے اثاثوں کا معیار مستحکم رہا، جس میں غیر فعال قرضوں (NPLs) کی شرح 8.5 فیصد (ستمبر 2024) رہی، جو دسمبر 2023 میں 7.7 فیصد تھی۔ IFRS-9 کے نفاذ کے بعد غیر فعال قرضوں کے لئے زیادہ رقم مختص کرنے کے باعث بینکوں کی مالی پوزیشن بہتر ہوئی اور مستقبل میں کریڈٹ نقصانات سے نمٹنے کی صلاحیت میں اضافہ ہوا۔

مالیاتی نرمی اور کم شرح سود کے باوجود، خالص سودی آمدنی (NII) میں سال بہ سال بنیاد پر 6 فیصد اضافہ ہوا، جس میں حجم میں توسیع اور موافق ری پرائسنگ اثرات کی معاونت شامل ہے۔ غیر سودی آمدنی میں سال بہ سال بنیاد پر 55 فیصد اضافہ ہوا، جو فیس پر مبنی آمدنی میں اضافے اور ریٹرنز پر اپریشنز میں بہتری کی عکاسی کرتا ہے۔ تاہم غیر سودی اخراجات میں سال بہ سال 21 فیصد اضافہ ہوا، جس کی بنیاد وجہ افراط زر پر مبنی انتظامی اخراجات ہیں۔

بینکنگ سیکٹر کی دیوالیہ نہ ہونے کی پوزیشن مضبوط ہوئی اور کیپٹل ایڈووکیسی ریشیو (CAR) 19.7 فیصد (دسمبر 2023) سے بڑھ کر 21.5 فیصد (ستمبر 2024) ہو گیا، جو ریگولیٹری تقاضوں سے کہیں زیادہ ہے۔ حالیہ اسٹریٹس ٹیسٹ کے نتائج اس شعبے کو شدید ممکنہ خطرات کو برداشت کرنے کی صلاحیت کی تصدیق کرتے ہیں، جس سے بیرونی اور داخلی خطرات کے باوجود پاکستان کے مالی استحکام کو تقویت ملتی ہے۔

بینکنگ سیکٹر نے ٹیکس دباؤ اور ریگولیٹری ایڈجسٹمنٹ کے باوجود 2024 میں پیک، اثاثوں کی نمو، مستحکم کریڈٹ کوالٹی اور مضبوط کیپٹل ذخائر برقرار رکھے۔ مسلسل ساختی اصلاحات، ڈیجیٹل تبدیلی، اور بہتر رسک مینجمنٹ 2025 اور اس کے بعد بھی رفتار برقرار رکھنے کی کلید ہوں گے۔

ڈائریکٹرز کی رپورٹ

معزز اراکین

بورڈ کی جانب سے ہم 31 دسمبر 2024ء اختتام پر ہونے والے سال کے لیے آڈٹ شدہ سالانہ مالی گوشواروں کے ہمراہ، بینک اسلامی پاکستان لمیٹڈ (بینک یا بینک اسلامی) کے ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

بنیادی سرگرمیاں

بینک اسلامی بنیادی طور پر لائسنس یافتہ مکمل شیڈ یولڈ اسلامی کمرشل بینک کے طور پر کام کرتا ہے۔ 31 دسمبر، 2024 تک بینک پاکستان بھر میں 540 برانچوں، بشمول 60 بلی برانچوں کے ساتھ اپنے معزز صارفین کو شریعت کے مطابق مالی مصنوعات فراہم کر رہا ہے۔ بینک کارپوریٹ، کمرشل، SME، زرعی، کنزیومر، اور ریٹیل صارفین کی ضروریات پوری کرنے والے جدت آمیز حل فراہم کرنے کے لیے پرعزم ہے۔ ہماری توجہ پائیدار ترقی، ڈیجیٹل تبدیلی، اور مالی شمولیت بڑھانے پر مرکوز ہے تاکہ ہم ایک معروف اسلامی مالیاتی ادارے کے طور پر اپنی پوزیشن مزید مضبوط بنا سکیں۔

معیشت اور صنعت کا جائزہ

معیشت کا مختصر جائزہ

پاکستان کی معیشت میں 2024 میں استحکام کے ابتدائی آثار دکھائے اور 2.5 فیصد جی ڈی پی نمو حاصل کی۔ زراعت میں بہتری، تجارت، بجلی کی پیداوار، اور آٹومبائل کی محتاط بحالی کی وجہ سے یہ ممکن ہوا۔ تاہم، پالیسی کی غیر یقینی صورتحال اور کاروباری حالات میں تبدیلی کی وجہ سے سرمایہ کاری کمزور رہی۔ افراط زر کے دباؤ میں نمایاں کمی آئی، جنوری 2025 میں سالانہ افراط زر 2.41 فیصد تک کم ہوا اور سالانہ اوسط 6.5 فیصد رہی، جو منظم مالیاتی پالیسی، بہتر سپلائی چینز، اور موافق بنیادی اثر کی وجہ سے ممکن ہوئی۔ اسٹیٹ بینک آف پاکستان (SBP) نے پالیسی ریٹ کو 12 فیصد تک کم کر دیا، جو نمو پر مرکوز پالیسیوں کی طرف اشارہ کرتا ہے جبکہ افراط زر کو 5-7 فیصد کے ہدف کی حد میں برقرار رکھا ہے۔

پاکستان کی بیرونی صورت حال مضبوط ہوئی، مالی سال 2025 کی پہلی ششماہی میں 1.2 بلین ڈالر کارکنٹ اکاؤنٹ سرپلس ریکارڈ ہوا، جو کہ مضبوط ترسیلات، ٹیکسٹائل برآمدات میں بحالی، اور محتاط درآمدی انتظام کی وجہ سے ممکن ہوا۔ اسٹیٹ بینک آف پاکستان کے ذخائر 3 بلین ڈالر سے بڑھ کر 11.2 بلین ڈالر (فروری 2025) ہو گئے، جس نے بیرونی ذخائر کو بہتر بنایا۔ تاہم، قرض کی ادائیگی کا دباؤ برقرار ہے۔ اگرچہ تجارتی خسارہ کم ہوا لیکن یہ برآمدی نمو کے مقابلے میں درآمدی پابندیوں اور طلب میں کمی کی وجہ سے زیادہ تھا۔

مالی سال 2024 میں ٹیکس محصولات میں سال بہ سال 29.8 فیصد اضافے کے باوجود محصولات کی وصولی اہداف سے کم رہی جو ٹیکس بیس وسیع کرنے اور تعمیل کو فوری بہتر بنانے کا تقاضا کرتی ہے۔ قرضوں کی ادائیگی کے بلند اخراجات مالیاتی وسائل کو کم کرتے ہیں، جس سے انفراسٹرکچر اور سماجی شعبوں میں سرمایہ کاری محدود ہو جاتی ہے۔ آئی ایم ایف کی 7 ارب ڈالر کی توسیعی فنڈ سہولت (EFF) اب بھی اہم ہے، جس میں مالیاتی نظم و ضبط، اختیارات کی چٹائی پر منتقلی اور مارکیٹ پر مبنی اصلاحات پر زور دیا گیا ہے۔ ایک اہم توجہ ریاستی مداخلت کم کرنا، سرکاری ملکیتی اداروں میں گورننس بہتر بنانا، اور مالیاتی استحکام بحال کرنے کے لیے لاگت پر مبنی توانائی کی قیمتیں یقینی بنانا ہے۔ آئی ایم ایف نے مالی تدبیر کی ضرورت کا اعادہ کرتے ہوئے کارکردگی اور گورننس بہتر بنانے کے لیے مالی اور ترقیاتی ذمہ داریاں صوبائی سطح پر منتقل کرنے پر زور دیا ہے۔

اگرچہ مالیاتی نرمی کا مقصد معاشی سرگرمیوں کو فروغ دینا ہے، لیکن گورننس کی نااہلی، پالیسی کی غیر یقینی صورتحال اور بیوروکریٹک رکاوٹوں کی وجہ سے سرمایہ کاری کی سطح کمزور رہتی ہے۔ براہ راست غیر ملکی آمدنی میں کمی کا رجحان ہے، جو ریگولیٹری استحکام، کاروبار کے لئے سازگار پالیسیاں اور مالیاتی شعبہ میں جدید اصلاحات کی ضرورت کو اجاگر کرتی ہے۔ پاکستان کا بینکاری شعبہ مستحکم ہے لیکن طویل مدتی مالیاتی استحکام کے لئے قرضوں کی فراہمی میں اضافے، غیر فعال قرضوں کے رجحانات

Achievements and New Initiatives

The year 2024 was a year of remarkable progress and growth for BankIslami (the Bank), as the Bank continued to strengthen its market position, enhance customer experience, and drive innovation across all departments. Despite macroeconomic challenges, the bank achieved significant milestones in digital transformation, customer service, financial performance, and Shariah compliance. Key achievements and new initiatives undertaken by various departments of the Bank are below.

In 2024, BankIslami accelerated its digital transformation, leveraging technology to enhance operational efficiency, fortify cybersecurity, and elevate customer experience. With a strong focus on automation, infrastructure modernization, and regulatory compliance, the bank strengthened its position as a leader in Islamic digital banking.

Information Technology

Enhanced Customer Experience

The reengineered mobile banking platform, now available on Google Play and Apple App Store, offers a streamlined, secure, and intuitive interface. WhatsApp-based onboarding has simplified account opening, particularly for Gen-Z customers, while the Digital Contact Center, built on Intercom's cloud-based system, centralizes customer queries from social media, enabling real-time support. These initiatives reflect the bank's commitment to expanding digital accessibility and enhancing customer engagement.

Process Automation

Process automation remained a core focus, with RPA (Robotic Process Automation) based bulk account closing reducing manual effort and improving turnaround times. The digitization of term deposit workflows enhanced operational efficiency, while automated reconciliation of BIPL funds from NBP ensured seamless financial reporting. These initiatives collectively minimized manual dependencies and enhanced regulatory alignment.

Cybersecurity

Cybersecurity was further strengthened through biometric authentication, enabling secure transactions without physical cards. The introduction of biometric PIN verification for cardless ATM withdrawals and PayPak 3D Secure (3DS) for e-commerce transactions reinforced fraud prevention measures. These advancements ensure safer digital transactions, protecting customer assets in an evolving financial landscape.

Infrastructure Modernization

To bolster IT infrastructure, the bank undertook a comprehensive upgrade, replacing legacy network systems with next-generation IT infrastructure, improving bandwidth, stability, and performance. The transition to better routing protocols optimized external connectivity and security, while an IBM Power Machine firmware upgrade enhanced system reliability. These enhancements have built a reliable and high-availability banking infrastructure.

Regulatory Compliance

Regulatory compliance was strengthened through the implementation of RAAST Over-the-Counter (OTC) transactions, allowing seamless CNIC-based fund transfers across branches. The automation of the Synchronized Withholding Administration and Payment System (SWAPS) streamlined tax management through RAAST, ensuring regulatory alignment. Additionally, Deposit Protection (DPC) reporting was digitized to provide real-time oversight of depositor liabilities, reinforcing governance and transparency.

Contact Center: Enhancing Customer Experience

The Contact Center played a pivotal role in improving customer service and operational efficiency in 2024. The department achieved a 97% service level for Priority Phone Banking, displaying its commitment towards customer satisfaction. To enhance customer experience, the Contact Center implemented Priority Customer Tagging on the CRM system, allowing the bank to identify and prioritize high-value customers effectively.

The department also made significant strides in digital transformation. The responsiveness on social media platforms improved dramatically, reducing response times from weeks to minutes. Additionally, the volume of WhatsApp chats increased from 13,000 to 34,394, reflecting the growing preference for digital communication among customers. In light of increased traffic towards digital communication, Bank has increased the number of staff members allocated towards digital communications.

In 2024, the Contact Center also launched several outbound initiatives, including the verification of 42,000 customer documents for the new mobile app registration. The outbound team also took the initiative to sell BankIslami products, contributing to revenue generation, and made callbacks on abandoned calls to improve customer retention.

Operational improvements were a key focus area for the Contact Center. During the year, Contact Center SOP was approved and implemented, and the department finalized its Risk & Control Self-Assessment (RCSA), Scenario Analysis, and Key Risk Indicators (KRI). To improve the working environment, noise-cancellation headsets were provided to staff, and the Contact Center was renovated with a professional and energetic theme. The department also deployed advanced tools such as masking on debit cards, position-in-queue functionality on IVR, and whisper gadgets for live agent monitoring and coaching.

Admin Group: Ensuring Safety and Employee Well-being

The Admin Group focused on ensuring the safety and well-being of employees in 2024. The department conducted evacuation drills and first aid training sessions to prepare employees for emergencies. Additionally, tea boys training was provided to improve service quality across the bank.

To promote work-life balance, the Admin Group organized half-yearly picnics and dinners for employees, fostering a positive and collaborative work environment.

SME Banking: Driving Growth and Innovation

The SME Banking department achieved significant growth in 2024, with total deposits from financing customers and vendors reaching Rs. 30.649 Bn. The department also achieved trade business volume of Rs. 237 Bn. Import business grew to Rs. 117 Bn, while export business reached Rs. 79 Bn.

The financing portfolio also saw substantial growth, and reached to Rs. 24 Bn against last year's Rs 14 Bn. The SME Women Entrepreneur Finance program continued to thrive, with financing portfolio reaching to Rs. 1.127 Bn spread over 107 customers.

In 2024, the SME Banking department launched several initiatives to support small and medium enterprises, in this regard the Bank under Prime Minister Youth Business Finance program disbursed Rs. 205.465 Mn. The department also developed a digital supply chain finance platform in collaboration with InvoiceMate, which is expected to roll out in February 2025.

Corporate Banking (CBG)

The Corporate Banking Group (CBG) continued its strategy of portfolio rationalization and diversification in 2024, adding New to Bank (NTB) customers across major economic sectors such as Telecom, Exploration & Production (E&P), Gas Distribution, Sugar, and Food & Beverage. Despite macroeconomic challenges and political unrest, CBG achieved a 19% growth in its financing portfolio, which reached Rs. 241 Bn as of December 31, 2024, up from Rs. 203 Bn in 2023. This growth was driven by a cautious yet strategic approach to new financing, with a focus on blue-chip and creditworthy middle-market customers.

In the trade business, CBG achieved Rs. 200 Bn in transactions, with export business growing by 48% year-on-year (YoY) to Rs. 98 Bn. This growth improved the import-export mix to 51:49, reflecting a more balanced trade portfolio. CBG also prioritized export business, cash management, and employee banking, ensuring steady growth in these key areas.

BankIslami

Investment Banking

The Investment Banking team played a pivotal role in contributing to the bank's bottom line in 2024, generating Rs. 127 Mn in fee income and Rs. 194 Mn in float income. The team closed notable transactions worth Rs. 185 Bn, including a Rs. 75 Bn syndicated financing facility for Pakistan's leading telecom company and a Rs. 51.5 Bn project finance facility for an industrial water supply project in Thar, Sindh, under the Public Private Partnership (PPP) mode.

The bank also acted as Joint Financial Advisor to the Government of Pakistan for GoP Ijarah Sukuk issuances, facilitating transactions worth approximately RS. 1.9 trillion.

The bank's excellence in investment banking was recognized with several prestigious awards, including the Asian Banking & Finance Award for Pakistan Domestic Trade Finance Bank 2024, the Triple A Sustainable Infrastructure Award for Water Deal of the Year 2024, and the Islamic Finance News Award for Best Islamic Trustee 2024.

Cash Management

The Cash Management Department continued to lead in digital innovation in 2024, aligning with the State Bank of Pakistan's (SBP) vision for a digitized financial ecosystem. The department secured 545 mandates, reflecting a 7.5% year-on-year increase, and managed Rs. 267 Bn in total throughput. The department also processed 1.6 Mn transactions via LinkIslami, underscoring the platform's reliability and scalability. These efforts generated Rs. 1.8 Bn in float income and Rs. 28.5 Mn in fee income, driving sustainable revenue growth.

Employee Banking (EB)

The Employee Banking (EB) services achieved unprecedented growth in 2024, combining Shariah-compliant innovation with operational excellence to meet the evolving needs of employers and employees. The department acquired 47,500 NTB payroll accounts, marking a 180% year-on-year increase, and maintained an average balance retention of Rs. 2.71 Bn, highlighting customer loyalty. Additionally, the department onboarded 674 corporate mandates, expanding its footprint across various industries.

To enhance customer experience, the department launched the Digital Asaan Account for payroll management, simplifying onboarding and management through seamless digital workflows. The department also introduced Takaful features for Shariah-compliant insurance, providing financial security to employees. Furthermore, the Employee Banking BI Dashboard was launched, offering real-time portfolio insights and enabling data-driven decision-making.

Shariah Compliance: Strengthening Shariah Governance

The Shariah Compliance Department (SCD) continued to play a critical role in ensuring the bank's adherence to Shariah principles in 2024. The department arranged four Shariah Supervisory Board (SSB) meetings and two meetings with the Board of Directors, successfully complying with regulatory requirements.

Throughout the year, SCD reviewed over 2,000 cases, including transaction fact sheets, disbursements, and marketing materials. The department also issued several guidelines to strengthen Shariah compliance, including those related to Priority Banking, bank guarantees, and Bai Muajjal transactions.

In 2024, SCD conducted extensive training programs, including the intermediate-level Certified Islamic Retail Banker (CIRB) and Certified Islamic Corporate Banker (CICB) programs. The department also organized training sessions on IFRS-9 Financial Instruments for SSB members and continued the Mukaalma series for senior leadership, focusing on Islamic banking philosophy and practices.

To promote Islamic banking awareness, SCD held sessions at universities, religious institutions, and entrepreneurial boot camps for women, contributing to the bank's mission of saving humanity from Riba.

Treasury & Financial Institutions: Delivering Strong Financial Performance

The Treasury & Financial Institutions Department delivered outstanding performance in 2024, surpassing key financial targets. The FX Sales Desk exceeded its budget by 174%, achieving Rs. 887 Mn against a target of Rs. 324 Mn. The FX Interbank Desk also performed strongly, posting a profit of Rs. 414 Mn, which was 6.75 times the target.

During the year Treasury also deployed Rs. 73 Bn in advances to DFIs, supporting ADR requirements and corporate lending targets. The desk also capitalized on the declining yield curve to secure Rs. 342 Mn in capital gains on Sukuk.

In 2024, the bank established the Capital Markets Department within the Treasury and Financial Institutions Group. Staffed with senior executives, the department aims to diversify revenue streams and maximize shareholder value.

Mashal Women Banking: Empowering Women

The Mashal Women Banking initiative continued to make significant strides in 2024, focusing on financial inclusion and empowerment of women. The bank introduced the Mashal Saving Account, offering competitive profit rates and exclusive benefits such as free Takaful & health coverage for women depositors maintaining a monthly average balance of Rs. 100,000.

In collaboration with the Asian Development Bank (ADB)'s Women's Finance Exchange (gWFX), BankIslami piloted a technology solution to better serve women entrepreneurs and women-owned small and medium-sized enterprises (WSMEs). The bank also developed a gender sensitivity training program to enhance its staff's ability to serve women customers effectively.

The bank successfully achieved its yearly targets under the State Bank of Pakistan's (SBP) Banking on Equality (BOE) policy. The number of women employees increased by 60% to 1,025, and the women employee ratio reached 14%. Additionally, the number of female active accounts rose by 31% in 2024.

To improve the banking experience for women, the bank set up Women Customer Facilitation Desks at 416 touch points, including branches, digital service centers, phone banking, and the consumer contact center. These desks are staffed with trained Women Champions who provide personalized assistance to women customers.

The bank also conducted Mashal Talks, a financial education and literacy program, to enhance women's financial knowledge. These sessions covered topics such as financial wellness, digital banking, inheritance law, and entrepreneurship. Additionally, the bank celebrated Women Entrepreneurship Day and organized networking events to support women entrepreneurs.

Consumer Banking: Enhancing Customer Experience

The Consumer Banking team launched several innovative products and initiatives in 2024 to enhance customer experience and expand the product portfolio. One of the standout innovations was the introduction of Islamic Secured Personal Finance, which allows customers to unlock funds for personal Shariah-compliant needs by using their vehicles as collateral. This product provides a flexible financing option while adhering to Islamic principles.

The team also launched the Consumer Service Portal, an online platform that allows customers to manage their post-disbursement documentation requirements from the comfort of their homes. This initiative significantly reduced the need for physical visits and streamlined administrative processes.

In the Auto Finance segment, the team introduced lucrative and competitive fixed rental rates to maintain the product's attractiveness in a dynamic market. Strategic alliances with major car manufacturers and key players in the auto finance industry were also formed, providing customers with more choices, better terms, and a seamless experience when financing their vehicles.

The HR team made significant strides in optimizing HR service delivery. The Service Delivery (SD) team was reorganized into specialized units, ensuring workload distribution and structured backup for smoother operations. A

Human Resources

In 2024, BankIslami's Human Resources (HR) department achieved significant milestones, focusing on enhancing operational efficiency, gender diversity, and fostering a high-performance culture. The HR Business Partner (HRBP) model was successfully established across the country to offer strategic support to business units, aligning workforce planning with organizational growth objectives. To foster engagement, the HR team introduced HR Connect sessions across various cities, including Lahore, Islamabad, and Karachi, with plans to expand to other regions. Additionally, the HR department developed a High Potential (HIPO) Employee Program, with an aim to identify and nurture top talent within the bank.



A dedicated offboarding unit has been introduced to enhance the exit experience for departing employees. A comprehensive Management Information System (MIS) framework has tracked progress across all units, helping enhance efficiency. The HR Helpdesk has been revamped with an online service tool, improving response times and enhancing overall employee satisfaction. Central to these achievements is the implementation of the Decibel HRMS, which has streamlined key HR functions such as attendance, leave, payroll, performance management, and more. By reducing manual processes, Phase 1 of Decibel has enabled a seamless self-service experience for employees, significantly improving productivity and operational efficiency.

In terms of employee well-being, the HR team launched a variety of initiatives aimed at supporting work-life balance and fostering a positive work culture. Flexi Time Arrangements were introduced to provide employees with greater flexibility without disrupting business operations. The HR department also organized stress management sessions and awareness campaigns on Men's Health Month and National Obesity Awareness Week. Furthermore, the "New Born Baby Basket" initiative for female employees celebrated significant personal milestones and reinforced the bank's commitment to diversity and inclusion.

BankIslami made considerable progress in creating a diverse and inclusive workforce in 2024. The launch of “HerQadam” an initiative focused on empowering female employees, was accompanied by sessions with top management to understand their needs and improve work environments. Partnerships were formed with organizations like Connect Hear and Purple Tuesday to support initiatives for persons with disabilities (PWD). These efforts reinforced BankIslami’s commitment to diversity, equity, and inclusion, creating a welcoming and inclusive environment for all employees.

Another highlight of 2024 was the acquisition of a Learning Management System (LMS) from PSTD. The LMS, set to launch in Q2 2025, will provide on-demand learning opportunities, ensuring continuous skill development and alignment with industry trends.

A key initiative for enhancing talent acquisition was BankIslami’s collaboration with leading universities, including IBA, NED, and Szabist, to establish a continuous talent pipeline. In 2024, 170 fresh graduates were successfully onboarded through the Graduate Trainee Program. The bank also recruited senior leaders to support its strategic goals, including positions such as Company Secretary, Principal Credit Advisor, and Head of Capital Markets.

To support employee growth, the HR team rolled out leadership development programs, including specialized training in areas such as Islamic banking, corporate governance, and anti-money laundering (AML). A new grading system was also implemented to provide clearer career progression and succession planning, enhancing role clarity and employee satisfaction.

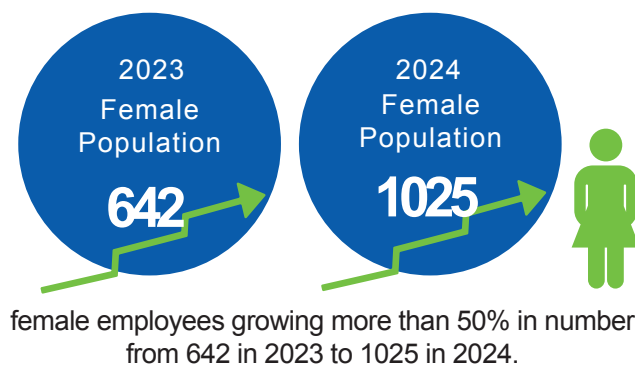
To ensure employees’ financial and economic well-being, BankIslami introduced a revised and efficient salary structure, maximizing take-home pay while ensuring full compliance with tax laws.

BankIslami has introduced the Tarjuman Call Center, a dedicated service to support its diverse customer base with efficient and multilingual assistance. The call center plays a vital role in delivering seamless services to deaf customers, ensuring accessibility for customers from all regions and backgrounds.

Looking ahead, BankIslami continues to emphasize employee well-being, engagement, and innovation. The focus on diversity and inclusion, coupled with digital-first thinking, will ensure that the bank remains at the forefront of HR excellence. With these focused efforts, BankIslami is well on its way to becoming a top-tier Islamic bank by 2027, driven by a high-performing and engaged workforce.

HR Management Governance at BankIslami

At BankIslami, HR management governance plays a pivotal role in ensuring that HR practices align with the bank’s strategic objectives, uphold the highest standards of transparency and accountability, and comply with both regulatory and Shariah guidelines. The bank’s HR governance is designed to support the strategic goals while adhering to the regulations set forth by the State Bank of Pakistan (SBP), other relevant regulatory bodies, and Shariah principles. This governance structure ensures that HR policies, such as recruitment, performance management, employee relations, and compensation, are compliant with regulatory requirements, ensuring that all HR processes meet the expectations of external authorities. The bank’s leadership team is committed to maintaining strong oversight of HR initiatives, ensuring that processes are continuously evaluated, improved, and aligned with evolving business needs. Through regular audits, strategic reviews, and the implementation of a robust HR Business Partner model, BankIslami ensures that HR governance remains agile, effective, and responsive to both internal and external dynamics. By embedding governance into every aspect of HR management, BankIslami ensures a compliant, transparent, and efficient framework that promotes a fair, inclusive, and high-performance culture while mitigating any regulatory risks. This robust HR governance model is key to maintaining operational excellence and positioning the bank as a progressive institution in the Islamic banking sector.





Total employees:

As of December 2024, BankIslami proudly employs a diverse and dynamic workforce of 7319 employees, including 1025 females, reflecting our ongoing commitment to diversity and inclusion. Our employees are spread across more than 500 branches nationwide, enabling the bank to serve a wide range of communities and meet the diverse needs of our clients. In line with our focus on nurturing new talent, we successfully launched 15 Graduate Trainee Programs, hiring 170 new recruits who have been deployed across various functions at both the head office and branch locations. This initiative is a testament to our dedication to fostering a strong pipeline of future leaders and driving innovation within the organization.

Furthermore, we are proud of our continued progress in enhancing gender diversity, with female employees growing more than 50% in number, ie from 642 in 2023 to 1025 in 2024.

Our commitment to inclusion is further demonstrated by the employment of 17 persons with disabilities, promoting equal opportunities for all and creating a more inclusive workplace.

This diverse and inclusive workforce is a key driver of BankIslami's success and growth, reinforcing our position as a leading institution in the Islamic banking sector.

Key Happenings in HR for BankIslami in 2024

- Decibel HRMS Implementation:** Successfully completed Phase 1 of the Decibel HRMS system, integrating attendance, payroll, performance management, letters, and online request systems. This transformation greatly reduced manual processes and enhanced the employee self-service experience.
- HR Business Partner Model:** Implemented the HRBP function across all branches to strengthen strategic HR support, aligning workforce goals with business growth objectives
- HR Service Delivery Optimization:** Reclassified staff within the Service Delivery team, introducing specialized units for better workload distribution and backup. A new offboarding unit was set up to streamline the exit process. An MIS framework was implemented, clearing 95% of long-pending cases by December 2024.
- HR Helpdesk Revamp:** Overhauled the HR Helpdesk by implementing an online ticketing system, clearing a backlog of 600+ tickets. This improved query resolution time and overall employee satisfaction.
- Learning Management System (LMS):** Onboarded a vendor for the LMS to support on-demand learning and skill development. The LMS will be launched in Q2 2025.
- Employee Well-being Initiatives:** Launched 33 well-being programs including stress management sessions and awareness campaigns for Men's Health and Obesity Awareness. 919 employees attended these sessions.
- The Flexi Time Arrangement initiative:** This was introduced to improve work-life balance for employees.
- Diversity and Inclusion:** Female employee numbers increased by more than 50% during the year, from 642 in 2023 to 1025 in 2024. Additionally, the "HerQadam" initiative for female employees was launched which will focus on development and career pathing of female employees.

9. **Inclusion of Persons With Disability:** The Bank employs 17 staff with disability. In our efforts to increase this number and to promote Bank's agenda of PWD inclusion, various partnerships were formed with organizations like ConnectHear and Purple Tuesday to support PWD initiatives. The Bank hosted a Pinktober session for more than 70 deaf females at its premises.
10. **Graduate Trainee Program (GTP):** Onboarded 170 new recruits via the Graduate Trainee Program, spread across 15 batches, and deployed them to various head office and branch locations.
11. **Talent Development Programs:** Introduced leadership development initiatives through local and international training programs (e.g., IBA, LUMS), and revamped existing programs for regulatory compliance and skills development. The bank also rolled out well-being programs, including mindfulness and stress management sessions. Additionally, the HR department developed a High Potential (HIPO) Employee Program, with an aim to identify and nurture top talent within the bank.
12. **Employee Value Proposition (EVP) and Grading Structure:** Developed a structured EVP and introduced a grading system, ensuring role clarity, career progression, and increased employee satisfaction.
13. **Newborn Blessing Basket:** A Newborn Blessing Basket for our female employees who have recently embarked on the beautiful journey of motherhood.

These initiatives were integral to shaping a high-performing and engaged workforce at BankIslami in 2024, aligning with our long-term strategic objectives.

BankIslami's Footprint in Pakistan

BankIslami has established a robust and expansive presence across Pakistan, positioning itself as a key player in the country's Islamic banking sector. As of 2024, the bank operates in more than 500 branches spread throughout the nation, ensuring accessibility and convenience for its growing customer base. With a workforce of over 7000 employees, BankIslami is deeply embedded in communities across the country, delivering innovative financial solutions that align with Islamic principles.

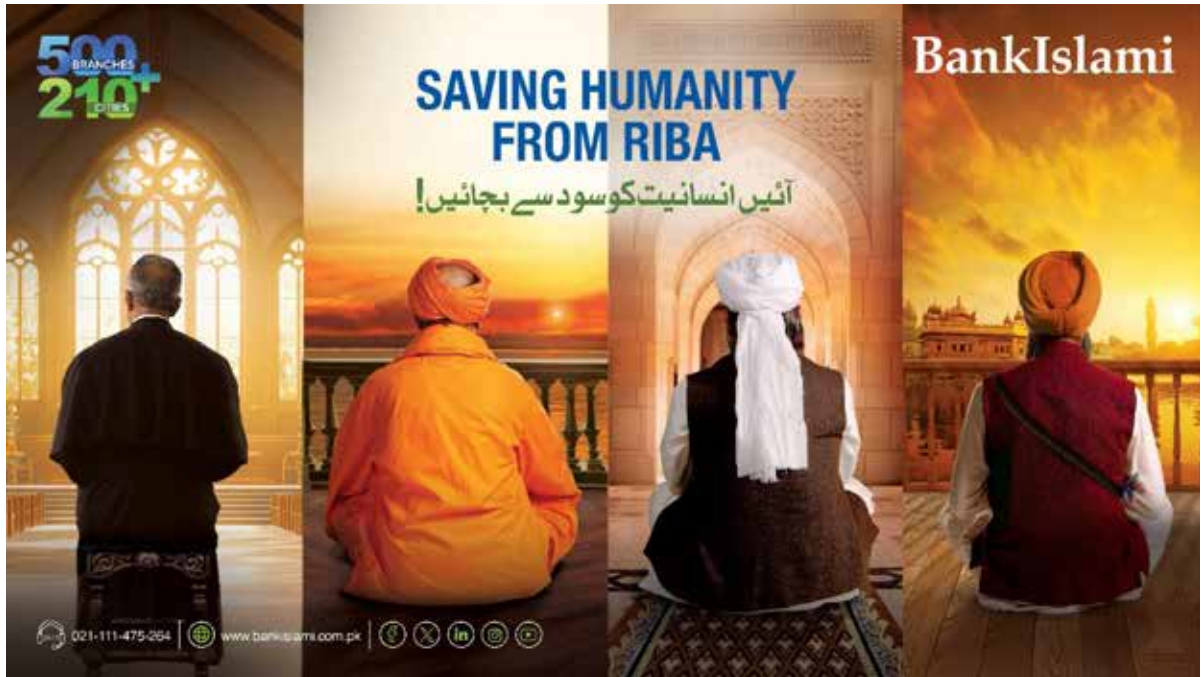
Notably, BankIslami has also established 10 branches that are fully compliant with the Persons with Disabilities (PWD) guidelines, offering seamless banking services to PWD customers and ensuring that their needs are met with utmost care and attention.

In addition to its physical presence, BankIslami has introduced the Tarjuman Call Center for their deaf customers - a dedicated service to support its diverse customer base with efficient sign language assistance.

The bank's commitment to providing exceptional customer service and fostering financial inclusion is reflected in its widespread network, which spans key urban and rural areas in all major cities, including Karachi, Lahore, Islamabad, Peshawar, and Quetta, among others. Additionally, the Bank's female employee increased by more than 50% during the year 2024. By continuously expanding its branch footprint, enhancing accessibility and diversity, and investing in cutting-edge digital solutions, BankIslami is well-positioned to meet the evolving needs of its customers, while promoting sustainable growth within Pakistan's Islamic finance landscape.

Marketing highlight of the year – Saving Humanity From Riba

One of our core beliefs at BankIslami is that Shariah compliant or ethical banking is not just a concept—it's a movement toward a more just and inclusive financial system. With this vision, we launched our biggest marketing campaign to challenge misconceptions and spread awareness about Islamic banking as a solution for all individuals irrespective of religion or faith. Too often, Islamic banking is perceived as exclusive, but in reality, it is built on fairness, transparency, and shared prosperity that values that benefit everyone. Through this campaign, we aimed to redefine the conversation, ensuring that individuals and businesses alike understand that ethical, interest-free banking is for everyone.



The corporate campaign began with a collaboration between BankIslami and religious leaders from diverse faiths, fostering trust and understanding around the universal benefits of Islamic and ethical banking. This set the stage for a powerful message of banking built on fairness, transparency, and shared prosperity is for everyone.

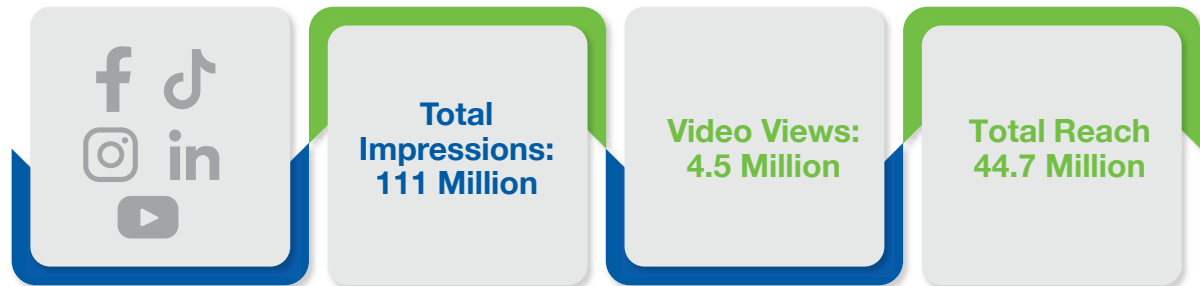
Building on this foundation, the campaign gained momentum with the grand launch of a TVC that challenged misconceptions, presenting Islamic banking as a truly inclusive financial system that welcomes individuals from all faiths and backgrounds.

The launch event, held at the iconic Mohatta Palace in Karachi, saw attendance from prominent figures including Governor of the State Bank of Pakistan Jameel Ahmad, Deputy Governor Saleem Ullah, and IG Sindh Ghulam Nabi Memon, reflecting wide support for BankIslami's efforts in promoting financial inclusivity.

All Hands on Deck for a Nationwide Reach

To ensure maximum reach and impact, the campaign was amplified across multiple platforms using a comprehensive mix of Digital, TV, Print, OOH, and PR initiatives. The results speak for themselves:

1. Digital & Social Media Reach



- **Digital Publications:**

- Takeover on Geo & The News for Three Days.
- DVC placements on 33+ marketing & social groups/platforms.
- Partnership with digital publications for strip placement.
- 28+ Digital Stories Published.

2. Television & Cable Broadcasting

- TV Channels On-Air: 17+ Leading News & Entertainment Channels.
- Cable Networks: Aired across all major cable networks nationwide

3. Print Media & Newspaper Visibility

- Total Newspapers: 17+ leading English & Urdu publications.
- Front Page Ads: Secured in all leading publications
- Event Coverage: Published in all major newspapers.

4. Out-of-Home (OOH) Campaign

- Total OOH Sites: 102+ sites across Pakistan
- Strategic Placement: Billboards, transit advertising, Bus Shelters, and prominent commercial hubs.

Through a meticulously crafted strategy spanning digital, print, television, out-of-home, and influencer marketing, BankIslami successfully ignited a nationwide conversation on Islamic banking. The overwhelming reach and engagement numbers reinforce our commitment to making ethical, Shariah-compliant banking a mainstream choice for all.

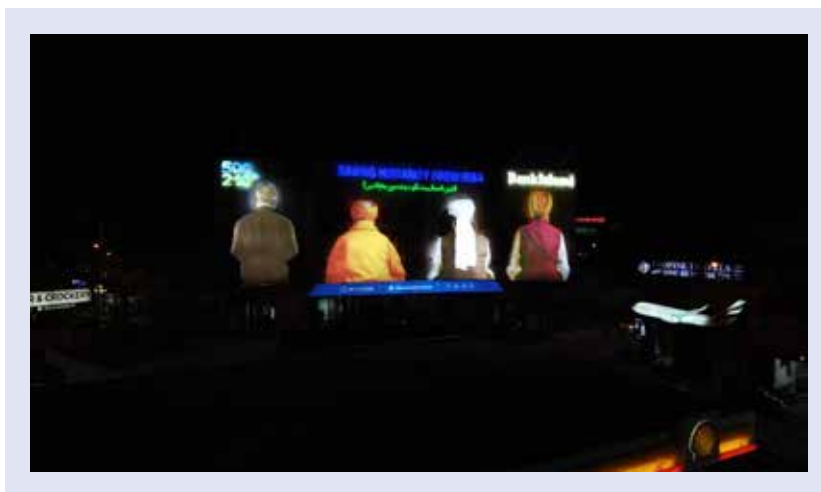
As we continue our mission, we remain dedicated to educating and empowering individuals and businesses toward a financially inclusive future.

BankIslami

Launch Event Highlights – Saving Humanity From Riba



OOH Campaign Highlights



Statement of Internal Control

Statement of Management's Responsibility

The Management of the Bank is responsible to establish and maintain an adequate and effective system of internal controls with the main objective of ensuring effectiveness and efficiency of operations, reliability of financial reporting, safeguarding of assets and compliance with applicable laws and regulations.

Management Evaluation of Effectiveness of the Bank's Internal Control System

Concerted and integrated efforts are made by each function of the Bank to improve the Control Environment at all levels through continuous reviewing and streamlining of procedures to prevent and rectify control deficiencies. Each department/function, under the supervision of the senior executive management, is entrusted with the responsibility to oversee rectification of control deficiencies identified by internal audit, external auditors and regulators. The control activities are being closely monitored through risk management and compliance functions being the second line of defense, ensuring adherence to regulatory requirements and the Bank's internal policies and procedures. The Shariah compliance unit is responsible to monitor and mitigate risks emanating from Shariah non-compliances. Based on the observations and weaknesses identified by control functions, internal audit and external auditors, management is continuously introducing improvements in internal control system to ensure elimination of such weaknesses to the maximum possible extent.

As a continuous process, the Bank formulates/update and review several key policies and procedures for its various lines of businesses. While formulating such policies clear lines of authority and responsibility have been established in order to ascertain accountability and maintain an effective internal control system.

The scope of Internal Audit department, independent from the line management, includes assessment of the adequacy and effectiveness of the internal control system across the Bank, and ensure compliance with prescribed policies and procedures. All significant findings of Internal Audit assessments are periodically reported to the Board Audit Committee.

The Bank's internal control system is designed to mitigate, rather than to eliminate the risk of failure to achieve the business objectives, and can only provide reasonable but not absolute assurance against material misstatements or losses. Moreover, projection of current evaluations with respect to its effectiveness for future periods is subject to a limitation that controls may become inadequate due to changes in control environment. However, it is an ongoing process that includes identification, evaluation and mitigation of significant risks faced by the Bank.

The Bank implemented the Internal Control Guidelines issued by State Bank of Pakistan (SBP) vide BSD Circular No. 07, of 2004 and had conducted a detailed exercise documenting and benchmarking existing internal processes and controls relating to financial reporting. These process and controls are reviewed and updated periodically.

Alhamdulillah, the Bank had successfully completed all stages of its ICFR program in accordance with the Road Map under SBP OSED Circular No. 01, dated February 07, 2014. However, this is a continuous exercise whereby all new controls are documented and tested periodically to ensure their existence and effectiveness.

Considering the substantial remediation of gaps identified in the afore-mentioned exercise, SBP granted exemption for independent statutory assessment of Bank's ICFR program. Accordingly, now the Bank's Internal Audit Department annually assesses the efficacy of the ICFR and presents its report to the Board Audit Committee for review.

Based on the results of the ongoing evaluation of internal controls carried out during the year, the Management considers that in general, the Bank's existing internal control system is adequately designed, operating effectively, and monitored consistently. Nevertheless, the management continuously endeavors to further strengthen the internal control system of the Bank for an improved control environment.

The Board of Directors duly endorses above management's evaluation of the internal control system.

For and On Behalf of the Board



Rizwan Ata

President & CEO

Date: February 27, 2025

Karachi

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

For the year ended December 31, 2024

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (“Code” or “Regulations”) issued by the Securities and Exchange Commission of Pakistan (“the Commission”), for the purposes of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The total number of directors are eight (8) as per the following:
 - a. Male: seven (7) including President & Chief Executive Officer
 - b. Female: one (1)
2. The composition of the Board is as follows:
 - i. Independent Directors
 1. Mr. Akhtar Abbas
 2. Mr. Haider Ali Hilaly
 3. Mr. Sulaiman Sadruddin Mehdi
 - ii. Non-Executive Directors
 1. Mr. Suleman Lalani
 2. Mr. Ali Hussain
 3. Ms. Iffat Zehra Mankani
 4. Mr. Syed Ali Hasham
 - iii. Executive Director
 1. Mr. Rizwan Ata, President & Chief Executive Officer
 - iv. Female Director
 1. Ms. Iffat Zehra Mankani
3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank.
4. The Bank has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Bank.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the 'Act') and these Regulations.
7. The meetings of the Board were presided over by the Chairman of the Board and 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 SBP's Corporate Governance Regulatory Framework, Act and the Regulations.
9. At present, out of eight (8) directors including President & Chief Executive Officer, seven (7) directors have already attained Directors Training Program certification namely, Mr. Suleman Lalani, Mr. Rizwan Ata, Mr. Akhtar Abbas, Ms. Iffat Zehra Mankani, Mr. Haider Ali Hilaly, Mr. Sulaiman Sadruddin Mehdi and Mr. Syed Ali Hasham. One director Mr. Ali Hussain meets the requirements of exemption under Regulations.
10. During the year, the Board has approved appointment of Company Secretary and Acting Head of Internal Audit. During the year, there has been no new appointment of the CFO. The Board has approved 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 following committees comprising of members given below:

Board Audit Committee:

Chairperson

Mr. Haider Ali Hilaly

Members

Ms. Iffat Zehra Mankani

Mr. Sulaiman Sadruddin Mehdi

Mr. Syed Ali Hasham

Board Human Resources & Remuneration Committee

Chairperson

Mr. Akhtar Abbas

Members

Mr. Suleman Lalani

Ms. Iffat Zehra Mankani

Mr. Syed Ali Hasham

Board Risk Management Committee

Chairperson

Ms. Iffat Zehra Mankani

Members

Mr. Sulaiman Sadruddin Mehdi

Mr. Syed Ali Hasham

Mr. Rizwan Ata, President & CEO

Board Information Technology (IT) Committee

Chairperson

Mr. Haider Ali Hilaly

Members

Mr. Suleman Lalani

Mr. Akhtar Abbas

Mr. Rizwan Ata, President & CEO

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half-yearly/yearly) of the committee were as per following:
- | | |
|--|-------------|
| Audit Committee | Quarterly |
| Board Human Resources & Remuneration Committee | Half Yearly |
| I.T Committee | Quarterly |
| Risk Management Committee | Quarterly |
15. The Board has set up an effective internal audit function with team who is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank.
16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Bank.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



Rizwan Ata
President & Chief Executive Officer



Suleman Lalani
Chairman

Date: February 27, 2025
Karachi

BUILDING A JUST AND RIBA-FREE SOCIETY

Sikhism upholds principles of equality and service to humanity. Rejecting Riba is a commitment to building a just society where wealth is shared responsibly, with respect for all people.







KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 37131900, Fax: +92 (21) 35685095

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Bankislami Pakistan Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Bankislami Pakistan Limited** ("the Bank") for the year ended 31 December 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 31 December 2024.

Date: 6 March 2025

**KPMG Taseer Hadi & Co.
Chartered Accountants**

Karachi
UDIN: CR202410106uqlyVHmIF

Shariah Board Report - 2024 BankIslami Pakistan Limited

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الحمد لله رب العالمين والصلاة والسلام على سيد الأئمة والمرسلين و

على آله وأصحابه أجمعين، وبعد

All thanks and praise to the Almighty Allah, with Whose grace BankIslami successfully concluded the year 2024, expanding horizons of Riba-free Banking through the message of “inclusivity”, and advancing on its journey of fostering global economic prosperity.

The Shariah Board hereby presents its Annual Report on the affairs of BankIslami for the year ended December 31, 2024.

The Shariah Board (SB) convened four quarterly meetings during the year to review and approve various matters including product and service innovations, conceptual developments, transactions and associated Shariah considerations. Two meetings were also held between the SB and the Board of Directors, to discuss the overall Shariah Compliance environment, and related matters.

The Shariah Board commends the Board of Directors for their commitment towards enhancing the Shariah Compliance environment of the Bank.

Shariah Compliance

The SB appreciates the Bank’s management for facilitating the Shariah Compliance Department (SCD) in fulfilling its responsibilities. SCD is tasked with assisting the SB in developing and maintaining a comprehensive Shariah Compliance framework for all areas of operations. It thus serves as a pathway between the SB and the management of the bank ensuring that the operations of the Bank are aligned with Shariah principles.

SCD ensures the maintenance and strengthening of Shariah compliance through a continued process of designing, implementing and reviewing essential internal Shariah controls. To this end, various Shariah review activities were conducted throughout the year, alongside the introduction of process improvements and the issuance of guidelines and instruction under the guidance of the Shariah Board.

The Shariah Compliance Department maintained close coordination with the SB throughout the year for seeking Shariah based guidance and rulings on different issues, which allowed it to provide timely responses and solutions for business and other support functions of the Bank.

The Bank’s operational activities were under continuous review and observation by SCD, with Transaction Fact Sheets (TFS), Bank Guarantee drafts, agreements and other documents having been reviewed throughout the year. The modes of video calls and physical client visits were used to monitor different stages of execution of financing transactions, involving delivery of goods etc, in order to ensure that the instructions of the SB were being complied throughout the transactions.

Regular reviews of the Pool Management function were carried out throughout the year, including pre-disbursement pool reviews, in line with regulatory requirements. SCD also performed extensive post-execution Shariah Review of different functions and operations during the year.

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While the different product and business units simplified procedures and met industry needs by providing innovative, Shariah compliant solutions, they were supported by SCD throughout the year, which reviewed product manuals, policy and procedural documents, concept papers, etc. along with the financing facilities and other initiatives launched, ensuring that potential Shariah non-compliance risks were rigorously identified and appropriately addressed.

In addition to the above, SCD assisted the SB in reviewing, approving and aligning the Bank's marketing materials for the year, including advertisements, social media posts, sponsorship content and marketing collaterals. The SB maintained Shariah oversight of the Bank's multifaceted mass media campaign launched during the year, and commends the management for ensuring its end-to-end execution without any compromise on Shariah compliance.

Branch Banking is the face of Islamic Banking for customers as well as public in general. Hence, it is essential that the frontline staff also possess the necessary Shariah Knowledge, and maintain Shariah compliance at the branch level. To ensure the same, SCD performed sample-based Shariah Review and Knowledge Assessment of branches across the country throughout the year. Furthermore, SCD also utilized its alliance with the Service Quality (SQ) team on this front to monitor and enforce seriousness towards Shariah compliance at branch level.

Shariah compliance within the Bank was also strengthened through internal and external Shariah Audit activities, and the subsequent determination of corrective actions by the SB on reports issued by SCD, Internal and External Shariah Audit Reports and SBP Inspection Reports, during the year.

In continuation of BankIslami's role as a Joint Financial Advisor (JFA) of the Ministry of Finance, Government of Pakistan, the Shariah team also facilitated the Bank during the year in development of various structures under the guidance of the SB, including - among others - Green Sukuk, Hybrid Sukuk (Ijarah and Commodity Murabahah), etc.

The team also contributed to various working groups constituted by the State Bank of Pakistan for an Islamic transformation of the banking sector, during the year.

Shariah Training and Development

Training sessions (classroom and online) on Islamic Banking concepts were conducted in various cities throughout the year, with more than 3,700 participants having attended these sessions. These sessions also included specific Shariah training of different staff members, arranged to effectively manage the operational Shariah Non-Compliance Risk (SNCR) related to their roles.

Intermediate levels of the established "Certified Islamic Retail Banker (CIRB)" and "Certified Islamic Corporate Banker (CICB)" programs were introduced for the staff during the year, aimed at providing participants with adequate product knowledge to address customers' queries, offer them the best-suited financing product, while ensuring Shariah compliance during execution of the transactions.

Training sessions aimed at aligning the management's mindset with the philosophy of Islamic Banking & Customer Service was also continued this year.

The unique series "Mukaalma" was also continued this year, with a session being arranged for the senior leadership of the Bank, where a panel comprising the SB members gave the participants an overview of the Federal Shariat Court's 2022 judgment on Riba, and answered their questions on the philosophy, products, practices and critique of Islamic Banking.

Moreover, training sessions arranged for the Shariah Board (SB) members during the year included, among others, a session on "The Impact of IFRS 9 - Financial Instruments on Islamic Banks: Challenges and Solutions, while an orientation session on Islamic Banking Products was also conducted for the Board of Directors, by the Chairperson, SB and the RSBM.

Islamic Banking Awareness Related Initiatives

In line with the Bank's mission of "saving humanity from Riba", a number of awareness initiatives were carried out by the Bank during the year.

A customer awareness session "Mukaalma with Shariah Scholars" was held for corporate customers, where their queries on Islamic banking and products were addressed by the SB members of the Bank as well as an esteemed Islamic Finance Shariah Scholar from the industry.

Islamic Banking awareness seminars and programs were conducted for students, professionals and others at various institutions across the country, including IBA, Bahria University, Iqra University, University of Education, IMSciences Peshawar, Abdul Wali Khan University, Government College of Management Sciences, Bolan University of Agriculture, Water & Marine Sciences, NUML University, Jamia Asharaful Madaris, Madarassa Darul Arqam, Jamia Fareedia, Jamia Luqman, Association of Builders and Developers of Pakistan, Tehsil Municipal Administration Charsadda, Swat Chamber of Commerce, Hyderabad Chamber of Small Traders & Small Industry, Women Chamber of Commerce, etc.

Charity

The Bank credited Rs. 99.67 million to the Charity account during the year; this included amounts received from customers as charity on delays in payments, and income declared as Shariah non-compliant and accordingly set aside for charitable purposes.

It may be pertinent to mention that since the charity funds are kept under remunerative accounts at the Bank, accrued Mudarabah profit thereon of Rs. 3.2 million was also credited to the Charity account.

Disbursement during the year from the Charity fund amounted to Rs. 36.7 million, and all charity disbursements were reviewed and approved by the SB.

Details of collection and disbursement of charity are available in the notes to the annual financial statements.

Recommendations/Suggestions

Based on the observations made through Shariah Review reports and feedback received from various stakeholders, we recommend the following:

1. We recommend an increased focus on the planning, execution and coverage of CIRB and CICB programs, pan-Pakistan.
2. We recommend that Branch Managers are more aggressively trained on the core Islamic banking concepts, especially those coming from solely conventional banking backgrounds.
3. Programs under the banner of "Mukaalma" are very beneficial for providing participants with a clear, in-depth understanding of the philosophies and practices of Islamic banking, and should be expanded among all management levels.
4. We encourage various back-office departments to bring on board Shariah scholars, so that the Bank may benefit from their knowledge in more operational areas, along with providing the scholars a platform to train towards becoming well-rounded professionals.
5. Completion of the automation plan of certain processes in the Credit Administration function should be expedited.

Conclusion

1. While the Board of Directors and Executive Management are solely responsible to ensure that the operations of BankIslami Pakistan Limited are conducted in a manner that comply with Shariah principles at all times, we are required to submit a report on the overall Shariah compliance environment of the Bank.

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2. To form our opinion as expressed in this report, the Shariah Compliance Department of the bank carried out reviews, on test check basis, of each class of transactions, the relevant documentation and process flows. Further, we have also reviewed the reports of the internal Shariah audit and external Shariah audit.
3. Based on the above and according to the best of our knowledge, we are of the view that:
 - i. The Bank has complied with Shariah rules and principles in the light of Fatawa, rulings and guidelines issued by the Shariah Board.
 - ii. The Bank has complied with directives, regulations, instructions and guidelines related to Shariah compliance issued by SBP in accordance with the ruling of SBP's Shariah Board.
 - iii. The Bank has a comprehensive mechanism in place to ensure Shariah compliance in their overall operations.
 - iv. The Bank has a well-defined system in place which is sound enough to ensure that any earnings realized from sources or by means prohibited by Shariah have been credited to charity account and are being properly utilized.
 - v. The Bank has complied with the SBP's instructions on profit and loss distribution and pool management.
 - vi. The Shariah Board has been provided adequate resources enabling it to discharge its duties effectively.
 - vii. The level of awareness, capacity and sensitization of the staff, management and the Board of Directors in appreciating the importance of Shariah compliance in the products and processes of the Bank is found to be satisfactory. However, the management should continue to take measures to further improve the level of awareness.

We conclude this report with our best wishes for the continued success of the Islamic finance industry.



Mufti Javed Ahmad
Resident Shariah Board Member



Mufti Muhammad Husain Khaleel Khail
Member, Shariah Board



Mufti Syed Hussain Ahmed
Member, Shariah Board



Mufti Irshad Ahmad Aijaz
Chairperson, Shariah Board

3. مذکورہ بالا نکات اور ہماری معلومات کے مطابق، ہماری رائے ہے کہ:

- i. بینک نے مجلس امور شرعیہ کے جاری کردہ فتاویٰ، احکام اور رہنما ہدایات کی روشنی میں شرعی قوانین اور اصولوں پر عمل کیا ہے۔
- ii. بینک نے اسٹیٹ بینک آف پاکستان کے مجلس امور شرعیہ کی جاری کردہ تعمیل شرعیہ سے متعلق ہدایات، قواعد و ضوابط، اور احکامات پر عمل کیا ہے۔
- iii. بینک کے پاس اپنے مجموعی امور میں تعمیل شرعی کو یقینی بنانے کا ایک جامع نظام موجود ہے۔
- iv. بینک کے پاس ایک واضح اور مضبوط نظام موجود ہے جو یقینی بناتا ہے کہ شریعت کے مطابق ممنوعہ ذرائع سے حاصل ہونے والی آمدنی کو چھوٹی کھاتے میں منتقل کر دیا جائے اور اس کو درست مصارف میں استعمال کیا جائے۔
- v. بینک نے اسٹیٹ بینک آف پاکستان کی جاری کردہ نفع و نقصان کی تقسیم اور پول مینجمنٹ سے متعلق ہدایات پر عمل کیا ہے۔
- vi. مجلس امور شرعیہ کو اپنی ذمہ داریاں مؤثر طریقے سے ادا کرنے کے لیے مناسب وسائل فراہم کیے گئے ہیں۔
- vii. تعمیل شرعی سے متعلق بینک کے عملے، انتظامیہ اور بورڈ آف ڈائریکٹرز میں آگاہی، قابلیت اور حساسیت قابل اطمینان پائی گئی، تاہم، بینک انتظامیہ کو ان میں اضافے کے اقدامات جاری رکھنے چاہئیں۔

ہم اسلاک فائننس انٹرسٹری کی مسلسل کامیابی کی لیے نیک تمناؤں کے ساتھ اس رپورٹ کی تکمیل کرتے ہیں۔

وصلی اللہ علی نبینا وبارک وسلم



مفتی محمد حسین خلیل خلیل

رکن، مجلس امور شرعیہ



مفتی جاوید احمد

مقیم رکن، مجلس امور شرعیہ



مفتی ارشاد احمد اعجاز

سربراہ، مجلس امور شرعیہ



مفتی سید حسین احمد

رکن، مجلس امور شرعیہ

چیرٹی

بینک نے سال کے دوران چیرٹی اکاؤنٹ میں 99.67 ملین روپے جمع کیے؛ اس میں وہ رقم شامل تھیں جو صارفین کی جانب سے ادائیگی میں تاخیر پر بطور چیرٹی وصول ہوئیں، اور وہ آمدنی بھی جو شریعت کے مطابق نہ ہونے کی بنیاد پر خیراتی مقاصد کے لیے علیحدہ کر دی گئیں۔

یہاں یہ ذکر کرنا بھی ضروری ہے کہ چونکہ چیرٹی فنڈ بینک میں منافع بخش کھاتے میں رکھا جاتا ہے، اس لیے اس پر مضاربہ کے تحت حاصل ہونے والے 3.2 ملین روپے کا منافع بھی چیرٹی اکاؤنٹ میں جمع کیا گیا۔

سال کے دوران چیرٹی فنڈ سے 36.7 ملین روپے کی تقسیم کی گئی۔ تمام ادائیگیوں کا مجلس امور شریعہ نے جائزہ لیا اور انہیں منظور کیا۔

چیرٹی کی مد میں وصول ہونے والی رقم اور تقسیم کی تفصیلات سالانہ مالیاتی رپورٹ کے نوٹس میں دستیاب ہیں۔

سفارشات / تجاویز

شرعی جائزے کی رپورٹس کے مشاہدہ اور بینک کے دیگر متعلقہ افراد سے موصول ہونے والی آراء کی بنیاد پر ہم درج ذیل تجاویز پیش کرتے ہیں:

1. "سرٹیفائیڈ اسلامک ریٹیل بینکر (CIRB)" اور "سرٹیفائیڈ اسلامک کارپوریٹ بینکر (CICB)" پروگرامز کی منصوبہ بندی، عمل درآمد اور دائرہ کار کو پورے پاکستان میں بڑھانے پر زیادہ توجہ دی جائے۔
2. برانچ مینجرز، خاص طور پر روایتی بینکاری سے اسلامی بینکاری کی جانب آنے والوں کو اسلامی بینکاری کے بنیادی تصورات پر زیادہ توجہ کے ساتھ تربیت دی جائے۔
3. "مکالمہ" کی طرز کے پروگرام اسلامی بینکاری کے فلسفے اور طریقہ کار کی جامع تفہیم فراہم کرنے کے لیے انتہائی مفید ہیں، لہذا مینجمنٹ کے مزید طبقات کے لیے اس کا اہتمام کیا جائے۔
4. ہم بینک کے مختلف شعبوں (بیک آفس) میں علماء کرام کی شمولیت کی حوصلہ افزائی کرتے ہیں تاکہ بینک اسکالرز کی جامع پیشہ ورانہ تربیت کے لیے پلیٹ فارم فراہم کرنے کے ساتھ ساتھ مزید عملی شعبوں میں ان سے مستفید ہو سکے۔
5. کریڈٹ ایڈمنسٹریشن کے شعبہ کی کچھ سرگرمیوں کو خودکار (automate) کرنے کے منصوبے کی تعمیل میں تیزی لائی جانی چاہیے۔

اختتامیہ

1. جہاں بینک اسلامی پاکستان لمیٹڈ کے تمام امور کی انجام دہی مستقل طور پر شرعی اصولوں سے ہم آہنگ ہونے کو یقینی بنانے کی ذمہ داری اعلیٰ انتظامیہ اور بورڈ آف ڈائریکٹرز کی ہے، وہیں ہماری ذمہ داری ہے کہ ہم بینک کے مجموعی تعمیل شرعی کے ماحول پر ایک رپورٹ پیش کریں۔
2. شعبہ تعمیل امور شریعہ نے تمام تمویلی معاملات کی ہر نوع، بشمول اس سے منسلک طریقہ کار دستاویزات کا سمپل کی بنیاد پر جائزہ لیا جس کی بنیاد پر ہم نے اپنی بیان کردہ رائے قائم کی ہے۔ مزید برآں ہم نے اندرونی و بیرونی شرعی آڈٹ کی رپورٹس کا بھی تجزیہ کیا ہے۔

سال 2024ء میں مختلف شہروں میں اسلامی بینکاری کے بنیادی تصورات پر مبنی تربیتی نشستیں (کلاس روم اور آن لائن) منعقد کی گئیں، جن میں 3,700 سے زائد ملازمین نے شرکت کی۔ ان نشستوں میں مختلف شعبوں کے عملے کے لیے ترتیب دیں گئیں خصوصی تربیتی نشستیں بھی شامل تھیں، جن کا انتظام ان افراد کی مخصوص ذمہ داریوں سے متعلقہ عدم تعمیل شرعیہ کے عملی خطرات سے موثر طریقے سے نمٹنے کے لیے کیا گیا تھا۔

سال کے دوران عملے کے لیے تربیتی پروگرام "سرٹیفائیڈ اسلامک ریٹیل بینکر (CIRB)" اور "سرٹیفائیڈ اسلامک کارپوریٹ بینکر (CICB)" کے انٹر میڈیٹ لیول متعارف کروائے گئے، تاکہ شرکاء کو تسلی بخش حد تک مصنوعات کا علم فراہم کیا جاسکے، جس کی بدولت وہ صارفین کے سوالات کے جوابات بہتر انداز میں دے سکیں، انہیں موزوں تمویلی مصنوعات پیش کر سکیں، اور تمویلی معاملات کی تکمیل کے دوران تعمیل شرعیہ کو یقینی بنا سکیں۔

اس سال بھی بینک انتظامیہ کی سوچ کو اسلامی بینکاری اور کسٹمر سروس کے فلسفے سے ہم آہنگ کرنے کے لیے تربیتی نشستیں جاری رکھی گئیں۔ منفرد سیریز "مکالمہ" بھی جاری رہی، جس میں بینک کی اعلیٰ قیادت کے لیے منعقد کی گئی نشست میں مجلس امور شرعیہ کے اراکین پر مشتمل پینل نے شرکاء کو وفاقی شرعی عدالت کے 2022 میں سوڈ پر جاری کردہ فیصلے کی تفصیلات سے آگاہ کیا، اور اسلامی بینکاری کے فلسفے، مصنوعات، طریقہ کار اور اس پر کی جانے والی تنقید سے متعلق ان کے سوالات کے جوابات دیے۔

مزید برآں، سال کے دوران مجلس امور شرعیہ کے اراکین کے لیے منعقدہ تربیتی نشستوں میں ایک نشست "The Impact of IFRS 9 – Financial Instruments on Islamic Banks: Challenges and Solutions" پر بھی شامل تھی۔ بورڈ آف ڈائریکٹرز کے لیے اسلامی بینکاری مصنوعات پر ایک تعارفی نشست بھی مجلس امور شرعیہ کے سربراہ اور مقيم رکن کی جانب سے منعقد کی گئی۔

اسلامی بینکاری سے متعلق آگاہی کے اقدامات

بینک کے انسانیت کو سود سے بچانے کے مشن کے تحت، سال بھر میں متعدد آگاہی نشستیں بھی منعقد کی گئیں۔

کارپوریٹ صارفین کے لیے "مکالمہ" وڈیو شرعیہ اسکالرز کے عنوان سے ایک آگاہی نشست منعقد کی گئی، جس میں ان کے اسلامی بینکاری اور مصنوعات سے متعلق سوالات کے جوابات بینک کے مجلس امور شرعیہ کے اراکین اور اسلامی مالیات کے ایک معزز شریعہ اسکالرنے دیے۔

طلباء، پیشہ ور افراد اور دیگر افراد کے لیے ملک بھر کے مختلف اداروں میں اسلامی بینکاری سے متعلق آگاہی سیمینار اور پروگرام منعقد کیے گئے، جن میں IBA کراچی، بحریہ یونیورسٹی، اقرام یونیورسٹی، یونیورسٹی آف ایجوکیشن، IMS Sciences، پشاور، عبدالولی خان یونیورسٹی، گورنمنٹ کالج آف مینجمنٹ سائنسز، بولان یونیورسٹی آف ایگریکلچر، واٹر اینڈ میرین سائنسز، نمل یونیورسٹی، جامعہ اشرف المدارس، مدرسہ دارالارتم، جامعہ فریدیہ، جامعہ لقمان، ایسوسی ایشن آف بلڈرز اینڈ ڈیولپرز آف پاکستان، تحصیل میونسپل ایڈمنسٹریشن چارسدہ، سوات چیئرمین آف کامرس، حیدرآباد چیئرمین آف اسلام ٹریڈرز اینڈ اسمال انڈسٹری، ویمن چیئرمین آف کامرس، وغیرہ شامل ہیں۔

بینک کی سرگرمیاں سال بھر شعبہ تعمیل امور شرعیہ کی مسلسل نگرانی اور جائزے میں رہیں، جہاں صارفین کے معاملات پر مشتمل دستاویزات (ٹرانزیکشن فیٹ شیٹ)، بینک گارنٹی کے سودے، معاہدے اور دیگر دستاویزات کا جائزہ لیا گیا۔ ویڈیو کال اور صارفین سے بالمشافہ ملاقات کے ذریعے تمویلی معاملات کی انجام دہی کے مختلف مراحل، بشمول تمویل کے لیے سامان کی ترسیل وغیرہ کی نگرانی کی گئی تاکہ یہ یقینی بنایا جاسکے کہ مجلس امور شرعیہ کی ہدایات پر معاملے کی انجام دہی کے دوران عمل کیا گیا۔

سال بھر پول مینجمنٹ کی سرگرمی کا باقاعدہ جائزہ لیا جاتا رہا، جس میں اسٹیٹ بینک کی ہدایات کے مطابق نفع کی ادائیگی سے پہلے نفع کے حساب کے شرعی جائزے بھی شامل تھے۔ نیز شعبہ تعمیل امور شرعیہ نے وسیع پیمانے پر مختلف امور اور آپریشنز کا بعد از تکمیل جائزہ بھی لیا۔

مختلف شعبوں نے جہاں اپنے طریقہ کار کو سادہ بنایا اور مارکیٹ کی ضروریات کو پورا کرتے ہوئے شرعی اصولوں سے ہم آہنگ جدید حل فراہم کیے، وہاں انہیں شعبہ تعمیل امور شرعیہ کی معاونت حاصل رہی، جس کے لیے مصنوعات کی دستاویزات، پالیسی اور طریقہ کار کی دستاویزات، مصنوعات کے خاکے، تمویلی سہولیات اور دیگر اقدامات کا شرعی جائزہ لیا جاتا رہا تاکہ ممکنہ عدم تعمیل شرعیہ کے خطرات کی مؤثر طریقے سے شناخت اور ان کا ازالہ کیا جاتا رہے۔

مزید برآں، مجلس امور شرعیہ نے شعبہ تعمیل امور شرعیہ کی معاونت سے بینک کے تشہیری مواد جیسا کہ اشتہارات، سوشل میڈیا پوسٹس، اسپانسرشپ اور دیگر مارکیٹنگ کے مواد کے جائزے، منظوری اور شرعی اصولوں سے ہم آہنگی کو یقینی بنایا۔ مجلس امور شرعیہ نے سال کے دوران بینک کی وسیع پیمانے پر چلائی گئی میڈیا مہم کی شرعی نگرانی جاری رکھی۔ مجلس امور شرعیہ اس مہم کو شرعی اصولوں پر سمجھوتہ کیے بغیر مکمل کرنے پر انتظامیہ کو سزاہتی ہے۔

برانچ بینکنگ نہ صرف صارفین بلکہ عام عوام کے لیے بھی اسلامی بینکاری کی نمائندہ ہے، اس لیے یہ ضروری ہے کہ کسٹمر سے رابطہ رکھنے والا عملہ بھی تسلی بخش حد تک شریعت کا علم رکھتا ہو اور برانچ کی سطح پر تعمیل شرعیہ کو برقرار رکھے۔ شعبہ تعمیل امور شرعیہ نے اس امر کی یقین دہانی کے لیے ملک بھر میں منتخب برانچز کے جائزے سمیت عملے کی اسلامی بینکاری سے متعلق آگاہی کا بھی جائزہ لیا۔ مزید برآں، شعبہ تعمیل امور شرعیہ نے برانچ سطح پر تعمیل شرعیہ کے نفاذ کو یقینی بنانے کے لیے سروس کوالٹی ٹیم کے ساتھ بھی مل کر کام کیا۔

بینک میں تعمیل شرعیہ کو اندرونی اور بیرونی شرعی آڈٹ سرگرمیوں کے ذریعے مزید مضبوط کیا گیا، اور مجلس امور شرعیہ نے شعبہ تعمیل امور شرعیہ، اندرونی و بیرونی شرعی آڈٹ رپورٹس اور اسٹیٹ بینک آف پاکستان کی انسپشن رپورٹس کی روشنی میں اصلاحی اقدامات کا تعین کیا۔

سال کے دوران، بینک اسلامی کے وزارت خزانہ، حکومت پاکستان کے جو آئٹ فنانشل ایڈوائزرز کا کردار ادا کرنے میں شعبہ تعمیل امور شرعیہ نے معاونت کی، جس میں مجلس امور شرعیہ کی رہنمائی میں مختلف مالیاتی خاکے تیار کرنا جیسا کہ گرین سکو، ہابریڈ سکو، (اجارہ اور کموڈٹی مراعات) وغیرہ شامل ہے۔

اس کے علاوہ، اسٹیٹ بینک آف پاکستان کی جانب سے غیر سودی بینکاری کی جانب منتقلی کے لیے قائم کردہ مختلف ورکنگ گروپس کی سرگرمیوں میں بھی شرعیہ ٹیم نے سال کے دوران حصہ لیا۔

مجلس امور شرعیہ رپورٹ 2024 بینک اسلامی پاکستان لمیٹڈ

بسم الله الرحمن الرحيم

الحمد لله رب العالمين والصلاة والسلام على سيد الانبياء والمرسلين و

على آله واصحابه اجمعين، وبعد

تمام تعریفیں اور شکر گزاری اللہ تعالیٰ کے لیے، جس کے فضل و کرم سے بینک اسلامی نے 'معاشرے کے تمام طبقات کی شمولیت' کے پیغام کے ساتھ سود سے پاک بیکاری کے افق کو وسعت دیتے ہوئے، اور عالمی اقتصادی خوشحالی کے فروغ کے سفر میں آگے بڑھتے ہوئے سال 2024ء کا مہمانی سے مکمل کیا۔

مجلس امور شرعیہ 31 دسمبر 2024ء کو اختتام پذیر ہونے والے سال کے لیے بینک اسلامی کے امور پر اپنی سالانہ رپورٹ پیش کرتی ہے۔

مجلس امور شرعیہ نے سال بھر میں چار سو ماہی اجلاس منعقد کیے جن میں مصنوعات اور خدمات میں جدت، عقود اور ان سے متعلقہ شرعی امور سمیت مختلف معاملات کا جائزہ لیا گیا اور منظوری دی گئی۔ مزید برآں دو نشستیں بورڈ آف ڈائریکٹرز اور مجلس امور شرعیہ کے درمیان بھی منعقد ہوئیں، جن میں تعمیل شرعی کے مجموعی ماحول اور متعلقہ امور پر تبادلہ خیال کیا گیا۔

مجلس امور شرعیہ، بینک کے تعمیل شرعی کے ماحول کو مزید مضبوط بنانے کے لیے بورڈ آف ڈائریکٹرز کے عزم کو سراہتی ہے۔

تعمیل امور شرعیہ

شعبہ تعمیل امور شرعیہ کو اپنی ذمہ داریوں کی انجام دہی میں سہولت فراہم کرنے پر مجلس امور شرعیہ بینک کی انتظامیہ کو داد دیتی ہے۔ بینک کے تمام شعبوں کے لیے شرعی امور کی تعمیل کا ایک جامع نظم بنانے اور چلانے کے لیے شعبہ تعمیل امور شرعیہ کو مجلس امور شرعیہ کی معاونت کا کام سپرد کیا گیا ہے۔ چنانچہ بینک کے تمام امور کی شرعی اصولوں کے مطابق انجام دہی کو یقینی بنانے کے لیے یہ شعبہ، مجلس امور شرعیہ اور بینک انتظامیہ کے درمیان ایک واسطے کا کردار ادا کرتا ہے۔

شعبہ تعمیل امور شرعیہ تعمیل شرعی کو برقرار رکھنے اور مزید مضبوط بنانے کے لیے مسلسل شرعی اصولوں کی پاسداری کے نظام کی تیاری، نفاذ اور جائزے کو یقینی بناتا ہے۔ اس مقصد کے لیے، سال کے دوران مختلف جائزے سرانجام دیے گئے، جن کے مقاصد میں طریقہ ہائے کار میں بہتری کے ساتھ ساتھ مجلس امور شرعیہ کی جانب سے جاری کردہ راہنما اصول اور ہدایات کا اجراء بھی شامل ہے۔

شعبہ تعمیل امور شرعیہ نے پورے سال مجلس امور شرعیہ کے ساتھ مسلسل رابطہ قائم رکھا تاکہ مختلف مسائل پر شرعی اصولوں کے مطابق رہنمائی اور فتاویٰ حاصل کیے جاسکیں، جن کے ذریعے بینک کے کاروباری اور دیگر معاونتی امور کے لیے بروقت جوابات اور حل فراہم کیے گئے۔

Charity Fund, Corporate Social Responsibility and Sustainability Report

OUR PHILOSOPHY

Following its mission of 'Saving Humanity from Riba' while upholding Social Responsibility, BankIslami has always embraced Corporate Social Responsibility (CSR) as one of its core beliefs that consistently replenishes the heart of the organization. Being an Islamic bank, the scope of our welfare activities includes all segments of society with a special focus towards the well-being of the neglected sectors of the society.

CHARITY FUND

Islamic Banks cannot charge late payment penalty to their customers since it falls under the ambit of Riba. However, to maintain financial discipline and to prevent deliberate delinquencies they use charity imposition as a tool of deterrence. The amount given by the customers in the Charity Fund against their delays is utilized by BankIslami, as a Trustee, for charitable and social welfare purposes. During the year 2024, BankIslami disbursed Rs. 36.7 Mn from the Charity Fund.

Corporate Social Responsibility (CSR):

CSR is a self-regulating business model that helps a company in being socially accountable to itself, its stakeholders, and the public. BankIslami has launched several initiatives in this regard.

A key CSR initiative of BankIslami is the 'Islami Khair Current Account,' a Shariah-compliant deposit account that supports charitable causes. The bank donates 1% of the average deposit amount to charity, without any deduction from customers' accounts. In the past year, BankIslami disbursed Rs. 62.5 million from this fund.

Financial Support to Charitable Organizations:

BankIslami collaborates with renowned organizations to support education, healthcare, poverty alleviation, employment generation, and the welfare of Persons with Disabilities (PWDs). Through its Charity and CSR Funds, the bank prioritizes education by providing financial support to underprivileged students. It also helps hospitals and NGOs offer treatment to the poor and empowers youth with employment opportunities, contributing to poverty alleviation and community development across Pakistan.

Persons with Different Abilities (PWD):

BankIslami is committed to fostering inclusion by ensuring equal opportunities for everyone, regardless of ability. By supporting individuals with disabilities, the bank promotes an inclusive environment, raises awareness, and fosters empathy. Providing assistive tools and accessible infrastructure empowers individuals with disabilities to lead fulfilling lives, focusing on their abilities and contributions.

To further these efforts, partnerships were established with organizations like ConnectHear and Purple Tuesday to support initiatives aimed at enhancing accessibility and inclusion for persons with disabilities.

Charity & CSR Impact:

BankIslami's donation of Rs. 99.2 million in the year made a significant impact on various charitable and social welfare initiatives across Pakistan. The funds, allocated through the Charity Fund and Islami Khair Current Account CSR Fund, supported renowned organizations focusing on employment generation, education, healthcare, poverty alleviation, and the welfare of Persons with Disabilities (PWDs). This contribution has helped improve the lives of many individuals and communities in need.

Charity was paid to the following:	
Saylani Welfare International Trust	8,000,000/-
Dawat E Islami Trust	7,000,000/-
IDA RIEU Welfare Association	5,000,000/-
Indus Hospital & Health Network	5,000,000/-
SHED Foundation	3,700,000/-
Friend Welfare Trust	2,000,000/-
Rashid Memorial Welfare Organisation	2,000,000/-
Bait-us-salam Welfare trust.	1,000,000/-
Sir Syed College Of Medical Sciences Trust	1,000,000/-
Path Educational Society	1,000,000/-
Saleem Memorial Trust Hospital	1,000,000/-
Total Disbursement	36,700,000/-

AL-khair & CSR was paid to the following:	
Future Trust	60,000,000/-
Karachi Vocational Training Center	1,000,000/-
IDA RIEU Welfare Association	1,500,000/-
Total Disbursement	62,500,000/-





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INDEPENDENT AUDITOR'S REPORT

To the members of BankIslami Pakistan Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **BankIslami Pakistan Limited** (the Bank), which comprise the unconsolidated statement of financial position as at 31 December 2024, and the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 49 branches which have been audited by us and notes to the unconsolidated financial statements, including a summary of material accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2024 and of the profit and other comprehensive income, the changes in equity and its cash flow for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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



KPMG Taseer Hadi & Co.

Following are the Key Audit Matters:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1.	<p>Valuation of Islamic financing, related assets and advances and off-balance sheet items (Refer Note 12.16 and 23.1 to the unconsolidated financial statements)</p>	
	<p>As at 31 December 2024, the Bank's Credit loss allowance against Islamic financing, related assets and advances and off-balance sheet items amounts to Rs. 25,555 million and 378 million respectively.</p> <p>As per the BPRD Circular No. 07 of . 2023, the Bank adopted IFRS 9 in accordance with the Application Instructions issued by State Bank of Pakistan (SBP) from 01 January 2024 which requires the Bank to recognize Expected Credit Losses (ECL) on Islamic financing, related assets and advances including non-funded exposure. The estimation of ECL on Islamic financing, related assets and advances including non-funded exposure, involves judgement and complexity.</p> <p>The key areas which are subject to management judgement in the estimation of ECL are:</p> <ul style="list-style-type: none"> • Model estimations - judgmental modelling and assumption are used to estimate ECL which involves determining Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD). <p>Respective model assumption is a key driver of complexity and uncertainty and are required in the application of these model for calculation of the ECL estimate.</p> <ul style="list-style-type: none"> • Economic scenarios - IFRS 9 requires the Bank to measure ECL on an unbiased forward-looking basis reflecting a range of future economic conditions. Management judgement is applied in determining the forward-looking economic scenarios used as an input to calculate ECL, the associated scenario probability weightings, and the key economic variables that drive the scenarios. 	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> • Performing risk assessment procedures over the credit loss allowance against Islamic financing, related assets and advances and off-balance sheet exposure within the Bank's unconsolidated financial statement. As part of these risk assessment procedures, identifying the portfolios associated with a risk of material misstatement including those arising from judgements over the estimation of ECL either due to inputs, methods or assumption. • Assessing the design, implementation and operating effectiveness of key controls established by the Bank over measurement of ECL and provision calculated as per PR. • We involved in-house specialist who assisted in the following: <ul style="list-style-type: none"> - Evaluating the Bank's impairment methodologies for compliance with application instructions as issued by SBP for IFRS 9; - Assessing the reasonableness of the Bank's methodology and models for determining the economic scenarios used and the probability weightings applied to them by independently validating and challenging the assumption, methodologies, and outputs of the models; - Assessing the reasonableness of macroeconomic variable and economic forecasts by comparing these to external sourced data extracted; and

S.No.	Key Audit Matters	How the matter was addressed in our audit
	<ul style="list-style-type: none"> • Qualitative criteria - the criteria selected to identify a SICR involves judgment and can lead to unreliable ECL recognized for certain portfolios. <p>In line with the application instructions as issued by SBP for IFRS 9, the Bank must compare the ECL for Stage 3 Islamic financing, related assets and advances with the provision determined under the Prudential Regulations (PR) issued by the SBP. The PR requires specific provisioning against the Islamic financing, related assets and advances on the basis of time-based criteria which should be supplemented by a subjective evaluation of Bank's credit portfolio. The determination of provision against Islamic financing, related assets and advances, therefore, involves use of management's judgement, on a case-to-case basis, taking into account factors such as the economic and business conditions, borrowers' repayment behaviors and realizability of collateral held by the Bank.</p> <p>Because of the high degree of estimation uncertainty and judgement involved in the calculation of ECL we considered the area of ECL provision as a key audit matter.</p>	<ul style="list-style-type: none"> - Performing independent testing of the Expected Credit Loss (ECL) allowance on a sample basis. • Ensuring completeness of the key inputs into the ECL calculations with their respective sub-ledgers and general ledgers. • Performing testing on sample basis over key inputs into the ECL calculations with their respective source documents. • Performing sensitivity analysis on the key assumption, that is probability weighted economic scenarios, to assess reasonableness and the risk of biasness by changing weights assigned to each economic scenario. • In accordance with the PR, we sampled at least sixty percent of the total Islamic financing, related assets and advances portfolio and performed credit review through the following substantive procedures: <ul style="list-style-type: none"> - verifying repayments of Islamic financing, related assets and advances /Profit installments and checked that non-performing Islamic financing, related assets and advances have been correctly classified and categorized based on the number of days overdue; - examining watch list accounts and, based on review of the individual facts and circumstances, discussions with management and our assessment of financial conditions of the borrowers, formed a judgement as to whether classification of these accounts as performing was appropriate; and - assessing the accuracy of specific provision made against non-performing Islamic financing, related assets and advances in accordance with the criteria prescribed under the PRs by performing recalculation.

S.No.	Key Audit Matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> • Assessing the appropriateness of SICR criteria applied by the Bank by ensuring that the SICR criteria and staging methodology are consistent with the relevant application instructions as issued by SBP for IFRS 9. • Assessing the appropriateness of ECL on Islamic financing, related assets and advances categorized as Stage 3 by performing a comparison of ECL computed, through the use of methodology and models with the provision required to be computed as required under the PR to ensure that an amount which is higher of the ECL and PR requirements is appropriately recognized for these stage 3 Islamic financing, related assets and advances pursuant to the requirement of application instructions as issued by SBP for IFRS 9. • Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities.
2.	<p>Impairment testing of goodwill (Refer Note 15.2 to the unconsolidated financial statements)</p>	
	<p>As at 31 December 2024, intangible assets include goodwill amounting to Rs. 2,944.297 million acquired as a result of scheme of amalgamation as disclosed in note 15.2 to the unconsolidated financial statements. Goodwill is required to be annually assessed for impairment under IAS-36 “Impairment of Assets”. Accordingly, Management has performed an impairment test of the goodwill which is subjective in nature due to assumptions made about future performance. As disclosed in note 15.2, the Bank uses a discounted cash flow model to determine value in use, on the basis of the certain key assumptions. Due to the significance and impact of the assumptions and judgements involved, the impairment tests of goodwill is considered to be a key audit matter.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> • Evaluated the model used in determining the value in use as well as assessing the discount rate used; • Compared the cash flow forecasts to approved budgets and other relevant market and economic information, as well as testing the underlying calculations; • Involved our internal valuation specialists to review and evaluate management’s key assumptions used in impairment calculations; • Performed sensitivity analyses around the key assumptions used in the models; • Assessed the adequacy of the related disclosures in the financial statements in accordance with the applicable financial reporting framework.

Information other than the Unconsolidated Financial Statements and Auditors' Reports Thereon

Management is responsible for the other information. The other Information comprises the Annual Report, but does not include the unconsolidated financial statements, consolidated financial statements and our auditor's reports thereon. We were provided with the Director's Report to the Shareholders and Chairman's Review Report prior to the date of this Auditor's report and the remaining parts of the Annual report are expected to be made available to us after that date.

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

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this Auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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


Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:
 - a. proper books of account have been kept by the Bank/branches as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
 - b. the unconsolidated statement of financial position, the unconsolidated statement of profit and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated statement of cash flows 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 / branches and the transactions of the Bank / branches which have come to our notice have been within the powers of the Bank / branches; 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 Islamic financing and related assets and advances of the Bank.

The engagement partner on the audit resulting in this independent auditor’s report is Muhammad Taufiq.

Date: 6 March 2025

Karachi
UDIN: AR202410106IR7JgO6Fp


KPMG Taseer Hadi & Co.
Chartered Accountants

Unconsolidated Statement of Financial Position

As at December 31, 2024

	Note	2024	2023
		----- Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks	8	41,093,952	41,287,071
Balances with other banks	9	982,664	1,373,974
Due from financial institutions	10	4,257,928	16,502,138
Investments	11	345,051,553	314,083,872
Islamic financing, related assets and advances	12	296,018,363	230,194,288
Property and equipment	13	15,102,917	12,573,302
Right-of-use assets	14	4,314,535	3,566,267
Intangible assets	15	4,050,161	3,619,485
Deferred tax assets	16	-	235,534
Other assets	17	26,961,952	31,429,965
Total Assets		737,834,025	654,865,896
LIABILITIES			
Bills payable	18	13,773,529	5,125,177
Due to financial institutions	19	87,662,161	60,659,056
Deposits and other accounts	20	559,177,932	522,540,925
Lease liabilities	21	4,839,747	4,252,295
Subordinated sukuk	22	3,000,000	2,850,000
Deferred tax liabilities	16	1,384,914	-
Other liabilities	23	19,686,466	22,972,525
Total Liabilities		689,524,749	618,399,978
NET ASSETS		48,309,276	36,465,918
REPRESENTED BY			
Share capital - net	24	11,007,991	11,007,991
Reserves		7,166,819	4,800,111
Surplus on revaluation of assets	25	7,396,069	4,662,090
Unappropriated profit		22,738,397	15,995,726
		48,309,276	36,465,918
CONTINGENCIES AND COMMITMENTS			
	26		

The annexed notes 1 to 50 and Annexure I & II form an integral part of these unconsolidated financial statements.



PRESIDENT /
CHIEF EXECUTIVE
OFFICER



CHIEF FINANCIAL
OFFICER



CHAIRMAN



DIRECTOR



DIRECTOR

Unconsolidated Profit and Loss Account

For the year ended December 31, 2024

	Note	2024	2023
		----- Rupees in '000 -----	
Profit / return earned	27	112,800,697	92,756,237
Profit / return expensed	28	66,414,069	52,572,505
Net Profit / return		46,386,628	40,183,732
OTHER INCOME			
Fee and commission income	29	2,312,184	1,816,904
Dividend income		67,289	68,545
Foreign exchange income		1,296,019	1,226,808
Income / (loss) from shariah compliant alternative of forward foreign exchange contracts		43,305	(313,494)
Gain on securities - net	30	700,889	272,015
Net gains on derecognition of financial assets measured at amortised cost		-	-
Other income	31	170,848	239,819
Total other income		4,590,534	3,310,597
Total Income		50,977,162	43,494,329
OTHER EXPENSES			
Operating expenses	32	22,159,072	16,159,656
Workers welfare fund		521,014	410,468
Other charges	33	33,819	9,353
Total other expenses		22,713,905	16,579,477
Profit before credit loss allowance / provisions		28,263,257	26,914,852
Credit loss allowance / provisions and write offs - net	34	2,733,556	6,391,455
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		25,529,701	20,523,397
Taxation	35	13,696,160	9,478,298
PROFIT AFTER TAXATION		11,833,541	11,045,099
		----- Rupees -----	
Basic and Diluted earnings per share	36	10.6733	9.9622

The annexed notes 1 to 50 and Annexure I & II form an integral part of these unconsolidated financial statements.



PRESIDENT /
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CHAIRMAN



DIRECTOR



DIRECTOR

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2024

	Note	2024	2023
		----- Rupees in '000 -----	
Profit after taxation for the year		11,833,541	11,045,099
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 AFS - net of tax		-	2,075,026
Movement in surplus on revaluation of debt investments through FVOCI - net of tax		2,805,965	-
		2,805,965	2,075,026
Items that will not be reclassified to profit and loss account in subsequent periods:			
Re-measurement loss on defined benefit obligations - net of tax	40.8.2	(42,689)	(33,459)
Movement in surplus on revaluation of equity investments - net of tax		3,020	-
Movement in surplus on revaluation of property and equipment - net of tax		277,152	(19,163)
Movement in surplus on revaluation of non-banking assets - net of tax		18,505	(3,052)
		255,988	(55,674)
Total comprehensive income		14,895,494	13,064,451

The annexed notes 1 to 50 and Annexure I & II form an integral part of these unconsolidated financial statements.



PRESIDENT /
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CHAIRMAN



DIRECTOR



DIRECTOR

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2024

	Share capital	Discount on issue of shares	Statutory reserve*	Surplus on revaluation of		Unappropriated profit	Total
				Investments	Property & Equipment / Non Banking Assets		
----- Rupees in '000 -----							
Opening Balance as at January 01, 2023	11,087,033	(79,042)	2,591,091	1,131,256	1,637,031	10,083,032	26,450,401
Profit after taxation for the year ended 31 December 2023	-	-	-	-	-	11,045,099	11,045,099
Other comprehensive income for the year ended 31 December 2023	-	-	-	-	-	-	-
Movement in surplus on revaluation of available for sale investments - net of tax	-	-	-	2,075,026	-	-	2,075,026
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	(33,459)	(33,459)
Movement in deficit on revaluation of property and equipment - net of tax	-	-	-	-	(19,163)	-	(19,163)
Movement in deficit on revaluation of non-banking assets - net of tax	-	-	-	-	(3,052)	-	(3,052)
	-	-	-	2,075,026	(22,215)	(33,459)	2,019,352
Transfer from surplus on revaluation of property and equipment to unappropriated profit - net of tax	-	-	-	-	(126,782)	126,782	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	(168)	168	-
Transfer from surplus on revaluation of property and equipment on sale to unappropriated profit - net of tax	-	-	-	-	(32,058)	32,058	-
Transfer to statutory reserve	-	-	2,209,020	-	-	(2,209,020)	-
Transactions with owners, recorded directly in equity							
Final Cash dividend to shareholders for the year 2022 @ Re. 1.00 per share	-	-	-	-	-	(1,108,703)	(1,108,703)
First Interim cash dividend to shareholders for the year 2023 @ Rs. 1.75 per share	-	-	-	-	-	(1,940,231)	(1,940,231)
Opening Balance as at January 01, 2024	11,087,033	(79,042)	4,800,111	3,206,282	1,455,808	15,995,726	36,465,918
Impact of initial application of IFRS 9 as at January 01, 2024 - net of tax	-	-	-	(166,708)	-	(113,670)	(280,378)
Opening Balance as at January 01, 2024 (As restated)	11,087,033	(79,042)	4,800,111	3,039,574	1,455,808	15,882,056	36,185,540
Profit after taxation for the year ended 31 December 2024	-	-	-	-	-	11,833,541	11,833,541
Other comprehensive income for the year ended 31 December 2024	-	-	-	-	-	-	-
Movement in surplus on revaluation of investments in debt instruments - net of tax	-	-	-	2,805,965	-	-	2,805,965
Movement in surplus on revaluation of investments in equity instruments - net of tax	-	-	-	3,020	-	-	3,020
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	(42,689)	(42,689)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	277,152	-	277,152
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	18,505	-	18,505
	-	-	-	2,808,985	295,657	(42,689)	3,061,953
Transfer from surplus on revaluation of property and equipment to unappropriated profit - net of tax	-	-	-	-	(202,716)	202,716	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	(1,239)	1,239	-
Transfer to statutory reserve	-	-	2,366,708	-	-	(2,366,708)	-
Transactions with owners, recorded directly in equity							
Final Cash dividend to shareholders for the year 2023 @ Re. 1 per share	-	-	-	-	-	(1,108,703)	(1,108,703)
First Interim Cash dividend to shareholders for the year 2024 @ Rs. 1.5 per share	-	-	-	-	-	(1,663,055)	(1,663,055)
Closing Balance as at December 31, 2024	11,087,033	(79,042)	7,166,819	5,848,559	1,547,510	22,738,397	48,309,276

*This represents reserve created under section 21(1) of the Banking Companies Ordinance, 1962.

The annexed notes 1 to 50 and Annexure I & II form an integral part of these unconsolidated financial statements.



PRESIDENT /
CHIEF EXECUTIVE
OFFICER



CHIEF FINANCIAL
OFFICER



CHAIRMAN



DIRECTOR



DIRECTOR

Unconsolidated Cash Flow Statement

For the year ended December 31, 2024

	Note	2024	2023
		----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		25,529,701	20,523,397
Less: Dividend income		(67,289)	(68,545)
		<u>25,462,412</u>	<u>20,454,852</u>
Adjustments for non-cash charges and other items:			
Net profit / return		(46,386,628)	(40,183,732)
Depreciation on property and equipment	13.2	1,695,821	1,034,230
Depreciation on non-banking assets	17.1.1	2,327	2,302
Depreciation on right-of-use assets	14	1,323,414	895,640
Amortisation		275,027	143,729
Depreciation on operating Ijarah assets	12.13	153,099	18,627
Finance charges on leased assets	28	806,755	925,699
Credit loss allowance / provisions and write offs - net	34	2,733,556	6,391,455
Unrealized gain on revaluation of investments classified as FVPL	30	(54,344)	-
Charge for defined benefit plan	40.8.1	305,706	210,989
Gain on sale / disposal of property and equipment	31	(50,447)	(39,967)
		<u>(39,195,714)</u>	<u>(30,601,028)</u>
		<u>(13,733,302)</u>	<u>(10,146,176)</u>
Decrease / (increase) in operating assets			
Due from financial institutions		12,247,450	7,379,285
Securities classified as FVPL		54,344	-
Islamic financing, related assets and advances		(69,116,983)	(33,712,619)
Other assets (excluding advance taxation)		2,379,820	259,658
		<u>(54,435,369)</u>	<u>(26,073,676)</u>
Increase / (decrease) in operating liabilities			
Bills payable		8,648,352	1,594,248
Due to financial institutions		27,003,105	39,606,800
Deposits		36,637,007	106,628,983
Other liabilities (excluding current taxation)		(1,811,284)	(1,980,927)
		<u>70,477,180</u>	<u>145,849,104</u>
		<u>2,308,509</u>	<u>109,629,252</u>
Profit / return received		118,028,120	82,368,624
Profit / return paid		(67,256,370)	(42,184,892)
Income tax paid		(15,775,823)	(7,974,057)
Payment to Gratuity Fund		(300,000)	(150,000)
Net cash generated from operating activities		<u>37,004,436</u>	<u>141,688,927</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net Investments in securities classified as FVOCI / AFS		(27,416,784)	(133,474,647)
Dividends received		67,289	68,545
Investments in property and equipment		(4,246,947)	(3,062,519)
Investments in intangible assets		(723,277)	(501,646)
Proceeds from disposal of property and equipment		76,201	568,667
Net cash used in investing activities		<u>(32,243,518)</u>	<u>(136,401,600)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Payments of lease obligations against right-of-use assets		(2,555,969)	(1,797,604)
Dividend paid		(2,939,378)	(2,847,335)
Proceeds from issuance of subordinated sukuk		150,000	-
Net cash used in financing activities		<u>(5,345,347)</u>	<u>(4,644,939)</u>
(Decrease) / increase in cash and cash equivalents		<u>(584,429)</u>	<u>642,388</u>
Cash and cash equivalents at the beginning of the year		42,661,045	42,018,657
Cash and cash equivalents at the end of the year		<u>42,076,616</u>	<u>42,661,045</u>

The annexed notes 1 to 50 and Annexure I & II form an integral part of these unconsolidated financial statements.



PRESIDENT /
CHIEF EXECUTIVE
OFFICER



CHIEF FINANCIAL
OFFICER



CHAIRMAN



DIRECTOR



DIRECTOR

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended December 31, 2024

1 STATUS AND NATURE OF BUSINESS

- 1.1** BankIslami Pakistan Limited (the Bank) was incorporated in Pakistan on October 18, 2004 as a public limited company to carry out the business of an Islamic Commercial Bank in accordance with the principles of Islamic Shariah.

The State Bank of Pakistan (SBP) granted a 'Scheduled Islamic Commercial Bank' license to the Bank on March 18, 2005. The Bank commenced its operations as a Scheduled Islamic Commercial Bank with effect from April 07, 2006 on receiving Certificate of Commencement of Business from the State Bank of Pakistan (SBP) under section 37 of the State Bank of Pakistan Act, 1956. The Bank is principally engaged in corporate, commercial, consumer, retail banking and investment activities.

The Bank is operating through 540 branches including 60 sub-branches as at December 31, 2024 (December 31, 2023: 440 branches including 60 sub-branches). The registered office of the Bank is situated at 11th Floor, Dolmen City Executive Tower, Marine Drive, Block-4, Clifton, Karachi. The shares of the Bank are quoted on the Pakistan Stock Exchange Limited.

The Pakistan Credit Rating Agency (Private) Limited (PACRA) has maintained the Bank's long-term rating to 'AA-' and short-term rating at 'A1' with stable outlook.

On August 18, 2023, JS Bank Limited increased its shareholding in the Bank from 7.79% to 50.24% by acquiring shares from existing shareholders of the Bank through Share Purchase Agreement (SPA), effectively making BankIslami Pakistan Limited a subsidiary of JS Bank Limited. The shareholding in the Bank was further increased to 75.12% on August 25, 2023 by way of acquiring Bank's shares through a public offer.

2 BASIS OF PRESENTATION

- 2.1** The Bank provides financing mainly through Murabaha, Istisna, Diminishing Musharakah, Import Murabaha, Salam, Musawamah, Running Musharaka (Shirkat-ul-Aqd), Ijarah and other Islamic modes as briefly explained in note no. 7.5 to these unconsolidated financial statements.

The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon. The income on such financing is recognized in accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognized as charity payable as directed by the Shariah Board of the Bank.

- 2.2** These unconsolidated financial statements are the separate financial statements of the Bank in which investments in subsidiary and associates are carried at cost less accumulated impairment losses, if any, and are not consolidated. The consolidated financial statements of the Bank are being issued separately.
- 2.3** Effective May 07, 2015, the defunct KASB Bank Limited (amalgamated entity) was amalgamated within and into the Bank. As the amalgamated entity operated as a conventional bank, any assets or liabilities which are not Shariah compliant are shown separately within the unconsolidated financial statement line items.

3 STATEMENT OF COMPLIANCE

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

BankIslami

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

3.1 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 IAS, IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

3.2 The SBP, through its BSD Circular Letter No. 10 dated August 26, 2002, has deferred the implementation of IAS 40 - "Investment Property" for Banking Companies in Pakistan, till further instructions. Accordingly, the requirements of these Standards have not been considered in the preparation of these unconsolidated financial statements. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" through its S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of this standard have also not been considered in the preparation of these unconsolidated financial statements. However non-banking assets have been classified and valued in accordance with the requirements prescribed by the SBP.

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

3.4 As per BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, unlisted equity securities are currently carried at the lower of cost or breakup value as per the exemption granted by SBP. Effective from January 01, 2025, as per the requirement of IFRS 9, these will be measured at fair value under IFRS 13.

3.5 The Bank received an extension from SBP up to December 31, 2025 for application of EPR in general for all financial assets and liabilities (excluding staff loans / subsidized loans), however as financial assets other than financing and financial liabilities were already effectively carried at EPR before the implementation of IFRS 9 hence said extension has only been applied on Islamic financing (excluding staff loans / subsidized loans i.e. Temporary Economic Refinance Facility). Therefore, Islamic financing are now carried at cost, excluding staff loans and TERF, which are carried at amortized cost, net of expected credit loss allowances.

Further, in accordance with the BPRD Circular Letter No. 01 of 2025 dated January 22, 2025, Islamic Banking Institutions (IBIs) are allowed to follow Islamic Financial Accounting Standards (IFAS) 1 & 2 where applicable and continue the existing accounting methodology on other Islamic products until issuance of further instruction in this regard.

3.6 The treatment of charity should be in line with the existing practices as defined in SBP instructions issued via IBD Circular No. 02 of 2008 and should not be recognized as income.

4 CHANGES IN REPORTING STANDARDS AND INTERPRETATIONS

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

As directed by SBP via BPRD Circular letter no. 7 of 2023 IFRS 9, (Financial Instruments) is effective in Pakistan for periods beginning on or after January 1, 2024. In addition, due to the application of IFRS 9, SBP vide BPRD Circular No. 02 dated February 9, 2023 and further BPRD Circular Letter No. 13 dated July 1, 2024, has also amended the format of the annual financial statements. Details regarding the aforementioned adoption and amendment, including the impact thereof, are discussed in more detail in note 7.1.2 to these unconsolidated financial statements.

Except for the above, there are certain other interpretations and amendments that are mandatory for the Bank's accounting periods beginning January 1, 2024. However, these are not considered to be relevant or do not have any significant effect on the Bank's operations and therefore have not been detailed in these unconsolidated financial statements.

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

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

Standards and amendments	Effective date (accounting periods beginning on or after)
- IAS 21 - Lack of exchangeability – (Amendments)	01 January 2025
- IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet announced
	IASB effective date (accounting periods beginning on or after)
- IFRS 1 – First-time Adoption of International Financial Reporting Standards	01 January 2004

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS:

The preparation of unconsolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain accounting estimates. It also requires the management to exercise judgement in the process of applying the Bank's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates affect the reported amounts of assets, liabilities, income, and expenses. The areas where various assumptions and estimates are significant to the Bank's financial statements or where judgement was exercised in the application of accounting policies are as follows:

	Note
(a) Classification of financial assets	7.1.4
(b) Impairment of investments in associates	7.4
(c) Valuation and Impairment of financial instruments	7.1.6
(d) Valuation and depreciation of property and equipment	7.6.2
(e) Valuation and depreciation of right-of-use assets and related lease liabilities	7.6.3
(f) Valuation and amortization of intangible assets	7.6.4
(g) Valuation of non-banking assets acquired in satisfaction of claims	7.8
(h) Valuation of defined benefit plans	7.12
(i) Taxation	7.7
(j) Valuation of shariah compliant forward exchange contracts	7.17.4

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 revision and future periods if the revision affects both current and future periods.

6 BASIS OF MEASUREMENT

6.1 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention, except for certain fixed assets, certain investments, foreign currency balances, commitments in respect of shariah compliant alternative of foreign exchange contracts and non-banking assets acquired in satisfaction of claims have been marked to market and are carried at fair value. Further, staff retirement benefits and lease liability as discussed in note numbers 7.12, 40, 7.6.3 and 21 to the unconsolidated financial statements have been carried at present values as determined under the International Accounting Standards (IAS) 19 (revised) 'Employee Benefits' and IFRS 16 - Leases.

6.2 Functional and Presentation Currency

These unconsolidated financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

6.3 Rounding off

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

7 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented, except as disclosed in note 7.1 below:

7.1 Changes in accounting policies

7.1.1 Revised format of unconsolidated financial statements

SBP through its BPRD Circular No. 02 dated February 9, 2023, has amended the format of annual financial statements of banks. All banks are required to prepare their annual financial statements on the revised format effective from accounting year starting from January 1, 2024. Accordingly, the Bank has prepared these unconsolidated financial statements on the new format prescribed by the SBP. The adoption of the new format contains additional disclosures and certain changes in the financial statements' presentation, primarily due to the implementation of IFRS 9 as applicable in Pakistan. However, the corresponding figures continue to be classified and disclosed in accordance with the previous financial accounting and reporting framework.

Adoption of revised financial statements format has also resulted in following material changes (due to which the corresponding presentations have also been changed):

- Right-of-use-assets (note no. 14) amounting to Rs. 4,314.535 million (December 31, 2023: Rs. 3,566.267 million) which were previously shown as part of property and equipment (previously fixed assets) (note no. 17) are now shown separately on the Statement of Financial Position.
- Lease liabilities (note no. 21) amounting to Rs. 4,839.747 million (December 31, 2023: Rs. 4,252.295 million) which were previously shown as part of other liabilities (note no. 23) are now shown separately on the Statement of Financial Position.

7.1.2 IFRS 9 - Financial Instruments

During the year, as directed by SBP vide its BPRD Circular No. 07 of 2023 dated April 13, 2023, IFRS 9 'Financial Instruments' (the Standard) became applicable to the Bank.

BPRD Circular No. 03 of 2022 dated July 05, 2022 issued by SBP provides detailed instructions on implementation of IFRS 9 (the Application Instructions) for ensuring smooth and consistent implementation of the standard across banks.

The Standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The Standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'Expected Credit Losses' (ECL) approach rather than 'incurred credit losses' approach as previously followed. The ECL has impact on all the assets of the Bank which are exposed to credit risk.

The Bank has adopted IFRS 9 in accordance with the Application Instructions from January 01, 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period and the differences in carrying amount of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as at January 01, 2024, as permitted under the specific transitional provisions in the Standard. Accordingly, the information presented for 2023 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2024 under IFRS 9.

SBP through its BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, has amended and extended the timelines for application instructions. Under the revised guidelines, banks are required to implement modification accounting for financial assets and liabilities in accordance with the Standard. These changes took effect from October 01, 2024, and have been applied retrospectively from January 01, 2024. SBP through its BPRD Circular Letter No. 01 of 2025 dated January 22, 2025, SBP further clarifies that modification accounting to be applied to loans modified on or after January 01, 2020.

7.1.3 Impact on regulatory capital

The introduction of the Standard has resulted in reduction in regulatory capital of the Banks, which has reduced their lending capacity and ability to support their clients. In order to mitigate the impact of ECL models on capital, SBP has determined that it may be appropriate for the banks to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. Annexure B of the 'Application Instructions' issued by SBP has detailed the transitional arrangement.

The transitional arrangement applies only to provisions for stage 1 and stage 2 financial assets. The transitional arrangement must adjust CET1 capital. Where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the "transitional adjustment amount") must be partially included (i.e., added back) to CET1 capital over the "transition period" of five years.

Moreover, SBP has allowed to adjust the amount of Stage 1 and Stage 2 provisions in Tier 2 Capital that have not been added back to CET 1 and vice versa as per Annexure-A of BPRD Circular no 16 dated July 29, 2024.

Had IFRS 9 not been applied then CAR would have been higher by 35 bps from 24.11% to 24.46%.

7.1.4 Classification and measurement

As per SBP Application guideline under IFRS 9, classification and measurement of financial assets depends on how these are managed based on business model and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are required to be measured at fair value through profit and loss (FVPL) regardless of the business model in which they are held. Further, classification is categorized as follows:

7.1.5 Business Model and SPPI Assessments

As per SBP Application guideline under IFRS 9, the classification of the financial assets is based on two criteria: a) the Bank's business model for managing the assets; and b) whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

a) Business model assessment

The Bank determines its business model at the level that best reflects how it manages financial assets to achieve its business objective. The Bank's business model is based on observable factors such as:

- The objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing 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 entity'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.
- How managers of the business are compensated (e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- The expected frequency, volume and timing of sales are also important aspects of the Bank's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

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

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss (FVPL) because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. Separately, for equity investments that are not held for trading, IFRS 9 allows the Bank to make an irrevocable election at initial recognition to present subsequent changes in fair value in other comprehensive income (OCI). This election is made at the individual instrument (scrip) level.

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: Held for trading which is evaluated on fair value basis and measured at FVPL because they neither are held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

b) Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)

The Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The elements of profit within a financing arrangement are the consideration for the time value of money, credit risk, liquidity risk, and basic lending costs associated with the financial asset. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

If the SPPI test is met, the classification of the financial asset depends on the business model:

- Amortized Cost – If the financial asset is held to collect contractual cash flows.
- Fair Value Through Other Comprehensive Income (FVOCI) – If the financial asset is held both to collect contractual cash flows and for sale.
- Fair Value Through Profit or Loss (FVPL) – If the SPPI test is failed or the business model requires fair value measurement.

7.1.6 Initial recognition and subsequent measurement

The classification and subsequent measurement requirements of IFRS 9 and SBP Application guidelines categories are as follows;

Financial Assets

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

a) Amortised cost (AC)

The Bank classifies its debt based financial assets at amortised cost only if both of the following criteria are met and is not designated as at FVPL:

- the asset is held within a business model whose objective is to hold assets to collect Contractual Cash Flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI test) on the principal amount outstanding.

Financial assets under amortised cost category are initially recognised at fair value plus transaction cost.

After initial measurement, these financial instruments are subsequently measured at amortised cost using the

Effective Profit Rate (EPR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EPR. The amortisation is included in "Profit Income" in the Income Statement.

Staff and Temporary Economic Refinance Facility (TERF) financing are recognized at fair value at the time of disbursement. The fair value is determined by discounting the expected future cash flows using the prevailing market rates for instruments.

b) Fair value through other comprehensive income (FVOCI)

Financial assets at fair value through other comprehensive income comprise:

- equity securities which are not held for trading, and for which the Bank has made an irrevocable election at initial recognition to recognize changes in fair value through OCI rather than profit or loss, and
- debt securities where the contractual cash flows are solely principal and interest and the objective of the Bank's business model is achieved both by collecting contractual cash flows and selling financial assets.

Financial assets under FVOCI category are initially recognised at fair value plus transaction price.

These financial instrument are subsequently measured at fair value. Movements in the carrying amount from one reporting date to other are taken through FVOCI.

c) Fair value through profit or loss (FVPL)

The Bank classifies the following financial assets at fair value through profit and loss:

- debt investments that do not qualify for measurement at either amortised cost or at fair value through other comprehensive income; and
- equity investments that are held for trading.

Financial assets under FVPL category are initially recognised at fair value.

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 or at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

These financial instruments are subsequently measured at fair value. Changes in the fair value of financial assets at FVPL are recognised in through profit and loss. Profit income from debt instruments is included in profit earned.

d) Advances at cost

Advances are carried at cost net of expected credit loss allowances excluding staff loans and Temporary Economic Refinance Facility (TERF) which are measured at amortised cost net of expected credit loss allowances.

Financial Liabilities

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

7.1.7 Calculation of profit income and expense

In accordance with the BPRD Circular Letter No. 01 of 2025 dated January 22, 2025, Islamic Banking Institutions (IBIs) are allowed to follow Islamic Financial Accounting Standards (IFAS) 1 & 2 where applicable and continue the existing accounting methodology on other Islamic products until issuance of further instruction in this regard. In this respect, income from performing financing is recognized on accrual basis as per the terms of the contract (note no. 5.12). However, where debt securities, classified as investments in the unconsolidated financial statements, are purchased at premium or discount, such premium / discount including the transaction cost is amortized through the unconsolidated statement of profit and loss account over the remaining maturity of the debt security using the Effective Profit Rate (EPR) method while any expected credit losses are assessed and accounted for in accordance with the requirements of IFRS 9 and SBP Application guidelines. Similarly, under the local regulatory requirement, income recoverable on classified financing and investments (debt securities), is recognized on a receipt basis. Income on rescheduled / restructured financing and investments is recognized as permitted by SBP regulations. Profit expense on financial liabilities (comprising deposits, subordinated sukuk, and amount due to financial institutions) is recognized on an accrual basis in the period in which it is incurred.

If the revenue had been recognized in accordance with IFRS 9 and SBP Application guidelines, the following impact on profit and loss would have resulted:

	-- Rupees in '000 --
Retained Earning - net of tax	<u>25,631</u>
Profit and Loss Account - net of tax	<u>811,824</u>

7.1.8 Derecognition

Financial assets

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit and loss. Cumulative gain / loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit and loss on derecognition of such securities held at FVOCI cumulative gain / loss are transferred to unappropriated profit.

Financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit and loss.

7.1.9 Impairment and measurement of ECL

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

Measurement of ECL

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

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

Non-Performing financial assets

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

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

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

A financing that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail financing that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

Under the IFRS 9 Application instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency. The Bank is required to calculate ECL on its non-performing financial assets as higher of provision under Prudential Regulations (PR) or ECL under IFRS 9 and SBP Application guidelines.

The Bank calculates the ECL against corporate, commercial & SME financing portfolios as higher of PR or ECL under IFRS 9 at borrower / facility level, whereas against the retail borrowers the Bank will calculate ECL at higher of PR or ECL under IFRS 9 at segment / product basis as instructed under Annexure-A of BPRD Circular no. 16 of 2024.

Based on the requirements of the Standard and SBP's Application Instructions, the Bank has performed an ECL assessment considering the key elements such as assessment of Significant Increase in Credit Risk (SICR), Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). These elements are described below:

- PD: The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.
- LGD: It is an estimate of magnitude of loss sustained on any facility upon default by a customer. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. It is the difference between contractual cash flows due and those that the Bank expects to receive, including any form of collateral.
- EAD: the expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant.

7.1.10 Significant increase in credit risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Bank uses a number of qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or profit payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

Under the SBP's instructions, credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of the Standard has stabilized, Stage 1 and Stage 2 provisions would be made as per the Standard's ECL criteria and Stage 3 provisions would be made considering higher of the Standard's ECL or provision computed under existing requirements of Prudential Regulations (PRs) issued by SBP on a segment basis for retail financing and ORR obligor basis for corporate / commercial / SME portfolio.

As required by the Application Instructions, financial assets may be reclassified out of Stage 3 if they meet the requirements of PRs. Financial assets in Stage 2 may be reclassified to Stage 1 if the conditions that led to a SICR no longer apply. However, a minimum cooling period of 3 months / 3 installments (whichever is last) is required before any financial asset is moved back to Stage 1. Any upgrading from stage 3 to stage 2 must be subject to a cooling off period of as per prudential regulations. If the facility has been regular during the cooling off period, it will move back to Stage 2 after which the criteria for moving from Stage 2 to Stage 1 will apply. An exposure cannot be upgraded from Stage 3 to Stage 1 directly and should be upgraded to Stage 2 initially.

IFRS 9 includes a rebuttable presumption that a default does not occur later than 90 days past due and it also presumes that there is SICR if credit exposure is more than 30 days past due. In order to bring consistency, SBP has allowed the backstop to the rebuttable presumption of days past due of credit portfolio against a specific credit facility and its stage allocation under IFRS 9 as mentioned in Annexure-C of BPRD Circular no. 3 of 2022. However, banks are free to choose more stringent days past due criteria. Bank align its policy with Annexure-C of BPRD Circular No. 3 of 2022; hence, SICR is considered if credit exposure exceeds 60 days past due.

The Bank will not rebut the 30 DPD presumption as a key SICR criterion.

The Bank may override the criteria supported by reasonable evidence on a case by case basis. This includes:

- Cases of technical delinquencies (for example, accounts marked as DPD 30+ owing to administrative reasons and not credit related concerns; or cases where there is no dispute regarding payment amount).
- Cases of delinquencies where payments on facilities are linked to government payments causing such delinquencies.

However, any such specific override will require approval from Chief Risk Officer.

The Bank measures ECL on a lifetime basis for Purchased or originated credit - Impaired (POCI) instruments throughout the life of the instrument. However, ECL is not recognised in a separate loss provision on initial recognition for POCI instruments as the lifetime expected credit loss is inherent within the gross carrying amount of the instruments. The Bank recognises the change in lifetime expected credit losses arising subsequent to initial recognition in the profit and loss account and the cumulative change as a loss provision. Where lifetime ECL on POCI instruments are less than those at initial recognition, then the favorable differences are recognised as impairment gains in the statement of profit and loss.

Undrawn financing commitments and guarantees:

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

Financial guarantees issued or commitments to provide a financing at a below-market profit rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

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

7.1.11 Governance, ownership and responsibilities

The Bank has adopted a governance framework requiring the Risk, Finance, Operations, Internal Audit and IT functions to effectively work together to ensure input from all business lines. IFRS 9 requires robust credit risk models that can predict Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

The Bank's Risk Management Department has developed models / methodologies for PD, LGD and Credit Conversion Factors (CCF). These models shall be validated on annual basis considering the following aspects:

- Quantitative Validation: ECL model design validation, data quality validation and benchmarking with external best practices.
- Quantitative Validation: Calibration testing which ensures the accuracy of the observed PDs.

The Risk Department will define the staging criteria for the new impairment model and take ownership of all models, methodologies and the ECL calculation approach. Additionally, the Risk department will also take the ownership of the impact of ECL on bank's capital.

The Bank's Finance Department will perform ECL calculation. As a result, the department will then assess the financial impact, meet the financial reporting requirements and further monitor the impact on the financial ratios. Risk Management Department shall also present quarterly progress report to its Board Risk Management Committee.

The IT Department shall identify, prepare and extract the data required for the risk parameters modelling and ECL calculations. IT department shall also support project owners for system development and upgrades.

7.1.12 Reconciliation of balances reported under local regulations and IFRS 9

(a) A reconciliation between the carrying amounts under local regulations to the balances reported under IFRS 9 as of January 01, 2024 is as follows:

Financial Assets	Local regulations classification			Reclassification	Re-measurement			IFRS 9	
	Category	Note	Amount		ECL	Fair value adjustment	Others	Amount	Category
-----Rupees in '000-----									
Cash and balances with treasury banks	Cash and cash equivalents		41,287,071	-	(299)	-	-	41,286,772	Amortised cost
Balances with other banks	Cash and cash equivalents		1,373,974	-	(4,238)	-	-	1,369,736	Amortised cost
Due from financial institutions - net	Financing and receivables		16,502,138	-	(20)	-	-	16,502,118	Amortised cost
Investments									
Held for Trading									
Debt instruments	Held for Trading		-	-	-	-	-	-	Fair Value Through Profit or Loss
Available for sale									
Debt instruments	Available for sale	7.1.13	313,384,471	(50,000)	(132)	-	-	313,334,339	Fair Value Through other comprehensive Income
				50,000	-	-	-	50,000	Fair Value Through Profit or Loss
Equity instruments	Available for sale		699,401	(692,581)	-	-	-	6,820	Fair Value Through other comprehensive Income
				692,581	-	-	-	692,581	Fair Value Through Profit or Loss
Islamic financing, related assets and Advances - net	Islamic financing, related assets and Advances other than TERF and Staff Financing		217,665,142	-	(4,927,859)	(60,064)	4,391,459	217,068,678	At cost
	Temporary Economic Refinance Facility (TERF)		8,005,247	-	-	(1,955,081)	-	6,050,166	Amortised cost
	Staff Financing		4,523,899	-	-	(1,880,408)	-	2,643,491	Amortised cost
Other assets	Other assets		31,429,965	-	(10,064)	1,880,408	-	33,300,309	Amortised cost
Total Financial Assets			634,871,308	-	(4,942,612)	(2,015,145)	4,391,459	632,305,010	
Non Financial Assets									
Deferred tax assets - net			235,534	-	354,375	(50,633)	-	539,276	
Total Non - Financial Assets			235,534	-	354,375	(50,633)	-	539,276	
Total Assets			635,106,842	-	(4,588,237)	(2,065,778)	4,391,459	632,844,286	
Financial Liabilities									
Due to financial institutions	Due to financial institutions		52,912,356	-	-	-	-	52,912,356	Amortised cost
	Temporary Economic Refinance Facility (TERF)		7,746,700	-	-	(2,112,516)	-	5,634,184	Amortised cost
Deposits and other accounts	Deposit and other accounts		522,540,925	-	-	-	-	522,540,925	Amortised cost
Sub-ordinated loans	Sub-ordinated Loans		2,850,000	-	-	-	-	2,850,000	Amortised cost
	Provision against off balance sheet obligations		85,975	-	-	-	-	85,975	Amortised cost
Other liabilities	Unrealized loss on Shariah compliant alternative of forward foreign exchange contracts		313,494	-	-	-	-	313,494	Fair Value Through Profit or Loss
Total liabilities			586,449,450	-	-	(2,112,516)	-	584,336,934	
Off balance sheet items			29,774,800	-	(130,338)	-	-	29,644,462	

Net Impact on the statement of financial position as at January 01, 2024 upon adoption of IFRS 9

Rupees in '000

ECL Charge	(5,072,950)
Reversal of general provision on Islamic financing, related assets and advances as at December 31, 2023	4,391,459
Fair value adjustments	97,371
Deferred tax impact	303,742
	<u>(280,378)</u>

(b) The impact of transition to IFRS 9 on retained earnings and unrealized gain on revaluation of available for sale investments as at January 01, 2024 is as follows:

	January 01, 2024
	Rupees in '000
Retained earnings	
Opening balance under local regulations (January 01, 2024)	15,995,726
Recognition of IFRS 9 ECL as per SBP Application guidelines	(5,072,818)
Reversal of general provision	4,391,459
Modification / Fair value loss - net	97,371
Reclassification of investments from FVOCI to FVTPL on adoption of IFRS 9	347,308
Adjustment in gain / loss in FV due to expected credit loss	(132)
Deferred tax in relation to the above	123,142
Opening balance under IFRS 9 SBP Application guidelines (January 01, 2024)	<u>15,882,056</u>
Unrealized gain on revaluation of Available-for-sale investments	
Opening balance under local regulations (January 01, 2024)	3,206,282
Reclassification of surplus on equity investments	(347,308)
Deferred tax in relation to the above	180,600
Opening balance under IFRS 9 SBP Application guidelines (January 01, 2024)	<u>3,039,574</u>
Total impact on equity due to adopting IFRS 9	<u>(280,378)</u>

(c) The following table reconciles the aggregate opening credit loss provision allowances under SBP Prudential Regulations to the ECL allowances under IFRS 9 SBP Application guidelines.

Impairment allowance for:	Provision held as at January 01, 2024	ECL	General Provision Reversal	Modification / Fair value adjustment - net	Remeasurement	ECLs under IFRS 9 as at January 01, 2024
	A	B	C	D	E = (B+C+D)	F = (A+E)
Rupees in '000						
Islamic financing, related assets and Advances - now classified at Amortised cost under IFRS 9	23,840,627	4,927,859	(4,391,459)	(97,371)	439,029	24,279,656
Cash and balances with treasury banks	-	299	-	-	299	299
Balances with other banks	-	4,238	-	-	4,238	4,238
Due from financial institutions	17,820	20	-	-	20	17,840
Held to maturity investment now classified at Amortised cost under IFRS 9	92,145	-	-	-	-	92,145
Available-for-sale investments now classified at FVOCI under IFRS 9	260,347	132	-	-	132	260,479
Contingent liability in respect of guarantees and other commitments	85,975	130,338	-	-	130,338	216,313
Other assets	-	10,064	-	-	10,064	10,064
Total	<u>24,296,914</u>	<u>5,072,950</u>	<u>(4,391,459)</u>	<u>(97,371)</u>	<u>584,120</u>	<u>24,881,034</u>

(d) The following table contains the details of classification of financial assets under IFRS 9 SBP Application guidelines as compared to existing classification of financial assets of the Bank as at January 01, 2024. The amounts are gross of ECL provision and revaluation gains / losses:

Category	Classification as on December 31, 2023	New classification on adopting IFRS 9 as on January 01, 2024					Total
		At Amortised Cost	At Cost	At Fair Value through OCI (without recycling)	At Fair Value through OCI (with recycling)	At Fair Value through P&L	
Rupees in '000							
Cash and balances with treasury banks	41,287,071	41,287,071	-	-	-	-	41,287,071
Balances with other banks	1,373,974	1,373,974	-	-	-	-	1,373,974
Due from financial institutions	16,502,138	16,502,138	-	-	-	-	16,502,138
Islamic Investments							
<i>Available-for-Sale</i>							
Federal Government Shariah Compliant Securities	272,237,369	-	-	-	272,237,369	-	272,237,369
Non-Government Shariah Compliant Securities	35,243,462	-	-	-	35,193,462	50,000	35,243,462
Shares	336,073	-	-	-	-	336,073	336,073
Modaraba certificates	9,200	-	-	-	-	9,200	9,200
Foreign securities	6,820	-	-	6,820	-	-	6,820
Associate	627,942	-	627,942	-	-	-	627,942
Conventional Investments							
<i>Available-for-Sale</i>							
Shares	591,680	-	-	-	-	591,680	591,680
Non-Government Debt Securities	224,467	-	-	-	-	224,467	224,467
Foreign securities	1,155,350	-	-	-	-	1,155,350	1,155,350
<i>Held to maturity</i>							
Non-Government Debt Securities	92,145	92,145	-	-	-	-	92,145
Associates	474,169	-	474,169	-	-	-	474,169
Subsidiary	104,771	-	104,771	-	-	-	104,771
Islamic financing, related assets and advances	254,034,915	-	241,505,769	-	-	-	241,505,769
Staff financing and TERF	-	12,529,146	-	-	-	-	12,529,146
Total	<u>624,301,546</u>	<u>71,784,474</u>	<u>242,712,651</u>	<u>6,820</u>	<u>307,430,831</u>	<u>2,366,770</u>	<u>624,301,546</u>

7.1.13 This includes both Federal Government Shariah-Compliant Securities and Non-Government Shariah-Compliant Securities. However, as stated in paragraph 3.2 of the Application Instructions, Government securities denominated in local currency are exempt from the application of the ECL framework.

7.2 Cash and cash equivalents

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

7.3 Due to / from financial and other institutions

7.3.1 Bai Muajjal

In Bai Muajjal transactions, the Bank sells sukuk on deferred payment basis to financial institutions. 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 over the credit period.

7.3.2 Musharakah

In Musharakah, the Bank invests / accepts in the Shariah compliant business pools of / from the financial institutions as per the Shariah principles of profit and loss sharing.

7.3.3 Musharakah from State Bank of Pakistan under Islamic Export Refinance Scheme (IERS)

Under IERS, the Bank accepts funds from the SBP under Shirkat-ul-Aqd to constitute a pool for investment in export refinance portfolio of the Bank under the Shariah guidelines issued by the SBP. The profit of the pool is shared as per the agreed PSR between the partners.

7.3.4 Acceptances from State Bank of Pakistan for financial assistance

The Bank has recorded Acceptances from State Bank of Pakistan for financial assistance at its fair value which is amortized over its agreed term.

7.3.5 Commodity Murabaha

In Commodity Murabaha, the Bank sells commodities on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

7.3.6 Wakalah

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

7.4 Investments

Associates

Associate is an entity over which the Bank has significant influence but not control. Investment in associates are initially carried at cost.

Subsidiaries

Subsidiary is an entity over which the Bank has control. Investment in subsidiary is initially carried at cost

7.5 Islamic financing, related assets and advances

7.5.1 Islamic financing and related assets are financial products originated by the Bank and principally comprise of Murabahah, Istisna, Ijarah, Salam, Muswammah, Diminishing Musharakah, Running Musharakah (Shirkat-ul-Aqd) and other Islamic modes of financing and the related assets.

As a general rule, funds disbursed under financing arrangements for purchase of goods / assets are recorded as advance. On culmination, financings are recorded at the deferred sale price net of profit. Goods purchased but remained unsold at the unconsolidated statement of financial position reporting date are recorded as inventories.

7.5.2 Ijarah Financing {Ijarah contracts where the Bank acts as Mujir (lessor)}

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

- (a) Under finance method, the present value of minimum Ijarah payments have been recognized and shown under Islamic financing and related assets. 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, if any, and are shown under Islamic financing and related assets. Rentals accrued from Ijarah financing net of depreciation charge are taken to the unconsolidated 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.

7.5.3 Murabahah

Murabahah is a sale transaction with the purchase ordered wherein the first party (the Bank) sells to the client / customer Shariah compliant assets / goods for cost plus a pre-agreed profit after getting title and possession of the same. In principle, on the basis of an undertaking (Promise-to-Purchase) from the client (the purchase ordered), the Bank purchases the assets / goods subject of the Murabahah from a third party and takes the possession thereof. However, the Bank can appoint the client as its agent to purchase and take possession of the assets / goods on its behalf. Thereafter, it sells it to the client at cost plus the profit agreed upon in the promise.

7.5.4 Istisna

Istisna is a contract where the buyer (the Bank) orders the client (seller / manufacturer) to manufacture and deliver specified goods at an agreed contract price upon completion. Istisna is used with Wakalah agreement to provide financing mainly to manufacturers. Thus the transaction consists of two stages: (i) Bai Istisna whereby the Bank purchases goods from the client and (ii) Wakalah whereby the Bank after receipt / possession of goods, appoints the client its agent to sell the goods in the market.

7.5.5 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 ownership of the asset is totally transferred to him. The partner using the asset pays the proportionate rental of such asset to the other partner (the Bank).

7.5.6 Import Murabahah

Import Murabahah is a product, used to finance a commercial transaction which consists of purchase by the Bank (generally through an undisclosed agent) the goods from the foreign supplier and selling them to the client after getting the title and possession of the goods. Murabahah financing is extended to all types of trade transactions i.e., under Documentary Credits (LCs), Documentary Collections and Open Accounts.

7.5.7 Salam

Salam is a sale transaction where the seller undertakes to supply some specific goods to the buyer at a future date against an advance price fully paid on spot. In Salam financing, the transaction consists of two stages: (i) Bai Salam whereby the Bank purchases goods from the client and (ii) Wakalah whereby the Bank after receipt / possession of goods, appoints the client its agent to sell the goods in the market.

7.5.8 Musawamah / Tijarah

Under this product the Bank purchases identified goods from client at an agreed purchase price on the basis of Musawamah. The Bank then sells the goods in the market through an agent (Client) at a higher price to earn its desired profit.

7.5.9 Musharakah

Musharakah are different types of partnerships in business with distribution of profit in agreed ratio and distribution of loss in the ratio of capital invested.

7.5.10 Wakalah-tul-Istismar (Investment Agency Wakalah)

Wakalah-tul-Istismar means appointing another person to invest and grow one's wealth, with or without a fee. It covers contract for acquisition of services of a person or institution (Wakeel) for making investments of Wakalah Funds, and accomplishment of certain task on behalf of another person or institution (Muwakkil).

7.5.11 Running Musharakah

In Running Musharakah financing, the Bank enters into financing with the customer based on Shirkat-ul-Aqd (Business Partnership) in customer's operating business. Under this mechanism the customer can withdraw and return funds to the Bank subject to its Running Musharakah Financing limit during the Musharakah period. At the end of each quarter / half year the customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly / half yearly / annual accounts of the customer and unclaimed profit above ceiling (if any).

7.5.12 Ijarah

Ijarah is a contract where the owner of an asset transfers its usufruct (i.e. the usage right) to another person for an agreed period, at an agreed consideration. The rentals received / receivable on Ijarah are recorded as income / revenue. 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.

7.5.13 Advances

On May 07, 2015, the Bank acquired operation of the defunct KASB Bank Limited (the amalgamated entity) which was operating as a conventional bank in Pakistan. Subsequent to acquisition, the Bank converted portfolio of conventional advances into Shariah compliant financings. Advances represent unconverted portfolio, mostly consist of delinquent accounts, and are stated net of specific and general provisions.

7.6 Property, equipment and intangible assets

7.6.1 Capital work in progress

These are stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction / development period are carried under this head. These are transferred to specific assets as and when assets become available for use.

7.6.2 Property and equipment

Property and equipment other than freehold land and building on leasehold land are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land and building on leasehold land are carried at revalued amount less any accumulated depreciation and subsequent impairment losses. The revaluation exercise is carried out on periodic basis.

Depreciation is computed using the straight-line method by taking into consideration the estimated useful life of the related assets at the rates specified in Property and equipment note to the unconsolidated financial statements. Depreciation on additions / deletions during the year is charged for the proportionate period for which the asset remained in use.

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

The surplus arising on revaluation is credited to other comprehensive income. However, the increase shall be recognised in profit and loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit and loss account. The deficit arising on a particular property as a result of a revaluation is recognised in profit and loss account as an impairment. However, the decrease to be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Depreciation on buildings which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Property and equipment Account" to unappropriated profit through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year. Gains or losses on disposal of assets are included in the profit and loss account currently, except for the related surplus on revaluation of Property and equipment (net of deferred tax) which is transferred directly to equity.

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal.

Residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Gains and losses on disposal of property and equipment, if any, are taken to the unconsolidated profit and loss account.

7.6.3 Ijarah (Leased) assets {where the Bank is Mustajir (lessee)}

The SBP, vide its BPRD Circular Letter No. 8 dated April 30, 2019 and BPRD Circular No. BPRD/RPD/2019/17 dated July 26, 2019 has directed all Islamic Banks to apply IFRS 16 - 'Leases' in all Ijarah (lease) contracts where the Islamic Banks acts in capacity of Mustajir (lessee).

Accounting policy with regards to Ijarah (leased) assets where the bank is Mustajir (lessee) is as follows:

Right-of-use (RoU) assets

At the commencement date of the lease, the RoU asset is initially measured at the present value of lease liability. Subsequently, RoU assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any re-measurement of lease liabilities. RoU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the expected lease term.

Ijarah (lease) Liability

At the commencement date of the Ijarah (lease), the Bank recognizes Ijarah (lease) liability measured at the present value of the consideration (Ijarah payments) to be made over the expected Ijarah (lease) term and is adjusted for Ijarah (lease) prepayments. The lease payments are discounted using the effective rate implicit in the Ijarah (lease), unless it is not readily determinable, in which case the Mustajir (lessee) may use the incremental rate of financing. After the commencement date, the carrying amount of Ijarah (lease) liability is increased to reflect the accretion of finance cost and reduced for the Ijarah (lease) payments made.

7.6.4 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Such intangible assets are amortized using the straight-line method over the estimated useful life. The useful life and amortization method are reviewed and adjusted, if appropriate, at each reporting date. Intangible assets having an indefinite useful life are stated at acquisition cost, less impairment losses, if any.

Amortization on additions / deletions during the year is charged for the proportionate period for which the asset remained in use.

Software and other development costs are only capitalized to the extent that future economic benefits are expected to be derived by the Bank.

Intangible assets, including goodwill, with indefinite useful life are not amortized but tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

7.6.5 Impairment

At each reporting date, the Bank reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognized as an expense immediately in the unconsolidated financial statements except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

Where an impairment loss reverses subsequently, the carrying amount of the asset is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately except for impairment loss on revalued assets which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of assets.

7.7 Taxation

7.7.1 Current

The provision for current taxation is based on taxable income for the year at current rates of taxation, after taking into consideration available tax credits, rebates and tax losses as allowed under the seventh schedule to the Income Tax Ordinance, 2001. The charge for current tax also includes adjustments, where considered necessary relating to prior years, which arises from assessments / developments made during the year.

7.7.2 Deferred

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

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

The carrying amount of the deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

The Bank also recognizes deferred tax asset / liability on deficit / surplus on revaluation of securities and fixed assets which is adjusted against the related deficit / surplus in accordance with the requirements of the IAS 12 - Income Taxes.

7.8 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are initially recorded at cost and revalued at each year-end date of the unconsolidated statement of financial position. An increase in market value over the acquisition cost is recorded as a surplus on revaluation. A decline in the market value is initially used to reduce the surplus account, if any, or if no surplus exists, is charged to the unconsolidated profit and loss account as an impairment. A subsequent increase in the market value of an impaired asset is reversed through the unconsolidated profit and loss account up to the extent of the original impairment. All direct costs of acquiring title to the asset are charged immediately to the unconsolidated profit and loss account.

Depreciation on non-banking assets acquired in satisfaction of claims is charged to the unconsolidated profit and loss account in line with depreciation charged on fixed assets.

These assets are generally intended for sale. Gains and losses realized on the sale of such assets are disclosed separately from gains and losses realized on the sale of fixed assets in the notes to the unconsolidated financial statements. If such asset is subsequently used by the Bank for its own operations, the asset, along with any related surplus, is transferred to fixed assets.

7.9 Non-current assets held for sale

The Bank classifies a non-current asset as held for sale if it represents a separate major line of business or a geographical area of operations or is a investment in subsidiary / associate which the Bank has decided to divest; and its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

A non-current asset held for sale is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised through the unconsolidated profit and loss account for any initial or subsequent write down of the non-current asset held for sale to fair value less cost to sell. Subsequent gain in fair value less cost to sell are recognised to the extent they do not exceed the cumulative impairment losses previously recorded. A non-current asset held for sale is not depreciated while classified as held for sale or while part of a disposal group classified as held for sale.

7.10 Subordinated Sukuk

Subordinated sukuk is initially recorded at the amount of proceeds received. Profit expense on subordinated sukuk is charged to unconsolidated profit and loss account over the period on an accrual basis and is recognised as part of other liabilities.

7.11 Acceptances

Acceptances representing undertakings by the Bank to pay bills of exchange drawn on customers are recognized as asset and liability of the Bank at the date of acceptance.

7.12 Staff retirement benefits

7.12.1 Defined benefit plan

The Bank operates an approved funded gratuity scheme for its permanent employees. The liability recognized in the unconsolidated statement of financial position in respect of defined benefit gratuity scheme, is the present value of the defined benefit obligation at the unconsolidated statement of financial position date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations. The defined benefit obligation is calculated periodically by an independent actuary using the projected unit credit method. The last valuation was conducted as on December 31, 2024.

Amounts arising as a result of remeasurements, representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognized in the unconsolidated statement of financial position immediately, with a charge or credit to "Unconsolidated Statement of Other Comprehensive Income" in the periods in which they occur.

7.12.2 Defined contribution plan

The Bank operates a recognized contributory provident fund for all the permanent employees. Equal monthly contributions are made both by the Bank and the employees at the rate of 6.66% of the basic salary. The Bank has no further payment obligations once the contributions have been paid. The contributions made by the Bank are recognized as employee benefit expense when they are due.

7.13 Revenue recognition

7.13.1 Profit on Murabahah and Commodity Murabahah is recognized over the financing stage of Murabahah on an accrual basis. Profit on Murabahah transactions for the period from the date of disbursement to the date of culmination of Murabahah is recognized immediately on the culmination date.

7.13.2 Profit from Istisna, Salam and Muswammah / Tijarah are recorded on an accrual basis commencing from the time of sale of goods till the realization of proceeds by the Bank. Profit from Diminishing Musharakah are recognized on a time proportionate basis in the form of rentals.

7.13.3 The Bank follows the finance method in recognizing income on Ijarah contracts written up to December 31, 2008. Under this method the unearned income i.e. 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).

Rental from Ijarah contracts entered on or after January 01, 2009 is recognized in the unconsolidated profit and loss account over the term of the contract net of depreciation expense relating to the Ijarah assets.

- 7.13.4** Provisional profit of Musharakah financing is recognized on an accrual basis. Actual profit / loss on Musharakah financing is adjusted after declaration of profit by Musharakah partner or on liquidation of Musharakah.
- 7.13.5** Profit on Wakalah-tul-Istismar financings is booked on an accrual basis and is adjusted upon declaration of profit by the Wakeel.
- 7.13.6** Profit on Running Musharakah financings is booked on an accrual basis and is adjusted upon declaration of profit by Musharakah partners.
- 7.13.7** Profit on classified financing is recognized on a receipt basis.
- 7.13.8** Dividend income is recognized when the right to receive the dividend is established.
- 7.13.9** Gains and losses on sale of investments are recognized in the unconsolidated profit and loss account.
- 7.13.10** Fee on issuance of letter of credit and acceptance is recognized on receipt basis as generally the transactions consummate within an accounting period. Commission on guarantees, if considered material, is recognized over the period of guarantee. The Bank earns fee and commission income from certain non-funded banking services. The related fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services. The Bank recognises fees earned on transaction-based arrangements at a point in time when the Bank has fully provided the service to the customer. Where the contract requires services to be provided over time, the income is recognised on a systematic basis over the life of the related service.
- 7.13.11** Profit on Sukuks is recognized on an accrual basis. Where Sukuks (excluding held for trading securities) are purchased at a premium or discount, the premiums / discounts are amortized through the unconsolidated profit and loss account over the remaining life of Sukuk, using the effective yield method.
- 7.13.12** Income earned from revenues that are not Shariah complaint are not recognized in the unconsolidated profit and loss account. This income is classified as charity payable in accordance with the recommendation of the Shariah Board of the Bank.

7.14 Revenue from conventional products

On May 07, 2015, the Bank acquired operation of the defunct KASB Bank Limited (the amalgamated entity) which had been operating as a conventional bank in Pakistan. Keeping in view Shariah compliance, under the directives of the Shariah Board of the Bank, any income accruing on conventional products is being credited to the Charity Payable account after deduction of any actual costs incurred on recovery, as approved by the Shariah Board.

7.15 Financial instruments

7.15.1 Financial assets and financial liabilities

Financial assets and financial liabilities are recognised at the time when the Bank becomes a party to the contractual provision of the instrument. Financial assets are derecognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are derecognised when obligation is discharged, cancelled or expired. Any gain or loss on derecognition of the financial asset and liability is recognised in the unconsolidated statement of profit and loss account of the current period.

7.15.2 Off-setting of financial instruments

Financial assets and financial liabilities are off-set and the net amount is reported in the unconsolidated financial statements only when there is a legally enforceable right to set-off the recognized amount and the Bank intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also reported on a net basis in the unconsolidated financial statements, only when permitted by the accounting and reporting standards as applicable in Pakistan.

7.16 Shariah compliant derivatives (Under Wa'ad Structure)

Shariah compliant derivative financial instruments are recognized at fair value. In case of equity Shariah compliant futures, the fair value is calculated with reference to quoted market price. Derivatives with positive market values (i.e. unrealized gains) are included in other receivables and derivatives with negative market values (i.e. unrealized losses) are included in other liabilities in the unconsolidated statement of financial position. The resultant gains and losses are taken to the unconsolidated profit and loss account.

7.17 Foreign currencies

7.17.1 Functional and presentation currency

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

7.17.2 Foreign currency transactions

Foreign currency transactions are translated into local currency at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the exchange rates prevailing at the unconsolidated statement of financial position reporting date. Forward exchange promises are revalued using forward exchange rates applicable to their respective remaining maturities.

7.17.3 Translation gains and losses

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

7.17.4 Commitments

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

7.18 Fiduciary assets

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

7.19 Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as 'Current non-remunerative accounts' and Deposits generated on Mudarabah basis are classified as 'Current remunerative accounts', 'Saving deposits' and 'Fixed deposits'. No profit or loss is passed on to current non-remunerative account depositors, however the funds of current accounts are treated as equity for the purpose of profit calculation and any profit earned / loss incurred on those funds are allocated to the equity of the Bank. While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

Profits realized in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

Profits are distributed from the pool such that the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investments.

Asset pools are created at the Bank's discretion and the Bank can add, amend, transfer an asset to any other pool in the interests of the deposit holders.

7.20 Pool Management

The Bank operates general and specific pools for deposits and inter-bank funds accepted / acquired under Mudarabah, Musharakah and Wakalah modes.

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

Specific pools are operated for funds acquired / accepted from the State Bank of Pakistan, high net worth customers and other banks for Islamic Export Refinance Scheme to Bank's customers and liquidity management respectively under the Musharakah / Mudarabah modes. The profit of each deposit pool is calculated on all the remunerative assets booked by utilizing the funds from the pool after deduction of expenses directly incurred in earning the income of such pool. The directly related costs comprise of depreciation on ijarah assets, takaful premium. No expense of general or administrative nature of expense is charged to the pools. No provisions against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset. The profit of the pool is shared between equity and other members of the pool on the basis of Musharakah at gross level (before charging of mudarib share) as per the investment ratio of the equity. The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of mudarib share.

The risk characteristic of each pool mainly depends on the asset and liability profile of each pool. As per Bank's policy, relatively low risk / secured financing transactions and assets are allocated to general depositors' pool of PKR, USD, GBP and Euro. The Bank maintains General Pools, FI Pools, IERS pool and Equity pool. The general pools are exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved.

7.20.1 General Pool

Due to limited investment options in USD, GBP and Euro pool, funds from FCY pools are invested in available International Sukuk, Shariah Complaint Nostro accounts and remaining funds are converted through swaps, to be invested in PKR Sukuk, their return to be distributed among respective FCY pools.

7.20.2 Special Mudarabah Pool

Special Mudarabah Pools are created to manage returns of high net worth depositors and Government institutions. The funds received against these deposits are invested in various Shariah compliant assets.

7.20.3 Specific Musharakah Pool

7.20.3.1 Islamic Export Refinance Scheme Pool

The IERS pool assets comprise of Sovereign Guarantee Sukuks, and financings to / sukuks of blue chip companies and exporters as allowed under the applicable laws and regulations, and as such are exposed to lower credit risk. The Musharakah with SBP under IERS is tagged to the IERS pool.

7.20.3.2 Other Specific Musharakah Pool

The Other Specific Musharakah Pool assets comprise of consumer housing finance portfolio, sukuk and the related liability of the pool comprises of Musharakah Acceptance from a financial institution. This pool is created to fund the housing finance portfolio.

7.20.3.3 Financial Institution (FI) Pools

The FI pools assets generally comprise of Sovereign Guarantee Sukuks only and the related liability of the FI pools comprise of Musharakah / Mudarabah / Wakalah Acceptance from other banks and financial institutions. These pools are created to meet the liquidity requirements of the Bank.

7.21 Business Combinations

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

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any.

Acquisition of non-controlling interests (NCI) is measured at the proportionate share of the NCI in the fair value of the net assets acquired by the Bank. The excess of fair value of consideration transferred over the proportionate share of the NCI in the fair value of the net assets acquired is recognized in equity.

7.22 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Bank's primary format of reporting is based on business segments. The Bank has defined its segments in line with the requirements of IFRS 8 - "Operating Segments".

IFRS 8 requires the entity to define operating segments based on various factors including the basis on which operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

7.22.1 Business segments

Trading and sales

It includes equity, foreign exchanges, commodities, money market placements and Shariah compliant debt investments.

Retail banking

It includes retail Islamic financing and related assets, deposits and banking services offered to the Bank's retail customers.

Commercial banking

It includes investment banking business, trade business and Islamic financing and related assets relating to the Bank's corporate, SME and agriculture customers.

Support Centre

It includes the assets and liabilities relating to support functions at Head Office and their related income and expenses.

7.22.2 Geographical segment

The Bank operates only in Pakistan.

7.23 Earnings per share

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

7.24 Dividend and reserves

Dividend declared and appropriations, except for transfer to statutory reserve, made subsequent to the date of Statement of Financial Position are considered as non-adjusting events and are recorded as a liability in the financial statements in the year in which these are approved by the directors / shareholders as appropriate. Furthermore, the surplus on revaluation of fixed assets, including non-banking assets acquired in satisfaction of claims, is not available for the distribution of dividends to the shareholders.

7.25 Remuneration framework

In order to align the remuneration practices in Pakistan with the international standards and best practices, the SBP issued Guidelines on Remuneration Practices through its BPRD circular no. 02 dated March 03, 2016, which were subsequently revised through BPRD Circular No. 01 dated 25 January 2017.

In accordance with these guidelines, the Bank has developed a comprehensive remuneration framework. The aim of this framework is to promote an effective risk management culture, and to ensure that the remuneration practice at the Bank is in line with the Bank's objectives taking into consideration all risks that the Bank may face. As a result, a fair, objective, transparent and sound remuneration policy, aligned with risks and responsibilities of Financial Intermediation has been put in place. The framework has been reviewed and recommended by the Board Human Resources & Remuneration Committee (BHRRC) and approved by the Board of Directors (BoD).

Under the policy, all employees across the Bank who are materially responsible for risk taking - Material Risk Takers (MRTs), or risk controlling activities - Material Risk Controllers (MRCs) are identified. The remuneration of these MRTs and MRCs is dependent upon the achievement of performance measured through risk-adjusted balance scorecards, which include financial and non-financial / qualitative performance indicators including compliance with internal policies / procedures / controls, customer experience, as well as certain risk-adjusting factors (negative earners) such as regulatory compliance, frauds, complaints etc. All other individuals who do not fall within the criteria of MRTs and MRCs continue to be governed through the Bank's existing HR policy. The features of total compensation i.e. fixed remuneration as well as variable remuneration offered through performance bonuses have been disclosed in note 42 to these unconsolidated financial statements.

A certain portion of the variable compensation of the MRTs and MRCs is subjected to mandatory deferrals for a defined period, thus creating alignment between the employees' and stakeholders' interests and reinforcing that compensation is appropriately linked to longer-term sustainable performance. Deferred remuneration, especially with risk adjustments, improves risk-taking incentives because the amount ultimately received by employees can be made to depend on risk outcomes, and shall vest proportionately over the deferral period following the year of variable remuneration award, subject to any malus trigger adjustments. Under the Bank's framework, the deferred percentage decided for distribution in the year 2024 was 20 percent (2023: 20 percent), while the deferral period is set at three years (2023: three years).

The payouts for variable compensation for the performance years 2019 and onwards, for MRTs and MRCs is based on the revised mechanism which takes into consideration factors (such as position within the organization, roles and responsibilities, risk alignment, and performance against KPIs) for differentiating the variable pays across employees or group of employees under the framework. Furthermore, the balanced scorecards used for performance assessment also take into consideration that MRCs are remunerated independently of the functions they oversee. As approved by the Board, and as allowed under the SBP's Guidelines on Remuneration Practices, the deferral amount retained for performance years is set aside and managed by the Bank internally, with a team of members from amongst the internal management responsible for oversight and subsequent payouts.

	Note	2024	2023
		----- Rupees in '000 -----	
8 CASH AND BALANCES WITH TREASURY BANKS			
In hand:			
- Local currency		12,338,658	11,227,889
- Foreign currencies		844,077	1,319,857
		13,182,735	12,547,746
With the State Bank of Pakistan in:			
- Local currency current account	8.1	23,590,078	21,500,242
- Foreign currency deposit accounts:			
- Cash reserve account	8.2	1,386,343	969,037
- Special cash reserve account	8.2	1,668,793	1,206,364
- US dollar clearing account		10,999	38,902
		3,066,135	2,214,303
With National Bank of Pakistan in:			
- Local currency current account		1,255,110	5,021,445
Prize Bonds	8.3	83	3,335
Less: Credit loss allowance held against cash and balances with treasury banks		(189)	-
Cash and balances with treasury banks - net of credit loss allowance		41,093,952	41,287,071

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8.1 This represents the amount held against Cash Reserve Requirement and Statutory Liquidity Requirement. Balance held under this account is non-remunerative.

8.2 As per BSD Circular No. 15 dated June 21, 2008, cash reserve of 5% and Special cash reserve of 6% are required to be maintained with the State Bank of Pakistan on deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits). These accounts are non-remunerative in nature.

8.3 The Bank has collected National Prize Bonds from customers in line with circular issued by SBP in this regard. The value of the Prize Bonds represents a receivable due to the Bank from the Government of Pakistan occurring as a result of Islamic concept of Hawala (assignment of debt) arrangement.

	Note	2024	2023
----- Rupees in '000 -----			
9 BALANCES WITH OTHER BANKS			
In Pakistan:			
- In current accounts		9	9
- In deposit accounts	9.1	<u>164</u>	<u>142</u>
		173	151
Outside Pakistan:			
- In current accounts		667,135	1,186,902
- In deposit accounts	9.2	<u>315,659</u>	<u>186,921</u>
		982,794	1,373,823
Less: Credit loss allowance held against balances with other banks		(303)	-
Balances with other banks - net of credit loss allowance		<u>982,664</u>	<u>1,373,974</u>

9.1 These represent deposits with various Islamic banks under Musharakah and Mudarabah arrangements. The profit rate on these arrangements range between 10.41% to 11.13% (2023: 6.75% to 12.13%) per annum.

9.2 These represent deposit placement outside Pakistan with an Islamic banking division of a foreign bank under Wakala arrangement. The profit rate on these arrangements is 3% to 3.5% (2023: 2.25% to 3%) per annum.

10 DUE FROM FINANCIAL INSTITUTIONS

	Note	2024	2023
----- Rupees in '000 -----			
Unsecured			
Bai Muajjal Receivable			
-with Other Financial Institutions	10.1	<u>4,257,928</u>	16,502,138
Other placements		<u>14,580</u>	<u>17,820</u>
		4,272,508	16,519,958
Less: Credit loss allowance held against due from financial institutions	10.3	(14,580)	(17,820)
Due from financial institutions - net of credit loss allowance		<u>4,257,928</u>	<u>16,502,138</u>

10.1 The average return on this product is 19.6% (2023: 22.05% to 22.35%) per annum. The balance has maturity in 24 days (2023: 6 days to 110 days).

10.2 Particulars of due from financial institutions	2024	2023
	----- Rupees in '000 -----	
In local currency	4,272,508	16,519,958
In foreign currency	-	-
	<u>4,272,508</u>	<u>16,519,958</u>

10.3 Due from financial institutions - Particulars of credit loss allowance	Note	2024		2023	
		Due from financial institutions	Credit loss allowance held	Due from financial institutions	Provision held
----- Rupees in '000-----					
Domestic					
Performing	Stage 1	4,257,928	-	16,502,138	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss	10.4	14,580	14,580	17,820	17,820
		<u>14,580</u>	<u>14,580</u>	17,820	17,820
Total		<u>4,272,508</u>	<u>14,580</u>	16,519,958	17,820

10.3.1 The Bank does not hold overseas classified placements.

10.4 Due from financial institutions - Credit loss allowance

	2024			
	Stage 1	Stage 2	Stage 3	Total
----- Rupees in '000-----				
Impact of adoption of IFRS 9	20	-	-	20
Balance at the start of the year	-	-	17,820	17,820
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of credit loss allowance	<u>20</u>	<u>-</u>	<u>17,820</u>	<u>17,840</u>
New financial assets originated or purchased	-	-	-	-
Financial assets that have been derecognised	(20)	-	(3,240)	(3,260)
Write offs	-	-	-	-
Unwind of discount	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-
Balance at the end of the year	<u>-</u>	<u>-</u>	<u>14,580</u>	<u>14,580</u>

11 INVESTMENTS

	Note	2024	2023
		----- Rupees in '000 -----	
Investments - Islamic	11.1	345,051,553	314,083,872
Investments - Conventional (relating to amalgamated entity)	11.2	-	-
		<u>345,051,553</u>	<u>314,083,872</u>

11.1	Islamic Investments by type	Note	2024				2023			
			Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- Rupees in '000 -----										
	- Debt Instruments									
	Classified / Measured at FVOCI									
	Federal Government Shariah Compliant Securities		299,226,475	-	11,799,026	311,025,501	-	-	-	-
	Non-Government Shariah Compliant Securities		32,808,817	(35,883)	357,473	33,130,407	-	-	-	-
			332,035,292	(35,883)	12,156,499	344,155,908	-	-	-	-
	Classified / Measured at FVPL									
	Non-Government Shariah Compliant Securities		50,000	-	-	50,000	-	-	-	-
	- Equity instruments									
	Classified / Measured at FVPL									
	Shares - listed companies		70,739	-	54,344	125,083	-	-	-	-
	Classified / Measured at FVOCI (Non-Reclassifiable)									
	Shares									
	Listed companies		685,744	-	27,998	713,742	-	-	-	-
	Foreign securities	11.8.4.1	6,820	-	-	6,820	-	-	-	-
	Available for sale									
	Federal Government Shariah Compliant Securities		-	-	-	-	272,237,369	-	5,630,029	277,867,398
	Shares		-	-	-	-	345,273	-	347,308	692,581
	Non-Government Shariah Compliant Securities		-	-	-	-	35,243,462	(35,880)	309,491	35,517,073
	Foreign securities		-	-	-	-	6,820	-	-	6,820
			-	-	-	-	307,832,924	(35,880)	6,286,828	314,083,872
	Associate	11.11	627,942	(627,942)	-	-	627,942	(627,942)	-	-
	Total Islamic investments		333,476,537	(663,825)	12,238,841	345,051,553	308,460,866	(663,822)	6,286,828	314,083,872
	11.2 Conventional Investments by type									
	- Debt Instruments									
	Classified / Measured at FVOCI									
	Non-Government Debt Securities		74,607	(74,607)	-	-	-	-	-	-
	- Equity instruments									
	Classified / Measured at FVPL									
	Shares									
	Listed companies	11.2.1	-	-	-	-	-	-	-	-
	Foreign securities	11.2.1	-	-	-	-	-	-	-	-
	Available for sale									
	Non-Government Debt Securities		-	-	-	-	224,467	(224,467)	-	-
	Shares	11.2.1	-	-	-	-	591,680	(591,680)	-	-
	Foreign securities	11.2.1	-	-	-	-	1,155,350	(1,155,350)	-	-
			-	-	-	-	1,971,497	(1,971,497)	-	-
	Held to maturity									
	Non-Government Debt Securities		-	-	-	-	92,145	(92,145)	-	-
	Associates	11.11	474,169	(474,169)	-	-	474,169	(474,169)	-	-
	Subsidiary	11.10	104,771	(104,771)	-	-	104,771	(104,771)	-	-
	Total conventional investments		653,547	(653,547)	-	-	2,642,582	(2,642,582)	-	-

11.2.1 With the adoption of IFRS 9, fully provided equity securities related to amalgamated entity previously classified as available for sale have been designated to FVPL as of January 01, 2024. Following is the break-up of such securities:

Name of Investee Company	No. of shares held
Riverstone Consultancy (Private) Limited (Shares)	3,985,000
New Horizon Exploration and Production Limited (Shares)	61,600,000
Pakistan Export Finance Guarantee Agency Limited (Shares)	568,044
Evolve Capital Limited (Foreign securities)	5,400,000

11.3	Islamic Investments by segment	Note	2024				2023			
			Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000										
	Federal Government securities:									
	Federal Government Shariah Compliant Securities		299,226,475	-	11,799,026	311,025,501	272,237,369	-	5,630,029	277,867,398
	Shares:									
	Listed companies	11.8.2.1	756,483	-	82,342	838,825	345,273	-	347,308	692,581
	Non Government debt securities									
	Listed	11.3.1	30,535,747	-	347,003	30,882,750	30,537,251	-	314,028	30,851,279
	Unlisted		2,323,070	(35,883)	10,470	2,297,657	4,706,211	(35,880)	(4,537)	4,665,794
			32,858,817	(35,883)	357,473	33,180,407	35,243,462	(35,880)	309,491	35,517,073
	Modaraba certificates		-	-	-	-	-	-	-	-
	Foreign securities									
	Equity securities	11.8.4.1	6,820	-	-	6,820	6,820	-	-	6,820
	Associate									
	Shakarganj Food Products Limited	11.11	627,942	(627,942)	-	-	627,942	(627,942)	-	-
			<u>333,476,537</u>	<u>(663,825)</u>	<u>12,238,841</u>	<u>345,051,553</u>	<u>308,460,866</u>	<u>(663,822)</u>	<u>6,286,828</u>	<u>314,083,872</u>

11.3.1 These represents Bank's investment in Pakistan Energy Sukuk-I & II issued by Power Holding (Private) Limited, wholly owned by the Government of Pakistan. These Energy Sukuk are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuk are based on Islamic mode of Ijarah and has a 10 year maturity with semi-annual rental payments carrying profit rate at 6 months KIBOR + 80bps & at 6 months KIBOR - 10bps respectively.

11.4	Conventional Investments by segment	Note	2024				2023			
			Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000										
	Shares:									
	Unlisted	11.8.2.2	-	-	-	-	591,680	(591,680)	-	-
	Non Government debt securities									
	Listed		74,607	(74,607)	-	-	74,607	(74,607)	-	-
	Unlisted		-	-	-	-	242,005	(242,005)	-	-
			74,607	(74,607)	-	-	316,612	(316,612)	-	-
	Foreign securities									
	Equity securities	11.8.4.1	-	-	-	-	1,155,350	(1,155,350)	-	-
	Associate									
	KASB Capital Limited	11.11	41,867	(41,867)	-	-	41,867	(41,867)	-	-
	KASB Funds Limited	11.11	432,302	(432,302)	-	-	432,302	(432,302)	-	-
			474,169	(474,169)	-	-	474,169	(474,169)	-	-
	Subsidiary									
	My Solutions Corporation Limited	11.10	104,771	(104,771)	-	-	104,771	(104,771)	-	-
			<u>653,547</u>	<u>(653,547)</u>	<u>-</u>	<u>-</u>	<u>2,642,582</u>	<u>(2,642,582)</u>	<u>-</u>	<u>-</u>

11.5	Investments given as collateral	Note	2024	2023
Rupees in '000				
	Federal Government Securities - GOP Ijarah Sukuk		<u>57,565,700</u>	<u>35,314,000</u>

11.6 Credit loss allowance / provision for diminution in value of investments

11.6.1	Opening balance		2024	2023
Rupees in '000				
	Impact of adoption of IFRS 9		132	-
	Charge / (reversal)			
	Charge for the year		-	1,207,289
	Reversals for the year		(242,134)	-
	Reversal on disposals		-	-
		34	(242,134)	1,207,289
	Amounts written off		-	(79,243)
	Impact of reclassification of equity securities from FVOCI to FVPL		(1,747,030)	-
	Closing Balance		<u>1,317,372</u>	<u>3,306,404</u>

11.7 Particulars of credit loss allowance

11.7.1 Investments - exposure

	2024		
	Stage 1	Stage 2	Stage 3
	-----Rupees in '000-----		
Opening balance	307,168,700	-	628,743
New investments	161,112,504	-	-
Investments derecognised or repaid	(136,508,043)	-	(242,005)
Transfer to stage 1	-	-	-
Transfer to stage 2	-	-	-
Transfer to stage 3	-	-	-
	24,604,461	-	(242,005)
Closing balance	<u>331,773,161</u>	<u>-</u>	<u>386,738</u>

11.7.2 Investments - Credit loss allowance

Gross carrying amount - Current year	-	-	352,492
Impact of adoption of IFRS 9	132	-	-
New investments	-	-	-
Investments derecognised or repaid	-	-	(242,005)
Transfer to stage 1	-	-	-
Transfer to stage 2	-	-	-
Transfer to stage 3	-	-	-
	-	-	(242,005)
Changes in risk parameters (PDs/LGDs/EADs)	(129)	-	-
Closing balance - Current year	<u>3</u>	<u>-</u>	<u>110,487</u>

11.7.3 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 Stage 1	331,773,161	3	307,168,700	-
Underperforming Stage 2	-	-	-	-
Non-performing Stage 3				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	386,738	110,487	628,743	352,492
	386,738	110,487	628,743	352,492
Total	<u>332,159,899</u>	<u>110,490</u>	<u>307,797,443</u>	<u>352,492</u>

11.7.3.1 The Bank does not hold overseas classified debt securities.

11.8 Quality of securities

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

		2024		2023		
		Cost		Cost		
		-----Rupees in '000-----				
11.8.1 Federal government securities - Government guaranteed	GoP Ijarah Sukuks			299,226,475	272,237,369	
11.8.2 Shares						
11.8.2.1 Listed companies						
	- Leather & Tanneries	46,470	-	-	-	
	- Financial	203,622	306,752	-	-	
	- Paper, Board & Packaging	45,440	-	-	-	
	- Fertilizer	272,070	38,370	-	-	
	- Power Generation And Distribution	68,397	-	-	-	
	- Food	1,514	-	-	-	
	- Oil & Gas Marketing Companies	52,096	-	-	-	
	- Cement	46,985	-	-	-	
	- Cable And Electrical Goods	689	-	-	-	
	- Pharmaceuticals	19,200	151	-	-	
		756,483	345,273			
11.8.2.2 Unlisted companies						
		2024		2023		
	As at	Cost	Breakup value per share	Cost	Breakup value per share	
		-----Rupees in '000-----				
	Pakistan Export Finance Guarantee Agency Limited	June 30, 2010	5,680	0.50	5,680	0.50
	Riverstone Consultancy (Private) Limited (Formerly KASB Invest (Private) Limited)	June 30, 2021	28,000	0.69	28,000	0.69
	New Horizon Exploration and Production Limited	December 31, 2014	558,000	1.07	558,000	1.07
			591,680	2.26	591,680	2.26
11.8.3 Non government debt securities				2024	2023	
				Cost		
				-----Rupees in '000-----		
Listed						
	- Unrated			30,535,747	30,611,858	
Unlisted						
	AAA	1,383,439	2,408,996			
	AA+	-	110,500			
	AA-	179,166	50,000			
	A+	340,000	175,000			
	A	-	311,667			
	Unrated	495,072	1,799,908			
		2,397,677	4,856,071			
11.8.4 Foreign securities						
11.8.4.1 Equity securities						
				2024	2023	
				Cost		
				-----Rupees in '000-----		
Unlisted						
	SWIFT (Society for World Wide Interbank Financial Telecommunication)	6,820	6,820			
	Evolve Capital Limited	-	1,155,350			
		6,820	1,162,170			
11.9 Particulars relating to securities classified Under "Held to Collect" model						
Non government debt securities						
Unlisted						
	Unrated			-	92,145	
11.9.1	The market value of securities classified under "Held to Collect" as at December 31, 2024 amounted to Nil (December 31, 2023: Nil).					

As at	Holding %	Country of incorporation	Assets	Liabilities	Revenue	Profit / (loss) after taxation	Total comprehensive income / (loss)
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-----Rupees in '000-----

11.10 Details of investment in subsidiary

Unlisted

My Solutions Corporation Limited	December 31, 2013	100.00	Pakistan	69,539	10,105	14,580	(1,763)	(1,763)
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11.11 Details of investment in associates

Unlisted

Islamic

Shakarganj Food Products Limited	September 30, 2024	36.38	Pakistan	10,419,473	7,033,193	12,976,811	(262,131)	(210,448)
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Conventional

KASB Funds Limited	December 31, 2015	43.89	Pakistan	46,465	32,465	23,640	(66,241)	(65,679)
KASB Capital Limited	December 31, 2016	21.78	Mauritius	\$ 652,864	\$ 135,428	\$ -	\$ (34,084)	\$ (34,084)

Note 2024 2023
-----Rupees in '000-----

12 ISLAMIC FINANCING, RELATED ASSETS AND ADVANCES

Islamic financing and related assets - net	12.1	295,959,406	230,129,817
Advances (relating to amalgamated entity) - net	12.2	58,957	64,471
		296,018,363	230,194,288

12.1 ISLAMIC FINANCING AND RELATED ASSETS

Note	Performing		Non Performing		Total	
	2024	2023	2024	2023	2024	2023

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

In Pakistan							
- Running Musharakah	12.9	78,360,146	100,625,553	1,444,955	1,444,955	79,805,101	102,070,508
- Diminishing Musharakah financing and related assets - Others	12.3	58,097,978	46,055,344	5,863,442	3,529,814	63,961,420	49,585,158
- Diminishing Musharakah - Housing		20,731,082	23,553,066	2,120,603	2,019,821	22,851,685	25,572,887
- Istisna financing and related assets		27,767,369	20,455,759	3,663,174	3,630,366	31,430,543	24,086,125
- Diminishing Musharakah financing and related assets - Auto	12.4 & 12.10	16,734,243	16,380,932	642,621	538,620	17,376,864	16,919,552
- Murabahah financing and related assets	12.5 & 12.11	85,092,279	16,073,181	753,869	397,002	85,846,148	16,470,183
- Musawamah financing and related assets / Tijarah	12.6	7,894,372	3,781,236	3,945,758	5,024,205	11,840,130	8,805,441
- Investment Agency Wakalah		4,273,450	2,730,590	-	-	4,273,450	2,730,590
- Murabahah against Bills		285,574	671,556	192,062	192,048	477,636	863,604
- Ijarah financing under IFAS 2 and related assets	12.7	590,135	288,755	53,902	161,958	644,037	450,713
- Financing against Bills		2,694,138	209,100	-	-	2,694,138	209,100
- Qardh-e-Hasana		27,577	48,226	123,378	121,025	150,955	169,251
- Musharakah financing		-	-	160,000	160,000	160,000	160,000
- Past Due Acceptance		164,607	155,972	27,128	-	191,735	155,972
- Net investment in Ijarah financing in Pakistan	12.12.1	28,055	85,343	39,969	-	68,024	85,343
- Housing finance portfolio - others		-	24,091	7,086	-	7,086	24,091
- Salam	12.8	177,047	-	-	-	177,047	-
Islamic financing and related assets - gross		302,918,052	231,138,704	19,037,947	17,219,814	321,955,999	248,358,518
Credit loss allowance / provision against Islamic financing and related assets	12.16						
- Stage 1		(2,793,600)	-	-	-	(2,793,600)	-
- Stage 2		(515,292)	-	-	-	(515,292)	-
- Stage 3		-	-	(17,076,658)	-	(17,076,658)	-
- Specific		-	-	-	(13,837,297)	-	(13,837,297)
- General		-	(4,391,404)	-	-	-	(4,391,404)
		(3,308,892)	(4,391,404)	(17,076,658)	(13,837,297)	(20,385,550)	(18,228,701)
Modification loss due to IFRS 9	12.1.1	(94,079)	-	-	-	(94,079)	-
Fair value adjustment	12.1.2	(5,516,964)	-	-	-	(5,516,964)	-
Islamic financing and related assets - net of credit loss allowance / provision		293,998,117	226,747,300	1,961,289	3,382,517	295,959,406	230,129,817

12.1.1 This represents modification loss arising from restructuring or rescheduling of financings.

12.1.2 This represents deferred fair value loss arising due to difference between the market value and the book amount of financings.

12.1.3 Islamic Financing and related assets include Rs.19,037.947 million (December 2023: Rs.17,219.814 million) which have been placed under non-performing / Stage 3 status as detailed below:

	2024		2023	
	Outstanding amount	Credit loss allowance held	Outstanding amount	Provision held
----- Rupees in '000 -----				
Islamic financing and related assets - Category of classification				
Domestic				
Other assets especially mentioned	264,933	47,483	393,831	-
Substandard	1,767,062	981,368	1,009,194	235,164
Doubtful	911,076	474,167	2,170,850	871,469
Loss	16,094,876	15,573,640	13,645,939	12,730,664
	19,037,947	17,076,658	17,219,814	13,837,297

12.1.4 The Bank does not hold overseas Islamic financing and related assets.

12.2 ADVANCES

	Performing		Non Performing		Total	
	2024	2023	2024	2023	2024	2023
----- Rupees in '000 -----						
- Loans, cash credits, running finances, etc. - In Pakistan*	-	5,569	3,991,053	4,424,625	3,991,053	4,430,194
- Bills discounted and purchased (excluding treasury bills) - Payable in Pakistan	-	-	684,295	684,295	684,295	684,295
- Net investment in finance lease - In Pakistan	-	-	553,463	561,908	553,463	561,908
Advances - gross	-	5,569	5,228,811	5,670,828	5,228,811	5,676,397
Credit loss allowance / provision against advances						
- Stage 1	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-
- Stage 3	-	-	(5,169,854)	-	(5,169,854)	-
- Specific	-	-	-	(5,611,871)	-	(5,611,871)
- General	-	(55)	-	-	-	(55)
	-	(55)	(5,169,854)	(5,611,871)	(5,169,854)	(5,611,926)
Advances - net of credit loss allowance / provision	-	5,514	58,957	58,957	58,957	64,471
Fair value adjustment	-	-	-	-	-	-
Advances - net of credit loss allowance / provision and fair value adjustment	-	5,514	58,957	58,957	58,957	64,471

* This represents non-interest bearing performing financing facilities amounting to Rs. Nil (2023: Rs. 5.569 million).

12.2.1 Advances include Rs. 5,228.811 million (2023: Rs. 5,670.828 million) which have been placed under non-performing / Stage 3 status as detailed below:

	2024		2023	
	Outstanding amount	Credit loss allowance held	Outstanding amount	Provision held
----- Rupees in '000 -----				
Advances - Category of classification				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	5,228,811	5,169,854	5,670,828	5,611,871
	5,228,811	5,169,854	5,670,828	5,611,871

12.2.2 The Bank does not hold overseas advances.

	Note	2024	2023
		-----Rupees in '000-----	
12.3 Diminishing Musharakah financing and related assets - Others			
Diminishing Musharakah financing		52,413,896	46,307,161
Advance against Diminishing Musharakah financing		11,547,524	3,277,997
		<u>63,961,420</u>	<u>49,585,158</u>
12.4 Istisna financing and related assets			
Istisna financing		5,810,579	7,662,635
Advance against Istisna financing		25,440,494	16,423,490
Istisna inventories		179,470	-
		<u>31,430,543</u>	<u>24,086,125</u>
12.5 Murabahah financing and related assets			
Murabahah financing		79,105,798	8,945,251
Deferred murabahah income		3,434,967	1,663,483
Advances against Murabaha financing		3,242,983	1,469,521
Murabaha Inventories		62,400	4,391,928
		<u>85,846,148</u>	<u>16,470,183</u>
12.5.1 Murabaha receivable - gross	12.5.2	82,540,765	10,608,734
Less: Deferred murabaha income	12.5.4	(770,100)	(489,934)
Profit receivable		(2,664,867)	(1,173,549)
Murabaha financing		<u>79,105,798</u>	<u>8,945,251</u>
12.5.2 The movement in Murabaha financing during the year is as follows:			
Opening balance		10,608,734	8,842,221
Sales during the year		124,332,657	73,341,774
Received during the year		(52,400,626)	(71,575,261)
Closing balance		<u>82,540,765</u>	<u>10,608,734</u>
12.5.3 Murabaha sale price (for transactions during the year)		124,332,657	73,341,774
Murabaha purchase price (for transactions during the year)		(117,822,082)	(68,617,404)
		<u>6,510,575</u>	<u>4,724,370</u>
12.5.4 Deferred Murabahah income			
Opening balance		489,934	289,597
Arising during the year		6,510,576	4,724,370
Recognized during the year		(6,230,410)	(4,524,033)
Closing balance		<u>770,100</u>	<u>489,934</u>
12.6 Musawamah financing and related assets / Tijarah			
Musawamah financing		5,724,219	6,174,291
Advance against Musawamah financing		59,114	123,620
Musawamah inventories		6,056,797	2,507,530
		<u>11,840,130</u>	<u>8,805,441</u>
12.7 Ijarah financing under IFAS 2 and related assets			
Net book value of assets under IFAS 2		643,717	435,282
Advance against Ijarah financing		320	15,431
		<u>644,037</u>	<u>450,713</u>
12.8 Salam			
Salam financing		153,525	-
Advance against Salam		23,522	-
		<u>177,047</u>	<u>-</u>
12.9 Running musharakah financing and related assets includes financing amounting to Rs. 930 million (2023: Rs. 2,403 million) under Islamic Export Refinance Scheme.			
12.10 Istisna financing and related assets includes financing amounting to Rs. 37 million (2023: Rs. 264.6 million) and advance amounting to Rs. 411 million (2023: Rs. 1,016.5 million) under Islamic Export Refinance Scheme.			
12.11 Murabahah financing and related assets includes financing amounting to Rs. 0.061 million (2023: Rs.0.061 million) under Islamic Export Refinance Scheme.			

12.12 Break up of net investment in Ijarah financing and Finance lease

2024 2023
----- Rupees in '000-----

Islamic financing and related assets	68,024	85,343
Advances	553,463	561,908
	<u>621,487</u>	<u>647,251</u>

12.12.1 Net investment in Ijarah financing in Pakistan and finance lease

	2024				2023			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	----- Rupees in '000 -----							
Ijarah rentals receivable	592,405	-	-	592,405	618,169	-	-	618,169
Residual value	73,328	-	-	73,328	73,328	-	-	73,328
Minimum Ijarah payments	665,733	-	-	665,733	691,497	-	-	691,497
Profit for future periods	(44,246)	-	-	(44,246)	(44,246)	-	-	(44,246)
Present value of minimum Ijarah payments	621,487	-	-	621,487	647,251	-	-	647,251

12.13 Ijarah Assets

	2024							
	Cost			Accumulated depreciation			Book value as at December 31, 2024	Rate of Depreciation %
	As at January 01, 2024	Addition / (deletions)	As at December 31, 2024	As at January 01, 2024	Charge / (deletions)	As at December 31, 2024		
	----- Rupees in '000 -----							
Plant and Machinery	299,200	-	299,200	247,818	13,030	260,848	38,352	20-33.33
Vehicles	1,132,172	380,920 (78,274)	1,434,818	748,272	140,069 (58,888)	829,453	605,365	20-33.33
	1,431,372	380,920 (78,274)	1,734,018	996,090	153,099 (58,888)	1,090,301	643,717	

	2023							
	Cost			Accumulated depreciation			Book value as at December 31, 2023	Rate of Depreciation %
	As at January 01, 2023	Addition / (deletions)	As at December 31, 2023	As at January 01, 2023	Charge / (deletions)	As at December 31, 2023		
	----- Rupees in '000 -----							
Plant and Machinery	299,200	-	299,200	245,697	2,121	247,818	51,382	20-33.33
Vehicles	1,201,472	16,990 (86,290)	1,132,172	798,916	16,506 (67,150)	748,272	383,900	20-33.33
	1,500,672	16,990 (86,290)	1,431,372	1,044,613	18,627 (67,150)	996,090	435,282	

12.13.1 Future Ijarah payments receivable

	2024				2023			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	----- Rupees in '000 -----							
Ijarah rentals receivable	282,312	183,313	-	465,625	29,489	17,152	-	46,641

12.14 Particulars of Islamic financing and related assets and advances - gross

2024 2023
----- Rupees in '000-----

In local currency	322,877,829	251,850,511
In foreign currency	4,306,981	2,184,404
	<u>327,184,810</u>	<u>254,034,915</u>

	2024	2023
	----- Rupees in '000-----	
12.14.1 Financing to Women, Women-owned and Managed Enterprises		
Women	2,842,695	3,519,565
Women Owned and Managed Enterprises	<u>5,682,401</u>	<u>497,189</u>
	<u>8,525,096</u>	<u>4,016,754</u>

12.14.2 Gross financing disbursed to Women, Women-owned and Managed Enterprises

Women	558,796	665,495
Women Owned and Managed Enterprises	<u>5,281,435</u>	<u>32,300</u>
	<u>5,840,231</u>	<u>697,795</u>

12.15 Particulars of credit loss allowance

12.15.1 Islamic financing, related assets and advances - Exposure

	2024		
	Stage 1	Stage 2	Stage 3
	----- Rupees in '000-----		
Gross carrying amount	208,066,911	23,077,362	22,890,642
New financing	139,297,187	3,255,728	28,484
Financing derecognised or repaid	(66,039,661)	(1,280,608)	(2,111,235)
Transfer to stage 1	15,290,890	(15,131,933)	(158,957)
Transfer to stage 2	(1,723,397)	2,556,297	(832,900)
Transfer to stage 3	(1,198,357)	(3,252,367)	4,450,724
	85,626,662	(13,852,883)	1,376,116
Closing balance	<u>293,693,573</u>	<u>9,224,479</u>	<u>24,266,758</u>

12.15.2 Islamic financing, related assets and advances - Credit loss allowance

	2024		
	Stage 1	Stage 2	Stage 3
	----- Rupees in '000-----		
Opening balance	-	-	-
Impact of adoption of IFRS 9	1,477,937	1,439,302	21,459,788
New financing	1,042,546	34,544	19,994
Financing derecognised or repaid	(540,797)	(810,332)	(4,363,215)
Transfer to stage 1	476,088	(468,434)	(7,654)
Transfer to stage 2	(260,243)	270,625	(10,382)
Transfer to stage 3	(933,971)	(2,080,271)	3,014,242
	(216,377)	(3,053,868)	(1,347,015)
Amounts written off / charged off	-	-	-
Changes in risk parameters	1,532,040	2,129,858	2,133,739
Closing balance	<u>2,793,600</u>	<u>515,292</u>	<u>22,246,512</u>

12.15.3 Islamic Financing, related assets and advances - Credit loss allowance details Internal / External rating / stage classification

	2024		
	Stage 1	Stage 2	Stage 3
Outstanding gross exposure	----- Rupees in '000 -----		
Performing - Stage 1			
Rated	258,216,213	-	-
Non Rated	35,477,360	-	-
Under Performing - Stage 2			
Rated	-	8,025,012	-
Non Rated	-	1,199,467	-
Non-performing - Stage 3			
OAEM	-	-	264,933
Substandard	-	-	1,767,062
Doubtful	-	-	911,076
Loss	-	-	21,323,687
	-	-	24,266,758
Total	293,693,573	9,224,479	24,266,758
Corresponding ECL			
Stage 1 and stage 2	2,793,600	515,292	-
Stage 3	-	-	22,246,512
	2,793,600	515,292	22,246,512

12.16 Particulars of credit loss allowances / provision held against Islamic financing, related assets and advances

	2024						2023		
	Stage 3	Stage 2	Stage 1	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----								
Opening balance	-	-	-	19,449,168	4,391,459	23,840,627	16,119,131	2,987,168	19,106,299
Impact of adoption of IFRS 9	21,459,788	1,439,302	1,477,937	(19,449,168)	(4,391,459)	536,400	-	-	-
Charge for the year	1,807,156	41,831	1,605,492	-	-	3,454,479	4,006,703	1,500,000	5,506,703
Reversals for the year	(1,020,432)	(965,841)	(289,829)	-	-	(2,276,102)	(676,666)	(95,709)	(772,375)
	786,724	(924,010)	1,315,663	-	-	1,178,377	3,330,037	1,404,291	4,734,328
Amount written off	-	-	-	-	-	-	-	-	-
Closing balance	22,246,512	515,292	2,793,600	-	-	25,555,404	19,449,168	4,391,459	23,840,627
12.16.1									
Islamic	17,076,658	515,292	2,793,600	-	-	20,385,550	13,837,297	4,391,404	18,228,701
Conventional	5,169,854	-	-	-	-	5,169,854	5,611,871	55	5,611,926
	22,246,512	515,292	2,793,600	-	-	25,555,404	19,449,168	4,391,459	23,840,627

12.16.2 Particulars of credit loss allowance against advances

In local currency	22,246,512	515,292	2,793,600	-	-	25,555,404	19,449,168	4,391,459	23,840,627
In foreign currencies	-	-	-	-	-	-	-	-	-
	22,246,512	515,292	2,793,600	-	-	25,555,404	19,449,168	4,391,459	23,840,627

12.16.3 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sale Value (FSV) of collaterals against the non-performing financings. The benefit availed as at December 31, 2024 amounts to Rs. 351.907 million (2023: Rs. 943.552 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 161.877 million (2023: Rs. 481.211 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

	Note	2024	2023
		-----Rupees in '000-----	
12.16.4 Credit loss allowance / reversal net of fair value adjustment taken to the profit and loss account			
Gross reversals for the year		2,276,102	772,375
Charge for the year		(3,454,479)	(5,506,703)
		<u>(1,178,377)</u>	<u>(4,734,328)</u>
Fair value adjusted - net		-	(93,819)
Net charge taken to the profit and loss account	34	<u>(1,178,377)</u>	<u>(4,828,147)</u>

12.17 Particulars of write offs

12.17.1 Against provisions

Directly charged to the profit and loss account

-	-
-	-
<u>-</u>	<u>-</u>

12.17.2 Write offs Rs. 500,000 and above

- Domestic

- Overseas

Write offs below Rs. 500,000

-	-
-	-
-	-
<u>-</u>	<u>-</u>

12.17.3 Details of Financings 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 financings or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended is given in Annexure-I.

	Note	2024	2023
		-----Rupees in '000-----	
12.18 SBP other refinance schemes			
Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)		7,272,740	8,005,247
Islamic Long-Term Financing Facility		1,356,372	1,320,910
Islamic refinance scheme for payment of wages and salaries		54,822	62,197
RM EFS - Rupee Based Discounting (TFA)		9,756,938	4,327,627
Islamic refinance scheme for Renewable Energy		610,996	677,678
Islamic refinance scheme for combating COVID (IRFCC)		123,754	197,509
Islamic refinance facility for Modernization of SMEs		85,341	67,654
Refinance for Islamic Financing Facility of Storage of Agricultural Produce (IFFSAP)		204,027	47,836
Islamic Credit Guarantee Scheme For Women Entrepreneur		127,855	35,187
		<u>19,592,845</u>	<u>14,741,845</u>

13 PROPERTY AND EQUIPMENT

Capital work-in-progress

Property and equipment

13.1	1,659,567	1,491,445
13.2	13,443,350	11,081,857
	<u>15,102,917</u>	<u>12,573,302</u>

13.1 Capital work-in-progress

Advances to suppliers and contractors

Advance for acquiring properties and office premises

468,844	300,722
1,190,723	1,190,723
<u>1,659,567</u>	<u>1,491,445</u>

13.2 Property and Equipment

2024						
Freehold / Leasehold land	Freehold / Leasehold building	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total	
----- Rupees in '000 -----						
At January 1, 2024						
Cost / Revalued amount	2,873,500	4,513,597	4,657,339	5,556,497	175,148	17,776,081
Accumulated depreciation	-	(525,924)	(2,300,965)	(3,805,381)	(61,954)	(6,694,224)
Net book value	2,873,500	3,987,673	2,356,374	1,751,116	113,194	11,081,857
Year ended December 31, 2024						
Opening net book value	2,873,500	3,987,673	2,356,374	1,751,116	113,194	11,081,857
Additions	-	-	2,084,171	1,768,861	225,794	4,078,826
Disposals	-	-	(48,109)	(150,595)	(3,817)	(202,521)
Write offs	-	-	(93,172)	-	-	(93,172)
	-	-	(141,281)	(150,595)	(3,817)	(295,693)
Movement in Accumulated Depreciation						
Depreciation charge	-	(355,760)	(474,101)	(819,258)	(46,702)	(1,695,821)
Reversal of depreciation on disposal	-	-	40,600	149,924	3,817	194,341
Reversal of depreciation on write off	-	-	79,840	-	-	79,840
	-	(355,760)	(353,661)	(669,334)	(42,885)	(1,421,640)
Closing net book value	2,873,500	3,631,913	3,945,603	2,700,048	292,286	13,443,350
At December 31, 2024						
Cost / Revalued amount	2,873,500	4,513,597	6,600,229	7,174,763	397,125	21,559,214
Accumulated depreciation	-	(881,684)	(2,654,626)	(4,474,715)	(104,839)	(8,115,864)
Net book value	2,873,500	3,631,913	3,945,603	2,700,048	292,286	13,443,350
Depreciation rate (%)	-	2	10-20	15-25	20	

2023					
Freehold / Leasehold land	Freehold / Leasehold building	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total

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

At January 1, 2023

Cost / Revalued amount	3,564,900	4,584,573	3,696,762	4,293,626	110,526	16,250,387
Accumulated depreciation	-	(752,703)	(2,251,704)	(3,319,399)	(62,160)	(6,385,966)
Net book value	3,564,900	3,831,870	1,445,058	974,227	48,366	9,864,421

Year ended December 31, 2023

Opening net book value	3,564,900	3,831,870	1,445,058	974,227	48,366	9,864,421
Additions	-	-	1,308,130	1,293,214	90,124	2,691,468
Movement in surplus on assets revalued during the year	(90,897)	(17,653)	-	-	-	(108,550)
Deficit on revaluation recognized through profit and loss account - net	(195,503)	(3,609)	-	-	-	(199,112)

Disposals	(405,000)	(49,714)	(310,414)	(30,343)	(25,502)	(820,973)
Write offs	-	-	(37,139)	-	-	(37,139)
	(405,000)	(49,714)	(347,553)	(30,343)	(25,502)	(858,112)

Movement in Accumulated Depreciation

Depreciation charge	-	(180,749)	(312,254)	(516,061)	(25,166)	(1,034,230)
Reversal of depreciation on disposal	-	7,191	229,631	30,079	25,372	292,273
Reversal of accumulated depreciation on revaluation	-	400,337	-	-	-	400,337
Reversal of depreciation on write off	-	-	33,362	-	-	33,362
	-	226,779	(49,261)	(485,982)	206	(308,258)

Closing net book value	2,873,500	3,987,673	2,356,374	1,751,116	113,194	11,081,857
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At December 31, 2023

Cost / Revalued amount	2,873,500	4,513,597	4,657,339	5,556,497	175,148	17,776,081
Accumulated depreciation	-	(525,924)	(2,300,965)	(3,805,381)	(61,954)	(6,694,224)
Net book value	2,873,500	3,987,673	2,356,374	1,751,116	113,194	11,081,857
Depreciation rate (%)	-	2	10-20	15-25	20	

13.2.1 Details of property and equipment disposed-off

Details of disposal of fixed assets to the Chief Executive Officer or to a Director or to Executives, irrespective of the value, and to any other person having aggregate book value of more than Rs. 1 million and particulars of each asset, which has book value of Rs. 250,000 or above during the year are disclosed in 'Annexure II'.

13.3 Cost of fully depreciated properties and equipment that are still in the Bank's use, as at December 31, 2024, amounted to Rs.7,529.201 million (2023: Rs.4,016.360 million).

13.4 During the year ended December 31, 2023, the Bank's freehold land and buildings on leasehold land were revalued by Gandhara Consultants (Private) Limited and Sadruddin Associates (Private) Limited on the basis of their professional assessment of the present market value. As a result of revaluation the market value of freehold land and buildings on leasehold land were determined at Rs. 2,873.500 million and Rs. 4,078.179 million respectively. The revaluation resulted in surplus of Rs. 2,786.212 million over the book value of the respective properties.

Had there been no revaluation, the carrying amount of revalued assets at December 31, 2024 would have been as follows:

	Rupees in '000
Land	2,639,311
Building	1,815,754
	<u>4,455,065</u>

14	RIGHT-OF-USE ASSETS	Note	2024			2023		
			Buildings	Others	Total	Buildings	Others	Total
-----Rupees in '000-----								
At January 1,								
	Cost		7,693,776	-	7,693,776	6,129,251	-	6,129,251
	Accumulated Depreciation		(4,127,509)	-	(4,127,509)	(3,231,869)	-	(3,231,869)
	Net Carrying amount as at January 1,		3,566,267	-	3,566,267	2,897,382	-	2,897,382
	Additions during the year		2,336,666	-	2,336,666	1,564,525	-	1,564,525
	Deletions during the year		(264,984)	-	(264,984)	-	-	-
	Depreciation charge for the year	32	(1,323,414)	-	(1,323,414)	(895,640)	-	(895,640)
	Net Carrying amount as at December 31,		4,314,535	-	4,314,535	3,566,267	-	3,566,267

15	INTANGIBLE ASSETS	2024				
		Computer software	Core deposits	Membership and Subscription	Goodwill (note 15.2)	Total
-----Rupees in '000-----						
At January 1						
	Cost	1,412,629	40,600	46,024	2,944,297	4,443,550
	Accumulated amortization and impairment	(796,428)	(20,010)	(7,627)	-	(824,065)
	Net book value	616,201	20,590	38,397	2,944,297	3,619,485
For the year						
	Opening net book value	616,201	20,590	38,397	2,944,297	3,619,485
	Additions:					
	- directly purchased	689,677	-	33,600	-	723,277
	Disposals	-	-	(22,800)	-	(22,800)
	Amortization charge	(260,625)	(2,245)	(12,157)	-	(275,027)
	Amortization on Disposal	-	-	5,226	-	5,226
	Closing net book value	1,045,253	18,345	42,266	2,944,297	4,050,161
At December 31						
	Cost	2,102,306	40,600	56,824	2,944,297	5,144,027
	Accumulated amortization and impairment	(1,057,053)	(22,255)	(14,558)	-	(1,093,866)
	Net book value	1,045,253	18,345	42,266	2,944,297	4,050,161
	Rate of amortization (percentage)	20	6	10	-	
	Useful life (years)	5	17	10	-	

2023						
	Computer software	Core deposits	Membership and Subscription	Goodwill (Note 15.2)	Total	
-----Rupees in '000-----						
At January 1						
	Cost	930,633	40,600	26,375	2,944,297	3,941,905
	Accumulated amortization and impairment	(659,005)	(17,765)	(3,566)	-	(680,336)
	Net book value	271,628	22,835	22,809	2,944,297	3,261,569
For the year						
	Opening net book value	271,628	22,835	22,809	2,944,297	3,261,569
	Additions:					
	- directly purchased	481,996	-	19,649	-	501,645
	Amortization charge	(137,423)	(2,245)	(4,061)	-	(143,729)
	Closing net book value	616,201	20,590	38,397	2,944,297	3,619,485
At December 31						
	Cost	1,412,629	40,600	46,024	2,944,297	4,443,550
	Accumulated amortization and impairment	(796,428)	(20,010)	(7,627)	-	(824,065)
	Net book value	616,201	20,590	38,397	2,944,297	3,619,485
	Rate of amortization (percentage)	20	6	10	-	
	Useful life (years)	5	17	10	-	

15.1 The cost of fully amortized intangible assets that are still in the Bank's use, as at December 31, 2024 amounted to Rs.595.519 million (2023: Rs.530.911 million)

15.2 This represents goodwill recognized upon acquisition of defunct KASB Bank Limited Undertakings based on fair values of assets and liabilities. The Bank carried out Goodwill impairment testing as at December 31, 2024.

Key assumptions used in value in use calculation

The recoverable amount of Goodwill has been determined based on value in use calculation, using cash flow projections based on financial projections approved by the management of the Bank covering a five year period. The discount rates applied to cash flows beyond five years are extrapolated using a terminal growth rate. The following rates are used by the Bank.

	%
Discount rate	15.82
Terminal growth rate	5.00

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

a) Profit margins

Profit margins are based on prevailing industry trends and anticipated market conditions.

b) Discount rates

Discount rates reflect management estimates of the rate of return required for each business and are calculated after taking into account the prevailing risk free rate, industry risk and business risk. Discount rates are calculated by using cost of equity of the Bank.

c) Key business assumptions

The assumptions are important as they represent management assessment of how the Bank's financial position might change over the projected period. Based on the expansion plans, management expects aggressive growth in financing, investments and deposits during the projected periods and thereafter stabilization in line with industry trends.

Management believes that any significant change in key assumptions, on which Goodwill's recoverable amount is based, may impact the carrying amount to further exceed its recoverable amount. Value in use calculation of Goodwill are sensitive to changes in assumptions for profit rate spreads, Non-Funded Income (NFI), long term growth rates and discount rates.

d) Sensitivity to changes in assumption

The estimated recoverable amount of Goodwill exceeds its carrying amount by approximately Rs. 11,032.794 million. Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

Changes required individually for the carrying amount to equal recoverable amount

	%
Discount rate	5.18
Terminal growth rate	(11.79)

15.3 The amount of goodwill that will be deductible for taxable purposes is Rs. 5,896.832 million. The difference represents the fair value benefit of the financial assistance granted by the State Bank of Pakistan.

16 DEFERRED TAX (LIABILITIES) / ASSETS

Note	2024					
	At January 01, 2024	Impact of adoption of IFRS 9	At January 01, 2024 (Revised)	Recognized in P&L	Recognized in OCI	At December 31, 2024
----- Rupees in 000 -----						
Deductible Temporary Differences on:						
Credit loss allowance against investments	161,754	69	161,823	9,836	-	171,659
Credit loss allowance against non-performing Islamic financing and related assets and advances	5,516,884	348,197	5,865,081	(558,919)	-	5,306,162
Modification and Fair value adjustments	-	(50,633)	(50,633)	68,321	-	17,688
Other credit loss allowance	-	6,109	6,109	787,994	-	794,103
Ijarrah financing and related assets	18,802	-	18,802	24,996	-	43,798
Others	-	-	-	493,872	(3,049)	490,823
	<u>5,697,440</u>	<u>303,742</u>	<u>6,001,182</u>	<u>826,100</u>	<u>(3,049)</u>	<u>6,824,233</u>
Taxable Temporary Differences on:						
Fair value adjustments relating to net assets acquired upon amalgamation	(337,060)	-	(337,060)	106,521	-	(230,539)
Surplus on revaluation of FVOCI Investment	(3,080,546)	180,600	(2,899,946)	-	(3,435,992)	(6,335,938)
Surplus on revaluation of FVTPL Investment	-	(180,600)	(180,600)	152,341	-	(28,259)
Surplus on revaluation of property and equipment	(1,365,244)	-	(1,365,244)	134,021	188,602	(1,042,621)
Surplus on revaluation of non-banking assets	(33,473)	-	(33,473)	143	15,478	(17,852)
Accelerated tax depreciation	(553,466)	-	(553,466)	(472)	-	(553,938)
Others	(92,117)	-	(92,117)	92,117	-	-
	<u>(5,461,906)</u>	<u>-</u>	<u>(5,461,906)</u>	<u>484,671</u>	<u>(3,231,912)</u>	<u>(8,209,147)</u>
	<u>235,534</u>	<u>303,742</u>	<u>539,276</u>	<u>1,310,771</u>	<u>(3,234,961)</u>	<u>(1,384,914)</u>

Note	2023			
	At January 01, 2023	Recognized in P&L	Recognized in OCI	At December 31, 2023
----- Rupees in 000 -----				
Deductible Temporary Differences on:				
Accumulated tax losses	863,212	(863,212)	-	-
Tax credit against minimum tax	-	-	-	-
Provision for diminution in the value of investments	220,328	(58,574)	-	161,754
Provision against non-performing Islamic financing and related assets and advances	4,650,741	866,143	-	5,516,884
Ijarrah financing and related assets	53,009	(34,207)	-	18,802
	<u>5,787,290</u>	<u>(89,850)</u>	<u>-</u>	<u>5,697,440</u>
Taxable Temporary Differences on:				
Fair value adjustments relating to net assets acquired upon amalgamation	(351,206)	14,146	-	(337,060)
Surplus on revaluation of investment	(853,404)	-	(2,227,142)	(3,080,546)
Surplus on revaluation of property and equipment	(1,206,906)	152,612	(310,950)	(1,365,244)
Surplus on revaluation of non-banking assets	(28,712)	159	(4,920)	(33,473)
Accelerated tax depreciation	146,333	(699,799)	-	(553,466)
Others	(154,590)	30,327	32,146	(92,117)
	<u>(2,448,485)</u>	<u>(502,555)</u>	<u>(2,510,866)</u>	<u>(5,461,906)</u>
	<u>3,338,805</u>	<u>(592,405)</u>	<u>(2,510,866)</u>	<u>235,534</u>

17 OTHER ASSETS	Note	2024	2023
		----- Rupees in '000-----	
Profit / return accrued in local currency		17,627,108	22,877,808
Profit / return accrued in foreign currency		31,482	8,205
Advances, deposits, advance rent and other prepayments		1,349,803	2,637,121
Prepaid staff cost		3,045,731	-
Non-banking assets acquired in satisfaction of claims	17.1	1,450,462	1,452,789
Takaful claim receivable		35,305	22,570
Receivable against takaful and registration charges		251,519	310,102
Receivable against First WAPDA Sukuk	17.2	50,000	50,000
Acceptances		1,648,773	3,966,916
Unrealized gain on Shariah compliant alternative of forward foreign exchange contracts		43,305	-
Clearing and settlement accounts		1,189,680	-
Others		1,206,804	957,467
		<u>27,929,972</u>	<u>32,282,978</u>
Less: Credit loss allowance held against other assets	17.3	<u>(1,037,978)</u>	<u>(921,326)</u>
Other Assets - net of credit loss allowance		<u>26,891,994</u>	<u>31,361,652</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	25	<u>69,958</u>	<u>68,313</u>
Other assets - total		<u>26,961,952</u>	<u>31,429,965</u>
17.1 Market value of non-banking assets acquired in satisfaction of claims		<u>1,214,658</u>	<u>1,215,340</u>

The properties of the Bank have been revalued by independent professional valuers as at December 31, 2024. The revaluation was carried out by Gandhara Consultants (Private) Limited, Harvester Services (Private) Limited and Sadruddin Associates (Private) Limited on the basis of professional assessment of present market values which resulted in an increase in surplus by Rs. 1.910 million.

Impairment against non-banking assets acquired in satisfaction of claims amounting to Rs. 305.762 million (2023: Rs. 305.762 million) is included in provision held against other assets.

17.1.1 Non-banking assets acquired in satisfaction of claims	Note	2024	2023
		----- Rupees in '000-----	
Opening Balance		1,215,340	1,216,101
Revaluation	25.2	1,910	1,868
Depreciation	32	(2,327)	(2,302)
Incremental Depreciation	25.2	(265)	(327)
Closing Balance		<u>1,214,658</u>	<u>1,215,340</u>

17.2 The Bank had purchased 10,000 certificates on June 25, 2009 of first WAPDA Sukuk through a negotiated transaction for a cash consideration of Rs. 50.228 million having face value of Rs. 50 million. These certificates were available in the seller's Central Depository Company (CDC) account and on completion of the transaction were transferred to the Bank's CDC account. However, the periodic Ijarah Rental dues were not paid to the Bank on the plea that there exists certain discrepancy with respect to ownership of the asset. The amount has been shown under "other assets" as the certificates were matured in 2012 as per the terms of the Sukuk issue. The Bank has not recognized any provision in respect of the above amount as it is fully secured through a lien over a deposit account.

	Note	2024	2023
		----- Rupees in '000-----	
17.3 Credit loss allowance held against other assets			
Advances, deposits, advance rent & other prepayments		50,842	54,371
Non banking assets acquired in satisfaction of claims		305,762	305,762
Others		681,374	561,193
17.3.1		<u>1,037,978</u>	<u>921,326</u>
17.3.1 Movement in Credit loss allowance held against other assets			
Opening balance		921,326	764,955
Impact of adoption of IFRS 9		10,064	-
Charge for the year		174,755	156,571
Reversals during the year		(67,667)	(200)
		107,088	156,371
Amount written off		(500)	-
Closing balance		<u>1,037,978</u>	<u>921,326</u>
18 BILLS PAYABLE			
In Pakistan		13,773,529	5,125,177
Outside Pakistan		-	-
		<u>13,773,529</u>	<u>5,125,177</u>
19 DUE TO FINANCIAL INSTITUTIONS			
Secured			
Due to State Bank of Pakistan			
Acceptances from SBP under Mudaraba	19.1	21,096,917	30,694,154
Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)	19.2	6,914,923	7,746,700
Islamic Export Finance Scheme - Rupee based discounting	19.3	5,210,889	4,600,946
Acceptances for financial assistance	19.4	4,827,290	4,413,497
Acceptances under Islamic Export Refinance Scheme	19.5	1,053,000	3,554,100
Islamic Long-Term Financing Facility	19.2	902,471	957,745
Islamic refinance scheme for Renewable Energy	19.2	555,900	639,712
Islamic refinance scheme for combating COVID (IRFCC)	19.2	116,667	80,374
Islamic Refinance Scheme for Modernization of SMEs	19.2	63,186	60,271
Islamic refinance scheme for Facility of Storage of Agricultural Produce (IFFSAP)	19.2	76,784	43,264
Islamic Credit Guarantee Scheme for Women Entrepreneur	19.2	111,757	14,166
		40,929,784	52,804,929
Musharakah Acceptance	19.7	33,085,000	2,500,000
Refinance facility for Islamic Mortgage	19.6	3,340,466	3,354,127
Total secured		<u>77,355,250</u>	<u>58,659,056</u>
Unsecured			
Wakalah Acceptance	19.7	-	2,000,000
Musharakah Acceptance	19.7	11,350,000	-
Overdrawn nostro accounts		584,854	-
Others		16,000	-
Total unsecured		<u>11,950,854</u>	<u>2,000,000</u>
Fair value adjustment		(1,643,943)	-
		<u>87,662,161</u>	<u>60,659,056</u>

- 19.1** This represents acceptance of funds by the Bank on Mudarabah basis which has been invested in special pools of the Bank and are secured against lien of the Bank's investment in Federal Government securities. The expected average return is 13.12% (2023: 22.14%) per annum.
- 19.2** These acceptances are on profit and loss sharing basis which have been invested in general pool of the Bank and are secured against demand promissory notes executed in favor of State Bank of Pakistan (SBP).
- 19.3** These acceptances are on a profit and loss sharing basis and are secured against demand promissory notes executed in favor of SBP. A limit of Rs. 5,234 million (2023: Rs. 5,234 million) was allocated to the Bank by the SBP under Islamic Export Refinance Scheme - Rupee Based Discounting for the financial year ended December 31, 2024.
- 19.4** This represents Amortised cost of a 10 year financing facility of Rs. 5,000 million extended by SBP. The facility is secured against Federal Government securities. The 10 year facility was provided on the basis of Mudarabah to be remunerated at profit sharing ratio declared by the Bank on its remunerative current accounts on monthly basis. Accordingly, the profit amortization rate applied by the Bank in this respect is 0.01% per annum.
- 19.5** These acceptances are on a profit and loss sharing basis and are secured against demand promissory notes executed in favor of SBP. A limit of Rs. 3,952 million (2023: Rs. 3,952 million) was allocated to the Bank by the SBP under Islamic Export Refinance Scheme for the financial year ended December 31, 2024.
- 19.6** The agreements are on a profit and loss sharing basis and are secured against housing finance portfolio. The profit rate on these agreements is ranging from 8.50% to 13.97% (2023: 8.5% to 13.97%) per annum.
- 19.7** The expected profit rate on this agreement is 12.50% to 13.25% (2023: 21.25% to 21.75%) per annum and has maturity of 1 to 15 Days (2023: 4 to 14 Days).

19.8 Particulars of due to financial institutions with respect to currencies	2024	2023
	----- Rupees in '000-----	
In local currency	87,077,307	60,659,056
In foreign currencies	584,854	-
	<u>87,662,161</u>	<u>60,659,056</u>

20 DEPOSITS AND OTHER ACCOUNTS

	2024			2023		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- Rupees in '000 -----					
Customers						
Current deposits	198,501,518	8,639,600	207,141,118	173,239,773	7,973,255	181,213,028
Savings deposits	147,266,628	3,746,306	151,012,934	119,740,262	3,796,970	123,537,232
Term deposits	175,856,996	15,345,465	191,202,461	188,301,494	8,389,258	196,690,752
Margin deposits	5,204,744	94,990	5,299,734	12,948,577	111,218	13,059,795
	526,829,886	27,826,361	554,656,247	494,230,106	20,270,701	514,500,807
Financial Institutions						
Current deposits	410,164	13,779	423,943	713,949	11,551	725,500
Savings deposits	3,461,154	-	3,461,154	6,415,172	-	6,415,172
Term deposits	636,442	-	636,442	899,300	-	899,300
Margin deposits	146	-	146	146	-	146
	4,507,906	13,779	4,521,685	8,028,567	11,551	8,040,118
	<u>531,337,792</u>	<u>27,840,140</u>	<u>559,177,932</u>	<u>502,258,673</u>	<u>20,282,252</u>	<u>522,540,925</u>

	2024	2023
	-----Rupees in '000-----	
20.1 Composition of deposits		
Individuals	172,157,317	142,269,639
Government (Federal and Provincial)	14,540,561	21,971,971
Public Sector Entities	13,229,983	17,458,559
Banking Companies	4,910	419,613
Non-Banking Financial Institutions	4,516,775	7,620,505
Private Sector	<u>354,728,386</u>	<u>332,800,638</u>
	<u>559,177,932</u>	<u>522,540,925</u>

20.2 Total deposits includes eligible deposits under deposit protection mechanism amounting to Rs. 232,123.358 million (2023: Rs.204,351.129 million).

	Note	2024	2023
		-----Rupees in '000-----	
Outstanding amount at the start of the year		4,252,295	3,559,675
Additions during the year		2,336,666	1,564,525
Lease payments including profit		(2,555,969)	(1,797,604)
Finance charges on leased assets		806,755	925,699
Outstanding amount at the end of the year	21.1	<u>4,839,747</u>	<u>4,252,295</u>

21.1 Contractual maturity of lease liabilities

Not later than one year	344,239	37,720
Long-term lease liabilities		
- 1 to 5 years	4,495,508	825,956
- 5 to 10 years	-	3,388,619
- More than 10 years	-	-
	<u>4,495,508</u>	<u>4,214,575</u>
Total at the year end	<u>4,839,747</u>	<u>4,252,295</u>

22 SUBORDINATED SUKUK

ADT-1 Sukuk Issue I	22.1.1	2,000,000	2,000,000
ADT-1 Sukuk Issue II	22.1.2	1,000,000	850,000
		<u>3,000,000</u>	<u>2,850,000</u>

22.1 The Bank has issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of sukuk under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I (ADT-1) Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013.

22.1.1 Salient features of the ADT-1 sukuk issue I are as follows:

Issued Amount	Rs. 2,000 million.
Issue Date	April 21, 2020
Tenor	Perpetual (i.e. no fixed or final redemption date)
Instrument Rating	PACRA has rated this Sukuk at 'A'
Security	Unsecured
Profit payment frequency	Profit shall be payable monthly in arrears, on a non-cumulative basis
Expected Profit Rate	The Sukuk carries a profit at the rate of 3 Months KIBOR + 2.75%. The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank inline with SBP's guidelines of pool management.
Call option	The Bank may, at its sole discretion, call the Sukuks, at any time after five years from the Issue Date subject to the prior approval of the SBP.
Lock-in clause	In the event where payment of profit results in breach of regulatory MCR/CAR requirements or SBP determines a bar on profit distribution, the monthly profit weightage of the Sukuk holders will be reduced to a minimum level e.g. 0.005, till the month in which such condition is withdrawn by SBP.
Loss absorbency clause	The Sukuks shall, at the discretion of the SBP, be permanently converted into ordinary shares pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel-III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013.

22.1.2 Salient features of the ADT-1 sukuk issue II are as follows:

Issued Amount	Rs. 1,000 million.
Issue Date	February 21, 2024
Tenor	Perpetual (i.e. no fixed or final redemption date)
Instrument Rating	PACRA has rated this Sukuk at 'A'
Security	Unsecured
Profit payment frequency	Profit shall be payable monthly in arrears, on a non-cumulative basis
Expected Profit Rate	The Sukuk carries a profit at the rate of 1 Month KIBOR + 2.5%. The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank inline with SBP's guidelines of pool management.
Call option	The Bank may, at its sole discretion, call the Sukuks, at any time after five years from the Issue Date subject to the prior approval of the SBP.
Lock-in clause	In the event where payment of profit results in breach of regulatory MCR/CAR requirements or SBP determines a bar on profit distribution, the monthly profit weightage of the Sukuk holders will be reduced to a minimum level e.g. 0.005, till the month in which such condition is withdrawn by SBP.
Loss absorbency clause	The Sukuks shall, at the discretion of the SBP, be permanently converted into ordinary shares pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel-III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013.

23 OTHER LIABILITIES

	Note	2024	2023
		-----Rupees in '000-----	
Profit / return payable in local currency		7,269,082	8,137,173
Profit / return payable in foreign currencies		297,238	271,448
Accrued expenses		3,019,169	2,077,161
Deferred Murabahah Income Financing, IERS and Others		643,923	1,111,958
Payable to defined benefit plan		4,677	4,677
Payable to defined contribution plan		54,371	40,121
Defined benefit plan liabilities	40.4	525,474	428,941
Security deposits against Ijarah		462,136	421,586
Credit loss allowance against off-balance sheet obligations	23.1	378,109	85,975
Acceptances		1,648,773	3,966,916
Current taxation (provisions less payments)		1,512,189	2,281,081
Withholding taxes payable		322,562	327,185
Unrealized loss on Shariah compliant alternative of forward foreign exchange contracts		-	313,494
Sundry creditors		903,578	1,595,515
Payable to brokers against purchase of shares - net		82,786	536
Charity payable	23.2	95,696	29,550
Retention money payable		83,990	63,047
Provision for Workers' Welfare Fund	23.3	1,289,902	768,887
Dividend Payable		33,979	201,599
Clearing and settlement accounts		-	40,087
Others		1,058,832	805,588
		<u>19,686,466</u>	<u>22,972,525</u>

23.1 Credit loss allowance against off-balance sheet obligations

Opening balance		85,975	85,975
Impact on adoption of IFRS 9		130,338	
Charge for the year		161,796	-
Reversals		-	-
		161,796	-
Amount written off		-	-
Closing balance	23.1.1	<u>378,109</u>	<u>85,975</u>

23.1.1 This includes overdue non-funded facilities that could not be transferred to funded due to litigation

23.2 Charity payable

Opening balance		29,550	7,440
Additions during the year			
- Received from customers on account of delayed payment		61,262	48,082
- Shariah non-compliant income		38,258	6,042
- Dividend purification		146	80
- Profit on charity saving account		3,180	240
		102,846	54,444
Distribution of charity			
- Education		(14,000)	(7,835)
- Community development		(13,000)	(13,423)
- Health		(9,700)	(5,276)
- Islamic microfinance program		-	(5,800)
	23.2.1	<u>(36,700)</u>	<u>(32,334)</u>
Closing balance		<u>95,696</u>	<u>29,550</u>

23.2.1 Charity was paid to the following:

	2024	2023
	-----Rupees in '000-----	
Saylani Welfare International Trust	8,000	1,000
Dawat E Islami Trust	7,000	-
IDA RIEU Welfare Association	5,000	300
Indus Hospital & Health Network	5,000	976
SHED Foundation	3,700	-
Friend Welfare Trust	2,000	-
Rashid Memorial Welfare Organisation	2,000	-
Bait us Salam Welfare Trust	1,000	800
Sir Syed College of Medical Sciences Trust	1,000	-
Path Educational Society	1,000	-
Saleem Memorial Trust Hospital	1,000	-
Akhuwat Foundation	-	5,800
Bholari Tent City	-	4,773
Descon Technical Institute	-	3,585
Memon Industrial & Technical	-	2,000
The Citizens Foundation	-	1,700
The Hunar Foundation	-	1,250
Karachi School of Business & Leadership	-	1,000
Bait us Salam Welfare Trust	-	1,000
Alamgir Welfare Trust International	-	800
Ismail Welfare Hospital	-	700
Transformation International Society	-	600
The Patients Behbud Society for AKUH	-	600
Hum Mashal-E-Rah Foundation	-	500
Aziz Tabba Foundation	-	500
Aitmaad Trust	-	500
Tameer-I-Nau Trust Balochistan	-	400
Rehnuma Public School	-	400
Layton Rahmatullah Benevolent Fund	-	400
Sahil Welfare Association	-	350
Transformation International Society	-	300
The Health Foundation	-	300
Karwan E Hayat	-	300
Al Mustafa Trust	-	300
Trust Jamiat Talim-UI-Quran	-	250
Society for Advancement of Health, Education & Environment	-	250
Cancer Care Hospital	-	250
Afzaal Memorial Thalassemia Foundation	-	250
Autism Care & Rehabilitation Organization	-	200
	36,700	32,334

23.2.2 Charity was not paid to any staff of the Bank or to any individual / organization in which a director or his spouse had any interest at any time during the year.

23.3 The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by Federal Government by Finance Act, 2008 for the levy of Workers Welfare Fund (WWF) on banks were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending. A legal advice was obtained by the Pakistan Banking Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive until the review petition is decided. Accordingly, the Bank has not reversed the Workers Welfare Fund (WWF) provided in the earlier audited financial statements.

24 SHARE CAPITAL - NET

24.1 Authorized capital

2024	2023		2024	2023
----- Number of Shares -----			-----Rupees in '000-----	
<u>1,500,000,000</u>	<u>1,500,000,000</u>	Ordinary shares of Rs.10 each	<u>15,000,000</u>	<u>15,000,000</u>

24.2 Issued, subscribed and paid up capital

2024	2023			
----- Number of Shares -----				
1,108,703,299	1,108,703,299	Ordinary shares of Rs. 10 each	11,087,033	11,087,033
-	-	Fully paid in cash	-	-
-	-	Issued during the year right issue	(79,042)	(79,042)
<u>1,108,703,299</u>	<u>1,108,703,299</u>	Less: Discount on issue of shares	<u>11,007,991</u>	<u>11,007,991</u>

24.3 RESERVES

Statutory Reserves	<u>7,166,819</u>	<u>4,800,111</u>
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Under section 21 of the Banking Companies Ordinance, 1962 an amount of not less than 20% of the profit is to be transferred to create a reserve fund till such time the reserve fund and the share premium account equals the amount of the paid up capital. Thereafter, an amount of not less than 10% of the profit is required to be transferred to such reserve fund.

25 SURPLUS ON REVALUATION OF ASSETS

Surplus on revaluation of:

- Securities measured at FVOCI / AFS - Debt
- Securities measured at FVOCI / AFS - Equity
- Property and equipment
- Non-banking assets acquired in satisfaction of claims

Note	2024	2023
	-----Rupees in '000-----	
11.1	12,156,499	5,939,520
11.1	27,998	347,308
	2,538,025	2,786,212
17	69,958	68,313
	14,792,480	9,141,353

Deferred tax liability on surplus on revaluation of:

- Securities measured at FVOCI / AFS - Debt
- Securities measured at FVOCI / AFS - Equity
- Property and equipment
- Non-banking assets acquired in satisfaction of claims

16	(6,321,379)	(2,910,365)
16	(14,559)	(170,181)
16	(1,042,621)	(1,365,244)
16	(17,852)	(33,473)
	(7,396,411)	(4,479,263)
	<u>7,396,069</u>	<u>4,662,090</u>

	Note	2024	2023
		-----Rupees in '000-----	
25.1 Surplus on revaluation of property and equipment			
Surplus on revaluation of property and equipment as at January 01		2,786,212	2,805,877
Recognized during the year		-	291,787
Realised on disposal during the year - net of deferred tax		-	(32,058)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(114,166)	(126,782)
Related deferred tax liability in respect of incremental depreciation		(134,021)	(121,811)
Related deferred tax liability on surplus realized on disposal		-	(30,801)
Surplus on revaluation of property and equipment as at December 31		2,538,025	2,786,212
Less: related deferred tax liability on:			
- revaluation as at January 01		(1,365,244)	(1,206,906)
- revaluation recognised during the year		-	(142,976)
- deferred tax liability derecognized		277,152	-
- surplus realised on disposal during the year		-	30,801
- impact of change in tax rate		(88,550)	(167,974)
- incremental depreciation charged during the year		134,021	121,811
		(1,042,621)	(1,365,244)
		1,495,404	1,420,968
25.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January 01		68,313	66,772
Recognised during the year		1,910	1,868
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(122)	(168)
Related deferred tax liability on incremental depreciation charged during the year		(143)	(159)
Related deferred tax liability on surplus realised on disposal		-	-
Surplus on revaluation as at December 31		69,958	68,313
Less: related deferred tax liability on:			
- revaluation as at January 1		(33,473)	(28,712)
- revaluation recognised during the year		(1,031)	(915)
- deferred tax liability derecognized		18,505	-
- impact of change in tax rate		(1,996)	(4,005)
- incremental depreciation charged during the year		143	159
		(17,852)	(33,473)
		52,106	34,840
26 CONTINGENCIES AND COMMITMENTS			
- Guarantees	26.1	16,183,014	5,375,308
- Commitments	26.2	479,256,656	251,509,280
- Other contingent liabilities	26.3	720,593	720,593
		496,160,263	257,605,181
26.1 Guarantees:			
Performance guarantees		10,122,636	4,086,053
Other guarantees		6,060,378	1,289,255
		16,183,014	5,375,308

	Note	2024	2023
		-----Rupees in '000-----	
26.2 Commitments:			
Documentary credits and short-term trade-related transactions:			
- letters of credit		23,754,604	24,399,492
Commitments in respect of:			
- Shariah compliant alternative of forward foreign exchange contracts	26.2.1	174,461,152	100,971,691
Commitments for acquisition of:			
- property and equipment		708,427	1,105,974
- intangible assets		78,609	65,782
Other commitments			
- commitments in respect of financing	26.2.2	280,253,864	124,966,341
		<u>479,256,656</u>	<u>251,509,280</u>

26.2.1 Commitments in respect of Shariah compliant alternative of forward foreign exchange transactions

Purchase		96,427,628	54,353,067
Sale		78,033,524	46,618,624
		<u>174,461,152</u>	<u>100,971,691</u>

26.2.2 The Bank makes commitments to extend shariah compliant Islamic financing (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

26.3 Other contingent liabilities

	Note	2024	2023
		-----Rupees in '000-----	
Suit filed for recovery of alleged losses suffered, pending in the High Court, which the Bank has not acknowledged as debt	26.3.1	1,804	1,804
Tax Contingencies	26.3.2	718,789	718,789
		<u>720,593</u>	<u>720,593</u>

26.3.1 Suit filed for recovery of alleged losses suffered, pending in the High Court, which the Bank has not acknowledged as debt.

26.3.1.1 These are court cases, which represent counter claims filed by the borrowers, for restricting the Bank for disposal of the financed assets, (such as mortgaged / leased / pledged assets, kept as security), as well as, the cases where the Bank is pleaded as proforma defendant for defending its interest.

26.3.1.2 There are two cases filed against the Bank by KASB Corporation Limited. One case is filed at Honorable Sindh High Court and the other is filed at Honorable Islamabad High Court. KASB Corporation Limited claims of having placed Rs. 981.410 million with Ex-KASB Bank, as Advance against Issue of Right Shares. The amount was reported by the Ex-KASB Bank as part of the shareholders equity in the unconsolidated financial statements with the permission of SBP. These cases are still pending adjudication. The management based on the opinion of its legal counsel is confident that the cases will be dismissed by the Honorable Courts therefore, the Bank has not acknowledged that as a debt.

26.3.2 Tax Contingencies

- 26.3.2.1** The income tax returns of the Bank have been filed up to tax year 2023 and 2024 whereas the tax assessments have been made by the tax authorities. The Bank has paid the demand under protest for these years, however appeals before ATIR have been preferred for these years and are pending adjudication.
- 26.3.2.2** During the year 2014 (relating to defunct KASB Bank Limited), appellate order passed by the Commissioner Inland Revenue Authority (CIRA) [in respect of Income tax assessments of International Housing Finance Limited, amalgamated into the defunct KASB Bank Limited during the year ended 31 December 2007] for tax year 2005 maintained the order of the Taxation Officer to the extent of disallowances relating to income from carry over transactions and gain on sale of property having an aggregate tax impact of Rs. 12.997 million. The defunct KASB Bank Limited has preferred appeals before the Appellate Tribunal Inland Revenue (ATIR) for tax year 2005 which are pending finalization.
- 26.3.2.3** For tax years 2003 (relating to defunct KASB Bank Limited), the CIRA has passed appellate orders on account of certain disallowances in respect of income from carry over transactions, provision against non performing advances, bad debts and certain other items having an aggregate tax impact of Rs. 33.748 million. The defunct KASB Bank Limited had preferred an appeal before the ATIR against the above referred orders of the CIRA where ATIR has decided the case in favour of the Bank. Therefore no demand is payable in this case.
- 26.3.2.4** For tax years 2010 (relating to defunct KASB Bank Limited), the ACIR had passed an order under section 122 creating as demand of Rs. 51.636 million the order was subsequently upheld by the CIRA. The defunct KASB Bank Limited had preferred an appeal before the ATIR against the above referred order of the CIRA where ATIR has decided the case in favour of the Bank. Therefore no demand is payable in this case.
- 26.3.2.5** In respect of various tax periods for the Bank and defunct KASB Bank, Sindh Revenue Board (SRB) has passed various orders and raised demand totaling to Rs. 102.199 million in relation to levy of Sindh sales tax on certain services. The Bank has filed appeals before Commissioner Appeal, SRB which are pending adjudication. Furthermore, the Bank is contesting the issuance of certain showcause notices issued by SRB for the period covering from January 2012 till December 2013 before the Honorable Supreme Court of Pakistan based on the ground that these notices are time barred. The subject matter is also pending adjudication.
- 26.3.2.6** In respect of Tax Year 2019 and 2020, the ACIR under section 122(5A) of the Income Tax Ordinance, 2001 amended the return submitted by the Bank by adding / disallowing certain expenses thereby creating a Tax demand of Rs. 1.247 billion. The Bank filed appeal against the orders before Commissioner Appeal. The Commissioner Appeal while passing order for Tax Year 2019 and Tax Year 2020 has remanded back / deleted significant amount of disallowances and confirmed disallowance amounting to Rs. 191.420 million. The Bank has filed appeal against the confirmed disallowances before the Appellate Tribunal (ATIR) where the matter is pending adjudication.
- 26.3.2.7** In respect of Tax Year 2022 the ACIR under section 122(5A) of the Income Tax Ordinance, 2001 amended the return submitted by the Bank by adding / disallowing certain expenses thereby creating a Tax demand of Rs. 522.794 million. The Bank has filed appeal against the orders before Commissioner Appeal which is pending adjudication.
- 26.3.2.8** In pursuance of SRO 1588(I)/2023 dated November 21, 2023 banking companies have been designated to be the 'sector' for the purpose of section 99D of the Income Tax Ordinance, 2001, for the tax years 2022 and 2023. Tax authorities issued a recovery notice to the Bank thereby creating a demand to the extent of Rs. 594 million. The Bank through its legal council has challenged the levy, and the High Court of Sindh, has decided the case against the Bank. However, the Islamabad High Court and Lahore High Court has suspended the operation of section 99D in other similar petitions. The Bank has decided to file petition against the said levy in the Supreme Court of Pakistan along with the stay application thereon. The management based on the legal advice, is confident that the bank's view is likely to prevail in the appeal, accordingly provision is not required in the financial statements.

26.3.2.9 The defunct KASB Bank has been in receipt of two notices pertaining to tax year 2006 and tax year 2008 from FBR where FBR demanded unpaid tax liabilities on profit on debt paid amounting Rs. 121.7 million and Rs. 308 million respectively in FY 2013. The Bank challenged the issuance of such notice in High Court of Sindh vide CP D-371 of 2013 where the case was decided on the grounds that the notice has been issued beyond the time limit and therefore stands void. FBR being aggrieved to such decision challenged it in the Supreme Court of Pakistan where the case was remanded back by the Court to the concerned Commissioner for starting denovo proceedings. Subsequently, the notice was re-issued in 2020 again by the department under denovo proceedings which was subsequently challenged before Commissioner Appeals and Appellate Tribunal where the latter remanded back the matter to the FBR. The FBR has re-issued notices in the subject case in October 2024 under denovo proceedings. The Bank in its best interest has submitted records in the subject case on the recommendation of the tax consultant and subsequently received orders against these proceedings for Rs. 6,138,408/- for tax year 2006 and Rs. 10,057,474/- for tax year 2008 on December 31, 2024.

26.3.2.10 BankIslami received income tax monitoring notices for the periods from tax year 2017 through tax year 2023, covering a total of seven tax years which were received since 2019. The notices required a reconciliation of tax on financial statement components comprising of administrative expenses, fixed assets and profit on debt paid with the taxes paid with FBR. The Bank has submitted the necessary records to FBR including reconciliation of such expenses with the taxes reported in FBR. Subsequently the Bank received showcause notices and orders for the tax years 2017 to Tax year 2021 for Rs. 70,429,491 inclusive of penalty and default surcharge. The Bank has preferred appeals before CIRA for tax year 2019 to tax year 2021.

26.3.2.11 The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters.

26.4 Contingent assets

There are no contingent assets of the Bank as at 31 December 2024 (2023: Nil)

27 PROFIT / RETURN EARNED	2024	2023
	-----Rupees in '000-----	
Profit earned on:		
Financing	40,726,407	42,171,450
Investments	67,140,277	46,330,900
Placements	4,445,197	4,061,120
Others	488,816	192,767
	<u>112,800,697</u>	<u>92,756,237</u>
27.1 Profit income (calculated using effective profit rate method) recognised on:		
Financial assets measured at amortised cost	5,611,941	
Financial assets measured at FVOCI	67,130,997	
	<u>72,742,938</u>	
Financial assets measured at FVPL	9,280	
Financial assets measured at cost	40,048,479	
	<u>40,057,759</u>	
28 PROFIT / RETURN EXPENSED		
Deposits	52,905,648	41,281,037
Due to financial institutions	10,866,353	8,912,421
Subordinated Sukuk	679,854	684,722
Cost of foreign currency swaps against foreign currency deposits	1,155,459	768,626
Finance charges on leased assets	806,755	925,699
	<u>66,414,069</u>	<u>52,572,505</u>
28.1 Profit expense calculated using effective profit rate method	12,352,962	10,522,842
Other financial liabilities	54,061,107	42,049,663
	<u>66,414,069</u>	<u>52,572,505</u>

29 FEE AND COMMISSION INCOME

Note 2024 2023
-----Rupees in '000-----

Card related fees	1,306,006	851,551
Commission on trade	447,768	494,991
Commission on arrangement with financial institutions	136,952	86,517
Investment banking fees	127,291	81,281
Commission on bancatakaful	53,157	61,728
Commission on guarantees	43,999	63,805
Consumer finance related fees	10,355	40,244
Branch banking customer fees	99,181	63,505
Commission on remittances including home remittances	51,157	40,127
Commission on cash management	27,405	22,322
Others	8,913	10,833
	<u>2,312,184</u>	<u>1,816,904</u>

30 GAIN ON SECURITIES - NET

Realized	30.1 646,545	272,015
Unrealized - Measured at FVPL	54,344	-
	<u>700,889</u>	<u>272,015</u>

30.1 Realized gain / (loss) on:

Shares	286,353	-
Federal Government Shariah Compliant Securities	342,656	275,243
Non-Government Shariah Compliant Securities	17,536	-
Modaraba certificates	-	(3,228)
	<u>646,545</u>	<u>272,015</u>

30.2 Net gain on financial assets / liabilities measured at FVPL:

Designated upon initial recognition	<u>54,344</u>	<u>-</u>
-------------------------------------	---------------	----------

31 OTHER INCOME

Recoveries against previously expensed items	17,836	11,061
Gain on termination of financing	100,897	183,718
Gain on sale of property and equipment	50,447	39,967
Rent on property	-	766
Others	1,668	4,307
	<u>170,848</u>	<u>239,819</u>

32 OPERATING EXPENSES

	Note	2024	2023
		-----Rupees in '000-----	
Total compensation expense	32.1	9,947,120	7,493,260
Property expense			
Rent & taxes		37,370	127,639
Takaful cost		5,417	1,214
Utilities cost		1,279,425	881,148
Security (including guards)		970,172	670,670
Repair & maintenance (including janitorial charges)		516,911	333,893
Depreciation	13.2	701,158	395,761
Depreciation on right-of-use assets	14	1,323,414	895,640
Others		-	859
		4,833,867	3,306,824
Information technology expenses			
Software maintenance		777,830	726,136
Hardware maintenance		262,196	219,400
Depreciation	13.2	482,605	331,849
Amortization	15	260,625	137,423
Network charges		422,395	304,220
		2,205,651	1,719,028
Other operating expenses			
Directors' fees and allowances		28,480	24,540
Fees and allowances to Shariah Board		33,276	26,273
Legal & professional charges		221,747	151,991
Travelling & conveyance		233,548	122,399
NIFT clearing charges		63,512	41,402
Depreciation	13.2	512,058	306,620
Depreciation on non-banking assets	17.1.1	2,327	2,302
Entertainment expense		216,168	103,725
Training & development		49,552	28,364
Postage & courier charges		81,957	70,678
Communication		371,311	287,451
Stationery & printing		433,981	450,375
Marketing, advertisement & publicity		443,908	228,850
Repairs and maintenance		305,188	213,318
Takaful, tracker and other charges on car Ijarah - net of income		3,557	22,728
Takaful / Insurance		500,802	365,166
Fee and subscription		676,460	488,423
Vehicle running and maintenance		580,845	496,701
Donations	32.2	186,469	-
Auditors' remuneration	32.3	34,437	29,368
Amortization	15	14,402	6,306
CDC and share registrar services		12,540	14,042
Brokerage and commission		26,212	36,329
Stamp duty, registration & verification charges		66,611	55,666
Others		73,086	67,527
		5,172,434	3,640,544
		22,159,072	16,159,656

	Note	2024	2023
		-----Rupees in '000-----	
32.1 Total compensation expense			
Managerial remuneration			
(i) Fixed		4,672,462	3,058,764
ii) Variable			
- Performance awards		40,594	22,497
- Cash bonus		736,969	1,290,000
Charge for defined benefit plan	40.8.1	305,706	210,989
Contribution to defined contribution plan	41	285,907	208,559
Rent & house maintenance		1,443,082	1,203,592
Utilities		320,679	267,857
Medical		431,139	274,603
Car maintenance		452,317	305,769
Conveyance		20,128	12,228
Fuel allowance		101,953	38,361
Sports & welfare		18,258	16,227
Staff takaful		197,637	125,072
Overtime allowance		-	479
Phone banking allowance		9,151	2,911
Sales commission		258,646	178,298
Contract staff cost		409,499	274,118
Amortization of prepaid staff cost		241,454	-
Others		1,539	2,936
Total		9,947,120	7,493,260
32.2 Details of donations			
Amount set aside for donation		186,469	-
		186,469	-
32.2.1 Donations were not made to any donee in which Directors or their spouse had any interest.			
		2024	2023
		-----Rupees in '000-----	
32.3 Auditors' remuneration			
Audit fee		11,896	10,347
Fee for the review of half yearly financial statements		3,324	2,890
Fee for other statutory certifications		3,946	3,431
Special certifications and sundry advisory services		12,171	9,523
Out-of-pocket expenses		3,100	3,177
		34,437	29,368
33 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		33,819	9,353

Note **2024** 2023
-----Rupees in '000-----

34 CREDIT LOSS ALLOWANCE / PROVISIONS AND WRITE OFFS - NET

Credit loss allowance against due from financial institutions (Reversal) / charge of credit loss allowance for diminution in value of investments		(3,260)	(3,240)
11.6.1 Credit loss allowance against Islamic financing, related assets and advances - net	11.6.1	(242,134)	1,207,289
12.16.4 Fair value loss recognized	12.16.4	1,178,377	4,828,147
Modification loss		1,488,388	-
Deficit on revaluation of property and equipment		34,015	-
Write-off of leased hold improvements		-	199,112
Credit loss allowance against balance with treasury and other banks		13,332	-
Credit loss allowance against off balance sheet items - net		(4,046)	-
Other credit loss allowance / (reversal) / write offs - net		167,994	-
		100,890	160,147
		2,733,556	6,391,455

35 TAXATION

Current		13,670,584	8,359,941
Prior years		1,336,347	525,952
Deferred		(1,310,771)	592,405
		13,696,160	9,478,298

35.1 Relationship between tax expense and accounting profit

Profit Before Tax		25,529,701	20,523,397
Tax on income @ 54% / 49%		13,786,039	10,056,465
Effect of change in Tax rate		(284,644)	(1,258,869)
Effect of permanent difference		100,803	4,583
Prior year charge		(1,336,347)	525,952
Deferred tax on disallowances		1,412,071	-
Additional charge		18,238	150,167
		(89,879)	(578,167)
Tax charge for the year		13,696,160	9,478,298

36 BASIC AND DILUTED EARNINGS PER SHARE

Profit after taxation for the period		11,833,541	11,045,099
			----- Number of shares -----
Weighted average number of ordinary shares		1,108,703,299	1,108,703,299
			----- Rupees -----
Basic and diluted EPS	36.1	10.6733	9.9622

36.1 There were no convertible / dilutive potential ordinary shares outstanding as at December 31, 2024 and December 31, 2023, therefore diluted earning per share has not been presented separately.

37 PROFIT / (LOSS) DISTRIBUTION TO DEPOSITORS POOL

The Bank maintained the following pools for profit declaration and distribution during the year ended December 31, 2024:

- (i) General Deposit Mudarabah Pool (PKR, USD, EUR & GBP)
- (ii) Musharakah Pool under SBP's Islamic Export Refinance Scheme
- (iii) Special Mudarabah Deposits Pool
- (iv) Treasury Pools
- (v) Other specific musharakah pool

The deposits and funds accepted under the General Deposit Mudarabah Pool is provided to different sectors of economy mainly to 'Textile and Allied', 'Energy', 'Fertilizer', 'Trading', 'Consumer Finance' and 'GOP backed Sukuks'.

Musharakah investments from the SBP under Islamic Export Refinance Scheme (IERS) are channeled towards the export sector of the economy via different Islamic financing modes such as Murabahah, Istisna etc.

Key features and risk & reward characteristics of all pools

The 'General Deposit Mudarabah Pool' for both local and foreign currency is to cater all depositors of the Bank and provide profit / loss based on actual returns earned by the pool. Depositors are Rabb-ul-Maal as they are the provider of capital while the Bank acts as Mudarib by investing these funds in business. Since there are more than one Rabb-ul-Maal (depositor), their mutual relationship is that of Musharakah. Profit is shared among Mudarabah partners (Bank and depositors) as per pre-agreed profit sharing ratio. Whereas, profit sharing among the depositors is based on pre-assigned weightages. Loss, if any, is borne by Rabb-ul-Maal as per the principles of Mudarabah.

The 'IERS Pool' caters to the 'Islamic Export Refinance Scheme' requirements based on the guidelines issued by the SBP. In this Scheme, SBP enters into a Musharakah arrangement with the Bank for onward financing to exporters and other blue chip companies on the basis of Shariah compliant modes such as Murabahah, Istisna, etc. Under the scheme, SBP is required to share in profit and loss of the Bank's IERS Musharakah pool. IERS pool consists of blue chip companies to whom the Bank has provided financing facilities on Shariah compliant modes including IERS facility. Profit is shared according to an agreed weightage and loss is shared according to the investment ratio.

The 'Special Mudarabah Deposits Pools' for local currency are created to attract and retain clients expecting specific returns. The funds received against these deposits are invested in various Shariah compliant assets.

The 'Treasury Pools' are managed on the basis of Musharakah and Wakalah, wherein the Bank and partner (Financial Institution) share actual return earned by the pool according to pre-defined profit sharing ratio in case of Musharakah, and desired rate of return for Wakalah.

The 'other specific musharakah pool' assets comprise of consumer housing finance portfolio, sukuk and the related liability of the pool comprises of musharakah acceptance from a financial institution. This pool is created to fund the housing finance portfolio.

The risk characteristic of each pool mainly depends on the asset and liability profile of each pool. The pool is exposed to following kinds of risks:

- 1 Asset Risk: The pool is exposed to Asset Risk which is the risk that is associated with Islamic mode of finance(s) applied / used under the transaction structure(s). The Bank has prepared detailed product manuals in order to identify and properly mitigate such risk. The Bank also analyses transaction structure of each customer to further ensure proper safeguard of depositors interest. The review is done by experienced team of professionals having considerable experience in the field of Islamic banking and finance. Nevertheless since Islamic banking is a nascent industry, we believe that the process of further improvement will continue as the business grows.
- 2 Credit Risk: Credit Risk is the risk which is associated with financing that is mitigated through safeguards through available standards within Shariah guidelines as disclosed in note 48.1 to the unconsolidated financial statements.

Parameters used for allocation of profit, charging expenses and provisions etc. along with a brief description of their major components:

Gross income (Revenue less cost of goods sold and after deduction of other direct expenses), generated from relevant assets is calculated at the end of the month. The income is shared between the Bank and the depositors as per agreed profit sharing ratio after deduction of commingled Bank's equity share on pro rata basis. The residual is shared among depositors as per agreed weightages. These weightages and profit sharing ratios are declared by the Bank in compliance with the requirements of the SBP and Shariah.

The allocation of income and expenses to different pools is based on pre-defined basis and accounting principles / standards. Direct expenses are charged to respective pool, while indirect expenses are borne by the Bank as Mudarib. The direct expenses charged to the pool are direct cost in financing / investment transactions (i.e. Murabahah, Ijarah, Diminishing Musharakah, Istisna, Tijarah Financing, Salam etc.) and depreciation of Ijarah assets. The general and specific provisions created against non-performing Islamic financing and related assets and diminution in the value of investments as under prudential regulations and other SBP directives have been borne by the Bank as Mudarib.

2024

General Deposit Mudarabah Pool	Profit rate and weightage announcement period	Profit rate return earned	Depositor Share %	Mudarib share %	Mudarib share	Profit rate return distributed to remunerative deposits (Savings and Term)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba
					(Rupees in '000)			(Rupees in '000)
PKR Pool	Monthly	10.99%	50.00%	50.00%	5,035,418	6.64%	22.35%	1,125,291
Daily Product	Monthly	11.45%	50.00%	50.00%	32,011	7.20%	27.24%	8,719
USD Pool	Monthly	3.61%	50.00%	50.00%	62,501	1.82%	0.00%	-
GBP Pool	Monthly	1.40%	50.00%	50.00%	2,372	0.71%	0.50%	12
EURO Pool	Monthly	1.96%	50.00%	50.00%	2,284	1.12%	0.30%	7

Specific Musharakah Pool	Profit Rate and Weightages announcement Period	Profit Rate return earned	Client Share %	Bank Share %	Bank Share	Profit rate return distributed	Percentage of Hiba to Client	Amount of Hiba to Client
					(Rupees in '000)			(Rupees in '000)
Islamic Export Refinance (IERS) Pool	Monthly	14.42%	47.90%	52.10%	1,685,219	5.55%	4.11%	69,344
Other Specific Musharakah Pool	Monthly	19.78%	80.78%	19.22%	155,169	16.14%	0.00%	-

Specific Mudarabaha Pool	Profit Rate and Weightages announcement Period	Profit Rate return earned	Depositor Share %	Mudarib Share %	Mudarib Fee	Profit rate return distributed to remunerative special deposits	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba to special remunerative deposits
					(Rupees in '000)			(Rupees in '000)

(i) Special Pool PKR	Monthly	19.75%	85.99%	14.01%	4,422,911	17.39%	20.98%	928,042
(ii) 1-2-3 Years TDR	Monthly	20.04%	69.22%	30.78%	3,121,052	16.17%	38.06%	1,187,834
(iii) Special Pool USD	Monthly	8.56%	85.64%	14.36%	92,284	7.71%	24.58%	22,686
(iv) Special Pool GBP	Monthly	6.67%	50.00%	50.00%	273	3.01%	13.98%	38
(v) Special Pool Euro	Monthly	5.45%	90.00%	10.00%	1,530	5.08%	28.99%	444
(vi) Hajj Pool	Monthly	5.24%	30.00%	70.00%	14,345	2.36%	16.68%	2,393
(vii) Mutual Funds Pool	Monthly	2.00%	50.00%	50.00%	22,663	1.24%	16.02%	3,630

(viii) In addition to the above, 601 short term Treasury Pools including SBP OMO / MFF were created to meet liquidity requirement of Treasury Department. These Pools were dissolved after maturity of respective Treasury transaction. The Pools were managed under the Shariah approved guidelines.

	Note	2024	2023
		-----Rupees in '000-----	
38 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	8	41,093,952	41,287,071
Balances with other banks	9	982,664	1,373,974
		<u>42,076,616</u>	<u>42,661,045</u>
39 STAFF STRENGTH		Number of employees	
Permanent		4,668	3,727
On Bank contract		1,902	1,545
Outsource		747	619
Total staff strength		<u>7,317</u>	<u>5,891</u>
40 DEFINED BENEFIT PLAN			
40.1 General description			
The Bank operates a gratuity fund for its employees (members of the fund). The fund entitles the members to lump sum payment at the time of retirement, resignation or death. Permanent staff are eligible for such benefits after three years of service.			
40.2 Number of Employees under the scheme			
The number of eligible employees covered under the defined scheme are 4,688 (2023: 3,727).			

40.3 Principal actuarial assumptions

Projected unit credit method, using the following significant assumptions, was used for the valuation of the defined benefit plan:

	2024	2023
- Valuation Discount rate	12.25%	15.50%
- Salary Increase Rate	13.25%	15.50%
- Expected Return on Plan Assets	12.25%	15.50%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 mortality tables, rated down by one year.

	Note	2024	2023
		-----Rupees in '000-----	
40.4 Reconciliation of (receivable from) / payable to defined benefit plans			
The amount recognized in the unconsolidated statement of financial position (in respect of the gratuity scheme) is determined as follows:			
Present value of defined benefit obligations		1,227,058	891,124
Fair value of plan assets		<u>(701,584)</u>	<u>(462,183)</u>
		<u>525,474</u>	<u>428,941</u>
40.5 Movement in defined benefit obligations			
Obligations at the beginning of the year		891,124	646,661
Current service cost		262,336	182,681
Past service cost		4,029	-
Return expense		121,138	82,664
Benefits paid by the Bank		(168,922)	(88,885)
Re-measurement loss / (gain)	40.8.2	117,353	68,003
Obligations at the end of the year		<u>1,227,058</u>	<u>891,124</u>
40.6 Movement in fair value of plan assets			
Fair value at the beginning of the year		462,183	344,314
Return earned on plan assets		81,797	54,356
Contribution by the Bank		300,000	150,000
Benefits paid by the Bank		(168,922)	(88,885)
Re-measurement gain	40.8.2	26,526	2,398
Fair value at the end of the year		<u>701,584</u>	<u>462,183</u>
40.7 Movement in payable under defined benefit schemes			
Opening balance		428,941	302,347
Charge for the year		305,706	210,989
Contribution by the Bank		(300,000)	(150,000)
Re-measurement loss / (gain) recognized in OCI during the year	40.8.2	90,827	65,605
Closing balance		<u>525,474</u>	<u>428,941</u>

2024 2023
-----Rupees in '000-----

40.8 Charge for defined benefit plans

40.8.1 Cost recognized in profit and loss

Current service cost	262,336	182,681
Net return charges	39,341	28,308
Past service cost - due to change in salary structure	403,549	-
Past service cost - due to change in scheme benefit rule	(399,520)	-
	<u>305,706</u>	<u>210,989</u>

40.8.2 Re-measurements recognized in OCI during the year

Loss / (Gain) on obligation		
- Demographic assumptions	(54,606)	-
- Financial assumptions	108,256	6,611
- Experience adjustment	63,703	61,392
Total remeasurement on obligation	117,353	68,003
Remeasurement on plan assets	(26,526)	(2,398)
Return on plan assets	-	-
Total re-measurements	<u>90,827</u>	<u>65,605</u>
Deferred tax impact	(48,138)	(32,146)
Total re-measurements recognized in OCI	<u>42,689</u>	<u>33,459</u>

40.9 Components of plan assets

Mutual Funds	50,005	-
Federal Government Shariah Compliant Securities	444,896	-
Bank Balance	206,683	51,293
Term Deposit Receipt	-	410,890
	<u>701,584</u>	<u>462,183</u>

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

40.10 Sensitivity analysis

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

2024 2023
-----Rupees in '000-----

1% increase in discount rate	1,182,747	845,366
1% decrease in discount rate	1,275,120	942,033
1 Year increase in Life expectancy / Withdrawal rate	1,228,150	891,125
1 Year decrease in Life expectancy / Withdrawal rate	1,225,961	891,122

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

Rupees in '000

40.11 Expected contributions to be paid to the funds in the next financial year 353,917

40.12 Expected charge for the next financial year 353,917

40.13 Maturity profile

The weighted average duration of the defined benefit obligation is 3.89 years (2023 : 5.42 years)

Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

At December 31, 2024	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
----- Rupees in '000 -----					
Gratuity	293,977	220,214	550,595	1,235,975	2,300,761

40.14 Funding Policy

Funding levels are monitored on an annual basis and are based on actuarial recommendations. Expected Gratuity Expense for the next year works out to Rs. 353.917 million as per the actuarial valuation report of the Bank as of December 31, 2024.

40.15 Though its defined benefit gratuity plan, the Fund is exposed to a number of risks, the most significant of which are detailed below:

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.
Longevity Risks	The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.
Salary Increase Risk	The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.
Withdrawal Risk	The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

41 DEFINED CONTRIBUTION PLAN

The Bank operates a contributory provident fund for all permanent employees. The employer and employee both contribute 6.67% of basic salary to the fund every month. Equal monthly contributions made by employer and employees during the year amounted to Rs. 285.907 million (2023: Rs. 208.559 million) each.

42 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

42.1 Total Compensation Expense

Items	Note	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
		Chairman	Executives (other than CEO)	Non- Executives				
		Rupees '000						
Fees and Allowances etc.		4,280	-	24,200	4,380	-	-	-
Managerial Remuneration								
Fixed		-	-	-	15,236	31,515	187,540	137,371
Cash Bonus / Awards	42.1.3	-	-	-	4,400	9,887	43,814	38,879
Rent & house maintenance		-	-	-	-	-	65,640	53,691
Utilities		-	-	-	-	-	14,587	11,931
Medical		-	-	-	-	4,097	18,754	13,737
Conveyance		-	-	-	3,729	-	32,222	29,364
Shariah Board allowance		-	-	-	11,173	-	-	-
Others		-	-	-	1,769	17,358	33,958	24,004
Total		4,280	-	24,200	40,687	62,857	396,515	308,977
Number of Persons		1	-	6	4	1	21	27

Items	Note	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
		Chairman	Executives (other than CEO)	Non- Executives				
		Rupees '000						
Fees and Allowances etc.		2,720	-	16,520	3,577	-	-	-
Managerial Remuneration								
Fixed		-	-	-	11,997	36,895	114,091	106,193
Cash Bonus / Awards		-	-	-	4,722	75,765	60,199	41,017
Rent & house maintenance		-	-	-	-	-	51,341	47,787
Utilities		-	-	-	-	-	11,409	10,619
Medical		-	-	-	-	4,173	11,409	10,619
Conveyance		-	-	-	2,901	-	21,072	22,182
Shariah Board allowance		-	-	-	7,865	-	-	-
Others		-	-	-	-	20,027	1,980	4,924
Total		2,720	-	16,520	31,062	136,860	271,501	243,341
Number of Persons		1	-	9	4	*2	15	23

42.1.1 The President / CEO has been provided with bank maintained cars.

42.1.2 The President / CEO and certain key management personnel have been provided with club memberships.

42.1.3 This represents cash bonus announced during the year 2024, out of the 'Provision for bonus expense' made during the year 2023 for Bank's employees.

42.2 Remuneration paid to Directors for participation in Board and Committee Meetings

2024						
Name of Director	Meeting Fees and Allowances Paid					
	For Board Meetings	For Board Committees				Total Amount Paid
		Audit Committee	Risk Management Committee	Board IT Committee	Board Human Resource & Remuneration Committee	
----- Rupees '000 -----						
Mr. Suleman Lalani	2,880	-	-	800	600	4,280
Mr. Ali Hussain	2,400	-	-	-	-	2,400
Mr. Haider Ali Hilaly	2,400	1,000	-	800	-	4,200
Mr. Sulaiman Sadruddin Mehdi	2,400	1,000	800	-	-	4,200
Mr. Syed Ali Hasham	2,400	1,000	800	-	600	4,800
Mr. Akhtar Abbas	2,400	-	-	800	600	3,800
Ms. Iffat Zehra Mankani	3,600	1,000	1,000	-	800	6,400
Total Amount Paid	18,480	4,000	2,600	2,400	2,600	30,080

2023						
Name of Director	Meeting Fees and Allowances Paid					
	For Board Meetings	For Board Committees				Total Amount Paid
		Audit Committee	Risk Management Committee	Board IT Committee	Board Human Resource & Remuneration Committee	
----- Rupees '000 -----						
Mr. Suleman Lalani	1,920	-	-	400	400	2,720
Mr. Ali Hussain	1,920	-	-	-	100	2,020
Mr. Haider Ali Hilaly	2,200	700	-	600	-	3,500
Mr. Sulaiman Sadruddin Mehdi	2,200	700	600	-	100	3,600
Mr. Syed Ali Hasham	2,200	700	600	-	500	4,000
Mr. Akhtar Abbas	1,600	-	-	400	400	2,400
Ms. Iffat Zehra Mankani	400	200	200	-	200	1,000
Retired in 2023						
Dr. Lalarukh Ejaz	600	300	-	200	100	1,200
Mr. Tasneemul Haq Farooqui	600	300	-	200	100	1,200
Dr. Amjad Waheed	600	-	200	-	100	900
Total Amount Paid	14,240	2,900	1,600	1,800	2,000	22,540

42.3 Remuneration paid to Shariah Board Members

Items	2024			2023		
	Chairman	Resident Member	Non-Resident Member	Chairman	Resident Member	Non-Resident Member
----- Rupees '000 -----						
a. Meeting Fees and Allowances	-	-	4,380	-	-	3,577
b. Managerial remuneration & allowances	24,891	11,416	-	19,738	7,747	-
Total Amount	24,891	11,416	4,380	19,738	7,747	3,577
Total Number of Persons	1	1	2	1	1	2

43 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as amortized cost or investments in associates and subsidiary, is based on quoted market price. Quoted securities classified as amortized cost are carried at cost less impairment losses. The fair value of unquoted equity securities, other than investments in associates and subsidiary, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted Shariah compliant securities, fixed term financing, 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.

43.1 Fair value of financial assets

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

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

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

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

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

2024			
Level 1	Level 2	Level 3	Total

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

On balance sheet financial instruments

Financial assets - measured at fair value

Investments				
Shares / Modarba certificate	838,825	-	-	838,825
GoP Ijara Sukuk	54,455,722	256,569,779	-	311,025,501
Non-Government Shariah compliant securities	3,415,471	29,764,936	-	33,180,407

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	96,427,628	-	96,427,628
Shariah compliant alternative of forward sale of foreign exchange	-	78,033,524	-	78,033,524

On balance sheet non-financial assets

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	6,505,413	-	6,505,413
Non-banking assets acquired in satisfaction of claims	-	1,214,658	-	1,214,658

2023			
Level 1	Level 2	Level 3	Total

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

On balance sheet financial instruments

Financial assets - measured at fair value

Investments				
Shares / Modarba certificate	692,581	-	-	692,581
GoP Ijara Sukuk	-	277,867,398	-	277,867,398
Non-Government Shariah compliant Securities	3,384,000	32,133,073	-	35,517,073

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	54,353,067	-	54,353,067
Shariah compliant alternative of forward sale of foreign exchange	-	46,618,624	-	46,618,624

On balance sheet non-financial assets

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	6,951,679	-	6,951,679
Non-banking assets acquired in satisfaction of claims	-	1,215,340	-	1,215,340

Valuation techniques used in determination of fair values within level 1

Item	Valuation approach and input used
GOP Sukuks	The valuation has been determined through closing rates on Pakistan Stock Exchange.
Listed securities (Shares, Modaraba and Sukuks)	The valuation has been determined through closing rates on Pakistan Stock Exchange.

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
GOP Sukuks	The fair value of GOP Ijarah Sukuks are revalued using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from 6 different pre-defined / approved dealers / brokers.
Non-Government Shariah compliant Securities	Non-Government Shariah compliant Securities 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.
Shariah compliant alternative of forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.
Fixed assets - Land and building	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.
Non-banking assets acquired in satisfaction of claims	

- 43.2** 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.

Segment Details with respect to Business Activities

	2024				Total
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	
----- Rupees in '000 -----					
Profit & Loss					
Net profit / return	60,688,427	(45,100,090)	31,865,533	(1,067,242)	46,386,628
Inter segment revenue - net	(61,061,353)	88,553,885	(30,872,372)	3,379,840	-
Total other income	2,244,454	1,625,361	644,417	76,302	4,590,534
Total income	1,871,528	45,079,156	1,637,578	2,388,900	50,977,162
Segment direct expenses	175,342	13,230,864	1,074,121	8,233,578	22,713,905
Inter segment expense allocation	130,814	6,091,004	1,456,927	(7,678,745)	-
Total expenses	306,156	19,321,868	2,531,048	554,833	22,713,905
Credit loss allowance	(249,440)	6,089	1,873,742	1,103,165	2,733,556
Profit / (loss) before tax	1,814,812	25,751,199	(2,767,212)	730,902	25,529,701
Balance Sheet					
Assets					
Cash & Bank balances	982,664	41,093,952	-	-	42,076,616
Investments	344,424,053	-	627,500	-	345,051,553
Net inter segment placements	-	487,602,377	-	34,431,139	522,033,516
Due from financial institutions	4,257,928	-	-	-	4,257,928
Islamic financing and related assets - performing	-	30,571,110	257,575,697	-	288,146,807
- non-performing - net	-	1,089,318	649,010	6,133,228	7,871,556
Others	-	-	-	50,429,565	50,429,565
Total Assets	349,664,645	560,356,757	258,852,207	90,993,932	1,259,867,541
Liabilities					
Due to financial institutions	70,960,060	3,340,467	13,361,634	-	87,662,161
Subordinated sukuk	-	-	-	3,000,000	3,000,000
Deposits & other accounts	2,161,642	557,016,290	-	-	559,177,932
Net inter segment acceptances	276,542,943	-	245,490,573	-	522,033,516
Others	-	-	-	39,684,656	39,684,656
Total liabilities	349,664,645	560,356,757	258,852,207	42,684,656	1,211,558,265
Equity	-	-	-	48,309,276	48,309,276
Total Equity & liabilities	349,664,645	560,356,757	258,852,207	90,993,932	1,259,867,541
Contingencies & Commitments	174,461,152	-	39,937,618	281,761,493	496,160,263

	2023				
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
Profit & Loss	----- Rupees in '000 -----				
Net profit / return	40,773,937	(32,422,977)	32,341,294	(508,522)	40,183,732
Inter segment revenue - net	(39,418,253)	72,077,529	(30,349,051)	(2,310,225)	-
Total other income	1,340,980	1,252,166	661,167	56,284	3,310,597
Total Income	2,696,664	40,906,718	2,653,410	(2,762,463)	43,494,329
Segment direct expenses	145,896	8,506,806	625,542	7,301,233	16,579,477
Inter segment expense allocation	71,279	5,837,953	972,180	(6,881,412)	-
Total expenses	217,175	14,344,759	1,597,722	419,821	16,579,477
Provisions / (reversals)	1,204,049	221,664	4,495,287	470,455	6,391,455
Profit / (loss) before tax	1,275,440	26,340,295	(3,439,599)	(3,652,739)	20,523,397
Balance Sheet					
Assets					
Cash & Bank balances	1,476,310	41,184,735	-	-	42,661,045
Investments	306,999,736	-	-	7,084,136	314,083,872
Net inter segment placements	-	456,924,234	-	-	456,924,234
Due from financial institutions	16,502,138	-	-	-	16,502,138
Islamic financing and related assets - performing	-	32,950,449	183,437,696	10,423,626	226,811,771
- non-performing - net	-	1,631,568	1,750,949	-	3,382,517
Others	-	-	-	51,424,553	51,424,553
Total Assets	324,978,184	532,690,986	185,188,645	68,932,315	1,111,790,130
Liabilities					
Due to financial institutions	39,607,651	3,354,127	17,697,278	-	60,659,056
Subordinated sukuk	-	-	-	2,850,000	2,850,000
Deposits & other accounts	6,145,015	516,395,910	-	-	522,540,925
Net inter segment acceptances	279,132,859	-	167,064,813	10,726,562	456,924,234
Others	92,659	12,940,949	426,554	18,889,835	32,349,997
Total liabilities	324,978,184	532,690,986	185,188,645	32,466,397	1,075,324,212
Equity	-	-	-	36,465,918	36,465,918
Total Equity & liabilities	324,978,184	532,690,986	185,188,645	68,932,315	1,111,790,130
Contingencies & Commitments	100,971,691	-	29,774,800	126,858,690	257,605,181

45 TRUST ACTIVITIES

Banks commonly act as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets are not assets of the Bank and, therefore, are not included in its balance sheet. Following is the list of assets held under trust:

Category	Type	No. of IPS account		Face Value	
		2024	2023	2024	2023
-----Rupees in '000-----					
Insurance Companies	Sukuks	4	5	145,000	180,000
Asset Management Companies	Sukuks	30	42	1,954,630	2,569,530
Employee Funds / NGO's	Sukuks	2	3	3,000	53,800
Individuals	Sukuks	1	5	67,370	116,670
Others	Sukuks	15	17	1,315,000	1,865,000
		52	72	3,485,000	4,785,000

RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, subsidiary, associates, employee benefit plans, its directors and key management personnel.

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 / officers is determined in accordance with the terms of their appointment.

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

	2024					2023						
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Due from financial institutions - net												
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	-	3,233,725	-	-	-	-	-
Repaid during the year	-	-	-	-	-	-	(3,233,725)	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-
Investments												
Opening balance	-	-	-	104,771	1,102,111	-	-	-	-	104,771	1,102,111	-
Investment made during the year	-	-	-	-	-	-	-	-	-	-	-	-
Investment redeemed / disposed-off during the year	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	104,771	1,102,111	-	-	-	-	104,771	1,102,111	-
Credit loss allowance held againsts investments	-	-	-	(104,771)	(1,102,111)	-	-	-	-	(104,771)	(1,102,111)	-
Islamic financing and related assets												
Opening balance	-	-	422,999	-	480,187	248,878	-	-	372,910	-	480,187	700,001
Addition during the year	-	-	198,713	-	618,721	1,880,987	-	-	226,783	-	903,910	4,461,960
Repaid during the year	-	-	(109,859)	-	(618,721)	(521,399)	-	-	(55,187)	-	(903,910)	(4,071,795)
Transfer in / (out) - net	-	-	(44,038)	-	-	-	-	-	(121,507)	-	-	(841,288)
Closing balance	-	-	467,815	-	480,187	1,608,466	-	-	422,999	-	480,187	248,878
Credit loss allowance held againsts Islamic financing and related assets	-	-	-	-	(480,187)	-	-	-	-	-	(221,004)	-
Other assets												
Profit receivable on financings	-	-	425	-	-	17,902	-	-	443	-	-	5,019

(Rupees in '000)

	2024					2023						
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Due to financial institutions - net												
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Additions during the year	141,000,000	-	-	-	-	-	-	-	-	-	-	-
Settled during the year	(139,000,000)	-	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	2,000,000	-	-	-	-	-	-	-	-	-	-	-
Subordinated sukuk												
Opening balance	-	-	485	-	-	1,120	-	-	1,015	-	-	-
Issued / purchased during the year	-	-	-	-	-	143,585	-	-	-	-	-	-
Redemption / sold during the year	-	-	-	-	-	(1,240)	-	-	-	-	-	-
Transfer in / (out)	-	-	-	-	-	-	-	(530)	-	-	-	1,120
Closing balance	-	-	485	-	-	143,465	-	-	485	-	-	1,120
Deposits and other accounts												
Opening balance	-	5,741	72,646	4	29,503	6,162,706	-	2,745	32,443	4	12,186	1,776,697
Received during the year	-	1,067,531	1,259,126	-	2,120,383	55,109,096	-	3,128,053	879,664	-	2,157,630	30,791,160
Withdrawn during the year	-	(1,063,967)	(1,148,229)	-	(2,148,803)	(59,821,044)	-	(3,125,331)	(839,086)	-	(2,140,297)	(29,438,326)
Transfer in / (out) - net	-	-	(56,715)	-	-	10,616	-	274	(376)	-	(16)	3,033,175
Closing balance	-	9,305	126,828	4	1,083	1,461,374	-	5,741	72,646	4	29,503	6,162,706
Other Liabilities												
Profit / return payable	762	8	688	-	2	13,085	-	3	333	-	13	126,064
Dividend Payable	-	-	-	-	-	-	-	169,317	-	-	-	-
Other liabilities	-	-	-	-	-	29,610	-	-	10	-	-	132
Unrealized loss on Shariah compliant alternative of forward foreign exchange contracts	3,422	-	-	-	-	-	-	-	-	-	-	-
Meeting fee / remuneration payable	-	400	-	-	-	-	-	2,000	-	-	-	-
Contingencies and Commitments												
Other contingencies	3,220,639	-	-	-	-	-	-	-	-	-	-	-
Profit and loss												
Income												
Profit / return earned	-	-	23,522	-	-	120,920	9,413	-	17,673	-	52,717	125,202
Other income	-	-	16	-	22	573	-	-	-	-	-	772
Foreign exchange income	67,886	-	-	-	-	-	-	-	-	-	-	-
Expense												
Profit / return expensed	81,888	2,463	12,683	-	87	528,227	221,554	22	2,009	-	99	572,669
Other administrative expenses	-	3,627	35,741	-	-	313,291	-	6,770	25,476	-	261	79,564
Meeting fee / remuneration	-	28,480	454,570	-	-	-	-	24,540	451,014	-	-	-
Contribution to employees provident fund	-	-	-	-	-	285,907	-	-	-	-	-	208,559
Charge for employees gratuity fund	-	-	-	-	-	305,706	-	-	-	-	-	210,989
Fee and subscription	-	-	-	-	-	-	-	-	-	-	-	11,282
Donation paid	-	-	-	-	-	60,000	-	-	-	-	-	-
Dividend paid	2,082,030	462,750	99	-	-	65,287	-	-	-	-	-	-
Others	38,596	-	-	-	-	-	-	-	-	-	-	-

(Rupees in '000)

47 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2024	2023
	----- Rupees in '000 -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>11,007,991</u>	<u>11,007,991</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>38,792,658</u>	28,516,942
Eligible Additional Tier 1 (ADT 1) Capital	<u>3,000,000</u>	2,850,000
Total Eligible Tier 1 Capital	<u>41,792,658</u>	31,366,942
Eligible Tier 2 Capital	<u>12,171,253</u>	10,586,929
Total Eligible Capital (Tier 1 + Tier 2)	<u>53,963,911</u>	41,953,871
Risk Weighted Assets (RWAs):		
Credit Risk	<u>146,543,665</u>	123,694,507
Market Risk	<u>3,897,306</u>	2,747,987
Operational Risk	<u>73,387,322</u>	49,939,650
Total	<u>223,828,293</u>	176,382,144
Common Equity Tier 1 Capital Adequacy ratio	<u>17.33%</u>	16.17%
Tier 1 Capital Adequacy Ratio	<u>18.67%</u>	17.78%
Total Capital Adequacy Ratio	<u>24.11%</u>	23.79%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Capital Conservation Buffer (CCB) (Consisting of CET 1 only)	1.50%	1.50%
Total Capital plus CCB	11.50%	11.50%

47.1 The capital to risk weighted assets ratio is calculated in accordance with the SBP guidelines on capital adequacy, under Basel III and Pre-Basel III treatment using Standardized Approach for credit and market risk and Basic Indicator Approach for operational Risk.

	2024	2023
	----- Rupees in '000 -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	<u>41,792,658</u>	31,366,942
Total Exposures	<u>880,567,551</u>	661,785,605
Leverage Ratio	<u>4.75%</u>	4.74%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>318,819,831</u>	315,027,109
Total Net Cash Outflow	<u>90,470,492</u>	90,466,918
Liquidity Coverage Ratio	<u>352.40%</u>	348.22%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>580,745,235</u>	524,268,955
Total Required Stable Funding	<u>211,839,059</u>	170,271,142
Net Stable Funding Ratio	<u>274.14%</u>	307.90%

47.2 The full disclosures on the capital adequacy, leverage ratio & liquidity requirements as per SBP instructions issued from time to time has been placed on the Bank's website. The link to the full disclosures is available at www.bankislami.com.pk/investor-relations

48 RISK MANAGEMENT

The objective of Risk Management is to effectively manage uncertainties that arise in the normal course of business activities. The risk management function is one of the most important areas of the banking business, and covers a wide spectrum of financial business risk class; including Credit, Market, Liquidity, Operational etc. The Bank follows effective risk governance which commensurate well with its current size and structure.

As a prelude to countering the financial debacle of the recent past, the Basel Committee (Internationally) is raising the resilience of the banking sector by strengthening the regulatory capital framework, essentially building on the three pillars of the Basel II structure. The reforms raise both the quality and quantity of the regulatory capital base and enhance the risk coverage of the capital framework. SBP, while being cognizant of the various reforms in the offing, is reviewing the impact of Basel III (B3) guidelines on the capital structure and CAR (Capital Adequacy Ratio) through quantitative impact studies. Accordingly, the SBP has implemented first phase of Basel III framework with effect from December 31, 2013.

RISK MANAGEMENT FRAMEWORK

A well formulated policy and procedure is critical to an effective Risk Management framework; it then needs to be reinforced through a strong control culture that promotes sound risk governance. The Bank's Risk Management Framework has been developed keeping in mind, that:

- To be effective, control activities should be an integral part of the regular activities of the Bank;
- Every loss or near miss event should provide some Key Learning Outcome (KLO), helping and promoting a better risk identification and mitigation;
- While the reward may well commensurate the level of risk, it has to be viewed in entirety and not in isolation; and
- Critical decision making should be based on relevant research, proper analysis and effective communication within the Bank.

Strategic Level

At the strategic level, the risk related functions are approved by the senior management and the Board. These include: defining risks, setting parameters, ascertaining the institution's risk appetite, formulating strategy and policies for managing risks and establishing adequate systems and controls to ensure that overall risk remains within acceptable level and the reward compensates for the risk taken.

Macro Level

It encompasses risk management within a business area or across business lines. Generally the risk management activities performed by middle management or units devoted to risk reviews fall into this category. Periodical review of various portfolios; stress test and scenario analysis for portfolio resilience; application of statistical tools and information in time series for developing strong inferences are all performed at this level.

Micro Level

Risk management at micro level, is of critical importance. This function if performed with diligence and understanding, can be of maximum benefit to the organization. Micro level risk management includes:

- Business line acquisition, strong adherence to the credit and other related criteria.
- Middle Office monitoring function for a sound risk assessment of various risks inherent in treasury operations.
- Detailed review of various processes and operating procedures, for operational and other risk related assessments.

Risk appetite of the Bank

The risk appetite of the Bank is an outcome of its corporate goal, economic profitability, available resources (size and business life cycle) and most significantly; the controls. The Bank believes in a cautious yet steady approach towards its business objectives and takes a holistic view of its investment and financing requirement.

This approach is primarily based on a viable portfolio build-up with a long-term view; key consideration being the health of various portfolios.

Risk organization

A strong organizational set-up, with clearly defined roles and responsibilities permits a higher level of articulation of the Bank's risk mandate, establishment of a structure that provides for authority, delegation and accountability, and development of control framework. Risk management cannot live in a vacuum; in order to be effective, it has to be run at an enterprise level. Risk governance must involve all relevant parties and should be sanctioned by the Bank's leadership.

The risk management function at the Bank, along with the different committees including ALCO (Asset Liability Committee) and MCC (Management Credit Committee), RMC (Risk Management Committee of the Board) manage and adhere to the risk management policies and procedures, with an explicit aim to mitigate/ manage risk in line with the Bank's objectives.

Business line accountability

One of the most important features of the risk management process is the business line accountability. Business has to understand the risk implication of specific transaction on the business / portfolio. Some specific risks e.g. reputation risk affects the entire banking business and is not limited to one business line or the other. At BankIslami, as in any other reputable organization, responsibility comes with accountability. Each business segment is responsible for the profit / loss of the business. The management of risk is as much a line function as it supports.

Business lines are equally responsible for the risks they are taking. Because line personnel understand the risks of the business. Lack of an understanding of this by the line management may lead to risk management in isolation.

48.1 Credit Risk

The Bank manages credit risk by effective credit appraisal mechanism, approving and reviewing authorities, limit structures, internal credit risk rating system, collateral management and post disbursement monitoring so as to ensure prudent financing activities and sound financing portfolio under the umbrella of a comprehensive Credit Policy approved by the Board of Directors. Credit Risk has certain sub-categories as follows:

(i) Price risk

There is a risk that the asset repossessed due to default of the customer may be sold or leased out to another party at a price lower than the original contract price.

(ii) Counter party risk

The risk that the counter-party defaults during the term of a transaction (Murabahah, Diminishing Musharakah etc.).

(iii) Settlement risk

The risk that the counter-party does not meet its commitments at the maturity of the transaction after the Bank has already met its commitments.

(iv) Country risk

Country Risk can be defined as the risk of adverse impact of certain factors on a country's specific economic, political and social scenario which affects the ability of the country (or a borrower in that country) to repay its obligations. Country risk may be a combination of Transfer Risk and Sovereign Risk.

Particulars of Bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analyzed as follows:

48.1.1 Due from financial institutions

Credit risk by public / private sector

	Gross due from financial institutions		Non-performing due from financial institutions		Credit loss allowance held			Provision
	2024	2023	2024	2023	Stage 1	Stage 2	Stage 3	
					2024			2023
	----- Rupees in '000 -----							
Public/ Government	-	-	-	-	-	-	-	-
Private	4,272,508	16,519,958	14,580	17,820	-	-	14,580	17,820
	4,272,508	16,519,958	14,580	17,820	-	-	14,580	17,820

48.1.2 Investment in Shariah Compliant debt securities

	Gross Investments		Non-performing investments		Credit loss allowance held			Provision
	2024	2023	2024	2023	Stage 1	Stage 2	Stage 3	
					2024			2023
	----- Rupees in '000 -----							
Federal Government Shariah Compliant Securities	311,025,501	277,867,398	-	-	-	-	-	-
Power (electricity), Gas, Water, Sanitary Services	32,277,326	33,174,101	-	-	-	-	-	-
Textile	56,616	986,996	56,615	56,615	-	-	56,615	56,615
Financial	221,251	803,256	221,251	463,256	-	-	-	242,005
Production and transmission of energy	71,072	391,072	21,072	21,072	-	-	21,072	21,072
Chemical and Pharmaceuticals	33,333	110,674	-	-	-	-	-	-
Construction	398,333	91,667	-	-	-	-	-	-
Electronics and electrical appliances	32,800	81,800	32,800	32,800	-	-	32,800	32,800
Others	55,000	55,000	55,000	55,000	-	-	-	-
	145,166	174,999	-	-	3	-	-	-
	344,316,398	313,736,963	386,738	628,743	3	-	110,487	352,492
	----- Rupees in '000 -----							
Public/ Government	330,109,225	308,718,677	-	-	3	-	-	-
Private	14,207,173	5,018,286	386,738	628,743	-	-	110,487	352,492
	344,316,398	313,736,963	386,738	628,743	3	-	110,487	352,492

Credit risk by public / private sector

Public/ Government	330,109,225	308,718,677	-	-	3	-	-	-
Private	14,207,173	5,018,286	386,738	628,743	-	-	110,487	352,492
	344,316,398	313,736,963	386,738	628,743	3	-	110,487	352,492

48.1.3 Islamic financing, related assets and advances - net

Credit risk by industry sector

	Gross Financing		Non-performing financing, related assets and advances		Credit loss allowance held			Provision
	2024	2023	2024	2023	Stage 1	Stage 2	Stage 3	
	2024							
----- Rupees in '000 -----								
Agriculture, Forestry, Hunting and Fishing	9,735,547	9,211,988	959,860	925,655	565,604	5,162	870,236	612,174
Automobile and transportation equipment	27,326	77,481	-	-	846	871	-	-
Cement	2,074,411	3,355,526	500,000	500,000	20,346	-	500,000	500,000
Chemical and Pharmaceuticals	13,679,772	5,713,424	271,554	563,720	105,329	5,490	271,350	560,557
Construction	12,307,002	2,048,685	683,993	632,087	58,560	6,541	643,843	619,039
Education	1,822,416	2,336,827	-	-	24,153	4,355	-	-
Electronics and electrical appliances	4,821,646	5,131,501	2,386,032	1,416,018	15,148	849	1,561,372	1,334,884
Exports / Imports	340,578	765,651	319,148	67,318	581	-	68,848	63,070
Financial	80,105,453	2,220,671	240,400	241,890	30,454	-	240,189	240,562
Food and Beverages	11,440,184	40,250,059	2,177,585	2,209,982	92,487	28,702	1,851,468	1,750,128
Footwear and Leather garments	3,167,440	1,312,217	2,459	2,459	39,690	227	2,459	2,459
Individuals	36,517,973	43,414,190	4,061,066	4,025,457	480,925	228,285	3,877,063	2,400,677
Packing and Paper products	4,499,288	4,263,026	99,762	118,091	62,433	1,889	27,523	39,758
Power (electricity), Gas, Water, Sanitary	16,235,669	15,529,942	639,354	641,376	91,111	-	572,514	561,453
Services	23,718,248	38,119,011	56,892	59,676	369,460	7,244	35,581	28,810
Sugar	15,948,083	9,563,556	584,108	1,023,108	113,237	113,238	584,108	815,608
Textile	60,025,854	44,061,486	5,678,438	5,840,099	335,991	209	5,611,860	5,732,705
Transport, Storage and Communication	7,981,804	6,290,558	911,577	1,008,543	57,310	82,770	891,951	982,682
Wholesale and Retail Trade	3,850,166	1,774,621	341,228	316,408	76,924	2,479	320,110	281,666
Iron & Steel	5,623,932	4,791,344	1,985,154	580,455	34,081	-	1,971,662	579,097
Health & Care	402,399	424,745	2,652	-	3,958	-	1,325	-
Private Trusts & Non-profit Organization	26,970	9,764	-	-	1,178	-	-	-
Others	12,832,649	13,368,642	2,365,496	2,718,300	213,794	26,981	2,343,050	2,343,839
	327,184,810	254,034,915	24,266,758	22,890,642	2,793,600	515,292	22,246,512	19,449,168

Credit risk by public / private sector

	Gross Financing		Non-performing financing, related assets and advances		Credit loss allowance held			Provision
	2024	2023	2024	2023	Stage 1	Stage 2	Stage 3	
	2024							
----- Rupees in '000 -----								
Public/ Government	16,591,140	83,864,016	-	-	-	-	-	-
Private	310,593,670	170,170,899	24,266,758	22,890,642	2,793,600	515,292	22,246,512	19,449,168
	327,184,810	254,034,915	24,266,758	22,890,642	2,793,600	515,292	22,246,512	19,449,168

48.1.4 Contingencies and Commitments

2024 2023
----- Rupees in '000 -----

Credit risk by industry sector

Agriculture, Forestry, Hunting and Fishing	13,162,722	6,870,431
Mining and Quarrying	4,452	956,771
Textile	94,496,145	45,309,703
Chemical and Pharmaceuticals	5,280,591	15,542,685
Cement	1,026,046	396,935
Sugar	40,339,390	3,647,371
Footwear and Leather garments	950,197	151,348
Automobile and transportation equipment	2,897,916	35,395
Education	131,781	1,260,689
Electronics and electrical appliances	2,839,639	1,522,002
Production and transmission of energy	1,503,641	1,301,308
Construction	5,062,332	1,803,622
Power (electricity), Gas, Water, Sanitary	6,454,004	21,283,025
Wholesale and Retail Trade	9,962,089	14,705,256
Exports / Imports	77,630,302	1,152,892
Transport, Storage and Communication	8,485,858	5,918,557
Financial	163,704,366	101,385,150
Services	16,085,211	7,583,989
Individuals	2,368,094	939,620
Food and beverages	7,082,198	2,862,108
Manufacturing	17,796,055	10,765,092
Packing and Paper products	3,501,639	1,081,938
Others	15,395,595	11,129,294
	<u>496,160,263</u>	<u>257,605,181</u>

Credit risk by public / private sector

Public/ Government	78,835,704	-
Private	417,324,559	257,605,181
	<u>496,160,263</u>	<u>257,605,181</u>

48.1.5 Concentration of Financing

The bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 130,787.942 million (2023: Rs. 103,355.651 million) are as following:

2024 2023
----- Rupees in '000 -----

Funded	121,521,031	92,505,694
Non Funded	9,266,911	10,849,957
Total Exposure	<u>130,787,942</u>	<u>103,355,651</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 141,317 million (2023: Rs. 110,907 million).

For the purpose of this note, exposure means outstanding funded facilities and utilized non-funded facilities as at the reporting date.

48.1.6 Total funded classified therein

	2024		2023	
	Amount	Credit loss allowance held	Amount	Provision held
	----- Rupees in '000 -----			
OAEM	264,933	47,483	393,831	-
Substandard	1,767,062	981,368	1,009,194	235,164
Doubtful	911,076	474,167	2,170,850	871,469
Loss	21,323,687	20,743,494	19,316,767	18,342,535
Total	24,266,758	22,246,512	22,890,642	19,449,168

48.1.7 Financing - Province/Region-wise Disbursement & Utilization

Province / Region	2024					
	Disbursements	Utilization				
		Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad
	----- Rupees in '000 -----					
Punjab	24,225,818	24,225,818	-	-	-	-
Sindh	71,161,540	-	71,161,540	-	-	-
KPK including FATA	66,578	-	-	66,578	-	-
Baluchistan	24,882	-	-	-	24,882	-
Islamabad	13,185,781	-	-	-	-	13,185,781
AJK including Gilgit-Baltistan	1,827	-	-	-	-	-
Total	108,666,426	24,225,818	71,161,540	66,578	24,882	13,185,781

Province / Region	2023					
	Disbursements	Utilization				
		Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad
	----- Rupees in '000 -----					
Punjab	71,013,470	71,013,470	-	-	-	-
Sindh	129,008,300	-	129,008,300	-	-	-
KPK including FATA	255,193	-	-	255,193	-	-
Baluchistan	29,167	-	-	-	29,167	-
Islamabad	11,832,088	-	-	-	-	11,832,088
AJK including Gilgit-Baltistan	13,943	-	-	-	-	-
Total	212,152,161	71,013,470	129,008,300	255,193	29,167	11,832,088

48.1.8 Sensitivity of ECL to Future Economic Conditions

The ECL are sensitive to judgements and assumption made regarding formulation of forward-looking scenarios and how much such scenarios are incorporated into calculations. The Group performs sensitivity analysis on the ECL recognized on each of its segments.

Segment	Total charge as per IFRS 9	Central		Upside		Downside	
		Total ECL after sensitivity analysis	Increase / (decrease) in %	Total ECL after sensitivity analysis	Increase / (decrease) in %	Total ECL after sensitivity analysis	Increase / (decrease) in %
Corporate	20,144,642	20,225,567	0.40	20,116,855	(0.14)	20,343,662	0.99
SME	2,237,924	2,465,620	10.17	2,384,464	6.55	2,551,225	14.00
Muskun	1,447,371	1,546,178	6.83	1,116,377	(22.87)	1,460,530	0.91
Auto	1,099,507	1,138,819	3.58	963,373	(12.38)	1,110,665	1.01
Agriculture	460,730	510,544	10.81	288,663	(37.35)	474,290	2.94
Staff	165,230	165,232	-	165,232	-	165,232	-
Total	25,555,404	26,051,960	0.76	25,034,964	(3.18)	26,105,604	0.96

48.2 Market Risk

Market risk is defined as the risk of losses in on-and-off balance sheet positions arising from movements in market prices e.g. fluctuations in values in tradable, marketable or leasable assets. The risks relate to the current and future volatility of market values of specific assets and of foreign exchange rates and benchmark yields.

The Bank uses various tools and techniques to assess market risk including but not limited to full valuation, stress testing, scenario analysis, VaR. These assessment methods enable the Bank to estimate changes in the value of the portfolio, if exposed to various risk factors.

Moreover, since the Bank does not deal in interest based products, the impact of the above risks will be very minimal. The Bank does not have positions or forward exchange contracts giving mismatches of maturity unless such risks have been taken care of through some other mechanism.

The VaR reports are complemented by various other position and sensitivity limit structures, including stress, sensitivity, gap and scenario analysis. The capital charge for market risk has been calculated by using Standardized Approach.

48.2.1 Balance sheet split by trading and banking books

	2024			2023		
	Banking book	Trading book	Total	Banking book	Trading book	Total
----- Rupees in '000 -----						
Cash and balances with treasury banks	41,093,952	-	41,093,952	41,287,071	-	41,287,071
Balances with other banks	982,664	-	982,664	1,373,974	-	1,373,974
Due from financial institutions	4,257,928	-	4,257,928	16,502,138	-	16,502,138
Investments	344,876,470	175,083	345,051,553	314,083,872	-	314,083,872
Islamic financings, related assets & advances	296,018,363	-	296,018,363	230,194,288	-	230,194,288
Property and equipment	15,102,917	-	15,102,917	12,573,302	-	12,573,302
Right-of-use assets	4,314,535	-	4,314,535	3,566,267	-	3,566,267
Intangible assets	4,050,161	-	4,050,161	3,619,485	-	3,619,485
Deferred tax assets	-	-	-	235,534	-	235,534
Other assets	26,961,952	-	26,961,952	31,429,965	-	31,429,965
Non-current assets held for sale	-	-	-	-	-	-
	737,658,942	175,083	737,834,025	654,865,896	-	654,865,896

48.2.2 Foreign Exchange Risk

Currency risk is the risk of loss arising from the fluctuations of exchange rates.

In the normal course of conducting commercial banking business, which ranges from intermediation only to taking on principal risk as dealer or as counterparty, the Bank purchases or sells currencies in today / ready and gives or receives unilateral promises for sale or purchase of FX at future dates in a long or short position in different currency pairs. These positions expose the Bank to foreign exchange risk. To control this risk, the Bank primarily uses notional principal limits at various levels to control the open position, and ultimately the residual foreign exchange risk of the Bank. The Bank also strictly adheres to all associated regulatory limits.

Following is the summary of the assets of the Bank subject to foreign exchange risk.

	2024				2023			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- Rupees in '000 -----							
Pakistan Rupee	733,505,945	661,437,951	(14,345,814)	57,722,180	649,938,004	597,864,738	(3,963,855)	48,109,411
United States Dollar	3,670,976	25,435,436	12,158,782	(9,605,678)	3,878,502	17,992,332	3,800,529	(10,313,301)
Great Britain Pound	154,161	1,310,665	1,188,999	32,495	339,168	1,070,244	71,062	(660,014)
Japanese Yen	4,177	55	-	4,122	10,100	62	-	10,038
Euro	265,691	1,321,221	998,033	(57,497)	456,414	1,408,148	-	(951,734)
UAE Dirham	83,990	19,421	-	64,569	36,410	64,454	150,496	122,452
Asian Currency Unit	42,791	-	-	42,791	104,607	-	-	104,607
Swiss Franc	-	-	-	-	-	-	-	-
Chinese Yuan	17,620	-	-	17,620	44,042	-	(58,232)	(14,190)
Australian Dollar	21,028	-	-	21,028	6,881	-	-	6,881
Saudi Riyal	61,485	-	-	61,485	41,388	-	-	41,388
Canadian Dollar	6,124	-	-	6,124	10,336	-	-	10,336
Turkish Lira	37	-	-	37	44	-	-	44
	737,834,025	689,524,749	-	48,309,276	654,865,896	618,399,978	-	36,465,918

2024		2023	
Banking book	Trading book	Banking book	Trading book
----- Rupees in '000 -----			

Impact of 1% change in foreign exchange rates on

- Profit and loss account	94,129	-	116,435	-
- Other comprehensive income	-	-	-	-

48.2.3 Equity Position Risk

Equity position includes the following:

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

These equity investments are accounted for and disclosed as per the provisions and directives of SBP, SECP and the requirements of approved International Financial Reporting Standards as applicable in Pakistan.

Provision for diminution in the value of securities is made after considering impairment, if any, in their value and charged to the profit and loss account.

2024		2023	
Banking book	Trading book	Banking book	Trading book
----- Rupees in '000 -----			

Impact of 5% change in equity prices on

- Profit and loss account	-	6,254	-	-
- Other comprehensive income	36,028	-	34,970	-

48.2.4 Yield / Profit Rate Risk

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

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

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in profit rates on				
- Profit and loss account	463,866	-	-	401,837
- Other comprehensive income	-	-	-	-

Rupees in '000

48.2.5 Mismatch of Yield / Profit Rate Sensitive Assets and Liabilities

Effective Yield / Profit rate	Total	2024										Non-profit bearing financial instruments		
		Exposed to Yield / Profit risk												
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years				
Assets														
Cash and balances with treasury banks	41,093,952	-	-	-	-	-	-	-	-	-	-	-	-	41,093,952
Balances with other banks	982,664	315,823	-	-	-	-	-	-	-	-	-	-	-	666,841
Due from financial institutions	4,257,928	4,257,928	-	-	-	-	-	-	-	-	-	-	-	-
Investments	345,051,553	52,674,908	28,011,446	262,112,553	1,407,000	-	-	-	-	-	-	-	-	845,646
Islamic financing, related assets and advances	296,018,363	36,750,756	50,859,306	53,073,610	88,490,912	971,144	2,996,631	5,200,638	8,447,630	8,914,861	-	-	-	40,312,875
Other assets	26,961,952	-	-	-	-	-	-	-	-	-	-	-	-	26,961,952
	714,366,412	93,999,415	78,870,752	315,186,163	89,897,912	971,144	2,996,631	5,200,638	8,447,630	8,914,861	-	-	-	109,881,266
Liabilities														
Bills payable	13,773,529	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to financial institutions	87,862,161	66,297,367	2,512,160	1,746,603	1,865,443	5,052,892	1,798,429	2,010,952	6,321,441	56,874	-	-	-	13,773,529
Deposits and other accounts	559,177,932	346,312,991	-	-	4,045	26,072	-	-	4,785,316	-	-	-	-	212,864,941
Lease liabilities	4,839,747	-	-	24,314	-	-	-	-	-	-	-	-	-	-
Subordinated sukuk	3,000,000	-	3,000,000	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	19,686,466	-	-	-	-	-	-	-	-	-	-	-	-	19,686,466
	688,139,835	412,610,358	5,512,160	1,770,917	1,869,488	5,073,964	1,798,429	6,796,268	6,321,441	56,874	-	-	-	246,324,936
On-balance sheet gap	26,226,577	(318,610,943)	73,358,592	313,415,246	88,028,424	(4,107,820)	1,198,202	(1,595,630)	2,126,189	8,857,987	(136,443,670)	-	-	-
Off-balance sheet financial instruments														
Documentary credits and short-term trade-related transactions	39,937,618	39,937,618	-	-	-	-	-	-	-	-	-	-	-	-
Commitments in respect of:														
- forward foreign exchange contracts	174,461,152	101,197,022	42,255,512	29,305,062	1,703,566	-	-	-	-	-	-	-	-	-
- other commitments	281,040,900	281,040,900	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap	495,439,670	422,175,540	42,255,512	29,305,062	1,703,566	-	-	-	-	-	-	-	-	-
Total Yield/Profit Rate Risk Sensitivity Gap	103,564,597	115,614,104	342,720,298	89,731,990	(4,107,820)	1,198,202	(1,595,630)	2,126,189	8,857,987	(136,443,670)	-	-	-	-
Cumulative Yield/Profit Rate Risk Sensitivity Gap	103,564,597	219,178,701	561,898,999	651,630,989	647,523,169	648,721,371	647,125,741	649,251,930	658,109,917	521,666,247	-	-	-	-

Rupees in '000

Effective Yield / Profit rate	Total	Exposed to Yield / Profit risk							Non-profit bearing financial instruments				
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years		Over 5 to 10 Years	Above 10 Years		
		Rupees in '000											
	41,287,071	-	-	-	-	-	-	-	-	-	-	-	41,287,071
Cash and balances with Treasury Banks	1,373,974	187,063	-	-	-	-	-	-	-	-	-	-	1,186,911
Balances with other Banks	16,502,138	7,957,069	-	8,545,069	-	-	-	-	-	-	-	-	-
Due from financial institutions	314,083,872	45,640,128	32,511,870	235,232,473	-	-	-	-	-	-	-	-	699,401
Investments	230,194,288	38,096,892	4,230,854	20,984,743	143,069,041	-	-	-	2,587,236	-	-	2,707	21,201,870
Islamic financing, related assets and advances	31,429,965	-	-	-	-	-	-	-	-	-	-	-	31,429,965
Other assets	634,871,308	91,881,152	36,742,724	264,762,285	143,069,041	-	-	-	2,587,236	-	-	2,707	95,805,218
	5,125,177	-	-	-	-	-	-	-	-	-	-	-	5,125,177
Bills payable	60,659,056	37,067,551	2,432,681	3,919,183	500,000	-	-	-	814,176	-	-	-	207,479
Due to financial institutions	522,540,925	327,542,456	-	-	-	-	-	-	4,775,768	-	1,904,237	9,037,981	-
Deposits and other accounts	4,252,295	2,020,754	47,372	282	85,553	-	-	-	1,562,750	-	415,484	57,226	194,988,469
Lease liabilities	2,850,000	850,000	2,000,000	-	-	-	-	-	-	-	-	-	-
Subordinated sukuk	22,972,525	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	618,399,978	367,480,761	4,480,053	3,919,465	585,553	-	-	-	2,376,926	4,838,642	2,319,721	9,095,207	22,972,525
	16,471,330	(275,599,609)	32,262,671	260,842,820	142,483,488	(2,376,926)	(2,251,406)	(2,319,721)	(2,251,406)	(2,319,721)	(9,092,500)	(186,534)	(127,290,953)
On-balance sheet gap													
	29,774,800	29,774,800	-	-	-	-	-	-	-	-	-	-	-
	100,971,691	58,111,507	23,462,900	19,397,284	-	-	-	-	-	-	-	-	-
Commitments in respect of:	126,138,097	124,966,341	-	-	-	-	-	-	-	-	-	-	1,171,756
- forward foreign exchange contracts													
- other commitments	256,884,588	31,879,643	4,250,859	3,098,382	-	-	-	-	-	-	-	-	-
Off-balance sheet gap													
	(243,719,966)	36,513,530	263,941,202	142,483,488	(2,376,926)	(2,251,406)	(2,319,721)	(9,092,500)	(186,534)	(127,290,953)			
Total Yield/Profit Rate Risk Sensitivity Gap													
	(243,719,966)	(207,206,436)	56,734,766	199,218,254	196,841,328	194,589,922	192,270,201	183,177,701	182,991,167	55,700,214			

On-balance sheet financial instruments

Assets

Cash and balances with Treasury Banks	0.39%
Balances with other Banks	22.28%
Due from financial institutions	22.66%
Investments	18.08%
Islamic financing, related assets and advances	
Other assets	

Liabilities

Bills payable	21.02%
Due to financial institutions	10.86%
Deposits and other accounts	
Lease liabilities	25.17%
Subordinated sukuk	12.68%
Other liabilities	

Off-balance sheet financial instruments

Documentary credits and short-term trade-related transactions

Commitments in respect of:

- forward foreign exchange contracts
- other commitments

Operational Risk

Operational Risk - Disclosures Basel II Specific

Operational Risk - Disclosures Basel II Specific

48.3 Operational Risk

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external / internal events. The risk is different from the others, since it has a greater level of uncertainty and may be termed as a little difficult to measure. The Bank believes that prudence should be lived and breathed through the organizational culture.

At a more formal level, the Bank has strengthened its risk management framework by developing policies, guidelines and manuals. Operational and other risk assessment tool e.g. Risk Control and Self Assessment (RCSA) is being effectively used to assess, mitigate and monitor possible risk that may arise in any of the Bank's financial product or department. Operational Loss Database (OLD) records all the internal / external potential operational losses which helps the management understand the causes and impact of these risks.

48.3.1 Operational Risk-Disclosures Basel II Specific

The Bank uses Basic Indicator Approach (BIA) for assessing the capital charge for operational risk. Under BIA the capital charge is calculated by multiplying average annual gross income of the bank over the past three years with 15% as per guidelines issued by State Bank of Pakistan.

To reduce losses arising from operational risk, the Bank has strengthened its risk management framework by developing strategies, policies, guidelines and manuals. It also includes risk and control self-assessment, key risk indicator, loss data management, improving efficiency and effectiveness of operations and improving quality of human resource through training and mitigation of operational risk.

48.4 Liquidity Risk

Liquidity risk is the potential loss to the Bank arising from its inability either to meet its obligations (financial) or to fund increases in assets as they fall due without incurring unacceptable costs or losses.

BankIslami Pakistan Limited's liquidity at various levels (day to day, short term, long term) is managed by the Treasury along with the Asset and Liability Management Committee (ALCO), which is one of the most important management level committees. Its role cannot be overemphasized here, it serves as a part of the critical trio with risk management and treasury department, monitoring and maintaining key liquidity ratios, a viable funding mix, depositor concentration, reviewing contingency plans etc.

Liquidity risk is defined as the potential loss arising from the Bank's inability to meet in an orderly way its contractual obligations when due. Liquidity risk arises in the general funding of the Bank's activities and in the management of its assets. The Bank maintains sufficient liquidity to fund its day-to-day operations, meet customer deposit withdrawals either on demand or at contractual maturity, meet customers' demand for new financings, participate in new investments when opportunities arise, and to meet any other commitments. Hence, liquidity is managed to meet known as well as unanticipated cash funding needs.

Bank calculates the Liquidity Coverage Ratio (LCR) on monthly basis as per SBP Basel III Liquidity Standards issued under BPRD circular no 08 dated June 23, 2016. The objective of LCR is to ensure the short-term resilience of the liquidity risk profile of Bank which requires banks to maintain sufficient High Quality Liquid Assets (HQLAs) to meet stressed cash outflows over a prospective 30 calendar-days period. As of December 31, 2024, Bank's LCR stood at 352.4% against the SBP's minimum requirement of 100%.

The objective of Net Stable Funding Ratio (NSFR) is to reduce funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress. Banks are expected to meet the NSFR requirement of at least 100% on an ongoing basis.

Governance of Liquidity risk management

Liquidity and related risks are managed through standardized processes established in the Bank. Board and senior management are apprised about liquidity profile of the Bank on periodic basis so as to ensure proactive liquidity management and to avoid abrupt shocks. The management of liquidity risk within the Bank is undertaken within limits and other policy parameters set by ALCO, which meets monthly and reviews compliance with policy parameters. Day to day monitoring is done by the treasury while overall compliance is monitored and coordinated by the ALCO and includes reviewing the actual and planned strategic growth of the business and its impact on the statement of financial position and monitoring the Bank's liquidity profile and associated activities. Bank's treasury function has the primary responsibility for assessing, monitoring and managing bank's liquidity and funding strategy. Treasury Middle Office being part of Risk management group is responsible for the independent identification, monitoring & analysis of risks inherent in treasury operations. The Bank has in place duly approved Treasury investment policy and strategy along with liquidity risk tolerance/appetite levels. These are communicated at various levels so as to ensure effective liquidity management for the Bank.

Funding Strategy

Bank's prime source of liquidity is the customer's deposit base. Within deposits, Bank strives to maintain a healthy core deposit base in form of current and saving deposits and avoid concentration in particular products, tenors and dependence on large fund providers. Further, Bank relies on Interbank placement for stop gap funding arrangements but same is less preferred source of liquidity. Within acceptance, sources of funding are also diversified to minimize concentration. Usually interbank placement is for short term. The Bank follows centralized funding strategy so as to ensure achievement of strategic and business objectives of the Bank.

Liquidity Risk Mitigation techniques

Various tools and techniques are used to measure and monitor the possible liquidity risk. These include monitoring of different liquidity ratios like cash to deposits, financing to deposit ratio, liquid assets to total deposits, Interbank placement to total deposits and large deposits to total deposits which are monitored on daily basis against different trigger levels and communicated to senior management and to ALCO forum regularly. Further, Bank also prepares the maturity profile of assets and liabilities to monitor the liquidity gaps over different time buckets. For maturity analysis, behavioural study techniques are also used to determine the behaviour of non-contractual assets and liabilities based on historic data and statistical techniques. The Bank also ensures to maintain statutory cash and liquidity requirements all times.

Liquidity Stress Testing

As per SBP BSD Circular No. 1 of 2012, liquidity stress testing is being conducted under various stress scenarios. Shocks include the withdrawals of deposits and increase in assets, withdrawals of wholesale / large deposits & interbank placement and utilization of undrawn credit lines etc. Results of same are escalated at the senior level so as to enable the senior management to take proactive actions to avoid liquidity crunch for the Bank.

Contingency Funding Plan

Contingency Funding Plan (CFP) is a part of liquidity management framework of the bank which identifies the trigger events that could cause a liquidity crisis and describes the actions to be taken to manage the crisis. At Bank, a comprehensive liquidity contingency funding plan is prepared which highlights liquidity management chain that needs to be followed. Responsibilities and crisis management phases are also incorporated in order to tackle the liquidity crisis. Moreover, CFP highlights possible funding sources, in case of a liquidity crisis.

Main drivers of LCR Results

Main drivers of LCR Results are High Quality Liquid Assets and Net cash outflows. Outflows are mainly deposit outflows net of cash inflows which consist of inflows from financing and money market placements up to 1 month. The inputs for calculation of LCR are as prescribed by the regulator.

Composition of High Quality Liquid Assets - HQLA

High Quality Liquid Assets composed of Level-1 Assets which can be included in the stock of liquid assets at 100% of their market value. Bank has taken Cash & treasury balances, Investments in Government of Pakistan backed Sukuks classified as Available for Sale category and foreign currency placements issued by sovereigns. Further, Level 2-A asset category includes investment in corporate sukuk.

Concentration of Funding Sources

Being a commercial bank, it relies on funds provided by depositors. However the Bank has been continuously improving upon its ratio of core deposits. Current and Saving accounts consist of 65.69% of total deposits, term deposits are 34.31% and acceptance from SBP and financial institutions is 15.68% of total deposits. Moreover the Bank does not rely on top few depositors to meet its funding requirements. This clearly shows that the funding sources for the Bank are well diversified.

Currency Mismatch in the LCR

Currency mismatch is minimal as FCY deposits are 3.88% of Bank's total deposits.

48.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Bank

2024

Total	Upto 1 Day	Over 1 to 7 Days	Over 7 to 14 Days	Over 1 to 2 months	Over 2 to 3 months	Over 3 months to 6 months	Over 6 months 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
41,083,952	41,083,952	-	-	-	-	-	-	-	-	-	-	-
982,664	982,664	-	-	-	-	-	-	-	-	-	-	-
4,257,928	-	-	4,257,928	-	-	-	-	-	-	-	-	-
345,051,553	-	-	-	-	-	-	-	-	-	-	-	-
296,018,363	13,806,832	6,569,833	11,014,939	16,191,109	14,899,733	12,355,659	33,331,908	16,128,393	38,342,604	66,464,383	173,777,489	4,651,117
15,102,917	-	-	148,020	147,642	615,875	1,619,906	422,758	27,447,378	14,560,111	16,663,073	25,262,432	57,538,897
4,314,535	-	-	26,730	-	-	28,771	5,766	5,366	31,332	1,218,087	1,641,089	7,319,328
4,050,161	-	-	-	26,060	26,005	77,918	77,766	77,295	292,933	250,896	235,241	2,959,317
26,961,952	396,819	188,332	315,145	463,284	918,518	1,894,161	1,357,589	1,215,907	2,022,952	3,127,787	6,815,496	6,598,726
737,834,025	56,230,266	6,758,165	11,330,083	50,251,237	16,460,132	57,842,750	41,222,157	45,292,334	58,802,169	87,724,207	211,975,047	79,067,384

Rupees in '000

Assets
 Cash and balances with treasury banks
 Balances with other banks
 Due from financial institutions
 Investments
 Islamic financing, related assets and advances
 Property and equipment
 Right-of-use assets
 Intangible assets
 Deferred tax assets
 Other assets

13,773,529	13,773,529	-	-	-	-	-	-	-	-	-	-	-
87,662,161	843,553	59,784,883	2,568,096	3,100,837	1,823,475	1,746,603	359,957	1,505,486	5,052,892	1,798,429	2,010,950	6,378,315
559,177,932	233,439	20,149,301	46,160,167	57,964,783	27,282,728	38,817,492	17,150,189	34,928,823	23,200,184	34,523,187	57,287,250	188,976,701
4,839,747	-	-	-	-	-	24,314	4,045	-	26,072	-	4,785,316	3,000,000
3,000,000	-	-	-	-	-	-	1,384,914	-	-	-	-	-
19,686,466	17,068	1,248,694	544,132	1,165,267	952,102	916,719	569,236	404,192	1,080,182	1,517,628	2,509,537	8,614,436
689,524,749	14,867,589	81,182,878	49,272,395	62,230,887	30,058,305	41,505,128	19,468,341	36,838,501	29,359,330	37,833,244	66,593,053	206,969,452
48,309,276	41,472,677	(74,424,713)	(37,942,312)	(11,979,650)	(13,598,173)	16,337,622	21,753,816	8,453,833	27,442,859	49,884,963	145,381,994	(127,902,069)

Net assets

Share capital - net
 Reserves
 Surplus on revaluation of assets
 Unappropriated profit

2023

Total	Upto 1 Day	Over 1 to 7 Days	Over 7 to 14 Days	Over 1 to 2 months	Over 2 to 3 months	Over 3 months to 6 months	Over 6 months 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
41,287,071	41,287,071	-	-	-	-	-	-	-	-	-	-	-
1,373,974	1,373,974	-	-	-	-	-	-	-	-	-	-	-
16,502,138	-	-	-	-	-	-	-	-	-	-	-	-
314,063,872	-	2,005,752	5,951,317	-	-	8,545,069	13,398,100	999,137	52,783,150	40,303,504	174,517,383	32,871,061
230,194,288	83,427,653	723,669	13,890,020	29,312,684	210,674	1,591,119	718,702	989,137	1,756,195	18,271,363	26,816,566	44,222,984
12,573,302	-	-	-	128,628	427,546	1,543,852	300,386	292,733	1,055,407	925,160	1,060,372	6,711,601
3,566,267	213,522	-	525	330	5,060	3,563	40,238	57,002	368,577	589,578	1,493,705	794,167
3,619,485	-	-	15,507	-	14,944	44,836	44,417	43,758	164,205	145,526	161,523	2,969,287
235,534	-	-	-	-	-	-	-	235,534	-	-	-	-
31,429,955	1,679,888	2,220,875	1,156,815	324,569	528,349	250,295	216,185	73,484	895,417	2,897,280	5,182,978	14,247,624
654,865,896	127,982,088	4,950,316	21,797,563	30,614,159	2,597,448	11,978,734	14,718,028	1,701,648	62,422,951	62,932,411	209,234,526	101,816,724

Rupees in '000

Assets
 Cash and balances with treasury banks
 Balances with other banks
 Due from financial institutions
 Investments
 Islamic financing, related assets and advances
 Property and equipment
 Right-of-use assets
 Intangible assets
 Deferred tax assets
 Other assets

5,125,177	5,125,177	-	-	-	-	-	-	-	-	-	-	-
60,659,056	-	22,986,360	12,768,050	559,569	1,873,112	3,919,183	-	500,000	814,176	4,775,768	1,904,237	9,245,460
522,540,925	2,537,015	19,716,774	45,303,774	54,067,009	33,123,060	36,280,158	17,987,043	33,269,830	20,175,517	30,122,103	49,952,652	162,997,722
4,252,295	241,434	-	-	-	-	-	29,153	37,786	396,806	607,918	1,741,487	1,197,711
2,890,000	-	-	-	-	-	-	-	-	-	-	-	2,890,000
22,972,525	1,741,909	3,457,916	2,095,345	2,032,214	1,247,853	373,887	837,341	2,678,712	2,382,262	1,291,501	1,305,944	1,741,273
618,339,978	9,645,535	46,161,050	60,167,168	57,412,384	36,244,025	40,553,238	18,853,537	36,486,327	23,768,761	36,797,290	54,904,320	178,032,166
36,465,918	118,336,553	(41,210,734)	(38,589,606)	(26,798,205)	(33,646,877)	(28,574,504)	(4,135,509)	(34,784,679)	39,654,190	26,135,121	154,330,206	(76,215,442)

Net assets

Share capital - net
 Reserves
 Surplus on revaluation of assets
 Unappropriated profit

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

2024

	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
Assets										
Cash and balances with treasury banks	41,093,952	41,093,952	-	-	-	-	-	-	-	-
Balances with other banks	982,664	982,664	-	-	-	-	-	-	-	-
Due from financial institutions	4,257,928	4,257,928	-	-	-	-	-	-	-	-
Investments	345,051,553	-	-	12,355,659	49,480,302	38,342,604	66,464,383	173,777,489	3,755,471	895,646
Islamic financing, related assets and advances	296,018,363	75,562,927	31,090,842	41,866,335	33,473,747	14,560,111	16,663,073	25,262,432	57,588,897	-
Property and equipment	15,102,917	148,020	763,517	1,619,906	840,753	1,552,237	1,218,067	1,641,089	7,319,328	-
Right-of-use assets	4,314,535	-	-	28,771	11,132	31,332	-	4,243,300	-	-
Intangible assets	4,050,161	26,730	52,065	77,918	155,061	292,933	250,896	235,240	2,959,318	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	26,961,952	2,547,531	1,381,803	1,894,161	2,573,496	2,022,952	3,127,787	6,815,496	6,598,726	-
	737,834,025	124,619,752	33,288,227	57,842,749	86,514,491	56,802,169	87,724,207	211,975,046	78,171,739	895,646
Liabilities										
Bills payable	13,773,529	13,773,529	-	-	-	-	-	-	-	-
Due to financial institutions	87,662,161	66,297,369	2,512,160	1,746,603	1,865,443	5,052,892	1,798,429	2,010,950	6,378,315	-
Deposits and other accounts	559,177,932	124,507,690	39,786,416	38,817,492	52,079,012	23,200,184	34,523,187	57,287,250	188,976,701	-
Lease liabilities	4,839,747	-	-	24,314	4,045	26,072	-	4,785,316	-	-
Subordinated sukuk	3,000,000	-	-	-	-	-	-	-	3,000,000	-
Deferred tax liabilities	1,384,914	-	-	1,384,914	-	-	-	-	-	-
Other liabilities	19,686,466	2,975,161	1,099,375	916,719	973,428	1,080,182	1,517,628	2,509,537	8,614,436	-
	689,524,749	207,553,749	43,397,951	42,890,042	54,921,928	29,359,330	37,839,244	66,593,053	206,969,452	-
Net assets	48,309,276	(82,933,997)	(10,109,724)	14,952,707	31,592,563	27,442,839	49,884,963	145,381,993	(128,797,713)	895,646
Share capital - net	11,007,991	-	-	-	-	-	-	-	-	-
Reserves	7,166,819	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	7,396,069	-	-	-	-	-	-	-	-	-
Unappropriated profit	22,738,397	-	-	-	-	-	-	-	-	-
	48,309,276	-	-	-	-	-	-	-	-	-

2023

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	41,287,071	-	-	-	-	-	-	-	-
Balances with other banks	1,373,974	-	-	-	-	-	-	-	-
Due from financial institutions	16,502,138	-	8,545,069	-	-	-	-	-	-
Investments	314,083,872	210,674	-	13,396,100	52,783,150	40,303,504	174,517,383	27,467,279	5,403,782
Islamic financing, related assets and advances	230,194,288	3,062,177	1,591,117	1,717,840	7,156,195	18,271,363	26,818,565	21,868,312	22,354,672
Property and equipment	12,573,302	128,627	555,163	1,543,853	593,119	925,160	1,060,372	1,370,828	5,340,773
Right-of-use assets	3,586,267	214,047	5,390	3,563	97,240	589,578	1,493,705	794,167	-
Intangible assets	3,619,485	15,509	30,427	44,833	88,175	145,526	161,523	2,969,287	-
Deferred tax assets	235,534	-	-	-	235,534	-	-	-	-
Other assets	31,429,965	7,013,784	852,918	250,295	289,669	2,697,280	5,182,978	8,750,456	5,497,168
	654,865,896	185,344,128	4,716,749	11,978,730	16,419,677	62,932,411	209,234,526	63,220,329	38,596,385
Liabilities									
Bills payable	5,125,177	-	-	-	-	-	-	-	-
Due to financial institutions	60,659,056	37,067,551	2,432,681	3,919,183	500,000	4,775,768	1,904,237	9,037,981	207,479
Deposits and other accounts	522,540,925	121,624,572	50,151,328	36,260,158	51,256,873	30,122,103	49,952,652	162,997,722	-
Lease liabilities	4,252,295	241,434	-	-	66,938	607,918	1,741,487	1,197,712	-
Subordinated sukuk	2,850,000	-	-	-	-	-	-	-	2,850,000
Other liabilities	22,972,525	9,327,384	3,034,211	373,897	3,516,053	1,291,501	1,305,945	1,741,272	-
	618,399,978	173,386,118	55,618,220	40,553,238	55,339,864	36,797,290	54,904,321	174,974,687	3,057,479
Net assets	36,465,918	11,958,010	(50,901,471)	(28,574,508)	(38,920,187)	26,135,121	154,330,205	(111,754,358)	35,538,916
Share capital- net	11,007,991	-	-	-	-	-	-	-	-
Reserves	4,800,111	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	4,662,090	-	-	-	-	-	-	-	-
Unappropriated profit	15,995,726	-	-	-	-	-	-	-	-
	36,465,918	-	-	-	-	-	-	-	-

49 GENERAL

- 49.1** Captions, as prescribed by BPRD Circular No. 02, dated: January 25, 2018 issued by the SBP, in respect of which there are no amounts, have not been reproduced in these unconsolidated financial statements, except for captions of the unconsolidated Statement of Financial Position and unconsolidated Profit and Loss Account.
- 49.2** These unconsolidated financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.
- 49.3** The figures in these unconsolidated financial statements have been rounded off to the nearest thousand rupee.
- 49.4** The Board of Directors in their meeting held on February 27, 2025 has announced final cash dividend of Rs. 1.25 per share (12.5%) (2023: Re. 1 per share [10%]). This appropriation will be approved in the forthcoming Annual General Meeting. The unconsolidated financial statements for the year ended December 31, 2024 do not include the effect of this appropriation which will be accounted for in the unconsolidated financial statements for the year ended December 31, 2025. The Board had earlier declared and paid an interim cash dividend of Rs. 1.5 (15%) (2023: Rs. 1.75 [17.5%]).

50 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on February 27, 2025 by the Board of Directors of the Bank.



PRESIDENT /
CHIEF EXECUTIVE
OFFICER



CHIEF FINANCIAL
OFFICER



CHAIRMAN



DIRECTOR



DIRECTOR

Annexure - I

STATEMENT SHOWING WRITTEN-OFF FINANCING 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	Profit written-off / waived	Other financial relief provided	Total (9+10+11)		
				Principal	Profit						
1	2	3	4	5	6	7	8	9	10	11	12
											Rupees in 000
1	Taimoor ud din, HOUSE-14-D GULBERG ROAD LAHORE	Taimoor ud din 35202-3696784-7	ABDUL REHMAN	15,659	6,423	312	22,394		10,654	-	10,654
2	MUHAMMAD KASHIF & MARYAM KASHIF, H NO 300 37/B LANDHI NO.1 KARACHI	Muhammad Kashif 42000-0421089-3	MUHAMMAD HANIF SIDDIQUI	3,184	10,753	33	13,969		9,787	-	9,787
3	Telecard Limited, World Trade Centre, 10 Khayaban-e Roomi, Block - 5, Clifton, Karachi	Syed Muhammad Pervez Sadiq 42000-6405000-7	S.Abdul Sadiq	145,614	30,465	-	176,079		8,965	-	8,965
4	NAVEED HAMEED & SANA NAVEED	Naveed Hameed 42201-6151584-9	ABDUL HAMEED	25,000	15,857	20	40,877		8,071	-	8,071
5	SALMA MAJID & MAJID SHAH, H NO 97 ST 28 KHAY AN-E-SEHAR PH 6 DH KARACHI	Saima Majid 42201-9277255-4	KHALID SHAFI	67,784	9,693	421	77,898		6,693	-	6,693
6	MUHAMMAD MOHIUDDIN & NASEEM, HOUSE R 21/1 KHAYABAN E SADI PH 7 KARACHI	Muhammad Mohiuddin 44103-2919826-4	MOHI UDDIN KHAN	27,508	8,810	-	36,317		6,317	-	6,317
7	Margalla Textile, MONNOO HOUSE 3-MONTGOMERY ROAD LAHORE	Mr. Jehangir A. Monnoo s/o Mian Nazir Hussain 35202-2479512-7	NAZIR HUSSAIN MONNO KASIR AHMED MONNOO SHAHZAD ALAM MONNOO	103,576	5,237	-	108,813		5,237	-	5,237
8	Mr. Shaukat Ali - House No.1, Al-Karim Park, Summy Road, Daroghawala, G.T. Road, Lahore.	Mr. Shaukat Ali (Late) - CNIC NO. 35201-5910931-9	MAIRAJ DIN	1,816	5,132	51	6,999		4,479	-	4,479
9	Shakil Ahmed - House No.128-F, Sector No.11-B, situated at North Karachi Township, Karachi.	Shakil Ahmed 42201-6554466-9	JAMEEL AHMED	4,946	4,287	-	9,233		4,287	-	4,287
10	Mr. Imdad Hussain Gondal - KHEWAT 146 KHATOONI 497 TO 512 QITA 128 MANDI BAHAUDDIN.	Mr. Imdad Hussain Gondal - 34401-0599972-3	ABDUL RAZZAGE	2,227	3,704	-	5,931		3,530	-	3,530
11	SHAIKH OMAR SIDDIQ & / JHAN ARA - PLOT NO 6 C 2 RAHAT 4 FLOOR PHASE 6 DHA KARACHI	Shaikh Omar 42301-0703422-5	SHAIKH MUHAMMAD SIDDIQ	4,459	2,791	609	7,859		2,457	-	2,457
12	Syed Sabeen Fatima - House No.121, New Labour Colony, SITE Area, Kotri, Hyderabad	Syed Sabeen Fatima 41204-4014275-2	SYED NAWAZISH ALI	1,626	1,914	66	3,606		1,910	-	1,910
13	SYED KHALID HUSSAIN & SHABANA KAUSAR, BANGLOW NO A 146 C, BLOCK 13 C, GULSHAN E IOBAL UNIVERSITY RD KARACHI	Faizan Saleem 35202-8295378-3	SHEIKH SALEEM AHMED	21,325	1,919	57	23,302		1,734	-	1,734
14	SYED AHMED & SANA NAWAZ, FLAT NO 203 FALAKNAZ HEIGHTS MAIN SHAHRAH E FAISAL KARACHI	Syed Khalid 42201-2708885-5	SYED ILYAS HUSSAIN	7,316	2,783	467	10,565		1,599	-	1,599
15	NIJAZ AHMED & SANA NAWAZ, FLAT NO 203 FALAKNAZ HEIGHTS MAIN SHAHRAH E FAISAL KARACHI	Niaz Ahmed 42201-3689657-0	MUHAMMAD RAFIQ BHUTTA	2,557	1,365	45	3,947		906	-	906
16	Hiborn International, Suite # 205, Gul Plaza, 15 Civic Centre, New Garden Town, Lahore.	Humayun Kabir 45504-8538259-1	MUHAMMAD ASHFAQ MIAN RIAZ AHMED	9,815	977	-	10,791		732	-	732
	Total			444,390	112,111	2,080	558,581		77,357	-	77,357

Annexure - II

Details of disposal of fixed assets to the Chief Executive Officer or to a Director or to Executives, irrespective of the value, and to any other person having cost more than Rs 1 million or net book value of Rs 250,000 or above are as follows:

Asset description	Asset Cost	Accumulated depreciation	WDV	Sale proceeds	Gain/ (loss) on disposal	Mode of disposal	Particulars of Buyer
Membership and Subscription	2,000	517	1,483	2,000	517	Tender	DACC
Membership and Subscription	2,000	583	1,417	2,000	583	Tender	DACC
Membership and Subscription	2,000	583	1,417	2,000	583	Tender	DACC
Membership and Subscription	2,000	583	1,417	2,000	583	Tender	DACC
Membership and Subscription	2,000	579	1,421	2,000	579	Tender	DACC
Membership and Subscription	2,000	579	1,421	2,000	579	Tender	DACC
Membership and Subscription	4,000	473	3,527	4,000	473	Tender	DACC
Membership and Subscription	4,000	473	3,527	4,000	473	Tender	DACC
Membership and Subscription	2,800	856	1,944	2,231	287	Buy Back	Tahir Bhatti
Total	22,800	2,267	5,733	8,000	2,267		

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KPMG Taseer Hadi & Co.
Chartered Accountants
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Karachi 75530 Pakistan
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INDEPENDENT AUDITOR'S REPORT

To the members of BankIslami Pakistan Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **BankIslami Pakistan Limited** (the Bank) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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



KPMG Taseer Hadi & Co.

Following are the Key Audit Matters:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1.	<p>Valuation of Islamic financing, related assets and advances and off-balance sheet items (Refer Note 12.16 and 23.1 to the consolidated financial statements)</p>	
	<p>As at 31 December 2024, the Bank’s Credit loss allowance against Islamic financing, related assets and advances and off-balance sheet items amounts to Rs. 25,555 million and 378 million respectively.</p> <p>As per the BPRD Circular No. 07 of . 2023, the Bank adopted IFRS 9 in accordance with the Application Instructions as issued by State Bank of Pakistan (SBP) for IFRS 9 from 01 January 2024 which requires the Bank to recognize Expected Credit Losses (ECL) on Islamic financing, related assets and advances including non-funded exposure. The estimation of ECL on Islamic financing, related assets and advances including non-funded exposure, involves judgement and complexity.</p> <p>The key areas which are subject to management judgement in the estimation of ECL are:</p> <ul style="list-style-type: none"> Model estimations - judgmental modelling and assumption are used to estimate ECL which involves determining Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD). <p>Respective model assumption is a key driver of complexity and uncertainty and are required in the application of these model for calculation of the ECL estimate.</p> <ul style="list-style-type: none"> Economic scenarios - IFRS 9 requires the Bank to measure ECL on an unbiased forward-looking basis reflecting a range of future economic conditions. Management judgement is applied in determining the forward-looking economic scenarios used as an input to calculate ECL, the associated scenario probability weightings, and the key economic variables that drive the scenarios. 	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> Performing risk assessment procedures over the credit loss allowance against Islamic financing, related assets and advances and off-balance sheet exposure within the Bank’s consolidated financial statement. As part of these risk assessment procedures, identifying the portfolios associated with a risk of material misstatement including those arising from judgements over the estimation of ECL either due to inputs, methods or assumption. Assessing the design, implementation and operating effectiveness of key controls established by the Bank over measurement of ECL and provision calculated as per PR. We involved in-house specialist who assisted in the following: <ul style="list-style-type: none"> Evaluating the Bank’s impairment methodologies for compliance with application instructions as issued by SBP for IFRS 9; Assessing the reasonableness of the Bank’s methodology and models for determining the economic scenarios used and the probability weightings applied to them by independently validating and challenging the assumption, methodologies, and outputs of the models; Assessing the reasonableness of macro-economic variable and economic forecasts by comparing these to external sourced data extracted; and

S.No.	Key Audit Matters	How the matter was addressed in our audit
	<ul style="list-style-type: none"> Qualitative criteria - the criteria selected to identify a SICR involves judgment and can lead to unreliable ECL recognized for certain portfolios. <p>In line with the application instructions as issued by SBP for IFRS 9, the Bank must compare the ECL for Stage 3 advances with the provision determined under the Prudential Regulations (PR) issued by the SBP. The PR requires specific provisioning against the Islamic financing, related assets and advances on the basis of time-based criteria which should be supplemented by a subjective evaluation of Bank's credit portfolio. The determination of provision against advances, therefore, involves use of management's judgement, on a case-to-case basis, taking into account factors such as the economic and business conditions, borrowers' repayment behaviors and realizability of collateral held by the Bank.</p> <p>Because of the high degree of estimation uncertainty and judgement involved in the calculation of ECL we considered the area of ECL provision as a key audit matter.</p>	<ul style="list-style-type: none"> Performing independent testing of the Expected Credit Loss (ECL) allowance on a sample basis. Ensuring completeness of the key inputs into the ECL calculations with their respective sub-ledgers and general ledgers. Performing testing on sample basis over key inputs into the ECL calculations with their respective source documents. Performing sensitivity analysis on the key assumption, that is probability weighted economic scenarios, to assess reasonableness and the risk of biasness by changing weights assigned to each economic scenario. In accordance with the PR, we sampled at least sixty percent of the total advances portfolio and performed credit review through the following substantive procedures: <ul style="list-style-type: none"> verifying repayments of Islamic financing, related assets and advances /Profit installments and checked that non-performing advances have been correctly classified and categorized based on the number of days overdue; examining watch list accounts and, based on review of the individual facts and circumstances, discussions with management and our assessment of financial conditions of the borrowers, formed a judgement as to whether classification of these accounts as performing was appropriate; and assessing the accuracy of specific provision made against non-performing Islamic financing, related assets and advances in accordance with the criteria prescribed under the PRs by performing recalculation.

S.No.	Key Audit Matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> • Assessing the appropriateness of SICR criteria applied by the Bank by ensuring that the SICR criteria and staging methodology are consistent with the relevant application instructions as issued by SBP for IFRS 9. • Assessing the appropriateness of ECL on Islamic financing, related assets and advances categorized as Stage 3 by performing a comparison of ECL computed, through the use of methodology and models with the provision required to be computed as required under the PR to ensure that an amount which is higher of the ECL and PR requirements is appropriately recognized for these stage 3 Islamic financing, related assets and advances pursuant to the requirement of application instructions as issued by SBP for IFRS 9. • Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities.
2.	<p>Impairment testing of goodwill (Refer Note 15.2 to the consolidated financial statements)</p>	
	<p>As at 31 December 2024, intangible assets include goodwill amounting to Rs. 2,991 million acquired as a result of scheme of amalgamation as disclosed in note 15.2 to the consolidated financial statements. Goodwill is required to be annually assessed for impairment under IAS-36 “Impairment of Assets”. Accordingly, Management has performed an impairment test of the goodwill which is subjective in nature due to assumptions made about future performance. As disclosed in note 15.2, the Bank uses a discounted cash flow model to determine value in use, on the basis of the certain key assumptions. Due to the significance and impact of the assumptions and judgements involved, the impairment tests of goodwill is considered to be a key audit matter.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> • Evaluated the model used in determining the value in use as well as assessing the discount rate used; • Compared the cash flow forecasts to approved budgets and other relevant market and economic information, as well as testing the underlying calculations; • Involved our internal valuation specialists to review and evaluate management’s key assumptions used in impairment calculations; • Performed sensitivity analyses around the key assumptions used in the models; • Assessed the adequacy of the related disclosures in the financial statements in accordance with the applicable financial reporting framework.

Information other than the Consolidated Financial Statements and Auditors' Reports Thereon

Management is responsible for the other information. The other Information comprises the Annual Report of the Bank, but does not include the unconsolidated financial statements, consolidated financial statements and our auditor's reports thereon. We were provided with the Director's Report to the Shareholders and Chairman's Review Report prior to the date of this Auditor's report and the remaining parts of the Annual report are expected to be made available to us after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this Auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

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

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

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

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

Date: 6 March 2025

Karachi

UDIN: AR202410106gMvCBdHKb



**KPMG Taseer Hadi & Co.
Chartered Accountants**

Consolidated Statement of Financial Position

As at December 31, 2024

	Note	2024	2023
		----- Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks	8	41,093,952	41,287,071
Balances with other banks	9	984,866	1,376,176
Due from financial institutions	10	4,257,928	16,502,138
Investments	11	345,051,553	314,083,872
Islamic financing, related assets and advances	12	296,018,363	230,194,288
Property and equipment	13	15,103,969	12,574,354
Right-of-use assets	14	4,314,535	3,566,267
Intangible assets	15	4,097,172	3,666,496
Deferred tax assets	16	-	110,448
Other assets	17	26,962,224	31,430,237
Total Assets		737,884,562	654,791,347
LIABILITIES			
Bills payable	18	13,773,529	5,125,177
Due to financial institutions	19	87,662,161	60,659,056
Deposits and other accounts	20	559,177,927	522,540,920
Lease liabilities	21	4,839,747	4,252,295
Subordinated sukuk	22	3,000,000	2,850,000
Deferred tax liabilities	16	1,510,000	-
Other liabilities	23	19,706,230	22,992,289
Total Liabilities		689,669,594	618,419,737
NET ASSETS		48,214,968	36,371,610
REPRESENTED BY			
Share capital - net	24	11,007,991	11,007,991
Reserves		7,166,799	4,800,091
Surplus on revaluation of assets	25	7,387,004	4,653,025
Unappropriated profit		22,653,174	15,910,503
		48,214,968	36,371,610
CONTINGENCIES AND COMMITMENTS			
	26		

The annexed notes 1 to 50 and Annexure I & II form an integral part of these consolidated financial statements.



PRESIDENT /
CHIEF EXECUTIVE
OFFICER



CHIEF FINANCIAL
OFFICER



CHAIRMAN



DIRECTOR



DIRECTOR

Consolidated Profit and Loss Account

For the year ended December 31, 2024

	Note	2024	2023
		----- Rupees in '000 -----	
Profit / return earned	27	112,800,697	92,756,237
Profit / return expensed	28	66,414,069	52,572,505
Net Profit / return		46,386,628	40,183,732
OTHER INCOME			
Fee and commission income	29	2,312,184	1,816,904
Dividend income		67,289	68,545
Foreign exchange income		1,296,019	1,226,808
Income / (loss) from shariah compliant alternative of forward foreign exchange contracts		43,305	(313,494)
Gain on securities - net	30	700,889	272,015
Net gains on derecognition of financial assets measured at amortised cost		-	-
Other income	31	170,848	239,819
Total other income		4,590,534	3,310,597
Total Income		50,977,162	43,494,329
OTHER EXPENSES			
Operating expenses	32	22,159,072	16,159,656
Workers welfare fund		521,014	410,468
Other charges	33	33,819	9,353
Total other expenses		22,713,905	16,579,477
Share of profit from associates		-	60,639
Profit before credit loss allowance / provisions		28,263,257	26,975,491
Credit loss allowance / provisions and write offs - net	34	2,733,556	6,886,945
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		25,529,701	20,088,546
Taxation	35	13,696,160	9,478,298
PROFIT AFTER TAXATION		11,833,541	10,610,248
ATTRIBUTABLE TO:			
Equity Shareholders of the Holding Company		11,833,541	10,610,248
Non-controlling interest		-	-
		11,833,541	10,610,248
----- Rupees -----			
Basic and Diluted earnings per share	36	10.6733	9.5700

The annexed notes 1 to 50 and Annexure I & II form an integral part of these consolidated financial statements.



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Consolidated Statement of Comprehensive Income

For the year ended December 31, 2024

	Note	2024	2023
		----- Rupees in '000 -----	
Profit after taxation for the year		11,833,541	10,610,248
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 AFS - net of tax		-	2,075,026
Movement in surplus on revaluation of debt investments through FVOCI - net of tax		2,805,965	-
		2,805,965	2,075,026
Items that will not be reclassified to profit and loss account in subsequent periods:			
Re-measurement loss on defined benefit obligations - net of tax	40.8.2	(42,689)	(33,459)
Movement in surplus on revaluation of equity investments - net of tax		3,020	-
Movement in surplus on revaluation of property and equipment - net of tax		277,152	(19,163)
Movement in surplus on revaluation of non-banking assets - net of tax		18,505	(3,052)
		255,988	(55,674)
Total comprehensive income		14,895,494	12,629,600
Total comprehensive income attributable to:			
Equity Shareholders of the Holding Company		14,895,494	12,629,600
Non-controlling interest		-	-
		14,895,494	12,629,600

The annexed notes 1 to 50 and Annexure I & II form an integral part of these consolidated financial statements.



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Consolidated Statement of Changes in Equity

For the year ended December 31, 2024

	Share capital	Discount on issue of shares	Statutory reserve*	Surplus on revaluation of		Unappropriated profit	Sub total	Non-Controlling interest	Total
				Investments	Property & Equipment / Non Banking Assets				
----- Rupees in '000 -----									
Opening Balance as at January 01, 2023	11,087,033	(79,042)	2,591,071	1,122,191	1,637,031	10,432,660	26,790,944	-	26,790,944
Profit after taxation for the year ended 31 December 2023	-	-	-	-	-	10,610,248	10,610,248	-	10,610,248
Other comprehensive income for the year ended 31 December 2023	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of available for sale investments - net of tax	-	-	-	2,075,026	-	-	2,075,026	-	2,075,026
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	(33,459)	(33,459)	-	(33,459)
Movement in deficit on revaluation of property and equipment - net of tax	-	-	-	-	(19,163)	-	(19,163)	-	(19,163)
Movement in deficit on revaluation of non-banking assets - net of tax	-	-	-	-	(3,052)	-	(3,052)	-	(3,052)
	-	-	-	2,075,026	(22,215)	(33,459)	2,019,352	-	2,019,352
Transfer from surplus on revaluation of property and equipment to unappropriated profit - net of tax	-	-	-	-	(126,782)	126,782	-	-	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	(168)	168	-	-	-
Transfer from surplus on revaluation of property and equipment on sale to unappropriated profit - net of tax	-	-	-	-	(32,058)	32,058	-	-	-
Transfer to statutory reserve	-	-	2,209,020	-	-	(2,209,020)	-	-	-
Transactions with owners, recorded directly in equity									
Final Cash dividend to shareholders for the year 2022 @ Re. 1.00 per share	-	-	-	-	-	(1,108,703)	(1,108,703)	-	(1,108,703)
First Interim cash dividend to shareholders for the year 2023 @ Rs. 1.75 per share	-	-	-	-	-	(1,940,231)	(1,940,231)	-	(1,940,231)
Opening Balance as at January 01, 2024	11,087,033	(79,042)	4,800,091	3,197,217	1,455,808	15,910,503	36,371,610	-	36,371,610
Impact of initial application of IFRS 9 as at January 01, 2024 - net of tax	-	-	-	(166,708)	-	(113,670)	(280,378)	-	(280,378)
Opening Balance as at January 01, 2024 (As restated)	11,087,033	(79,042)	4,800,091	3,030,509	1,455,808	15,796,833	36,091,232	-	36,091,232
Profit after taxation for the year ended 31 December 2024	-	-	-	-	-	11,833,541	11,833,541	-	11,833,541
Other comprehensive income for the year ended 31 December 2024	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of investments in equity instruments - net of tax	-	-	-	2,805,965	-	-	2,805,965	-	2,805,965
Movement in surplus on revaluation of investments in debt instruments - net of tax	-	-	-	3,020	-	-	3,020	-	3,020
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	(42,689)	(42,689)	-	(42,689)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	277,152	-	277,152	-	277,152
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	18,505	-	18,505	-	18,505
	-	-	-	2,808,985	295,657	(42,689)	3,061,953	-	3,061,953
Transfer from surplus on revaluation of property and equipment to unappropriated profit - net of tax	-	-	-	-	(202,716)	202,716	-	-	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	(1,239)	1,239	-	-	-
Transfer to statutory reserve	-	-	2,366,708	-	-	(2,366,708)	-	-	-
Transactions with owners, recorded directly in equity									
Final Cash dividend to shareholders for the year 2023 @ Re. 1 per share	-	-	-	-	-	(1,108,703)	(1,108,703)	-	(1,108,703)
First Interim Cash dividend to shareholders for the year 2024 @ Rs. 1.5 per share	-	-	-	-	-	(1,663,055)	(1,663,055)	-	(1,663,055)
Closing Balance as at December 31, 2024	11,087,033	(79,042)	7,166,799	5,839,494	1,547,510	22,653,174	48,214,968	-	48,214,968

*This represents reserve created under section 21(1) of the Banking Companies Ordinance, 1962.

The annexed notes 1 to 50 and Annexure I & II form an integral part of these consolidated financial statements.



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Consolidated Cash Flow Statement

For the year ended December 31, 2024

	Note	2024	2023
		----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		25,529,701	20,088,546
Less: Dividend income		(67,289)	(68,545)
Less: Share of loss / profit from associate		-	(60,639)
		<u>25,462,412</u>	<u>19,959,362</u>
Adjustments for non-cash charges and other items:			
Net profit / return		(46,386,628)	(40,183,732)
Depreciation on property and equipment	13.2	1,695,821	1,034,230
Depreciation on non-banking assets	17.1.1	2,327	2,302
Depreciation on right-of-use assets	14	1,323,414	895,640
Amortisation		275,027	143,729
Depreciation on operating Ijarah assets	12.13	153,099	18,627
Finance charges on leased assets	28	806,755	925,699
Credit loss allowance / provisions and write offs - net	34	2,733,556	6,886,945
Unrealized gain on revaluation of investments classified as FVPL	30	(54,344)	-
Charge for defined benefit plan	40.8.1	305,706	210,989
Gain on sale / disposal of property and equipment	31	(50,447)	(39,967)
		<u>(39,195,714)</u>	<u>(30,105,538)</u>
		<u>(13,733,302)</u>	<u>(10,146,176)</u>
Decrease / (increase) in operating assets			
Due from financial institutions		12,247,450	7,379,285
Securities classified as FVPL		54,344	-
Islamic financing, related assets and advances		(69,116,983)	(33,712,619)
Other assets (excluding advance taxation)		2,379,820	259,658
		<u>(54,435,369)</u>	<u>(26,073,676)</u>
Increase / (decrease) in operating liabilities			
Bills payable		8,648,352	1,594,248
Due to financial institutions		27,003,105	39,606,800
Deposits		36,637,007	106,628,983
Other liabilities (excluding current taxation)		(1,811,284)	(1,980,927)
		<u>70,477,180</u>	<u>145,849,104</u>
		<u>2,308,509</u>	<u>109,629,252</u>
Profit / return received		118,028,120	82,368,624
Profit / return paid		(67,256,370)	(42,184,892)
Income tax paid		(15,775,823)	(7,974,057)
Payment to Gratuity Fund		(300,000)	(150,000)
Net cash generated from operating activities		<u>37,004,436</u>	<u>141,688,927</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net Investments in securities classified as FVOCI / AFS		(27,416,784)	(133,474,647)
Dividends received		67,289	68,545
Investments in property and equipment		(4,246,947)	(3,062,519)
Investments in intangible assets		(723,277)	(501,646)
Proceeds from disposal of property and equipment		76,201	568,667
Net cash used in investing activities		<u>(32,243,518)</u>	<u>(136,401,600)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Payments of lease obligations against right-of-use assets		(2,555,969)	(1,797,604)
Dividend paid		(2,939,378)	(2,847,335)
Proceeds from issuance of subordinated sukuk		150,000	-
Net cash used in financing activities		<u>(5,345,347)</u>	<u>(4,644,939)</u>
(Decrease) / increase in cash and cash equivalents		<u>(584,429)</u>	<u>642,388</u>
Cash and cash equivalents at the beginning of the year		42,663,247	42,020,859
Cash and cash equivalents at the end of the year		<u>42,078,818</u>	<u>42,663,247</u>

The annexed notes 1 to 50 and Annexure I & II form an integral part of these consolidated financial statements.



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Notes to and Forming Part of the Consolidated Financial Statements

For the year ended December 31, 2024

1 STATUS AND NATURE OF BUSINESS

The Group comprises of:

1.1 BankIslami Pakistan Limited (Holding Company or the Bank)

BankIslami Pakistan Limited (the Holding Company) was incorporated in Pakistan on October 18, 2004 as a public limited company to carry out the business of an Islamic Commercial Bank in accordance with the principles of Islamic Shariah.

The State Bank of Pakistan (SBP) granted a 'Scheduled Islamic Commercial Bank' license to the Holding Company on March 18, 2005. The Holding Company commenced its operations as a Scheduled Islamic Commercial Bank with effect from April 07, 2006 on receiving Certificate of Commencement of Business from the State Bank of Pakistan (SBP) under section 37 of the State Bank of Pakistan Act, 1956. The Holding Company is principally engaged in corporate, commercial, consumer, retail banking and investment activities.

The Holding Company is operating through 540 branches including 60 sub-branches as at December 31, 2024 (December 31, 2023: 440 branches including 60 sub-branches). The registered office of the Holding Company is situated at 11th Floor, Dolmen City Executive Tower, Marine Drive, Block-4, Clifton, Karachi. The shares of the Holding Company are quoted on the Pakistan Stock Exchange Limited.

The Pakistan Credit Rating Agency (Private) Limited (PACRA) has maintained the Holding Company's long-term rating to 'AA-' and short-term rating at 'A1' with stable outlook.

On August 18, 2023, JS Bank Limited increased its shareholding in the Holding Company from 7.79% to 50.24% by acquiring shares from existing shareholders of the Holding Company through Share Purchase Agreement (SPA), effectively making BankIslami Pakistan Limited a subsidiary of JS Bank Limited. The shareholding in the Holding Company was further increased to 75.12% on August 25, 2023 by way of acquiring Holding Company's shares through a public offer.

1.2 Subsidiary Companies

1.2.1 My Solutions Corporations Limited - 100 percent holding

My Solutions Corporation Limited (the Subsidiary) was incorporated as a private limited company on November 05, 1995 and was converted into a public limited company on March 24, 2003. The Company is currently dormant. Its registered office is situated at the 9th floor, Trade Centre, I.I Chundrigar Road, Karachi.

2 BASIS OF PRESENTATION

2.1 The Holding Company provides financing mainly through Murabaha, Istisna, Diminishing Musharakah, Import Murabaha, Salam, Musawamah, Running Musharaka (Shirkat-ul-Aqd), Ijarah and other Islamic modes as briefly explained in note no. 7.5 to these consolidated financial statements.

The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon. The income on such financing is recognized in accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognized as charity payable as directed by the Shariah Board of the Holding Company.

2.2 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Holding Company and the subsidiary company from the date that control of the subsidiary by the Holding Company commences until the date that control ceases. The financial statements of the subsidiary company are incorporated on a line-by-line basis and the investment held by the Holding Company is eliminated against the corresponding share capital of subsidiary in these consolidated financial statements. Material intra-group balances and transactions are eliminated.

2.3 Effective May 07, 2015, the defunct KASB Bank Limited (amalgamated entity) was amalgamated within and into the Holding Company. As the amalgamated entity operated as a conventional bank, any assets or liabilities which are not Shariah compliant are shown separately within these consolidated financial statements.

3 STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan for financial reporting 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 (ICAP) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

3.1 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 IAS, IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

3.2 The SBP, through its BSD Circular Letter No. 10 dated August 26, 2002, has deferred the implementation of IAS 40 - "Investment Property" for Banking Companies in Pakistan, till further instructions. Accordingly, the requirements of these Standards have not been considered in the preparation of these consolidated financial statements. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" through its S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of this standard have also not been considered in the preparation of these consolidated financial statements. However non-banking assets have been classified and valued in accordance with the requirements prescribed by the SBP.

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

3.4 As per BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, unlisted equity securities are currently carried at the lower of cost or breakup value as per the exemption granted by SBP. Effective from January 01, 2025, as per the requirement of IFRS 9, these will be measured at fair value under IFRS 13.

- 3.5** The Holding Company received an extension from SBP up to December 31, 2025 for application of EPR in general for all financial assets and liabilities (excluding staff loans / subsidized loans), however as financial assets other than financing and financial liabilities were already effectively carried at EPR before the implementation of IFRS 9 hence said extension has only been applied on Islamic financing (excluding staff loans / subsidized loans i.e. Temporary Economic Refinance Facility). Therefore, Islamic financing are now carried at cost, excluding staff loans and TERF, which are carried at amortized cost, net of expected credit loss allowances.

Further, in accordance with the BPRD Circular Letter No. 01 of 2025 dated January 22, 2025, Islamic Banking Institutions (IBIs) are allowed to follow Islamic Financial Accounting Standards (IFAS) 1 & 2 where applicable and continue the existing accounting methodology on other Islamic products until issuance of further instruction in this regard.

- 3.6** The treatment of charity should be in line with the existing practices as defined in SBP instructions issued via IBD Circular No. 02 of 2008 and should not be recognized as income.

4 CHANGES IN REPORTING STANDARDS AND INTERPRETATIONS

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

As directed by SBP via BPRD Circular letter no. 7 of 2023 IFRS 9, (Financial Instruments) is effective in Pakistan for periods beginning on or after January 1, 2024. In addition, due to the application of IFRS 9, SBP vide BPRD Circular No. 02 dated February 9, 2023 and further BPRD Circular Letter No. 13 dated July 1, 2024, has also amended the format of the annual financial statements. Details regarding the aforementioned adoption and amendment, including the impact thereof, are discussed in more detail in note 7.1.2 to these consolidated financial statements.

Except for the above, there are certain other interpretations and amendments that are mandatory for the Holding Company's accounting periods beginning January 1, 2024. However, these are not considered to be relevant or do not have any significant effect on the Holding Company's operations and therefore have not been detailed in these consolidated financial statements.

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

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

Standards and amendments	Effective date (accounting periods beginning on or after)
- IAS 21 - Lack of exchangeability – (Amendments)	01 January 2025
- IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet announced
Standard	IASB effective date (accounting periods beginning on or after)
- IFRS 1 – First-time Adoption of International Financial Reporting Standards	01 January 2004

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS:

“The preparation of consolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain accounting estimates. It also requires the management to exercise judgement in the process of applying the Holding Company’s accounting policies. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates affect the reported amounts of assets, liabilities, income, and expenses. The areas where various assumptions and estimates are significant to the Holding Company’s financial statements or where judgement was exercised in the application of accounting policies are as follows:

	Note
(a) Classification of financial assets	7.1.4
(b) Impairment of investments in associates	7.4
(c) Valuation and Impairment of financial instruments	7.1.6
(d) Valuation and depreciation of property and equipment	7.6.2
(e) Valuation and depreciation of right-of-use assets and related lease liabilities	7.6.3
(f) Valuation and amortization of intangible assets	7.6.4
(g) Valuation of non-banking assets acquired in satisfaction of claims	7.8
(h) Valuation of defined benefit plans	7.12
(i) Taxation	7.7
(j) Valuation of shariah compliant forward exchange contracts	7.17.4

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 revision and future periods if the revision affects both current and future periods.

6 BASIS OF MEASUREMENT

6.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except for certain fixed assets, certain investments, foreign currency balances, commitments in respect of shariah compliant alternative of foreign exchange contracts and non-banking assets acquired in satisfaction of claims have been marked to market and are carried at fair value. Further, staff retirement benefits and lease liability as discussed in note numbers 7.12, 40, 7.6.3 and 21 to the consolidated financial statements have been carried at present values as determined under the International Accounting Standards (IAS) 19 (revised) ‘Employee Benefits’ and IFRS 16 - Leases.

6.2 Functional and Presentation Currency

These consolidated financial statements are presented in Pakistani Rupees, which is the Holding Company’s functional and presentation currency.

6.3 Rounding off

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

7 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, except as disclosed in note 7.1.

7.1 Changes in accounting policies

7.1.1 Revised format of consolidated financial statements

SBP through its BPRD Circular No. 02 dated February 9, 2023, has amended the format of annual financial statements of banks. All banks are required to prepare their annual financial statements on the revised format effective from accounting year starting from January 1, 2024. Accordingly, the Holding Company has prepared these consolidated financial statements on the new format prescribed by the SBP. The adoption of the new format contains additional disclosures and certain changes in the financial statements' presentation, primarily due to the implementation of IFRS 9 as applicable in Pakistan. However, the corresponding figures continue to be classified and disclosed in accordance with the previous financial accounting and reporting framework.

Adoption of revised financial statements format has also resulted in following material changes (due to which the corresponding presentations have also been changed):

- Right-of-use-assets (note no. 14) amounting to Rs. 4,314.535 million (December 31, 2023: Rs. 3,566.267 million) which were previously shown as part of property and equipment (previously fixed assets) (note no. 17) are now shown separately on the Statement of Financial Position.
- Lease liabilities (note no. 21) amounting to Rs. 4,839.747 million (December 31, 2023: Rs. 4,252.295 million) which were previously shown as part of other liabilities (note no. 23) are now shown separately on the Statement of Financial Position.

7.1.2 IFRS 9 - Financial Instruments

During the year, as directed by SBP vide its BPRD Circular No. 07 of 2023 dated April 13, 2023, IFRS 9 'Financial Instruments' (the Standard) became applicable to the Holding Company.

BPRD Circular No. 03 of 2022 dated July 05, 2022 issued by SBP provides detailed instructions on implementation of IFRS 9 (the Application Instructions) for ensuring smooth and consistent implementation of the standard across banks.

The Standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The Standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'Expected Credit Losses' (ECL) approach rather than 'incurred credit losses' approach as previously followed. The ECL has impact on all the assets of the Holding Company which are exposed to credit risk.

The Holding Company has adopted IFRS 9 in accordance with the Application Instructions from January 01, 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period and the differences in carrying amount of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as at January 01, 2024, as permitted under the specific transitional provisions in the Standard. Accordingly, the information presented for 2023 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2024 under IFRS 9.

SBP through its BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, has amended and extended the timelines for application instructions. Under the revised guidelines, banks are required to implement modification accounting for financial assets and liabilities in accordance with the Standard. These changes took effect from October 01, 2024, and have been applied retrospectively from January 01, 2024. SBP through its BPRD Circular Letter No. 01 of 2025 dated January 22, 2025, SBP further clarifies that modification accounting to be applied to loans modified on or after January 01, 2020.

7.1.3 Impact on regulatory capital

The introduction of the Standard has resulted in reduction in regulatory capital of the Banks, which has reduced their lending capacity and ability to support their clients. In order to mitigate the impact of ECL models on capital, SBP has determined that it may be appropriate for the banks to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. Annexure B of the 'Application Instructions' issued by SBP has detailed the transitional arrangement.

The transitional arrangement applies only to provisions for stage 1 and stage 2 financial assets. The transitional arrangement must adjust CET1 capital. Where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the "transitional adjustment amount") must be partially included (i.e., added back) to CET1 capital over the "transition period" of five years.

Moreover, SBP has allowed to adjust the amount of Stage 1 and Stage 2 provisions in Tier 2 Capital that have not been added back to CET 1 and vice versa as per Annexure-A of BPRD Circular no 16 dated July 29, 2024.

Had IFRS 9 not been applied then CAR would have been higher by 35 bps from 24.07% to 24.42% for the Holding Company.

7.1.4 Classification and measurement

As per SBP Application guideline under IFRS 9, classification and measurement of financial assets depends on how these are managed based on business model and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are required to be measured at fair value through profit and loss (FVPL) regardless of the business model in which they are held. Further, classification is categorized as follows:

7.1.5 Business Model and SPPI Assessments

As per SBP Application guideline under IFRS 9, the classification of the financial assets is based on two criteria: a) the Holding Company's business model for managing the assets; and b) whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

a) Business model assessment

The Holding Company determines its business model at the level that best reflects how it manages financial assets to achieve its business objective. The Holding Company's business model is based on observable factors such as:

- The objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing 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 entity'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.
- How managers of the business are compensated (e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- The expected frequency, volume and timing of sales are also important aspects of the Holding Company's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Holding Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

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

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss (FVPL) because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. Separately, for equity investments that are not held for trading, IFRS 9 allows the Holding Company to make an irrevocable election at initial recognition to present subsequent changes in fair value in other comprehensive income (OCI). This election is made at the individual instrument (scrip) level.

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: Held for trading which is evaluated on fair value basis and measured at FVPL because they neither are held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

b) Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)

The Holding Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The elements of profit within a financing arrangement are the consideration for the time value of money, credit risk, liquidity risk, and basic lending costs associated with the financial asset. To make the SPPI assessment, the Holding Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

If the SPPI test is met, the classification of the financial asset depends on the business model:

- Amortized Cost – If the financial asset is held to collect contractual cash flows.
- Fair Value Through Other Comprehensive Income (FVOCI) – If the financial asset is held both to collect contractual cash flows and for sale.
- Fair Value Through Profit or Loss (FVPL) – If the SPPI test is failed or the business model requires fair value measurement.

7.1.6 Initial recognition and subsequent measurement

The classification and subsequent measurement requirements of IFRS 9 and SBP Application guidelines categories are as follows;

Financial Assets

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

a) Amortised cost (AC)

The Holding Company classifies its debt based financial assets at amortised cost only if both of the following criteria are met and is not designated as at FVPL:

- the asset is held within a business model whose objective is to hold assets to collect Contractual Cash Flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI test) on the principal amount outstanding.

Financial assets under amortised cost category are initially recognised at fair value plus transaction cost.

After initial measurement, these financial instruments are subsequently measured at amortised cost using the Effective Profit Rate (EPR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EPR. The amortisation is included in "Profit Income" in the Income Statement.

Staff and Temporary Economic Refinance Facility (TERF) financing are recognized at fair value at the time of disbursement. The fair value is determined by discounting the expected future cash flows using the prevailing market rates for instruments.

b) Fair value through other comprehensive income (FVOCI)

Financial assets at fair value through other comprehensive income comprise:

- equity securities which are not held for trading, and for which the Holding Company has made an irrevocable election at initial recognition to recognize changes in fair value through OCI rather than profit or loss, and
- debt securities where the contractual cash flows are solely principal and interest and the objective of the Holding Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

Financial assets under FVOCI category are initially recognised at fair value plus transaction price.

These financial instrument are subsequently measured at fair value. Movements in the carrying amount from one reporting date to other are taken through FVOCI.

c) Fair value through profit or loss (FVPL)

The Holding Company classifies the following financial assets at fair value through profit and loss:

- debt investments that do not qualify for measurement at either amortised cost or at fair value through other comprehensive income; and
- equity investments that are held for trading.

Financial assets under FVPL category are initially recognised at fair value.

In addition, on initial recognition, the Holding Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

These financial instruments are subsequently measured at fair value. Changes in the fair value of financial assets at FVPL are recognised in through profit and loss. Profit income from debt instruments is included in profit earned.

d) Advances at cost

Advances are carried at cost net of expected credit loss allowances excluding staff loans and Temporary Economic Refinance Facility (TERF) which are measured at amortised cost net of expected credit loss allowances.

Financial Liabilities

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

7.1.7 Calculation of profit income and expense

In accordance with the BPRD Circular Letter No. 01 of 2025 dated January 22, 2025, Islamic Banking Institutions (IBIs) are allowed to follow Islamic Financial Accounting Standards (IFAS) 1 & 2 where applicable and continue the existing accounting methodology on other Islamic products until issuance of further instruction in this regard. In this respect, income from performing financing is recognized on accrual basis as per the terms of the contract (note no. 5.12). However, where debt securities, classified as investments in the consolidated financial statements, are purchased at premium or discount, such premium / discount including the transaction cost is amortized through the consolidated statement of profit and loss account over the remaining maturity of the debt security using the Effective Profit Rate (EPR) method while any expected credit losses are assessed and accounted for in accordance with the requirements of IFRS 9 and SBP Application guidelines. Similarly, under the local regulatory requirement, income recoverable on classified financing and investments (debt securities), is recognized on a receipt basis. Income on rescheduled / restructured financing and investments is recognized as permitted by SBP regulations. Profit expense on financial liabilities (comprising deposits, subordinated sukuk, and amount due to financial institutions) is recognized on an accrual basis in the period in which it is incurred.

If the revenue had been recognized in accordance with IFRS 9 and SBP Application guidelines, the following impact on profit and loss would have resulted:

	Rupees in '000
Retained Earning - net of tax	<u>25,631</u>
Profit and Loss Account - net of tax	<u>811,824</u>

7.1.8 Derecognition

Financial assets

The Holding Company de-recognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Holding Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit and loss. Cumulative gain / loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit and loss on derecognition of such securities held at FVOCI cumulative gain / loss are transferred to unappropriated profit.

Financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit and loss.

7.1.9 Impairment and measurement of ECL

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

Measurement of ECL

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

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

Non-Performing financial assets

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

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

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

A financing that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail financing that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

Under the IFRS 9 Application instructions, the Holding Company is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency. The Holding Company is required to calculate ECL on its non-performing financial assets as higher of provision under Prudential Regulations (PR) or ECL under IFRS 9 and SBP Application guidelines.

The Holding Company calculates the ECL against corporate, commercial & SME financing portfolios as higher of PR or ECL under IFRS 9 at borrower / facility level, whereas against the retail borrowers the Holding Company will calculate ECL at higher of PR or ECL under IFRS 9 at segment / product basis as instructed under Annexure-A of BPRD Circular no 16 of 2024.

Based on the requirements of the Standard and SBP's Application Instructions, the Holding Company has performed an ECL assessment considering the key elements such as assessment of Significant Increase in Credit Risk (SICR), Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). These elements are described below:

- PD: The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.
- LGD: It is an estimate of magnitude of loss sustained on any facility upon default by a customer. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. It is the difference between contractual cash flows due and those that the Holding Company expects to receive, including any form of collateral.
- EAD: the expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant.

7.1.10 Significant increase in credit risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Holding Company uses a number of qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or profit payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

Under the SBP's instructions, credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of the Standard has stabilized, Stage 1 and Stage 2 provisions would be made as per the Standard's ECL criteria and Stage 3 provisions would be made considering higher of the Standard's ECL or provision computed under existing requirements of Prudential Regulations (PRs) issued by SBP on a segment basis for retail financing and ORR obligor basis for corporate / commercial / SME portfolio.

As required by the Application Instructions, financial assets may be reclassified out of Stage 3 if they meet the requirements of PRs. Financial assets in Stage 2 may be reclassified to Stage 1 if the conditions that led to a SICR no longer apply. However, a minimum cooling period of 3 months / 3 installments (whichever is last) is required before any financial asset is moved back to Stage 1. Any upgrading from stage 3 to stage 2 must be subject to a cooling off period of as per prudential regulations. If the facility has been regular during the cooling off period, it will move back to Stage 2 after which the criteria for moving from Stage 2 to Stage 1 will apply. An exposure cannot be upgraded from Stage 3 to Stage 1 directly and should be upgraded to Stage 2 initially.

IFRS 9 includes a rebuttable presumption that a default does not occur later than 90 days past due and it also presumes that there is SICR if credit exposure is more than 30 days past due. In order to bring consistency, SBP has allowed the backstop to the rebuttable presumption of days past due of credit portfolio against a specific credit facility and its stage allocation under IFRS 9 as mentioned in Annexure-C of BPRD Circular no 3 of 2022. However, banks are free to choose more stringent days past due criteria. Bank align its policy with Annexure-C of BPRD Circular No. 3 of 2022; hence, SICR is considered if credit exposure exceeds 60 days past due.

The Holding Company will not rebut the 30 DPD presumption as a key SICR criterion.

The Holding Company may override the criteria supported by reasonable evidence on a case by case basis. This includes: “

- Cases of technical delinquencies (for example, accounts marked as DPD 30+ owing to administrative reasons and not credit related concerns; or cases where there is no dispute regarding payment amount).
- Cases of delinquencies where payments on facilities are linked to government payments causing such delinquencies.

However, any such specific override will require approval from Chief Risk Officer.

The Holding Company measures ECL on a lifetime basis for Purchased or originated credit - Impaired (POCI) instruments throughout the life of the instrument. However, ECL is not recognised in a separate loss provision on initial recognition for POCI instruments as the lifetime expected credit loss is inherent within the gross carrying amount of the instruments. The Holding Company recognises the change in lifetime expected credit losses arising subsequent to initial recognition in the profit and loss account and the cumulative change as a loss provision. Where lifetime ECL on POCI instruments are less than those at initial recognition, then the favorable differences are recognised as impairment gains in the statement of profit and loss.

Undrawn financing commitments and guarantees:

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

Financial guarantees issued or commitments to provide a financing at a below-market profit rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

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

7.1.11 Governance, ownership and responsibilities

The Holding Company has adopted a governance framework requiring the Risk, Finance, Operations, Internal Audit and IT functions to effectively work together to ensure input from all business lines. IFRS 9 requires robust credit risk models that can predict Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

The Holding Company's Risk Management Department has developed models / methodologies for PD, LGD and Credit Conversion Factors (CCF). These models shall be validated on annual basis considering the following aspects:

- Quantitative Validation: ECL model design validation, data quality validation and benchmarking with external best practices.
- Quantitative Validation: Calibration testing which ensures the accuracy of the observed PDs.

The Risk Department will define the staging criteria for the new impairment model and take ownership of all models, methodologies and the ECL calculation approach. Additionally, the Risk department will also take the ownership of the impact of ECL on Holding Company's capital.

The Holding Company's Finance Department will perform ECL calculation. As a result, the department will then assess the financial impact, meet the financial reporting requirements and further monitor the impact on the financial ratios. Risk Management Department shall also present quarterly progress report to its Board Risk Management Committee.

The IT Department shall identify, prepare and extract the data required for the risk parameters modelling and ECL calculations. IT department shall also support project owners for system development and upgrades.

7.1.12 Reconciliation of balances reported under local regulations and IFRS 9

(a) A reconciliation between the carrying amounts under local regulations to the balances reported under IFRS 9 as of January 01, 2024 is as follows:

Financial Assets	Local regulations classification			Reclassification	Re-measurement			IFRS 9	
	Category	Note	Amount		ECL	Fair value adjustment	Others	Amount	Category
Rupees in '000									
Cash and balances with treasury banks	Cash and cash equivalents		41,287,071	-	(299)	-	-	41,286,772	Amortised cost
Balances with other banks	Cash and cash equivalents		1,376,176	-	(4,238)	-	-	1,371,938	Amortised cost
Due from financial institutions - net	Financing and receivables		16,502,138	-	(20)	-	-	16,502,118	Amortised cost
Investments									
Held for Trading									
Debt instruments	Held for Trading		-	-	-	-	-	-	Fair Value Through Profit or Loss
Available for sale									
Debt instruments	Available for sale	7.1.13	313,384,471	(50,000)	(132)	-	-	313,334,339	Fair Value Through other comprehensive Income
				50,000	-	-	-	50,000	Fair Value Through Profit or Loss
Equity instruments	Available for sale		699,401	(692,581)	-	-	-	6,820	Fair Value Through other comprehensive Income
			-	692,581	-	-	-	692,581	Fair Value Through Profit or Loss
Islamic financing, related assets and Advances - net	Islamic financing, related assets and Advances other than TERF and Staff Financing		217,665,142	-	(4,927,859)	(60,064)	4,391,459	217,068,678	At cost
	Temporary Economic Refinance Facility (TERF)		8,005,247	-	-	(1,955,081)	-	6,050,166	Amortised cost
	Staff Financing		4,523,899	-	-	(1,880,408)	-	2,643,491	Amortised cost
Other assets	Other assets		31,430,237	-	(10,064)	1,880,408	-	33,300,581	Amortised cost
Total Financial Assets			634,873,782	-	(4,942,612)	(2,015,145)	4,391,459	632,307,484	
Non Financial Assets									
Deferred tax assets - net			110,448	-	354,375	(50,633)	-	414,190	
Total Non - Financial Assets			110,448	-	354,375	(50,633)	-	414,190	
Total Assets			634,984,230	-	(4,588,237)	(2,065,778)	4,391,459	632,721,674	
Financial Liabilities									
Due to financial institutions	Due to financial institutions		52,912,356	-	-	-	-	52,912,356	Amortised cost
	Temporary Economic Refinance Facility (TERF)		7,746,700	-	-	(2,112,516)	-	5,634,184	Amortised cost
Deposits and other accounts	Deposit and other accounts		522,540,920	-	-	-	-	522,540,920	Amortised cost
Sub-ordinated loans	Sub-ordinated Loans		2,850,000	-	-	-	-	2,850,000	Amortised cost
	Provision against off balance sheet obligations		85,975	-	-	-	-	85,975	Amortised cost
Other liabilities	Unrealized loss on Shariah compliant alternative of forward foreign exchange contracts		313,494	-	-	-	-	313,494	Fair Value Through Profit or Loss
Total liabilities			586,449,445	-	-	(2,112,516)	-	584,336,929	
Off balance sheet items			29,774,800	-	(130,338)	-	-	29,644,462	

Net Impact on the statement of financial position as at January 01, 2024 upon adoption of IFRS 9

Rupees in '000

ECL Charge	(5,072,950)
Reversal of general provision on Islamic financing, related assets and advances as at December 31, 2023	4,391,459
Fair value adjustments	97,371
Deferred tax impact	303,742
	(280,378)

(b) The impact of transition to IFRS 9 on retained earnings and unrealized gain on revaluation of available for sale investments as at January 01, 2024 is as follows:

January 01, 2024
Rupees in '000

Retained earnings

Opening balance under local regulations (January 01, 2024)	15,910,503
Recognition of IFRS 9 ECL as per SBP Application guidelines	(5,072,818)
Reversal of general provision	4,391,459
Modification / Fair value loss - net	97,371
Reclassification of investments from FVOCI to FVTPL on adoption of IFRS 9	347,308
Adjustment in gain / loss in FV due to expected credit loss	(132)
Deferred tax in relation to the above	123,142
Opening balance under IFRS 9 SBP Application guidelines (January 01, 2024)	<u>15,796,833</u>

Unrealized gain on revaluation of Available-for-sale investments

Opening balance under local regulations (January 01, 2024)	3,206,282
Reclassification of surplus on equity investments	(347,308)
Deferred tax in relation to the above	180,600
Opening balance under IFRS 9 SBP Application guidelines (January 01, 2024)	<u>3,039,574</u>

Total impact on equity due to adopting IFRS 9

(280,378)

(c) The following table reconciles the aggregate opening credit loss provision allowances under SBP Prudential Regulations to the ECL allowances under IFRS 9 SBP Application guidelines.

Impairment allowance for:	Provision held as at January 01, 2024	ECL	General Provision Reversal	Modification / Fair value adjustment - net	Remeasurement	ECLs under IFRS 9 as at January 01, 2024
	A	B	C	D	E = (B+C+D)	F = (A+E)
Rupees in '000						
Islamic financing, related assets and Advances - now classified at Amortised cost under IFRS 9	23,840,627	4,927,859	(4,391,459)	(97,371)	439,029	24,279,656
Cash and balances with treasury banks	-	299	-	-	299	299
Balances with other banks	-	4,238	-	-	4,238	4,238
Due from financial institutions	17,820	20	-	-	20	17,840
Held to maturity investment now classified at Amortised cost under IFRS 9	92,145	-	-	-	-	92,145
Available-for-sale investments now classified at FVOCI under IFRS 9	260,347	132	-	-	132	260,479
Contingent liability in respect of guarantees and other commitments	85,975	130,338	-	-	130,338	216,313
Other assets	-	10,064	-	-	10,064	10,064
Total	<u>24,296,914</u>	<u>5,072,950</u>	<u>(4,391,459)</u>	<u>(97,371)</u>	<u>584,120</u>	<u>24,881,034</u>

(d) The following table contains the details of classification of financial assets under IFRS 9 SBP Application guidelines as compared to existing classification of financial assets of the Holding Company as at January 01, 2024. The amounts are gross of ECL provision and revaluation gains / losses:

Category	Classification as on December 31, 2023	New classification on adopting IFRS 9 as on January 01, 2024				Total	
		At Amortised Cost	At Cost	At Fair Value through OCI (without recycling)	At Fair Value through OCI (with recycling)		At Fair Value through P&L
Rupees in '000							
Cash and balances with treasury banks	41,287,071	41,287,071	-	-	-	41,287,071	
Balances with other banks	1,376,176	1,376,176	-	-	-	1,376,176	
Due from financial institutions	16,502,138	16,502,138	-	-	-	16,502,138	
Islamic Investments							
<i>Available-for-Sale</i>							
Federal Government Shariah Compliant Securities	272,237,369	-	-	-	272,237,369	272,237,369	
Non-Government Shariah Compliant Securities	35,243,462	-	-	-	35,193,462	35,243,462	
Shares	336,073	-	-	-	336,073	336,073	
Modaraba certificates	9,200	-	-	-	9,200	9,200	
Foreign securities	6,820	-	-	6,820	-	6,820	
Associate	627,942	-	627,942	-	-	627,942	
Conventional Investments							
<i>Available-for-Sale</i>							
Shares	591,680	-	-	-	591,680	591,680	
Non-Government Debt Securities	224,467	-	-	-	224,467	224,467	
Foreign securities	1,155,350	-	-	-	1,155,350	1,155,350	
<i>Held to maturity</i>							
Non-Government Debt Securities	92,145	92,145	-	-	-	92,145	
Associates	474,169	-	474,169	-	-	474,169	
Islamic financing, related assets and advances	254,034,915	-	241,505,769	-	-	241,505,769	
Staff financing and TERF	-	12,529,146	-	-	-	12,529,146	
Total	<u>624,198,977</u>	<u>71,786,676</u>	<u>242,607,880</u>	<u>6,820</u>	<u>307,430,831</u>	<u>2,366,770</u>	<u>624,198,977</u>

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7.1.13 This includes both Federal Government Shariah-Compliant Securities and Non-Government Shariah-Compliant Securities. However, as stated in paragraph 3.2 of the Application Instructions, Government securities denominated in local currency are exempt from the application of the ECL framework.

7.2 Cash and cash equivalents

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

7.3 Due to / from financial and other institutions

7.3.1 Bai Muajjal

In Bai Muajjal transactions, the Holding Company sells sukuk on deferred payment basis to financial institutions. 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 over the credit period.

7.3.2 Musharakah

In Musharakah, the Holding Company invests / accepts in the Shariah compliant business pools of / from the financial institutions as per the Shariah principles of profit and loss sharing.

7.3.3 Musharakah from State Bank of Pakistan under Islamic Export Refinance Scheme (IERS)

Under IERS, the Holding Company accepts funds from the SBP under Shirkat-ul-Aqd to constitute a pool for investment in export refinance portfolio of the Holding Company under the Shariah guidelines issued by the SBP. The profit of the pool is shared as per the agreed PSR between the partners.

7.3.4 Acceptances from State Bank of Pakistan for financial assistance

The Holding Company has recorded Acceptances from State Bank of Pakistan for financial assistance at its fair value which is amortized over its agreed term.

7.3.5 Commodity Murabaha

In Commodity Murabaha, the Holding Company sells commodities on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

7.3.6 Wakalah

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

7.4 Investments

Associates

Associate is an entity over which the Holding Company has significant influence but not control. Investment in associates are initially carried at cost.

7.5 Islamic financing, related assets and advances

7.5.1 Islamic financing and related assets are financial products originated by the Holding Company and principally comprise of Murabahah, Istisna, Ijarah, Salam, Muswammah, Diminishing Musharakah, Running Musharakah (Shirkat-ul-Aqd) and other Islamic modes of financing and the related assets.

As a general rule, funds disbursed under financing arrangements for purchase of goods / assets are recorded as advance. On culmination, financings are recorded at the deferred sale price net of profit. Goods purchased but remained unsold at the consolidated statement of financial position reporting date are recorded as inventories.

7.5.2 Ijarah Financing {Ijarah contracts where the Holding Company acts as Mujir (lessor)}

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

- (a) Under finance method, the present value of minimum Ijarah payments have been recognized and shown under Islamic financing and related assets. 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, if any, and are shown under Islamic financing and related assets. Rentals accrued from Ijarah financing net of depreciation charge are taken to the consolidated 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.

7.5.3 Murabahah

Murabahah is a sale transaction with the purchase ordered wherein the first party (the Holding Company) sells to the client / customer Shariah compliant assets / goods for cost plus a pre-agreed profit after getting title and possession of the same. In principle, on the basis of an undertaking (Promise-to-Purchase) from the client (the purchase ordered), the Holding Company purchases the assets / goods subject of the Murabahah from a third party and takes the possession thereof. However, the Holding Company can appoint the client as its agent to purchase and take possession of the assets / goods on its behalf. Thereafter, it sells it to the client at cost plus the profit agreed upon in the promise.

7.5.4 Istisna

Istisna is a contract where the buyer (the Holding Company) orders the client (seller / manufacturer) to manufacture and deliver specified goods at an agreed contract price upon completion. Istisna is used with Wakalah agreement to provide financing mainly to manufacturers. Thus the transaction consists of two stages: (i) Bai Istisna whereby the Holding Company purchases goods from the client and (ii) Wakalah whereby the Holding Company after receipt / possession of goods, appoints the client its agent to sell the goods in the market.

7.5.5 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 ownership of the asset is totally transferred to him. The partner using the asset pays the proportionate rental of such asset to the other partner (the Holding Company).

7.5.6 Import Murabahah

Import Murabahah is a product, used to finance a commercial transaction which consists of purchase by the Holding Company (generally through an undisclosed agent) the goods from the foreign supplier and selling them to the client after getting the title and possession of the goods. Murabahah financing is extended to all types of trade transactions i.e., under Documentary Credits (LCs), Documentary Collections and Open Accounts.

7.5.7 Salam

Salam is a sale transaction where the seller undertakes to supply some specific goods to the buyer at a future date against an advance price fully paid on spot. In Salam financing, the transaction consists of two stages: (i) Bai Salam whereby the Holding Company purchases goods from the client and (ii) Wakalah whereby the Holding Company after receipt / possession of goods, appoints the client its agent to sell the goods in the market.

7.5.8 Musawamah / Tijarah

Under this product the Holding Company purchases identified goods from client at an agreed purchase price on the basis of Musawamah. The Holding Company then sells the goods in the market through an agent (Client) at a higher price to earn its desired profit.

7.5.9 Musharakah

Musharakah are different types of partnerships in business with distribution of profit in agreed ratio and distribution of loss in the ratio of capital invested.

7.5.10 Wakalah-tul-Istismar (Investment Agency Wakalah)

Wakalah-tul-Istismar means appointing another person to invest and grow one's wealth, with or without a fee. It covers contract for acquisition of services of a person or institution (Wakeel) for making investments of Wakalah Funds, and accomplishment of certain task on behalf of another person or institution (Muwakkil).

7.5.11 Running Musharakah

In Running Musharakah financing, the Holding Company enters into financing with the customer based on Shirkat-ul-Aqd (Business Partnership) in customer's operating business. Under this mechanism the customer can withdraw and return funds to the Holding Company subject to its Running Musharakah Financing limit during the Musharakah period. At the end of each quarter / half year the customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly / half yearly / annual accounts of the customer and unclaimed profit above ceiling (if any).

7.5.12 Ijarah

Ijarah is a contract where the owner of an asset transfers its usufruct (i.e. the usage right) to another person for an agreed period, at an agreed consideration. The rentals received / receivable on Ijarah are recorded as income / revenue. 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.

7.5.13 Advances

On May 07, 2015, the Holding Company acquired operation of the defunct KASB Bank Limited (the amalgamated entity) which was operating as a conventional bank in Pakistan. Subsequent to acquisition, the Holding Company converted portfolio of conventional advances into Shariah compliant financings. Advances represent unconverted portfolio, mostly consist of delinquent accounts, and are stated net of specific and general provisions.

7.6 Property, equipment and intangible assets

7.6.1 Capital work in progress

These are stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction / development period are carried under this head. These are transferred to specific assets as and when assets become available for use.

7.6.2 Property and equipment

Property and equipment other than freehold land and building on leasehold land are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land and building on leasehold land are carried at revalued amount less any accumulated depreciation and subsequent impairment losses. The revaluation exercise is carried out on periodic basis.

Depreciation is computed using the straight-line method by taking into consideration the estimated useful life of the related assets at the rates specified in Property and equipment note to the consolidated financial statements. Depreciation on additions / deletions during the year is charged for the proportionate period for which the asset remained in use.

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

The surplus arising on revaluation is credited to other comprehensive income. However, the increase shall be recognised in profit and loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit and loss account. The deficit arising on a particular property as a result of a revaluation is recognised in profit and loss account as an impairment. However, the decrease to be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Depreciation on buildings which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Property and equipment Account" to unappropriated profit through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year. Gains or losses on disposal of assets are included in the profit and loss account currently, except for the related surplus on revaluation of Property and equipment (net of deferred tax) which is transferred directly to equity.

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal.

Residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Gains and losses on disposal of property and equipment, if any, are taken to the consolidated profit and loss account.

7.6.3 Ijarah (Leased) assets {where the Holding Company is Mustajir (lessee)}

The SBP, vide its BPRD Circular Letter No. 8 dated April 30, 2019 and BPRD Circular No. BPRD/RPD/2019/17 dated July 26, 2019 has directed all Islamic Banks to apply IFRS 16 - 'Leases' in all Ijarah (lease) contracts where the Islamic Banks acts in capacity of Mustajir (lessee).

Accounting policy with regards to Ijarah (leased) assets where the Holding Company is Mustajir (lessee) is as follows:

Right-of-use (RoU) assets

At the commencement date of the lease, the RoU asset is initially measured at the present value of lease liability. Subsequently, RoU assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any re-measurement of lease liabilities. RoU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the expected lease term.

Ijarah (lease) Liability

At the commencement date of the Ijarah (lease), the Holding Company recognizes Ijarah (lease) liability measured at the present value of the consideration (Ijarah payments) to be made over the expected Ijarah (lease) term and is adjusted for Ijarah (lease) prepayments. The lease payments are discounted using the effective rate implicit in the Ijarah (lease), unless it is not readily determinable, in which case the Mustajir (lessee) may use the incremental rate of financing. After the commencement date, the carrying amount of Ijarah (lease) liability is increased to reflect the accretion of finance cost and reduced for the Ijarah (lease) payments made.

7.6.4 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Such intangible assets are amortized using the straight-line method over the estimated useful life. The useful life and amortization method are reviewed and adjusted, if appropriate, at each reporting date. Intangible assets having an indefinite useful life are stated at acquisition cost, less impairment losses, if any.

Amortization on additions / deletions during the year is charged for the proportionate period for which the asset remained in use.

Software and other development costs are only capitalized to the extent that future economic benefits are expected to be derived by the Holding Company.

Intangible assets, including goodwill, with indefinite useful life are not amortized but tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

7.6.5 Impairment

At each reporting date, the Holding Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognized as an expense immediately in the consolidated financial statements except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

Where an impairment loss reverses subsequently, the carrying amount of the asset is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately except for impairment loss on revalued assets which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of assets.

7.7 Taxation

7.7.1 Current

The provision for current taxation is based on taxable income for the year at current rates of taxation, after taking into consideration available tax credits, rebates and tax losses as allowed under the seventh schedule to the Income Tax Ordinance, 2001. The charge for current tax also includes adjustments, where considered necessary relating to prior years, which arises from assessments / developments made during the year.

7.7.2 Deferred

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

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

The carrying amount of the deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

The Holding Company also recognizes deferred tax asset / liability on deficit / surplus on revaluation of securities and fixed assets which is adjusted against the related deficit / surplus in accordance with the requirements of the IAS 12 - Income Taxes.

7.8 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are initially recorded at cost and revalued at each year-end date of the consolidated statement of financial position. An increase in market value over the acquisition cost is recorded as a surplus on revaluation. A decline in the market value is initially used to reduce the surplus account, if any, or if no surplus exists, is charged to the consolidated profit and loss account as an impairment. A subsequent increase in the market value of an impaired asset is reversed through the consolidated profit and loss account up to the extent of the original impairment. All direct costs of acquiring title to the asset are charged immediately to the consolidated profit and loss account.

Depreciation on non-banking assets acquired in satisfaction of claims is charged to the consolidated profit and loss account in line with depreciation charged on fixed assets.

These assets are generally intended for sale. Gains and losses realized on the sale of such assets are disclosed separately from gains and losses realized on the sale of fixed assets in the notes to the consolidated financial statements. If such asset is subsequently used by the Holding Company for its own operations, the asset, along with any related surplus, is transferred to fixed assets.

7.9 Non-current assets held for sale

The Holding Company classifies a non-current asset as held for sale if it represents a separate major line of business or a geographical area of operations or is a investment in associate which the Holding Company has decided to divest; and its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

A non-current asset held for sale is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised through the consolidated profit and loss account for any initial or subsequent write down of the non-current asset held for sale to fair value less cost to sell. Subsequent gain in fair value less cost to sell are recognised to the extent they do not exceed the cumulative impairment losses previously recorded. A non-current asset held for sale is not depreciated while classified as held for sale or while part of a disposal group classified as held for sale.

7.10 Subordinated Sukuk

Subordinated sukuk is initially recorded at the amount of proceeds received. Profit expense on subordinated sukuk is charged to consolidated profit and loss account over the period on an accrual basis and is recognised as part of other liabilities.

7.11 Acceptances

Acceptances representing undertakings by the Holding Company to pay bills of exchange drawn on customers are recognized as asset and liability of the Holding Company at the date of acceptance.

7.12 Staff retirement benefits

7.12.1 Defined benefit plan

The Holding Company operates an approved funded gratuity scheme for its permanent employees. The liability recognized in the consolidated statement of financial position in respect of defined benefit gratuity scheme, is the present value of the defined benefit obligation at the consolidated statement of financial position date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations. The defined benefit obligation is calculated periodically by an independent actuary using the projected unit credit method. The last valuation was conducted as on December 31, 2024.

Amounts arising as a result of remeasurements, representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognized in the consolidated statement of financial position immediately, with a charge or credit to “consolidated Statement of Other Comprehensive Income” in the periods in which they occur.

7.12.2 Defined contribution plan

The Holding Company operates a recognized contributory provident fund for all the permanent employees. Equal monthly contributions are made both by the Holding Company and the employees at the rate of 6.66% of the basic salary. The Holding Company has no further payment obligations once the contributions have been paid. The contributions made by the Holding Company are recognized as employee benefit expense when they are due.

7.13 Revenue recognition

7.13.1 Profit on Murabahah and Commodity Murabahah is recognized over the financing stage of Murabahah on an accrual basis. Profit on Murabahah transactions for the period from the date of disbursement to the date of culmination of Murabahah is recognized immediately on the culmination date.

- 7.13.2** Profit from Istisna, Salam and Muswammah / Tijarah are recorded on an accrual basis commencing from the time of sale of goods till the realization of proceeds by the Holding Company. Profit from Diminishing Musharakah are recognized on a time proportionate basis in the form of rentals.
- 7.13.3** The Holding Company follows the finance method in recognizing income on Ijarah contracts written up to December 31, 2008. Under this method the unearned income i.e. 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).
Rental from Ijarah contracts entered on or after January 01, 2009 is recognized in the consolidated profit and loss account over the term of the contract net of depreciation expense relating to the Ijarah assets.
- 7.13.4** Provisional profit of Musharakah financing is recognized on an accrual basis. Actual profit / loss on Musharakah financing is adjusted after declaration of profit by Musharakah partner or on liquidation of Musharakah.
- 7.13.5** Profit on Wakalah-tul-Istismar financings is booked on an accrual basis and is adjusted upon declaration of profit by the Wakeel.
- 7.13.6** Profit on Running Musharakah financings is booked on an accrual basis and is adjusted upon declaration of profit by Musharakah partners.
- 7.13.7** Profit on classified financing is recognized on a receipt basis.
- 7.13.8** Dividend income is recognized when the right to receive the dividend is established.
- 7.13.9** Gains and losses on sale of investments are recognized in the consolidated profit and loss account.
- 7.13.10** Fee on issuance of letter of credit and acceptance is recognized on receipt basis as generally the transactions consummate within an accounting period. Commission on guarantees, if considered material, is recognized over the period of guarantee. The Holding Company earns fee and commission income from certain non-funded banking services. The related fee and commission income is recognised at an amount that reflects the consideration to which the Holding Company expects to be entitled in exchange for providing the services. The Holding Company recognises fees earned on transaction-based arrangements at a point in time when the Holding Company has fully provided the service to the customer. Where the contract requires services to be provided over time, the income is recognised on a systematic basis over the life of the related service.
- 7.13.11** Profit on Sukuks is recognized on an accrual basis. Where Sukuks (excluding held for trading securities) are purchased at a premium or discount, the premiums / discounts are amortized through the consolidated profit and loss account over the remaining life of Sukuk, using the effective yield method.
- 7.13.12** Income earned from revenues that are not Shariah complaint are not recognized in the consolidated profit and loss account. This income is classified as charity payable in accordance with the recommendation of the Shariah Board of the Holding Company.

7.14 Revenue from conventional products

On May 07, 2015, the Holding Company acquired operation of the defunct KASB Bank Limited (the amalgamated entity) which had been operating as a conventional bank in Pakistan. Keeping in view Shariah compliance, under the directives of the Shariah Board of the Holding Company, any income accruing on conventional products is being credited to the Charity Payable account after deduction of any actual costs incurred on recovery, as approved by the Shariah Board.

7.15 Financial instruments

7.15.1 Financial assets and financial liabilities

Financial assets and financial liabilities are recognised at the time when the Holding Company becomes a party to the contractual provision of the instrument. Financial assets are derecognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are derecognised when obligation is discharged, cancelled or expired. Any gain or loss on derecognition of the financial asset and liability is recognised in the consolidated statement of profit and loss account of the current period.

7.15.2 Off-setting of financial instruments

Financial assets and financial liabilities are off-set and the net amount is reported in the consolidated financial statements only when there is a legally enforceable right to set-off the recognized amount and the Holding Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also reported on a net basis in the consolidated financial statements, only when permitted by the accounting and reporting standards as applicable in Pakistan.

7.16 Shariah compliant derivatives (Under Wa'ad Structure)

Shariah compliant derivative financial instruments are recognized at fair value. In case of equity Shariah compliant futures, the fair value is calculated with reference to quoted market price. Derivatives with positive market values (i.e. unrealized gains) are included in other receivables and derivatives with negative market values (i.e. unrealized losses) are included in other liabilities in the consolidated statement of financial position. The resultant gains and losses are taken to the consolidated profit and loss account.

7.17 Foreign currencies

7.17.1 Functional and presentation currency

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

7.17.2 Foreign currency transactions

Foreign currency transactions are translated into local currency at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the exchange rates prevailing at the consolidated statement of financial position reporting date. Forward exchange promises are revalued using forward exchange rates applicable to their respective remaining maturities.

7.17.3 Translation gains and losses

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

7.17.4 Commitments

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

7.18 Fiduciary assets

Assets held in a fiduciary capacity are not treated as assets of the Holding Company in the consolidated financial statements.

7.19 Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as 'Current non-remunerative accounts' and Deposits generated on Mudarabah basis are classified as 'Current remunerative accounts', 'Saving deposits' and 'Fixed deposits'. No profit or loss is passed on to current non-remunerative account depositors, however the funds of current accounts are treated as equity for the purpose of profit calculation and any profit earned / loss incurred on those funds are allocated to the equity of the Holding Company. While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

Profits realized in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

Profits are distributed from the pool such that the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investments.

Asset pools are created at the Holding Company's discretion and the Holding Company can add, amend, transfer an asset to any other pool in the interests of the deposit holders.

7.20 Pool Management

The Holding Company operates general and specific pools for deposits and inter-bank funds accepted / acquired under Mudarabah, Musharakah and Wakalah modes.

Under the general deposit pools, the Holding Company accepts funds on Mudarabah basis from depositors (Rab-ul-Maal) where the Holding Company acts as Manager (Mudarib) and invests the funds in the Shariah compliant modes of financings, investments and placements. When utilizing investing funds, the Holding Company prioritizes the funds received from depositors over the funds generated from own sources after meeting the regulatory requirement relating to such deposits.

Specific pools are operated for funds acquired / accepted from the State Bank of Pakistan, high net worth customers and other banks for Islamic Export Refinance Scheme to Holding Company's customers and liquidity management respectively under the Musharakah / Mudarabah modes. The profit of each deposit pool is calculated on all the remunerative assets booked by utilizing the funds from the pool after deduction of expenses directly incurred in earning the income of such pool. The directly related costs comprise of depreciation on ijarah assets, takaful premium. No expense of general or administrative nature of expense is charged to the pools. No provisions against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset. The profit of the pool is shared between equity and other members of the pool on the basis of Musharakah at gross level (before charging of mudarib share) as per the investment ratio of the equity. The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of mudarib share.

The risk characteristic of each pool mainly depends on the asset and liability profile of each pool. As per Holding Company's policy, relatively low risk / secured financing transactions and assets are allocated to general depositors' pool of PKR, USD, GBP and Euro. The Holding Company maintains General Pools, FI Pools, IERS pool and Equity pool. The general pools are exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved.

7.20.1 General Pool

Due to limited investment options in USD, GBP and Euro pool, funds from FCY pools are invested in available International Sukuk, Shariah Complaint Nostro accounts and remaining funds are converted through swaps, to be invested in PKR Sukuk, their return to be distributed among respective FCY pools.

7.20.2 Special Mudarabah Pool

Special Mudarabah Pools are created to manage returns of high net worth depositors and Government institutions. The funds received against these deposits are invested in various Shariah compliant assets.

7.20.3 Specific Musharakah Pool

7.20.3.1 Islamic Export Refinance Scheme Pool

The IERS pool assets comprise of Sovereign Guarantee Sukuks, and financings to / sukuks of blue chip companies and exporters as allowed under the applicable laws and regulations, and as such are exposed to lower credit risk. The Musharakah with SBP under IERS is tagged to the IERS pool.

7.20.3.2 Other Specific Musharakah Pool

The Other Specific Musharakah Pool assets comprise of consumer housing finance portfolio, sukuk and the related liability of the pool comprises of Musharakah Acceptance from a financial institution. This pool is created to fund the housing finance portfolio.

7.20.3.3 Financial Institution (FI) Pools

The FI pools assets generally comprise of Sovereign Guarantee Sukuks only and the related liability of the FI pools comprise of Musharakah / Mudarabah / Wakalah Acceptance from other banks and financial institutions. These pools are created to meet the liquidity requirements of the Holding Company.

7.21 Business Combinations

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

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any.

Acquisition of non-controlling interests (NCI) is measured at the proportionate share of the NCI in the fair value of the net assets acquired by the Holding Company. The excess of fair value of consideration transferred over the proportionate share of the NCI in the fair value of the net assets acquired is recognized in equity.

7.22 Segment reporting

A segment is a distinguishable component of the Holding Company that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Holding Company's primary format of reporting is based on business segments. The Holding Company has defined its segments in line with the requirements of IFRS 8 - "Operating Segments".

IFRS 8 requires the entity to define operating segments based on various factors including the basis on which operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

7.22.1 Business segments

Trading and sales

It includes equity, foreign exchanges, commodities, money market placements and Shariah compliant debt investments.

Retail banking

It includes retail Islamic financing and related assets, deposits and banking services offered to the Holding Company's retail customers.

Commercial banking

It includes investment banking business, trade business and Islamic financing and related assets relating to the Holding Company's corporate, SME and agriculture customers.

Support Centre

It includes the assets and liabilities relating to support functions at Head Office and their related income and expenses.

7.22.2 Geographical segment

The Holding Company operates only in Pakistan.

7.23 Earnings per share

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

7.24 Dividend and reserves

Dividend declared and appropriations, except for transfer to statutory reserve, made subsequent to the date of Statement of Financial Position are considered as non-adjusting events and are recorded as a liability in the financial statements in the year in which these are approved by the directors / shareholders as appropriate. Furthermore, the surplus on revaluation of fixed assets, including non-banking assets acquired in satisfaction of claims, is not available for the distribution of dividends to the shareholders.

7.25 Remuneration framework

In order to align the remuneration practices in Pakistan with the international standards and best practices, the SBP issued Guidelines on Remuneration Practices through its BPRD circular no. 02 dated March 03, 2016, which were subsequently revised through BPRD Circular No. 01 dated 25 January 2017.

In accordance with these guidelines, the Holding Company has developed a comprehensive remuneration framework. The aim of this framework is to promote an effective risk management culture, and to ensure that the remuneration practice at the Holding Company is in line with the Holding Company's objectives taking into consideration all risks that the Holding Company may face. As a result, a fair, objective, transparent and sound remuneration policy, aligned with risks and responsibilities of Financial Intermediation has been put in place. The framework has been reviewed and recommended by the Board Human Resources & Remuneration Committee (BHRRC) and approved by the Board of Directors (BoD).

Under the policy, all employees across the Holding Company who are materially responsible for risk taking - Material Risk Takers (MRTs), or risk controlling activities - Material Risk Controllers (MRCs) are identified. The remuneration of these MRTs and MRCs is dependent upon the achievement of performance measured through risk-adjusted balance scorecards, which include financial and non-financial / qualitative performance indicators including compliance with internal policies / procedures / controls, customer experience, as well as certain risk-adjusting factors (negative earners) such as regulatory compliance, frauds, complaints etc. All other individuals who do not fall within the criteria of MRTs and MRCs continue to be governed through the Holding Company's existing HR policy. The features of total compensation i.e. fixed remuneration as well as variable remuneration offered through performance bonuses have been disclosed in note 42 to these consolidated financial statements.

A certain portion of the variable compensation of the MRTs and MRCs is subjected to mandatory deferrals for a defined period, thus creating alignment between the employees' and stakeholders' interests and reinforcing that compensation is appropriately linked to longer-term sustainable performance. Deferred remuneration, especially with risk adjustments, improves risk-taking incentives because the amount ultimately received by employees can be made to depend on risk outcomes, and shall vest proportionately over the deferral period following the year of variable remuneration award, subject to any malus trigger adjustments. Under the Holding Company's framework, the deferred percentage decided for distribution in the year 2024 was 20 percent (2023: 20), while the deferral period is set at three years (2023: three years).

The payouts for variable compensation for the performance years 2019 and onwards, for MRTs and MRCs is based on the revised mechanism which takes into consideration factors (such as position within the organization, roles and responsibilities, risk alignment, and performance against KPIs) for differentiating the variable pays across employees or group of employees under the framework. Furthermore, the balanced scorecards used for performance assessment also take into consideration that MRCs are remunerated independently of the functions they oversee. As approved by the Board, and as allowed under the SBP's Guidelines on Remuneration Practices, the deferral amount retained for performance years is set aside and managed by the Holding Company internally, with a team of members from amongst the internal management responsible for oversight and subsequent payouts.

	Note	2024	2023
		----- Rupees in '000 -----	
8 CASH AND BALANCES WITH TREASURY BANKS			
In hand:			
- Local currency		12,338,658	11,227,889
- Foreign currencies		844,077	1,319,857
		13,182,735	12,547,746
With the State Bank of Pakistan in:			
- Local currency current account	8.1	23,590,078	21,500,242
- Foreign currency deposit accounts:			
- Cash reserve account	8.2	1,386,343	969,037
- Special cash reserve account	8.2	1,668,793	1,206,364
- US dollar clearing account		10,999	38,902
		3,066,135	2,214,303
With National Bank of Pakistan in:			
- Local currency current account		1,255,110	5,021,445
Prize Bonds	8.3	83	3,335
Less: Credit loss allowance held against cash and balances with treasury banks		(189)	-
Cash and balances with treasury banks - net of credit loss allowance		41,093,952	41,287,071

8.1 This represents the amount held against Cash Reserve Requirement and Statutory Liquidity Requirement. Balance held under this account is non-remunerative.

8.2 As per BSD Circular No. 15 dated June 21, 2008, cash reserve of 5% and Special cash reserve of 6% are required to be maintained with the State Bank of Pakistan on deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits). These accounts are non-remunerative in nature.

8.3 The Holding Company has collected National Prize Bonds from customers in line with circular issued by SBP in this regard. The value of the Prize Bonds represents a receivable due to the Holding Company from the Government of Pakistan occurring as a result of Islamic concept of Hawala (assignment of debt) arrangement.

		Note	2024	2023
		----- Rupees in '000 -----		
9	BALANCES WITH OTHER BANKS			
	In Pakistan:			
	- In current accounts		9	9
	- In deposit accounts	9.1	<u>2,366</u>	<u>2,344</u>
			2,375	2,353
	Outside Pakistan:			
	- In current accounts		667,135	1,186,902
	- In deposit accounts	9.2	<u>315,659</u>	<u>186,921</u>
			982,794	1,373,823
	Less: Credit loss allowance held against balances with other banks		(303)	-
	Balances with other banks - net of credit loss allowance		<u>984,866</u>	<u>1,376,176</u>

9.1 These represent deposits with various Islamic banks under Musharakah and Mudarabah arrangements. The profit rate on these arrangements range between 10.41% to 11.13% (2023: 6.75% to 12.13%) per annum.

9.2 These represent deposit placement outside Pakistan with an Islamic banking division of a foreign bank under Wakala arrangement. The profit rate on these arrangements is 3% to 3.5% (2023: 2.25% to 3%) per annum.

10 DUE FROM FINANCIAL INSTITUTIONS

		Note	2024	2023
		----- Rupees in '000 -----		
	Unsecured			
	Bai Muajjal Receivable			
	-with Other Financial Institutions	10.1	4,257,928	16,502,138
	Other placements		<u>14,580</u>	<u>17,820</u>
			4,272,508	16,519,958
	Less: Credit loss allowance held against due from financial institutions	10.3	(14,580)	(17,820)
	Due from financial institutions - net of credit loss allowance		<u>4,257,928</u>	<u>16,502,138</u>

10.1 The average return on this product is 19.6% (2023: 22.05% to 22.35%) per annum. The balance has maturity in 24 days (2023: 6 days to 110 days).

10.2 Particulars of due from financial institutions	2024	2023
	----- Rupees in '000 -----	
In local currency	4,272,508	16,519,958
In foreign currency	-	-
	<u>4,272,508</u>	<u>16,519,958</u>

10.3 Due from financial institutions - Particulars of credit loss allowance	Note	2024		2023	
		Due from financial institutions	Credit loss allowance held	Due from financial institutions	Provision held
----- Rupees in '000-----					
Domestic					
Performing	Stage 1	4,257,928	-	16,502,138	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss	10.4	14,580	14,580	17,820	17,820
		<u>14,580</u>	<u>14,580</u>	17,820	17,820
Total		<u>4,272,508</u>	<u>14,580</u>	16,519,958	17,820

10.3.1 The Holding Company does not hold overseas classified placements.

10.4 Due from financial institutions - Credit loss allowance

	2024			
	Stage 1	Stage 2	Stage 3	Total
----- Rupees in '000-----				
Impact of adoption of IFRS 9	20	-	-	20
Balance at the start of the year	-	-	17,820	17,820
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of credit loss allowance	<u>20</u>	<u>-</u>	<u>17,820</u>	<u>17,840</u>
New financial assets originated or purchased	-	-	-	-
Financial assets that have been derecognised	(20)	-	(3,240)	(3,260)
Write offs	-	-	-	-
Unwind of discount	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-
Balance at the end of the year	<u>-</u>	<u>-</u>	<u>14,580</u>	<u>14,580</u>

11 INVESTMENTS

	Note	2024	2023
		----- Rupees in '000 -----	
Investments - Islamic	11.1	345,051,553	314,083,872
Investments - Conventional (relating to amalgamated entity)	11.2	-	-
		<u>345,051,553</u>	<u>314,083,872</u>

11.1 Islamic Investments by type	Note	2024				2023			
		Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- Rupees in '000 -----									
- Debt Instruments									
Classified / Measured at FVOCI									
		299,226,475	-	11,799,026	311,025,501	-	-	-	-
		32,808,817	(35,883)	357,473	33,130,407	-	-	-	-
		332,035,292	(35,883)	12,156,499	344,155,908	-	-	-	-
Classified / Measured at FVPL									
		50,000	-	-	50,000	-	-	-	-
- Equity instruments									
Classified / Measured at FVPL									
		70,739	-	54,344	125,083	-	-	-	-
Classified / Measured at FVOCI (Non-Reclassifiable)									
		685,744	-	27,998	713,742	-	-	-	-
	11.8.4.1	6,820	-	-	6,820	-	-	-	-
Available for sale									
		-	-	-	-	272,237,369	-	5,630,029	277,867,398
		-	-	-	-	345,273	-	347,308	692,581
		-	-	-	-	35,243,462	(35,880)	309,491	35,517,073
		-	-	-	-	6,820	-	-	6,820
		-	-	-	-	307,832,924	(35,880)	6,286,828	314,083,872
Associate									
	11.10	1,123,432	(1,123,432)	-	-	1,123,432	(1,123,432)	-	-
Total Islamic investments									
		<u>333,972,027</u>	<u>(1,159,315)</u>	<u>12,238,841</u>	<u>345,051,553</u>	<u>308,956,356</u>	<u>(1,159,312)</u>	<u>6,286,828</u>	<u>314,083,872</u>

11.2 Conventional Investments by type

- Debt Instruments

Classified / Measured at FVOCI

Non-Government Debt Securities		74,607	(74,607)	-	-	-	-	-	-
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- Equity instruments

Classified / Measured at FVPL

Shares									
Listed companies	11.2.1	-	-	-	-	-	-	-	-
Foreign securities	11.2.1	-	-	-	-	-	-	-	-

Available for sale

Non-Government Debt Securities		-	-	-	-	224,467	(224,467)	-	-
Shares	11.2.1	-	-	-	-	591,680	(591,680)	-	-
Foreign securities	11.2.1	-	-	-	-	1,155,350	(1,155,350)	-	-
		-	-	-	-	1,971,497	(1,971,497)	-	-

Held to maturity

Non-Government Debt Securities		-	-	-	-	92,145	(92,145)	-	-
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Associates

	11.10	474,169	(474,169)	-	-	474,169	(474,169)	-	-
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Total conventional investments

		<u>548,776</u>	<u>(548,776)</u>	<u>-</u>	<u>-</u>	<u>2,537,811</u>	<u>(2,537,811)</u>	<u>-</u>	<u>-</u>
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11.2.1 With the adoption of IFRS 9, fully provided equity securities related to amalgamated entity previously classified as available for sale have been designated to FVTPL as of January 01, 2024. Following is the break-up of such securities:

Name of Investee Company

No. of shares held

Riverstone Consultancy (Private) Limited (Shares)	3,985,000
New Horizon Exploration and Production Limited (Shares)	61,600,000
Pakistan Export Finance Guarantee Agency Limited (Shares)	568,044
Evolve Capital Limited (Foreign securities)	5,400,000

11.3	Islamic Investments by segment	Note	2024				2023			
			Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000										
Federal Government securities:										
	Federal Government Shariah Compliant Securities		299,226,475	-	11,799,026	311,025,501	272,237,369	-	5,630,029	277,867,398
Shares:										
	Listed companies	11.8.2.1	756,483	-	82,342	838,825	345,273	-	347,308	692,581
Non Government debt securities										
	Listed	11.3.1	30,535,747	-	347,003	30,882,750	30,537,251	-	314,028	30,851,279
	Unlisted		2,323,070	(35,883)	10,470	2,297,657	4,706,211	(35,880)	(4,537)	4,665,794
			32,858,817	(35,883)	357,473	33,180,407	35,243,462	(35,880)	309,491	35,517,073
Modaraba certificates										
			-	-	-	-	-	-	-	-
Foreign securities										
	Equity securities	11.8.4.1	6,820	-	-	6,820	6,820	-	-	6,820
Associate										
	Shakarganj Food Products Limited	11.10	1,123,432	(1,123,432)	-	-	1,123,432	(1,123,432)	-	-
			<u>333,972,027</u>	<u>(1,159,315)</u>	<u>12,238,841</u>	<u>345,051,553</u>	<u>308,956,356</u>	<u>(1,159,312)</u>	<u>6,286,828</u>	<u>314,083,872</u>

11.3.1 These represents Holding Company's investment in Pakistan Energy Sukuk-I & II issued by Power Holding (Private) Limited, wholly owned by the Government of Pakistan. These Energy Sukuk are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuk are based on Islamic mode of Ijarah and has a 10 year maturity with semi-annual rental payments carrying profit rate at 6 months KIBOR + 80bps & at 6 months KIBOR - 10bps respectively.

11.4	Conventional Investments by segment	Note	2024				2023			
			Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000										
Shares:										
	Unlisted	11.8.2.2	-	-	-	-	591,680	(591,680)	-	-
Non Government debt securities										
	Listed		74,607	(74,607)	-	-	74,607	(74,607)	-	-
	Unlisted		-	-	-	-	242,005	(242,005)	-	-
			74,607	(74,607)	-	-	316,612	(316,612)	-	-
Foreign securities										
	Equity securities	11.8.4.1	-	-	-	-	1,155,350	(1,155,350)	-	-
Associate										
	KASB Capital Limited	11.10	41,867	(41,867)	-	-	41,867	(41,867)	-	-
	KASB Funds Limited	11.10	432,302	(432,302)	-	-	432,302	(432,302)	-	-
			474,169	(474,169)	-	-	474,169	(474,169)	-	-
			<u>548,776</u>	<u>(548,776)</u>	<u>-</u>	<u>-</u>	<u>2,537,811</u>	<u>(2,537,811)</u>	<u>-</u>	<u>-</u>

11.5	Investments given as collateral	Note	2024	2023
-----Rupees in '000-----				
	Federal Government Securities - GOP Ijarah Sukuk		<u>57,565,700</u>	<u>35,314,000</u>

11.6 Credit loss allowance / provision for diminution in value of investments

11.6.1 Opening balance

Impact of adoption of IFRS 9

Charge / (reversal)

Charge for the year
Reversals for the year
Reversal on disposals

Amounts written off

Impact of reclassification of equity securities from FVOCI to FVPL

Closing Balance

		34	3,697,123	2,073,587
			132	-
			-	1,702,779
			(242,134)	-
			-	-
			(242,134)	1,702,779
			-	(79,243)
			(1,747,030)	-
			<u>1,708,091</u>	<u>3,697,123</u>

11.7 Particulars of credit loss allowance

11.7.1 Investments - exposure

	2024		
	Stage 1	Stage 2	Stage 3
	----- Rupees in '000 -----		
Opening balance	307,168,700	-	628,743
New investments	161,112,504	-	-
Investments derecognised or repaid	(136,508,043)	-	(242,005)
Transfer to stage 1	-	-	-
Transfer to stage 2	-	-	-
Transfer to stage 3	-	-	-
	24,604,461	-	(242,005)
Closing balance	<u>331,773,161</u>	<u>-</u>	<u>386,738</u>

11.7.2 Investments - Credit loss allowance

Gross carrying amount - Current year	-	-	352,492
Impact of adoption of IFRS 9	132	-	-
New investments	-	-	-
Investments derecognised or repaid	-	-	(242,005)
Transfer to stage 1	-	-	-
Transfer to stage 2	-	-	-
Transfer to stage 3	-	-	-
	-	-	(242,005)
Changes in risk parameters (PDs/LGDs/EADs)	(129)	-	-
Closing balance - Current year	<u>3</u>	<u>-</u>	<u>110,487</u>

11.7.3 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 Stage 1	331,773,161	3	307,168,700	-
Underperforming Stage 2	-	-	-	-
Non-performing Stage 3				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	386,738	110,487	628,743	352,492
	386,738	110,487	628,743	352,492
Total	<u>332,159,899</u>	<u>110,490</u>	<u>307,797,443</u>	<u>352,492</u>

11.7.3.1 The Holding Company does not hold overseas classified debt securities.

11.8 Quality of securities

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

	2024	2023
	Cost	
	-----Rupees in '000-----	
11.8.1 Federal government securities - Government guaranteed		
GoP Ijarah Sukuks	299,226,475	272,237,369

11.8.2 Shares

11.8.2.1 Listed companies

- Leather & Tanneries	46,470	-
- Financial	203,622	306,752
- Paper, Board & Packaging	45,440	-
- Fertilizer	272,070	38,370
- Power Generation And Distribution	68,397	-
- Food	1,514	-
- Oil & Gas Marketing Companies	52,096	-
- Cement	46,985	-
- Cable And Electrical Goods	689	-
- Pharmaceuticals	19,200	151
	756,483	345,273

11.8.2.2 Unlisted companies

As at	2024		2023		
	Cost	Breakup value per share	Cost	Breakup value per share	
	-----Rupees in '000-----				
Pakistan Export Finance Guarantee Agency Limited Riverstone Consultancy (Private) Limited (Formerly KASB Invest (Private) Limited)	June 30, 2010	5,680	0.50	5,680	0.50
New Horizon Exploration and Production Limited	June 30, 2021	28,000	0.69	28,000	0.69
	December 31, 2014	558,000	1.07	558,000	1.07
		591,680	2.26	591,680	2.26

11.8.3 Non government debt securities

	2024	2023
	Cost	
	-----Rupees in '000-----	
Listed		
- Unrated	30,535,747	30,611,858
Unlisted		
AAA	1,383,439	2,408,996
AA+	-	110,500
AA-	179,166	50,000
A+	340,000	175,000
A	-	311,667
Unrated	495,072	1,799,908
	2,397,677	4,856,071

11.8.4 Foreign securities

11.8.4.1 Equity securities

	2024	2023
	Cost	
	-----Rupees in '000-----	
Unlisted		
SWIFT (Society for World Wide Interbank Financial Telecommunication)	6,820	6,820
Evolve Capital Limited	-	1,155,350
	6,820	1,162,170

11.9 Particulars relating to securities classified Under "Held to Collect" model

Non government debt securities

Unlisted

Unrated	-	92,145
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11.9.1 The market value of securities classified under "Held to Collect" as at December 31, 2024 amounted to Nil (December 31, 2023: Nil).

As at	Holding %	Country of incorporation	Assets	Liabilities	Revenue	Profit / (loss) after taxation	Total comprehensive income / (loss)
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-----Rupees in '000-----

11.10 Details of investment in associates

Unlisted

Islamic

Shakarganj Food Products Limited	September 30, 2024	36.38	Pakistan	10,419,473	7,033,193	12,976,811	(262,131)	(210,448)
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Conventional

KASB Funds Limited	December 31, 2015	43.89	Pakistan	46,465	32,465	23,640	(66,241)	(65,679)
KASB Capital Limited	December 31, 2016	21.78	Mauritius	\$ 652,864	\$ 135,428	\$ -	\$ (34,084)	\$ (34,084)

Note 2024 2023

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

12 ISLAMIC FINANCING, RELATED ASSETS AND ADVANCES

Islamic financing and related assets - net	12.1	295,959,406	230,129,817
Advances (relating to amalgamated entity) - net	12.2	58,957	64,471
		<u>296,018,363</u>	<u>230,194,288</u>

12.1 ISLAMIC FINANCING AND RELATED ASSETS

Note	Performing		Non Performing		Total	
	2024	2023	2024	2023	2024	2023

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

In Pakistan							
- Running Musharakah	12.9	78,360,146	100,625,553	1,444,955	1,444,955	79,805,101	102,070,508
- Diminishing Musharakah financing and related assets - Others	12.3	58,097,978	46,055,344	5,863,442	3,529,814	63,961,420	49,585,158
- Diminishing Musharakah - Housing		20,731,082	23,553,066	2,120,603	2,019,821	22,851,685	25,572,887
- Istisna financing and related assets	12.4 & 12.10	27,767,369	20,455,759	3,663,174	3,630,366	31,430,543	24,086,125
- Diminishing Musharakah financing and related assets - Auto		16,734,243	16,380,932	642,621	538,620	17,376,864	16,919,552
- Murabahah financing and related assets	12.5 & 12.11	85,092,279	16,073,181	753,869	397,002	85,846,148	16,470,183
- Musawamah financing and related assets / Tijarah	12.6	7,894,372	3,781,236	3,945,758	5,024,205	11,840,130	8,805,441
- Investment Agency Wakalah		4,273,450	2,730,590	-	-	4,273,450	2,730,590
- Murabahah against Bills		285,574	671,556	192,062	192,048	477,636	863,604
- Ijarah financing under IFAS 2 and related assets	12.7	590,135	288,755	53,902	161,958	644,037	450,713
- Financing against Bills		2,694,138	209,100	-	-	2,694,138	209,100
- Qardh-e-Hasana		27,577	48,226	123,378	121,025	150,955	169,251
- Musharakah financing		-	-	160,000	160,000	160,000	160,000
- Past Due Acceptance		164,607	155,972	27,128	-	191,735	155,972
- Net investment in Ijarah financing in Pakistan	12.12.1	28,055	85,343	39,969	-	68,024	85,343
- Housing finance portfolio - others		-	24,091	7,086	-	7,086	24,091
- Salam	12.8	177,047	-	-	-	177,047	-
Islamic financing and related assets - gross		<u>302,918,052</u>	231,138,704	<u>19,037,947</u>	17,219,814	<u>321,955,999</u>	248,358,518
Credit loss allowance / provision against Islamic financing and related assets	12.16						
- Stage 1		(2,793,600)	-	-	-	(2,793,600)	-
- Stage 2		(515,292)	-	-	-	(515,292)	-
- Stage 3		-	-	(17,076,658)	-	(17,076,658)	-
- Specific		-	-	-	(13,837,297)	-	(13,837,297)
- General		-	(4,391,404)	-	-	-	(4,391,404)
		<u>(3,308,892)</u>	(4,391,404)	<u>(17,076,658)</u>	(13,837,297)	<u>(20,385,550)</u>	(18,228,701)
Modification loss due to IFRS 9	12.1.1	(94,079)	-	-	-	(94,079)	-
Fair value adjustment	12.1.2	(5,516,964)	-	-	-	(5,516,964)	-
Islamic financing and related assets - net of credit loss allowance / provision		<u>293,998,117</u>	226,747,300	<u>1,961,289</u>	3,382,517	<u>295,959,406</u>	230,129,817

12.1.1 This represents modification loss arising from restructuring or rescheduling of financings.

12.1.2 This represents deferred fair value loss arising due to difference between the market value and the book amount of financings.

12.1.3 Islamic Financing and related assets include Rs.19,037.947 million (2023: Rs.17,219.814 million) which have been placed under non-performing / Stage 3 status as detailed below:

2024		2023	
Outstanding amount	Credit loss allowance held	Outstanding amount	Provision held

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

Islamic financing and related assets - Category of classification

Domestic

Other assets especially mentioned	264,933	47,483	393,831	-
Substandard	1,767,062	981,368	1,009,194	235,164
Doubtful	911,076	474,167	2,170,850	871,469
Loss	16,094,876	15,573,640	13,645,939	12,730,664
	19,037,947	17,076,658	17,219,814	13,837,297

12.1.4 The Holding Company does not hold overseas Islamic financing and related assets.

Performing		Non Performing		Total	
2024	2023	2024	2023	2024	2023

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

12.2 ADVANCES

- Loans, cash credits, running finances, etc. - In Pakistan*	-	5,569	3,991,053	4,424,625	3,991,053	4,430,194
- Bills discounted and purchased (excluding treasury bills) - Payable in Pakistan	-	-	684,295	684,295	684,295	684,295
- Net investment in finance lease - In Pakistan	-	-	553,463	561,908	553,463	561,908
Advances - gross	-	5,569	5,228,811	5,670,828	5,228,811	5,676,397
Credit loss allowance / provision against advances						
- Stage 1	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-
- Stage 3	-	-	(5,169,854)	-	(5,169,854)	-
- Specific	-	-	-	(5,611,871)	-	(5,611,871)
- General	-	(55)	-	-	-	(55)
	-	(55)	(5,169,854)	(5,611,871)	(5,169,854)	(5,611,926)
Advances - net of credit loss allowance / provision	-	5,514	58,957	58,957	58,957	64,471
Fair value adjustment	-	-	-	-	-	-
Advances - net of credit loss allowance / provision and fair value adjustment	-	5,514	58,957	58,957	58,957	64,471

* This represents non-interest bearing performing financing facilities amounting to Rs. Nil (2023: Rs. 5,569 million).

12.2.1 Advances include Rs. 5,228.811 million (2023: Rs. 5,670.828 million) which have been placed under non-performing / Stage 3 status as detailed below:

2024		2023	
Outstanding amount	Credit loss allowance held	Outstanding amount	Provision held

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

Advances - Category of classification

Domestic

Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	5,228,811	5,169,854	5,670,828	5,611,871
	5,228,811	5,169,854	5,670,828	5,611,871

12.2.2 The Holding Company does not hold overseas advances.

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	Note	2024	2023
		-----Rupees in '000-----	
12.3 Diminishing Musharakah financing and related assets - Others			
Diminishing Musharakah financing		52,413,896	46,307,161
Advance against Diminishing Musharakah financing		11,547,524	3,277,997
		<u>63,961,420</u>	<u>49,585,158</u>
12.4 Istisna financing and related assets			
Istisna financing		5,810,579	7,662,635
Advance against Istisna financing		25,440,494	16,423,490
Istisna inventories		179,470	-
		<u>31,430,543</u>	<u>24,086,125</u>
12.5 Murabahah financing and related assets			
Murabahah financing		79,105,798	8,945,251
Deferred murabahah income		3,434,967	1,663,483
Advances against Murabaha financing		3,242,983	1,469,521
Murabaha Inventories		62,400	4,391,928
		<u>85,846,148</u>	<u>16,470,183</u>
12.5.1 Murabaha receivable - gross	12.5.2	82,540,765	10,608,734
Less: Deferred murabaha income	12.5.4	(770,100)	(489,934)
Profit receivable		(2,664,867)	(1,173,549)
Murabaha financing		<u>79,105,798</u>	<u>8,945,251</u>
12.5.2 The movement in Murabaha financing during the year is as follows:			
Opening balance		10,608,734	8,842,221
Sales during the year		124,332,657	73,341,774
Received during the year		(52,400,626)	(71,575,261)
Closing balance		<u>82,540,765</u>	<u>10,608,734</u>
12.5.3 Murabaha sale price (for transactions during the year)		124,332,657	73,341,774
Murabaha purchase price (for transactions during the year)		(117,822,082)	(68,617,404)
		<u>6,510,575</u>	<u>4,724,370</u>
12.5.4 Deferred Murabahah income			
Opening balance		489,934	289,597
Arising during the year		6,510,576	4,724,370
Recognized during the year		(6,230,410)	(4,524,033)
Closing balance		<u>770,100</u>	<u>489,934</u>
12.6 Musawamah financing and related assets / Tijarah			
Musawamah financing		5,724,219	6,174,291
Advance against Musawamah financing		59,114	123,620
Musawamah inventories		6,056,797	2,507,530
		<u>11,840,130</u>	<u>8,805,441</u>
12.7 Ijarah financing under IFAS 2 and related assets			
Net book value of assets under IFAS 2		643,717	435,282
Advance against Ijarah financing		320	15,431
		<u>644,037</u>	<u>450,713</u>
12.8 Salam			
Salam financing		153,525	-
Advance against Salam		23,522	-
		<u>177,047</u>	<u>-</u>
12.9			
Running musharakah financing and related assets includes financing amounting to Rs. 930 million (2023: Rs. 2,403 million) under Islamic Export Refinance Scheme.			
12.10			
Istisna financing and related assets includes financing amounting to Rs. 37 million (2023: Rs. 264.6 million) and advance amounting to Rs. 411 million (2023: Rs. 1,016.5 million) under Islamic Export Refinance Scheme.			
12.11			
Murabahah financing and related assets includes financing amounting to Rs. 0.061 million (2023: Rs.0.061 million) under Islamic Export Refinance Scheme.			

12.12 Break up of net investment in Ijarah financing and Finance lease

2024 2023
----- Rupees in '000-----

Islamic financing and related assets	68,024	85,343
Advances	553,463	561,908
	<u>621,487</u>	<u>647,251</u>

12.12.1 Net investment in Ijarah financing in Pakistan and finance lease

	2024				2023			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	----- Rupees in '000 -----							
Ijarah rentals receivable	592,405	-	-	592,405	618,169	-	-	618,169
Residual value	73,328	-	-	73,328	73,328	-	-	73,328
Minimum Ijarah payments	665,733	-	-	665,733	691,497	-	-	691,497
Profit for future periods	(44,246)	-	-	(44,246)	(44,246)	-	-	(44,246)
Present value of minimum Ijarah payments	621,487	-	-	621,487	647,251	-	-	647,251

12.13 Ijarah Assets

	2024							
	Cost			Accumulated depreciation			Book value as at December 31, 2024	Rate of Depreciation %
	As at January 01, 2024	Addition / (deletions)	As at December 31, 2024	As at January 01, 2024	Charge / (deletions)	As at December 31, 2024		
	----- Rupees in '000 -----							
Plant and Machinery	299,200	-	299,200	247,818	13,030	260,848	38,352	20-33.33
Vehicles	1,132,172	380,920 (78,274)	1,434,818	748,272	140,069 (58,888)	829,453	605,365	20-33.33
	1,431,372	380,920 (78,274)	1,734,018	996,090	153,099 (58,888)	1,090,301	643,717	

	2023							
	Cost			Accumulated depreciation			Book value as at December 31, 2023	Rate of Depreciation %
	As at January 01, 2023	Addition / (deletions)	As at December 31, 2023	As at January 01, 2023	Charge / (deletions)	As at December 31, 2023		
	----- Rupees in '000 -----							
Plant and Machinery	299,200	-	299,200	245,697	2,121	247,818	51,382	20-33.33
Vehicles	1,201,472	16,990 (86,290)	1,132,172	798,916	16,506 (67,150)	748,272	383,900	20-33.33
	1,500,672	16,990 (86,290)	1,431,372	1,044,613	18,627 (67,150)	996,090	435,282	

12.13.1 Future Ijarah payments receivable

	2024				2023			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	----- Rupees in '000 -----							
Ijarah rentals receivable	282,312	183,313	-	465,625	29,489	17,152	-	46,641

12.14 Particulars of Islamic financing and related assets and advances - gross

2024 2023
----- Rupees in '000-----

In local currency	322,877,829	251,850,511
In foreign currency	4,306,981	2,184,404
	<u>327,184,810</u>	<u>254,034,915</u>

	2024	2023
	----- Rupees in '000-----	
12.14.1 Financing to Women, Women-owned and Managed Enterprises		
Women	2,842,695	3,519,565
Women Owned and Managed Enterprises	<u>5,682,401</u>	<u>497,189</u>
	<u>8,525,096</u>	<u>4,016,754</u>

12.14.2 Gross financing disbursed to Women, Women-owned and Managed Enterprises

Women	558,796	665,495
Women Owned and Managed Enterprises	<u>5,281,435</u>	<u>32,300</u>
	<u>5,840,231</u>	<u>697,795</u>

12.15 Particulars of credit loss allowance

12.15.1 Islamic financing, related assets and advances - Exposure

	2024		
	Stage 1	Stage 2	Stage 3
	----- Rupees in '000-----		
Gross carrying amount	208,066,911	23,077,362	22,890,642
New financing	139,297,187	3,255,728	28,484
Financing derecognised or repaid	(66,039,661)	(1,280,608)	(2,111,235)
Transfer to stage 1	15,290,890	(15,131,933)	(158,957)
Transfer to stage 2	(1,723,397)	2,556,297	(832,900)
Transfer to stage 3	(1,198,357)	(3,252,367)	4,450,724
	85,626,662	(13,852,883)	1,376,116
Closing balance	<u>293,693,573</u>	<u>9,224,479</u>	<u>24,266,758</u>

12.15.2 Islamic financing, related assets and advances - Credit loss allowance

	2024		
	Stage 1	Stage 2	Stage 3
	----- Rupees in '000-----		
Opening balance	-	-	-
Impact of adoption of IFRS 9	1,477,937	1,439,302	21,459,788
New financing	1,042,546	34,544	19,994
Financing derecognised or repaid	(540,797)	(810,332)	(4,363,215)
Transfer to stage 1	476,088	(468,434)	(7,654)
Transfer to stage 2	(260,243)	270,625	(10,382)
Transfer to stage 3	(933,971)	(2,080,271)	3,014,242
	(216,377)	(3,053,868)	(1,347,015)
Amounts written off / charged off	-	-	-
Changes in risk parameters	1,532,040	2,129,858	2,133,739
Closing balance	<u>2,793,600</u>	<u>515,292</u>	<u>22,246,512</u>

12.15.3 Islamic Financing, related assets and advances - Credit loss allowance details Internal / External rating / stage classification

	2024		
	Stage 1	Stage 2	Stage 3
Outstanding gross exposure	----- Rupees in '000 -----		
Performing - Stage 1			
Rated	258,216,213	-	-
Non Rated	35,477,360	-	-
Under Performing - Stage 2			
Rated	-	8,025,012	-
Non Rated	-	1,199,467	-
Non-performing - Stage 3			
OAEM	-	-	264,933
Substandard	-	-	1,767,062
Doubtful	-	-	911,076
Loss	-	-	21,323,687
	-	-	24,266,758
Total	293,693,573	9,224,479	24,266,758
Corresponding ECL			
Stage 1 and stage 2	2,793,600	515,292	-
Stage 3	-	-	22,246,512
	2,793,600	515,292	22,246,512

12.16 Particulars of credit loss allowances / provision held against Islamic financing, related assets and advances

	2024						2023		
	Stage 3	Stage 2	Stage 1	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----								
Opening balance	-	-	-	19,449,168	4,391,459	23,840,627	16,119,131	2,987,168	19,106,299
Impact of adoption of IFRS 9	21,459,788	1,439,302	1,477,937	(19,449,168)	(4,391,459)	536,400	-	-	-
Charge for the year	1,807,156	41,831	1,605,492	-	-	3,454,479	4,006,703	1,500,000	5,506,703
Reversals for the year	(1,020,432)	(965,841)	(289,829)	-	-	(2,276,102)	(676,666)	(95,709)	(772,375)
	786,724	(924,010)	1,315,663	-	-	1,178,377	3,330,037	1,404,291	4,734,328
Amount written off	-	-	-	-	-	-	-	-	-
Closing balance	22,246,512	515,292	2,793,600	-	-	25,555,404	19,449,168	4,391,459	23,840,627
12.16.1									
Islamic	17,076,658	515,292	2,793,600	-	-	20,385,550	13,837,297	4,391,404	18,228,701
Conventional	5,169,854	-	-	-	-	5,169,854	5,611,871	55	5,611,926
	22,246,512	515,292	2,793,600	-	-	25,555,404	19,449,168	4,391,459	23,840,627
12.16.2	Particulars of credit loss allowance against advances								
In local currency	22,246,512	515,292	2,793,600	-	-	25,555,404	19,449,168	4,391,459	23,840,627
In foreign currencies	-	-	-	-	-	-	-	-	-
	22,246,512	515,292	2,793,600	-	-	25,555,404	19,449,168	4,391,459	23,840,627

12.16.3 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Holding Company has availed the benefit of Forced Sale Value (FSV) of collaterals against the non-performing financings. The benefit availed as at December 31, 2024 amounts to Rs. 351.907 million (2023: Rs. 943.552 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 161.877 million (2023: Rs. 481.211 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

	Note	2024	2023
		-----Rupees in '000-----	
12.16.4 Credit loss allowance / reversal net of fair value adjustment taken to the profit and loss account			
Gross reversals for the year		2,276,102	772,375
Charge for the year		(3,454,479)	(5,506,703)
		<u>(1,178,377)</u>	<u>(4,734,328)</u>
Fair value adjusted - net		-	(93,819)
Net charge taken to the profit and loss account	34	<u>(1,178,377)</u>	<u>(4,828,147)</u>

12.17 Particulars of write offs

12.17.1 Against provisions		-	-
Directly charged to the profit and loss account		-	-
		<u>-</u>	<u>-</u>
12.17.2 Write offs Rs. 500,000 and above			
- Domestic		-	-
- Overseas		-	-
Write offs below Rs. 500,000		-	-
		<u>-</u>	<u>-</u>

12.17.3 Details of Financings 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 financings or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended is given in Annexure-I.

	Note	2024	2023
		-----Rupees in '000-----	
12.18 SBP other refinance schemes			
Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)		7,272,740	8,005,247
Islamic Long-Term Financing Facility		1,356,372	1,320,910
Islamic refinance scheme for payment of wages and salaries		54,822	62,197
RM EFS - Rupee Based Discounting (TFA)		9,756,938	4,327,627
Islamic refinance scheme for Renewable Energy		610,996	677,678
Islamic refinance scheme for combating COVID (IRFCC)		123,754	197,509
Islamic refinance facility for Modernization of SMEs		85,341	67,654
Refinance for Islamic Financing Facility of Storage of Agricultural Produce (IFFSAP)		204,027	47,836
Islamic Credit Guarantee Scheme For Women Entrepreneur		127,855	35,187
		<u>19,592,845</u>	<u>14,741,845</u>

13 PROPERTY AND EQUIPMENT

Capital work-in-progress	13.1	1,659,567	1,491,445
Property and equipment	13.2	13,444,402	11,082,909
		<u>15,103,969</u>	<u>12,574,354</u>
13.1 Capital work-in-progress			
Advances to suppliers and contractors		468,844	300,722
Advance for acquiring properties and office premises		1,190,723	1,190,723
		<u>1,659,567</u>	<u>1,491,445</u>

13.2 Property and Equipment

2024						
Freehold / Leasehold land	Freehold / Leasehold building	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total	
----- Rupees in '000 -----						
At January 1, 2024						
Cost / Revalued amount	2,873,500	4,513,597	4,658,391	5,556,497	175,148	17,777,133
Accumulated depreciation	-	(525,924)	(2,300,965)	(3,805,381)	(61,954)	(6,694,224)
Net book value	2,873,500	3,987,673	2,357,426	1,751,116	113,194	11,082,909
Year ended December 31, 2024						
Opening net book value	2,873,500	3,987,673	2,357,426	1,751,116	113,194	11,082,909
Additions	-	-	2,084,171	1,768,861	225,794	4,078,826
Disposals	-	-	(48,109)	(150,595)	(3,817)	(202,521)
Write offs	-	-	(93,172)	-	-	(93,172)
	-	-	(141,281)	(150,595)	(3,817)	(295,693)
Movement in Accumulated Depreciation						
Depreciation charge	-	(355,760)	(474,101)	(819,258)	(46,702)	(1,695,821)
Reversal of depreciation on disposal	-	-	40,600	149,924	3,817	194,341
Reversal of depreciation on write off	-	-	79,840	-	-	79,840
	-	(355,760)	(353,661)	(669,334)	(42,885)	(1,421,640)
Closing net book value	2,873,500	3,631,913	3,946,655	2,700,048	292,286	13,444,402
At December 31, 2024						
Cost / Revalued amount	2,873,500	4,513,597	6,601,281	7,174,763	397,125	21,560,266
Accumulated depreciation	-	(881,684)	(2,654,626)	(4,474,715)	(104,839)	(8,115,864)
Net book value	2,873,500	3,631,913	3,946,655	2,700,048	292,286	13,444,402
Depreciation rate (%)	-	2	10-20	15-25	20	

2023					
Freehold / Leasehold land	Freehold / Leasehold building	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total

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

At January 1, 2023

Cost / Revalued amount	3,564,900	4,584,573	3,697,814	4,293,626	110,526	16,251,439
Accumulated depreciation	-	(752,703)	(2,251,704)	(3,319,399)	(62,160)	(6,385,966)
Net book value	3,564,900	3,831,870	1,446,110	974,227	48,366	9,865,473

Year ended December 31, 2023

Opening net book value	3,564,900	3,831,870	1,446,110	974,227	48,366	9,865,473
Additions	-	-	1,308,130	1,293,214	90,124	2,691,468
Movement in surplus on assets revalued during the year	(90,897)	(17,653)	-	-	-	(108,550)
Deficit on revaluation recognized through profit and loss account - net	(195,503)	(3,609)	-	-	-	(199,112)
Disposals	(405,000)	(49,714)	(310,414)	(30,343)	(25,502)	(820,973)
Write offs	-	-	(37,139)	-	-	(37,139)
	(405,000)	(49,714)	(347,553)	(30,343)	(25,502)	(858,112)

Movement in Accumulated Depreciation

Depreciation charge	-	(180,749)	(312,254)	(516,061)	(25,166)	(1,034,230)
Reversal of depreciation on disposal	-	7,191	229,631	30,079	25,372	292,273
Reversal of accumulated depreciation on revaluation	-	400,337	-	-	-	400,337
Reversal of depreciation on write off	-	-	33,362	-	-	33,362
	-	226,779	(49,261)	(485,982)	206	(308,258)

Closing net book value	2,873,500	3,987,673	2,357,426	1,751,116	113,194	11,082,909
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At December 31, 2023

Cost / Revalued amount	2,873,500	4,513,597	4,658,391	5,556,497	175,148	17,777,133
Accumulated depreciation	-	(525,924)	(2,300,965)	(3,805,381)	(61,954)	(6,694,224)
Net book value	2,873,500	3,987,673	2,357,426	1,751,116	113,194	11,082,909
Depreciation rate (%)	-	2	10-20	15-25	20	

13.2.1 Details of property and equipment disposed-off

Details of disposal of fixed assets to the Chief Executive Officer or to a Director or to Executives, irrespective of the value, and to any other person having aggregate book value of more than Rs. 1 million and particulars of each asset, which has book value of Rs. 250,000 or above during the year are disclosed in 'Annexure II'.

13.3 Cost of fully depreciated properties and equipment that are still in the Bank's use, as at December 31, 2024, amounted to Rs. 7,529.201 million (2023: Rs. 4,016.360 million).

13.4 During the year ended December 31, 2023, the Holding Company's freehold land and buildings on leasehold land were revalued by Gandhara Consultants (Private) Limited and Sadruddin Associates (Private) Limited on the basis of their professional assessment of the present market value. As a result of revaluation the market value of freehold land and buildings on leasehold land were determined at Rs. 2,873.500 million and Rs. 4,078.179 million respectively. The revaluation resulted in surplus of Rs. 2,786.212 million over the book value of the respective properties.

Had there been no revaluation, the carrying amount of revalued assets at December 31, 2024 would have been as follows:

	Rupees in '000
Land	2,639,311
Building	1,815,754
	<u>4,455,065</u>

14	RIGHT-OF-USE ASSETS	Note	2024			2023		
			Buildings	Others	Total	Buildings	Others	Total
-----Rupees in '000-----								
At January 1,								
Cost								
			7,693,776	-	7,693,776	6,129,251	-	6,129,251
			(4,127,509)	-	(4,127,509)	(3,231,869)	-	(3,231,869)
			3,566,267	-	3,566,267	2,897,382	-	2,897,382
Additions during the year								
			2,336,666	-	2,336,666	1,564,525	-	1,564,525
Deletions during the year								
			(264,984)	-	(264,984)	-	-	-
Depreciation charge for the year								
		32	(1,323,414)	-	(1,323,414)	(895,640)	-	(895,640)
			4,314,535	-	4,314,535	3,566,267	-	3,566,267

15	INTANGIBLE ASSETS	2024				
		Computer software	Core deposits	Membership and Subscription	Goodwill (note 14.2)	Total
-----Rupees in '000-----						
At January 1						
Cost						
		1,412,629	40,600	46,024	2,991,308	4,490,561
Accumulated amortization and impairment						
		(796,428)	(20,010)	(7,627)	-	(824,065)
		616,201	20,590	38,397	2,991,308	3,666,496
For the year						
Opening net book value						
		616,201	20,590	38,397	2,991,308	3,666,496
Additions:						
		689,677	-	33,600	-	723,277
Disposals						
		-	-	(22,800)	-	(22,800)
Amortization charge						
		(260,625)	(2,245)	(12,157)	-	(275,027)
Amortization on Disposal						
		-	-	5,226	-	5,226
		1,045,253	18,345	42,266	2,991,308	4,097,172
At December 31						
Cost						
		2,102,306	40,600	56,824	2,991,308	5,191,038
Accumulated amortization and impairment						
		(1,057,053)	(22,255)	(14,558)	-	(1,093,866)
		1,045,253	18,345	42,266	2,991,308	4,097,172
Rate of amortization (percentage)						
		20	6	10	-	
Useful life (years)						
		5	17	10	-	
-----Rupees in '000-----						
2023						
		Computer software	Core deposits	Membership and Subscription	Goodwill (Note 14.2)	Total
At January 1						
Cost						
		930,633	40,600	26,375	2,991,308	3,988,916
Accumulated amortization and impairment						
		(659,005)	(17,765)	(3,566)	-	(680,336)
		271,628	22,835	22,809	2,991,308	3,308,580
For the year						
Opening net book value						
		271,628	22,835	22,809	2,991,308	3,308,580
Additions:						
		481,996	-	19,649	-	501,645
Amortization charge						
		(137,423)	(2,245)	(4,061)	-	(143,729)
		616,201	20,590	38,397	2,991,308	3,666,496
At December 31						
Cost						
		1,412,629	40,600	46,024	2,991,308	4,490,561
Accumulated amortization and impairment						
		(796,428)	(20,010)	(7,627)	-	(824,065)
		616,201	20,590	38,397	2,991,308	3,666,496
Rate of amortization (percentage)						
		20	6	10	-	
Useful life (years)						
		5	17	10	-	

15.1 The cost of fully amortized intangible assets that are still in the Holding Company's use, as at December 31, 2024 amounted to Rs.595.519 million (2023: Rs.530.911 million).

15.2 This represents goodwill recognized upon acquisition of defunct KASB Bank Limited Undertakings based on fair values of assets and liabilities. The Holding Company carried out Goodwill impairment testing as at December 31, 2024.

Key assumptions used in value in use calculation

The recoverable amount of Goodwill has been determined based on value in use calculation, using cash flow projections based on financial projections approved by the management of the Holding Company covering a five year period. The discount rates applied to cash flows beyond five years are extrapolated using a terminal growth rate. The following rates are used by the Holding Company.

	%
Discount rate	15.82
Terminal growth rate	5.00

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

a) Profit margins

Profit margins are based on prevailing industry trends and anticipated market conditions.

b) Discount rates

Discount rates reflect management estimates of the rate of return required for each business and are calculated after taking into account the prevailing risk free rate, industry risk and business risk. Discount rates are calculated by using cost of equity of the Holding Company.

c) Key business assumptions

The assumptions are important as they represent management assessment of how the Holding Company's financial position might change over the projected period. Based on the expansion plans, management expects aggressive growth in financing, investments and deposits during the projected periods and thereafter stabilization in line with industry trends.

Management believes that any significant change in key assumptions, on which Goodwill's recoverable amount is based, may impact the carrying amount to further exceed its recoverable amount. Value in use calculation of Goodwill are sensitive to changes in assumptions for profit rate spreads, Non-Funded Income (NFI), long term growth rates and discount rates.

d) Sensitivity to changes in assumption

The estimated recoverable amount of Goodwill exceeds its carrying amount by approximately Rs. 11,032.794 million. Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

Changes required individually for the carrying amount to equal recoverable amount

	%
Discount rate	5.18
Terminal growth rate	(11.79)

15.3 The amount of goodwill that will be deductible for taxable purposes is Rs. 5,896.832 million. The difference represents the fair value benefit of the financial assistance granted by the State Bank of Pakistan.

16 DEFERRED TAX (LIABILITIES) / ASSETS

Note	2024					
	At January 01, 2024	Impact of adoption of IFRS 9	At January 01, 2024 (Revised)	Recognized in P&L	Recognized in OCI	At December 31, 2024
----- Rupees in 000 -----						
Deductible Temporary Differences on:						
Credit loss allowance against investments	36,668	69	36,737	9,836	-	46,573
Credit loss allowance against non-performing Islamic financing and related assets and advances	5,516,884	278,928	5,795,812	(558,919)	-	5,236,893
Modification and Fair value adjustments		(50,633)	(50,633)	68,321	-	17,688
Other credit loss allowance		75,378	75,378	787,994	-	863,372
Ijarrah financing and related assets	18,802	-	18,802	24,996	-	43,798
Accelerated tax depreciation	-	-	-	-	-	-
Others	-	-	-	493,872	(3,049)	490,823
	<u>5,572,354</u>	<u>303,742</u>	<u>5,876,096</u>	<u>826,100</u>	<u>(3,049)</u>	<u>6,699,147</u>
Taxable Temporary Differences on:						
Fair value adjustments relating to net assets acquired upon amalgamation	(337,060)	-	(337,060)	106,521	-	(230,539)
Surplus on revaluation of FVOCI Investment	(3,080,546)	180,600	(2,899,946)	-	(3,435,992)	(6,335,938)
Surplus on revaluation of FVTPL Investment	-	(180,600)	(180,600)	152,341	-	(28,259)
Surplus on revaluation of property and equipment	(1,365,244)	-	(1,365,244)	134,021	188,602	(1,042,621)
Surplus on revaluation of non-banking assets	(33,473)	-	(33,473)	143	15,478	(17,852)
Accelerated tax depreciation	(553,466)	-	(553,466)	(472)	-	(553,938)
Others	(92,117)	-	(92,117)	92,117	-	-
	<u>(5,461,906)</u>	<u>-</u>	<u>(5,461,906)</u>	<u>484,671</u>	<u>(3,231,912)</u>	<u>(8,209,147)</u>
	<u>110,448</u>	<u>303,742</u>	<u>414,190</u>	<u>1,310,771</u>	<u>(3,234,961)</u>	<u>(1,510,000)</u>

Note	2023			
	At January 01, 2023	Recognized in P&L	Recognized in OCI	At December 31, 2023
----- Rupees in 000 -----				
Deductible Temporary Differences on:				
Accumulated tax losses	863,212	(863,212)	-	-
Tax credit against minimum tax	-	-	-	-
Provision for diminution in the value of investments	95,242	(58,574)	-	36,668
Provision against non-performing Islamic financing and related assets and advances	4,650,741	866,143	-	5,516,884
Ijarrah financing and related assets	53,009	(34,207)	-	18,802
	<u>5,662,204</u>	<u>(89,850)</u>	<u>-</u>	<u>5,572,354</u>
Taxable Temporary Differences on:				
Fair value adjustments relating to net assets acquired upon amalgamation	(351,206)	14,146	-	(337,060)
Surplus on revaluation of investment	(853,404)	-	(2,227,142)	(3,080,546)
Surplus on revaluation of property and equipment	(1,206,906)	152,612	(310,950)	(1,365,244)
Surplus on revaluation of non-banking assets	(28,712)	159	(4,920)	(33,473)
Accelerated tax depreciation	146,333	(699,799)	-	(553,466)
Others	(154,590)	30,327	32,146	(92,117)
	<u>(2,448,485)</u>	<u>(502,555)</u>	<u>(2,510,866)</u>	<u>(5,461,906)</u>
	<u>3,213,719</u>	<u>(592,405)</u>	<u>(2,510,866)</u>	<u>110,448</u>

17 OTHER ASSETS	Note	2024	2023
		----- Rupees in '000-----	
Profit / return accrued in local currency		17,627,108	22,877,808
Profit / return accrued in foreign currency		31,482	8,205
Advances, deposits, advance rent and other prepayments		1,349,977	2,637,295
Prepaid staff cost		3,045,731	-
Non-banking assets acquired in satisfaction of claims	17.1	1,450,462	1,452,789
Takaful claim receivable		35,305	22,570
Receivable against takaful and registration charges		251,519	310,102
Receivable against First WAPDA Sukuk	17.2	50,000	50,000
Trade debts		532	532
Acceptances		1,648,773	3,966,916
Unrealized gain on Shariah compliant alternative of forward foreign exchange contracts		43,305	-
Clearing and settlement accounts		1,189,680	-
Others		1,206,370	957,033
		<u>27,930,244</u>	<u>32,283,250</u>
Less: Credit loss allowance held against other assets	17.3	<u>(1,037,978)</u>	<u>(921,326)</u>
Other Assets - net of credit loss allowance		<u>26,892,266</u>	<u>31,361,924</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	25	<u>69,958</u>	<u>68,313</u>
Other assets - total		<u>26,962,224</u>	<u>31,430,237</u>
17.1 Market value of non-banking assets acquired in satisfaction of claims		<u>1,214,658</u>	<u>1,215,340</u>

The properties of the Holding Company have been revalued by independent professional values as at December 31, 2024. The revaluation was carried out by Gandhara Consultants (Private) Limited, Harvester Services (Private) Limited and Sadruddin Associates (Private) Limited on the basis of professional assessment of present market values which resulted in an increase in surplus by Rs. 1.910 million.

Impairment against non-banking assets acquired in satisfaction of claims amounting to Rs. 305.762 million (2023: Rs. 305.762 million) is included in provision held against other assets.

17.1.1 Non-banking assets acquired in satisfaction of claims	Note	2024	2023
		----- Rupees in '000-----	
Opening Balance		1,215,340	1,216,101
Revaluation	25.2	1,910	1,868
Depreciation	32	(2,327)	(2,302)
Incremental Depreciation	25.2	(265)	(327)
Closing Balance		<u>1,214,658</u>	<u>1,215,340</u>

17.2 The Holding Company had purchased 10,000 certificates on June 25, 2009 of first WAPDA Sukuk through a negotiated transaction for a cash consideration of Rs. 50.228 million having face value of Rs. 50 million. These certificates were available in the seller's Central Depository Company (CDC) account and on completion of the transaction were transferred to the Holding Company's CDC account. However, the periodic Ijarah Rental dues were not paid to the Holding Company on the plea that there exists certain discrepancy with respect to ownership of the asset. The amount has been shown under "other assets" as the certificates were matured in 2012 as per the terms of the Sukuk issue. The Holding Company has not recognized any provision in respect of the above amount as it is fully secured through a lien over a deposit account.

	Note	2024	2023
		----- Rupees in '000-----	
17.3 Credit loss allowance held against other assets			
Advances, deposits, advance rent & other prepayments		50,842	54,371
Non banking assets acquired in satisfaction of claims		305,762	305,762
Others		681,374	561,193
17.3.1		<u>1,037,978</u>	<u>921,326</u>
17.3.1 Movement in Credit loss allowance held against other assets			
Opening balance		921,326	764,955
Impact of adoption of IFRS 9		10,064	-
Charge for the year		174,755	156,571
Reversals during the year		(67,667)	(200)
		107,088	156,371
Amount written off		(500)	-
Closing balance		<u>1,037,978</u>	<u>921,326</u>
18 BILLS PAYABLE			
In Pakistan		13,773,529	5,125,177
Outside Pakistan		-	-
		<u>13,773,529</u>	<u>5,125,177</u>
19 DUE TO FINANCIAL INSTITUTIONS			
Secured			
Due to State Bank of Pakistan			
Acceptances from SBP under Mudaraba	19.1	21,096,917	30,694,154
Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)	19.2	6,914,923	7,746,700
Islamic Export Finance Scheme - Rupee based discounting	19.3	5,210,889	4,600,946
Acceptances for financial assistance	19.4	4,827,290	4,413,497
Acceptances under Islamic Export Refinance Scheme	19.5	1,053,000	3,554,100
Islamic Long-Term Financing Facility	19.2	902,471	957,745
Islamic refinance scheme for Renewable Energy	19.2	555,900	639,712
Islamic refinance scheme for combating COVID (IRFCC)	19.2	116,667	80,374
Islamic Refinance Scheme for Modernization of SMEs	19.2	63,186	60,271
Islamic refinance scheme for Facility of Storage of Agricultural Produce (IFFSAP)	19.2	76,784	43,264
Islamic Credit Guarantee Scheme for Women Entrepreneur	19.2	111,757	14,166
		40,929,784	52,804,929
Musharakah Acceptance	19.7	33,085,000	2,500,000
Refinance facility for Islamic Mortgage	19.6	3,340,466	3,354,127
Total secured		<u>77,355,250</u>	<u>58,659,056</u>
Unsecured			
Wakalah Acceptance	19.7	-	2,000,000
Musharakah Acceptance	19.7	11,350,000	-
Overdrawn nostro accounts		584,854	-
Others		16,000	-
Total unsecured		<u>11,950,854</u>	<u>2,000,000</u>
Fair value adjustment		(1,643,943)	-
		<u>87,662,161</u>	<u>60,659,056</u>

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- 19.1** This represents acceptance of funds by the Holding Company on Mudarabah basis which has been invested in special pools of the Holding Company and are secured against lien of the Holding Company's investment in Federal Government securities. The expected average return is 13.12% (2023: 22.14%) per annum.
- 19.2** These acceptances are on profit and loss sharing basis which have been invested in general pool of the Holding Company and are secured against demand promissory notes executed in favor of State Bank of Pakistan (SBP).
- 19.3** These acceptances are on a profit and loss sharing basis and are secured against demand promissory notes executed in favor of SBP. A limit of Rs. 5,234 million (2023: Rs. 5,234 million) was allocated to the Holding Company by the SBP under Islamic Export Refinance Scheme - Rupee Based Discounting for the financial year ended December 31, 2024.
- 19.4** This represents Amortised cost of a 10 year financing facility of Rs. 5,000 million extended by SBP. The facility is secured against Federal Government securities. The 10 year facility was provided on the basis of Mudarabah to be remunerated at profit sharing ratio declared by the Holding Company on its remunerative current accounts on monthly basis. Accordingly, the profit amortization rate applied by the Holding Company in this respect is 0.01% per annum.
- 19.5** These acceptances are on a profit and loss sharing basis and are secured against demand promissory notes executed in favor of SBP. A limit of Rs. 3,952 million (2023: Rs. 3,952 million) was allocated to the Holding Company by the SBP under Islamic Export Refinance Scheme for the financial year ended December 31, 2024.
- 19.6** The agreements are on a profit and loss sharing basis and are secured against housing finance portfolio. The profit rate on these agreements is ranging from 8.50% to 13.97% (2023: 8.5% to 13.97%) per annum.
- 19.7** The expected profit rate on this agreement is 12.50% to 13.25% (2023: 21.25% to 21.75%) per annum and has maturity of 1 to 15 Days (2023: 4 to 14 Days).

19.8 Particulars of due to financial institutions with respect to currencies	2024	2023
	----- Rupees in '000-----	
In local currency	87,077,307	60,659,056
In foreign currencies	584,854	-
	<u>87,662,161</u>	<u>60,659,056</u>

20 DEPOSITS AND OTHER ACCOUNTS

	2024			2023		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- Rupees in '000 -----					
Customers						
Current deposits	198,501,518	8,639,600	207,141,118	173,239,773	7,973,255	181,213,028
Savings deposits	147,266,623	3,746,306	151,012,929	119,740,257	3,796,970	123,537,227
Term deposits	175,856,996	15,345,465	191,202,461	188,301,494	8,389,258	196,690,752
Margin deposits	5,204,744	94,990	5,299,734	12,948,577	111,218	13,059,795
	526,829,881	27,826,361	554,656,242	494,230,101	20,270,701	514,500,802
Financial Institutions						
Current deposits	410,164	13,779	423,943	713,949	11,551	725,500
Savings deposits	3,461,154	-	3,461,154	6,415,172	-	6,415,172
Term deposits	636,442	-	636,442	899,300	-	899,300
Margin deposits	146	-	146	146	-	146
	4,507,906	13,779	4,521,685	8,028,567	11,551	8,040,118
	<u>531,337,787</u>	<u>27,840,140</u>	<u>559,177,927</u>	<u>502,258,668</u>	<u>20,282,252</u>	<u>522,540,920</u>

	2024	2023
	-----Rupees in '000-----	
20.1 Composition of deposits		
Individuals	172,157,312	142,269,634
Government (Federal and Provincial)	14,540,561	21,971,971
Public Sector Entities	13,229,983	17,458,559
Banking Companies	4,910	419,613
Non-Banking Financial Institutions	4,516,775	7,620,505
Private Sector	354,728,386	332,800,638
	<u>559,177,927</u>	<u>522,540,920</u>

20.2 Total deposits includes eligible deposits under deposit protection mechanism amounting to Rs. 232,123.358 million (2023: Rs.204,351.129 million).

	Note	2024	2023
		-----Rupees in '000-----	
Outstanding amount at the start of the year		4,252,295	3,559,675
Additions during the year		2,336,666	1,564,525
Lease payments including profit		(2,555,969)	(1,797,604)
Finance charges on leased assets		806,755	925,699
Outstanding amount at the end of the year	21.1	<u>4,839,747</u>	<u>4,252,295</u>

21.1 Contractual maturity of lease liabilities

Not later than one year	344,239	37,720
Long-term lease liabilities		
- 1 to 5 years	4,495,508	825,956
- 5 to 10 years	-	3,388,619
- More than 10 years	-	-
	<u>4,495,508</u>	4,214,575
Total at the year end	<u>4,839,747</u>	<u>4,252,295</u>

22 SUBORDINATED SUKUK

ADT-1 Sukuk Issue I	22.1.1	2,000,000	2,000,000
ADT-1 Sukuk Issue II	22.1.2	1,000,000	850,000
		<u>3,000,000</u>	<u>2,850,000</u>

22.1 The Holding Company has issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of sukuks under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I (ADT-1) Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013.

22.1.1 Salient features of the ADT-1 sukuk issue I are as follows:

Issued Amount	Rs. 2,000 million.
Issue Date	April 21, 2020
Tenor	Perpetual (i.e. no fixed or final redemption date)
Instrument Rating	PACRA has rated this Sukuk at 'A'
Security	Unsecured
Profit payment frequency	Profit shall be payable monthly in arrears, on a non-cumulative basis
Expected Profit Rate	The Sukuk carries a profit at the rate of 3 Months KIBOR + 2.75%. The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Holding Company inline with SBP's guidelines of pool management.
Call option	The Holding Company may, at its sole discretion, call the Sukuks, at any time after five years from the Issue Date subject to the prior approval of the SBP.
Lock-in clause	In the event where payment of profit results in breach of regulatory MCR/CAR requirements or SBP determines a bar on profit distribution, the monthly profit weightage of the Sukuk holders will be reduced to a minimum level e.g. 0.005, till the month in which such condition is withdrawn by SBP.
Loss absorbency clause	The Sukuks shall, at the discretion of the SBP, be permanently converted into ordinary shares pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel-III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013.

22.1.2 Salient features of the ADT-1 sukuk issue II are as follows:

Issued Amount	Rs. 1,000 million.
Issue Date	February 21, 2024
Tenor	Perpetual (i.e. no fixed or final redemption date)
Instrument Rating	PACRA has rated this Sukuk at 'A'
Security	Unsecured
Profit payment frequency	Profit shall be payable monthly in arrears, on a non-cumulative basis
Expected Profit Rate	The Sukuk carries a profit at the rate of 1 Month KIBOR + 2.5%. The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Holding Company inline with SBP's guidelines of pool management.
Call option	The Holding Company may, at its sole discretion, call the Sukuks, at any time after five years from the Issue Date subject to the prior approval of the SBP.
Lock-in clause	In the event where payment of profit results in breach of regulatory MCR/CAR requirements or SBP determines a bar on profit distribution, the monthly profit weightage of the Sukuk holders will be reduced to a minimum level e.g. 0.005, till the month in which such condition is withdrawn by SBP.
Loss absorbency clause	The Sukuks shall, at the discretion of the SBP, be permanently converted into ordinary shares pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel-III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013.

23 OTHER LIABILITIES

Note	2024	2023
	-----Rupees in '000-----	
	7,269,082	8,137,173
	297,238	271,448
	3,035,365	2,093,357
	643,923	1,111,958
	4,677	4,677
	54,371	40,121
40.4	525,474	428,941
	462,371	421,821
23.1	378,109	85,975
	1,648,773	3,966,916
	1,501,705	2,270,597
	322,562	327,185
	-	313,494
	903,578	1,595,515
	82,786	536
23.2	95,696	29,550
	83,990	63,047
23.3	1,289,902	768,887
	33,979	201,599
	-	40,087
	1,072,649	819,405
	<u>19,706,230</u>	<u>22,992,289</u>

23.1 Credit loss allowance against off-balance sheet obligations

Opening balance	85,975	85,975
Impact on Adoption Of IFRS 9	130,338	
Charge for the year	161,796	-
Reversals	-	-
	161,796	-
Amount written off	-	-
Closing balance	<u>378,109</u>	<u>85,975</u>

23.1.1 This includes overdue non-funded facilities that could not be transferred to funded due to litigation

23.2 Charity payable

Opening balance	29,550	7,440
Additions during the year		
- Received from customers on account of delayed payment	61,262	48,082
- Shariah non-compliant income	38,258	6,042
- Dividend purification	146	80
- Profit on charity saving account	3,180	240
	102,846	54,444
Distribution of charity		
- Education	(14,000)	(7,835)
- Community development	(13,000)	(13,423)
- Health	(9,700)	(5,276)
- Islamic microfinance program	-	(5,800)
	(36,700)	(32,334)
Closing balance	<u>95,696</u>	<u>29,550</u>

23.2.1 Charity was paid to the following:

	2024	2023
	-----Rupees in '000-----	
Saylani Welfare International Trust	8,000	1,000
Dawat E Islami Trust	7,000	-
IDA RIEU Welfare Association	5,000	300
Indus Hospital & Health Network	5,000	976
SHED Foundation	3,700	-
Friend Welfare Trust	2,000	-
Rashid Memorial Welfare Organisation	2,000	-
Bait us Salam Welfare Trust	1,000	800
Sir Syed College of Medical Sciences Trust	1,000	-
Path Educational Society	1,000	-
Saleem Memorial Trust Hospital	1,000	-
Akhuwat Foundation	-	5,800
Bholari Tent City	-	4,773
Descon Technical Institute	-	3,585
Memon Industrial & Technical	-	2,000
The Citizens Foundation	-	1,700
The Hunar Foundation	-	1,250
Karachi School of Business & Leadership	-	1,000
Bait us Salam Welfare Trust	-	1,000
Alamgir Welfare Trust International	-	800
Ismail Welfare Hospital	-	700
Transformation International Society	-	600
The Patients Behbud Society for AKUH	-	600
Hum Mashal-E-Rah Foundation	-	500
Aziz Tabba Foundation	-	500
Aitmaad Trust	-	500
Tameer-I-Nau Trust Balochistan	-	400
Rehnuma Public School	-	400
Layton Rahmatullah Benevolent Fund	-	400
Sahil Welfare Association	-	350
Transformation International Society	-	300
The Health Foundation	-	300
Karwan E Hayat	-	300
Al Mustafa Trust	-	300
Trust Jamiat Talim-UI-Quran	-	250
Society for Advancement of Health, Education & Environment	-	250
Cancer Care Hospital	-	250
Afzaal Memorial Thalassemia Foundation	-	250
Autism Care & Rehabilitation Organization	-	200
	36,700	32,334

23.2.2 Charity was not paid to any staff of the Holding Company or to any individual / organization in which a director or his spouse had any interest at any time during the year.

23.3 The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by Federal Government by Finance Act, 2008 for the levy of Workers Welfare Fund (WWF) on banks were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending. A legal advice was obtained by the Pakistan Banking Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive until the review petition is decided. Accordingly, the Holding Company has not reversed the Workers Welfare Fund (WWF) provided in the earlier audited financial statements.

24 SHARE CAPITAL - NET

24.1 Authorized capital

2024	2023		2024	2023
----- Number of Shares -----			-----Rupees in '000-----	
<u>1,500,000,000</u>	<u>1,500,000,000</u>	Ordinary shares of Rs.10 each	<u>15,000,000</u>	<u>15,000,000</u>

24.2 Issued, subscribed and paid up capital

2024	2023		2024	2023
----- Number of Shares -----			-----Rupees in '000-----	
<u>1,108,703,299</u>	<u>1,108,703,299</u>	Ordinary shares of Rs. 10 each	<u>11,087,033</u>	<u>11,087,033</u>
-	-	Fully paid in cash	-	-
-	-	Issued during the year right issue	(79,042)	(79,042)
-	-	Less: Discount on issue of shares	<u>11,007,991</u>	<u>11,007,991</u>
<u>1,108,703,299</u>	<u>1,108,703,299</u>			

24.3 RESERVES

Statutory Reserves	<u>7,166,819</u>	<u>4,800,111</u>
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Under section 21 of the Banking Companies Ordinance, 1962 an amount of not less than 20% of the profit is to be transferred to create a reserve fund till such time the reserve fund and the share premium account equals the amount of the paid up capital. Thereafter, an amount of not less than 10% of the profit is required to be transferred to such reserve fund.

25 SURPLUS ON REVALUATION OF ASSETS

Note 2024 2023
-----Rupees in '000-----

Surplus on revaluation of:

- Securities measured at FVOCI / AFS - Debt	11.1	<u>12,156,499</u>	5,939,520
- Securities measured at FVOCI / AFS - Equity	11.1	<u>27,998</u>	347,308
- Property and equipment		<u>2,528,960</u>	2,777,147
- Non-banking assets acquired in satisfaction of claims	17	<u>69,958</u>	68,313
		<u>14,783,415</u>	9,132,288

Deferred tax liability on surplus on revaluation of:

- Securities measured at FVOCI / AFS - Debt	16	<u>(6,321,379)</u>	(2,910,365)
- Securities measured at FVOCI / AFS - Equity	16	<u>(14,559)</u>	(170,181)
- Property and equipment	16	<u>(1,042,621)</u>	(1,365,244)
- Non-banking assets acquired in satisfaction of claims	16	<u>(17,852)</u>	(33,473)
		<u>(7,396,411)</u>	(4,479,263)
		<u>7,387,004</u>	<u>4,653,025</u>

25.1 Surplus on revaluation of property and equipment

Note 2024 2023
-----Rupees in '000-----

Surplus on revaluation of property and equipment as at January 01	2,777,147	2,796,812
Recognized during the year	-	291,787
Realised on disposal during the year - net of deferred tax	-	(32,058)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(114,166)	(126,782)
Related deferred tax liability in respect of incremental depreciation	(134,021)	(121,811)
Related deferred tax liability on surplus realized on disposal	-	(30,801)
Surplus on revaluation of property and equipment as at December 31	2,528,960	2,777,147
Less: related deferred tax liability on:		
- revaluation as at January 01	(1,365,244)	(1,206,906)
- revaluation recognised during the year	-	(142,976)
- deferred tax liability derecognized	277,152	-
- surplus realised on disposal during the year	-	30,801
- impact of change in tax rate	(88,550)	(167,974)
- incremental depreciation charged during the year	134,021	121,811
	(1,042,621)	(1,365,244)
	1,486,339	1,411,903

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

Surplus on revaluation as at January 01	68,313	66,772
Recognised during the year	1,910	1,868
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(122)	(168)
Related deferred tax liability on incremental depreciation charged during the year	(143)	(159)
Related deferred tax liability on surplus realised on disposal	-	-
Surplus on revaluation as at December 31	69,958	68,313
Less: related deferred tax liability on:		
- revaluation as at January 1	(33,473)	(28,712)
- revaluation recognised during the year	(1,031)	(915)
- deferred tax liability derecognized	18,505	-
- impact of change in tax rate	(1,996)	(4,005)
- incremental depreciation charged during the year	143	159
	(17,852)	(33,473)
	52,106	34,840

26 CONTINGENCIES AND COMMITMENTS

- Guarantees	26.1	16,183,014	5,375,308
- Commitments	26.2	479,256,656	251,509,280
- Other contingent liabilities	26.3	720,593	720,593
		496,160,263	257,605,181
26.1 Guarantees:			
Performance guarantees		10,122,636	4,086,053
Other guarantees		6,060,378	1,289,255
		16,183,014	5,375,308

	Note	2024	2023
		-----Rupees in '000-----	
26.2 Commitments:			
Documentary credits and short-term trade-related transactions:			
- letters of credit		23,754,604	24,399,492
Commitments in respect of:			
- Shariah compliant alternative of forward foreign exchange contracts	26.2.1	174,461,152	100,971,691
Commitments for acquisition of:			
- property and equipment		708,427	1,105,974
- intangible assets		78,609	65,782
Other commitments			
- commitments in respect of financing	26.2.2	280,253,864	124,966,341
		479,256,656	251,509,280

26.2.1 Commitments in respect of Shariah compliant alternative of forward foreign exchange transactions

Purchase		96,427,628	54,353,067
Sale		78,033,524	46,618,624
		174,461,152	100,971,691

26.2.2 The Holding Company makes commitments to extend shariah compliant Islamic financing (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

	Note	2024	2023
		-----Rupees in '000-----	
26.3 Other contingent liabilities			
Suit filed for recovery of alleged losses suffered, pending in the High Court, which the Holding Company has not acknowledged as debt	26.3.1	1,804	1,804
Tax Contingencies	26.3.2	718,789	718,789
		720,593	720,593

26.3.1 Suit filed for recovery of alleged losses suffered, pending in the High Court, which the Holding Company has not acknowledged as debt.

26.3.1.1 These are court cases, which represent counter claims filed by the borrowers, for restricting the Holding Company for disposal of the financed assets, (such as mortgaged / leased / pledged assets, kept as security), as well as, the cases where the Holding Company is pleaded as proforma defendant for defending its interest.

26.3.1.2 There are two cases filed against the Holding Company by KASB Corporation Limited. One case is filed at Honorable Sindh High Court and the other is filed at Honorable Islamabad High Court. KASB Corporation Limited claims of having placed Rs. 981.410 million with Ex-KASB Bank, as Advance against Issue of Right Shares. The amount was reported by the Ex-KASB Bank as part of the shareholders equity in the consolidated financial statements with the permission of SBP. These cases are still pending adjudication. The management based on the opinion of its legal counsel is confident that the cases will be dismissed by the Honorable Courts therefore, the Holding Company has not acknowledged that as a debt.

26.3.2 Tax Contingencies

- 26.3.2.1** The income tax returns of the Holding Company have been filed up to tax year 2023 and 2024 whereas the tax assessments have been made by the tax authorities. The Holding Company has paid the demand under protest for these years, however appeals before ATIR have been preferred for these years and are pending adjudication.
- 26.3.2.2** During the year 2014 (relating to defunct KASB Bank Limited), appellate order passed by the Commissioner Inland Revenue Authority (CIRA) [in respect of Income tax assessments of International Housing Finance Limited, amalgamated into the defunct KASB Bank Limited during the year ended 31 December 2007] for tax year 2005 maintained the order of the Taxation Officer to the extent of disallowances relating to income from carry over transactions and gain on sale of property having an aggregate tax impact of Rs. 12.997 million. The defunct KASB Bank Limited has preferred appeals before the Appellate Tribunal Inland Revenue (ATIR) for tax year 2005 which are pending finalization.
- 26.3.2.3** For tax years 2003 (relating to defunct KASB Bank Limited), the CIRA has passed appellate orders on account of certain disallowances in respect of income from carry over transactions, provision against non performing advances, bad debts and certain other items having an aggregate tax impact of Rs. 33.748 million. The defunct KASB Bank Limited had preferred an appeal before the ATIR against the above referred orders of the CIRA where ATIR has decided the case in favour of the Holding Company. Therefore no demand is payable in this case.
- 26.3.2.4** For tax years 2010 (relating to defunct KASB Bank Limited), the ACIR had passed an order under section 122 creating a demand of Rs. 51.636 million the order was subsequently upheld by the CIRA. The defunct KASB Bank Limited had preferred an appeal before the ATIR against the above referred order of the CIRA where ATIR has decided the case in favour of the Holding Company. Therefore no demand is payable in this case.
- 26.3.2.5** In respect of various tax periods for the Holding Company and defunct KASB Bank, Sindh Revenue Board (SRB) has passed various orders and raised demand totaling to Rs. 102.199 million in relation to levy of Sindh sales tax on certain services. The Holding Company has filed appeals before Commissioner Appeal, SRB which are pending adjudication. Furthermore, the Holding Company is contesting the issuance of certain showcause notices issued by SRB for the period covering from January 2012 till December 2013 before the Honorable Supreme Court of Pakistan based on the ground that these notices are time barred. The subject matter is also pending adjudication.
- 26.3.2.6** In respect of Tax Year 2019 and 2020, the ACIR under section 122(5A) of the Income Tax Ordinance, 2001 amended the return submitted by the Holding Company by adding / disallowing certain expenses thereby creating a Tax demand of Rs. 1.247 billion. The Holding Company filed appeal against the orders before Commissioner Appeal. The Commissioner Appeal while passing order for Tax Year 2019 and Tax Year 2020 has remanded back / deleted significant amount of disallowances and confirmed disallowance amounting to Rs. 191.420 million. The Holding Company has filed appeal against the confirmed disallowances before the Appellate Tribunal (ATIR) where the matter is pending adjudication.
- 26.3.2.7** In respect of Tax Year 2022 the ACIR under section 122(5A) of the Income Tax Ordinance, 2001 amended the return submitted by the Holding Company by adding / disallowing certain expenses thereby creating a Tax demand of Rs. 522.794 million. The Holding Company has filed appeal against the orders before Commissioner Appeal which is pending adjudication.
- 26.3.2.8** In pursuance of SRO 1588(I)/2023 dated November 21, 2023 banking companies have been designated to be the 'sector' for the purpose of section 99D of the Income Tax Ordinance, 2001, for the tax years 2022 and 2023. Tax authorities issued a recovery notice to the Holding Company thereby creating a demand to the extent of Rs. 594 million. The Holding Company through its legal council has challenged the levy, and the High Court of Sindh, has decided the case against the Holding Company. However, the Islamabad High Court and Lahore High Court has suspended the operation of section 99D in other similar petitions. The Holding Company has decided to file petition against the said levy in the Supreme Court of Pakistan along with the stay application thereon. The management based on the legal advice, is confident that the Holding Company's view is likely to prevail in the appeal, accordingly provision is not required in the financial statements.

26.3.2.9 The defunct KASB Bank has been in receipt of two notices pertaining to tax year 2006 and tax year 2008 from FBR where FBR demanded unpaid tax liabilities on profit on debt paid amounting Rs. 121.7 million and Rs. 308 million respectively in FY 2013. The Holding Company challenged the issuance of such notice in High Court of Sindh vide CP D-371 of 2013 where the case was decided on the grounds that the notice has been issued beyond the time limit and therefore stands void. FBR being aggrieved to such decision challenged it in the Supreme Court of Pakistan where the case was remanded back by the Court to the concerned Commissioner for starting denovo proceedings. Subsequently, the notice was re-issued in 2020 again by the department under denovo proceedings which was subsequently challenged before Commissioner Appeals and Appellate Tribunal where the latter remanded back the matter to the FBR. The FBR has re-issued notices in the subject case in October 2024 under denovo proceedings. The Holding Company in its best interest has submitted records in the subject case on the recommendation of the tax consultant and subsequently received orders against these proceedings for Rs. 6,138,408/- for tax year 2006 and Rs. 10,057,474/- for tax year 2008 on December 31, 2024.

26.3.2.10 BankIslami received income tax monitoring notices for the periods from tax year 2017 through tax year 2023, covering a total of seven tax years which were received since 2019. The notices required a reconciliation of tax on financial statement components comprising of administrative expenses, fixed assets and profit on debt paid with the taxes paid with FBR. The Holding Company has submitted the necessary records to FBR including reconciliation of such expenses with the taxes reported in FBR. Subsequently the Holding Company received showcause notices and orders for the tax years 2017 to Tax year 2021 for Rs. 70,429,491 inclusive of penalty and default surcharge. The Holding Company has preferred appeals before CIRA for tax year 2019 to tax year 2021.

26.3.2.11 The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters.

26.4 Contingent assets

There are no contingent assets of the Holding Company as at 31 December 2024 (2023: Nil)

27 PROFIT / RETURN EARNED

	2024	2023
	-----Rupees in '000-----	
Profit earned on:		
Financing	40,726,407	42,171,450
Investments	67,140,277	46,330,900
Placements	4,445,197	4,061,120
Others	488,816	192,767
	<u>112,800,697</u>	<u>92,756,237</u>

27.1 Profit income (calculated using effective profit rate method) recognised on:

Financial assets measured at amortised cost	5,611,941
Financial assets measured at FVOCI	<u>67,130,997</u>
	<u>72,742,938</u>
Financial assets measured at FVPL	9,280
Financial assets measured at cost	<u>40,048,479</u>
	<u>40,057,759</u>

	Note	2024	2023
		-----Rupees in '000-----	
28	PROFIT / RETURN EXPENSED		
Deposits		52,905,648	41,281,037
Due to financial institutions		10,866,353	8,912,421
Subordinated Sukuk		679,854	684,722
Cost of foreign currency swaps against foreign currency deposits		1,155,459	768,626
Finance charges on leased assets		806,755	925,699
		<u>66,414,069</u>	<u>52,572,505</u>
28.1	Profit expense calculated using effective profit rate method	12,352,962	10,522,842
	Other financial liabilities	54,061,107	42,049,663
		<u>66,414,069</u>	<u>52,572,505</u>
29	FEE AND COMMISSION INCOME		
Card related fees		1,306,006	851,551
Commission on trade		447,768	494,991
Commission on arrangement with financial institutions		136,952	86,517
Investment banking fees		127,291	81,281
Commission on bancatakaful		53,157	61,728
Commission on guarantees		43,999	63,805
Consumer finance related fees		10,355	40,244
Branch banking customer fees		99,181	63,505
Commission on remittances including home remittances		51,157	40,127
Commission on cash management		27,405	22,322
Others		8,913	10,833
		<u>2,312,184</u>	<u>1,816,904</u>
30	GAIN ON SECURITIES - NET		
Realized	30.1	646,545	272,015
Unrealized - Measured at FVPL		54,344	-
		<u>700,889</u>	<u>272,015</u>
30.1	Realized gain / (loss) on:		
Shares		286,353	-
Federal Government Shariah Compliant Securities		342,656	275,243
Non-Government Shariah Compliant Securities		17,536	-
Modaraba certificates		-	(3,228)
		<u>646,545</u>	<u>272,015</u>
30.2	Net gain on financial assets / liabilities measured at FVPL:		
Designated upon initial recognition		54,344	-
31	OTHER INCOME		
Recoveries against previously expensed items		17,836	11,061
Gain on termination of financing		100,897	183,718
Gain on sale of property and equipment		50,447	39,967
Rent on property		-	766
Others		1,668	4,307
		<u>170,848</u>	<u>239,819</u>

32 OPERATING EXPENSES

	Note	2024	2023
		-----Rupees in '000-----	
Total compensation expense	32.1	9,947,120	7,493,260
Property expense			
Rent & taxes		37,370	127,639
Takaful cost		5,417	1,214
Utilities cost		1,279,425	881,148
Security (including guards)		970,172	670,670
Repair & maintenance (including janitorial charges)		516,911	333,893
Depreciation	13.2	701,158	395,761
Depreciation on right-of-use assets	14	1,323,414	895,640
Others		-	859
		4,833,867	3,306,824
Information technology expenses			
Software maintenance		777,830	726,136
Hardware maintenance		262,196	219,400
Depreciation	13.2	482,605	331,849
Amortization	15	260,625	137,423
Network charges		422,395	304,220
		2,205,651	1,719,028
Other operating expenses			
Directors' fees and allowances		28,480	24,540
Fees and allowances to Shariah Board		33,276	26,273
Legal & professional charges		221,747	151,991
Travelling & conveyance		233,548	122,399
NIFT clearing charges		63,512	41,402
Depreciation	13.2	512,058	306,620
Depreciation on non-banking assets	17.1.1	2,327	2,302
Entertainment expense		216,168	103,725
Training & development		49,552	28,364
Postage & courier charges		81,957	70,678
Communication		371,311	287,451
Stationery & printing		433,981	450,375
Marketing, advertisement & publicity		443,908	228,850
Repairs and maintenance		305,188	213,318
Takaful, tracker and other charges on car Ijarah - net of income		3,557	22,728
Takaful / Insurance		500,802	365,166
Fee and subscription		676,460	488,423
Vehicle running and maintenance		580,845	496,701
Donations	32.2	186,469	-
Auditors' remuneration	32.3	34,437	29,368
Amortization	15	14,402	6,306
CDC and share registrar services		12,540	14,042
Brokerage and commission		26,212	36,329
Stamp duty, registration & verification charges		66,611	55,666
Others		73,086	67,527
		5,172,434	3,640,544
		22,159,072	16,159,656

	Note	2024	2023
		-----Rupees in '000-----	
32.1 Total compensation expense			
Managerial remuneration			
(i) Fixed		4,672,462	3,058,764
ii) Variable			
- Performance awards		40,594	22,497
- Cash bonus		736,969	1,290,000
Charge for defined benefit plan	40.8.1	305,706	210,989
Contribution to defined contribution plan	41	285,907	208,559
Rent & house maintenance		1,443,082	1,203,592
Utilities		320,679	267,857
Medical		431,139	274,603
Car maintenance		452,317	305,769
Conveyance		20,128	12,228
Fuel allowance		101,953	38,361
Sports & welfare		18,258	16,227
Staff takaful		197,637	125,072
Overtime allowance		-	479
Phone banking allowance		9,151	2,911
Sales commission		258,646	178,298
Contract staff cost		409,499	274,118
Amortization of prepaid staff cost		241,454	-
Others		1,539	2,936
Total		9,947,120	7,493,260
32.2 Details of donations			
Amount set aside for donation		186,469	-
		186,469	-
32.2.1 Donations were not made to any donee in which Directors or their spouse had any interest.			
32.3 Auditors' remuneration			
Audit fee		11,896	10,347
Fee for the review of half yearly financial statements		3,324	2,890
Fee for other statutory certifications		3,946	3,431
Special certifications and sundry advisory services		12,171	9,523
Out-of-pocket expenses		3,100	3,177
		34,437	29,368
33 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		33,819	9,353

Note 2024 2023
 -----Rupees in '000-----

34 CREDIT LOSS ALLOWANCE / PROVISIONS AND WRITE OFFS - NET

Credit loss allowance against due from financial institutions (Reversal) / charge of credit loss allowance for diminution in value of investments	11.6.1	(3,260)	(3,240)
Credit loss allowance against Islamic financing, related assets and advances - net	12.16.4	(242,134)	1,702,779
Fair value loss recognized		1,178,377	4,828,147
Modification loss		1,488,388	-
Deficit on revaluation of property and equipment		34,015	-
Write-off of leased hold improvements		-	199,112
Credit loss allowance against balance with treasury and other banks		13,332	-
Credit loss allowance against off balance sheet items - net		(4,046)	-
Other credit loss allowance / (reversal) / write offs - net		167,994	-
		100,890	160,147
		<u>2,733,556</u>	<u>6,886,945</u>

35 TAXATION

Current		13,670,584	8,359,941
Prior years		1,336,347	525,952
Deferred		(1,310,771)	592,405
		<u>13,696,160</u>	<u>9,478,298</u>

35.1 Relationship between tax expense and accounting profit

Profit Before Tax		<u>25,529,701</u>	<u>20,523,397</u>
Tax on income @ 54% / 49%		13,786,039	10,056,465
Effect of change in Tax rate		(284,644)	(1,258,869)
Effect of permanent difference		100,803	4,583
Prior year charge		(1,336,347)	525,952
Deferred tax on disallowances		1,412,071	-
Additional charge		18,238	150,167
		(89,879)	(578,167)
Tax charge for the year		<u>13,696,160</u>	<u>9,478,298</u>

36 BASIC AND DILUTED EARNINGS PER SHARE

Profit after taxation for the period		<u>11,833,541</u>	<u>10,610,248</u>
			----- Number of shares -----
Weighted average number of ordinary shares		<u>1,108,703,299</u>	<u>1,108,703,299</u>
			----- Rupees -----
Basic and diluted EPS	36.1	<u>10.6733</u>	<u>9.5700</u>

36.1 There were no convertible / dilutive potential ordinary shares outstanding as at December 31, 2024 and December 31, 2023, therefore diluted earning per share has not been presented separately.

37 PROFIT / (LOSS) DISTRIBUTION TO DEPOSITORS POOL

The Holding Company maintained the following pools for profit declaration and distribution during the year ended December 31, 2024:

- (i) General Deposit Mudarabah Pool (PKR, USD, EUR & GBP)
- (ii) Musharakah Pool under SBP's Islamic Export Refinance Scheme
- (iii) Special Mudarabah Deposits Pool
- (iv) Treasury Pools
- (v) Other specific musharakah pool musharakah pool

The deposits and funds accepted under the General Deposit Mudarabah Pool is provided to different sectors of economy mainly to 'Textile and Allied', 'Energy', 'Fertilizer', 'Trading', 'Consumer Finance' and 'GOP backed Sukuks'.

Musharakah investments from the SBP under Islamic Export Refinance Scheme (IERS) are channeled towards the export sector of the economy via different Islamic financing modes such as Murabahah, Istisna etc.

Key features and risk & reward characteristics of all pools

The 'General Deposit Mudarabah Pool' for both local and foreign currency is to cater all depositors of the Holding Company and provide profit / loss based on actual returns earned by the pool. Depositors are Rabb-ul-Maal as they are the provider of capital while the Holding Company acts as Mudarib by investing these funds in business. Since there are more than one Rabb-ul-Maal (depositor), their mutual relationship is that of Musharakah. Profit is shared among Mudarabah partners (Holding Company and depositors) as per pre-agreed profit sharing ratio. Whereas, profit sharing among the depositors is based on pre-assigned weightages. Loss, if any, is borne by Rabb-ul-Maal as per the principles of Mudarabah.

The 'IERS Pool' caters to the 'Islamic Export Refinance Scheme' requirements based on the guidelines issued by the SBP. In this Scheme, SBP enters into a Musharakah arrangement with the Holding Company for onward financing to exporters and other blue chip companies on the basis of Shariah compliant modes such as Murabahah, Istisna, etc. Under the scheme, SBP is required to share in profit and loss of the Holding Company's IERS Musharakah pool. IERS pool consists of blue chip companies to whom the Holding Company has provided financing facilities on Shariah compliant modes including IERS facility. Profit is shared according to an agreed weightage and loss is shared according to the investment ratio.

The 'Special Mudarabah Deposits Pools' for local currency are created to attract and retain clients expecting specific returns. The funds received against these deposits are invested in various Shariah compliant assets.

The 'Treasury Pools' are managed on the basis of Musharakah and Wakalah, wherein the Holding Company and partner (Financial Institution) share actual return earned by the pool according to pre-defined profit sharing ratio in case of Musharakah, and desired rate of return for Wakalah.

The 'other specific musharakah pool' assets comprise of consumer housing finance portfolio, sukuk and the related liability of the pool comprises of musharakah acceptance from a financial institution. This pool is created to fund the housing finance portfolio.

The risk characteristic of each pool mainly depends on the asset and liability profile of each pool. The pool is exposed to following kinds of risks:

- 1 Asset Risk: The pool is exposed to Asset Risk which is the risk that is associated with Islamic mode of finance(s) applied / used under the transaction structure(s). The Holding Company has prepared detailed product manuals in order to identify and properly mitigate such risk. The Holding Company also analyses transaction structure of each customer to further ensure proper safeguard of depositors interest. The review is done by experienced team of professionals having considerable experience in the field of Islamic banking and finance. Nevertheless since Islamic banking is a nascent industry, we believe that the process of further improvement will continue as the business grows.
- 2 Credit Risk: Credit Risk is the risk which is associated with financing that is mitigated through safeguards through available standards within Shariah guidelines as disclosed in note 48.1 to the consolidated financial statements.

Parameters used for allocation of profit, charging expenses and provisions etc. along with a brief description of their major components:

Gross income (Revenue less cost of goods sold and after deduction of other direct expenses), generated from relevant assets is calculated at the end of the month. The income is shared between the Holding Company and the depositors as per agreed profit sharing ratio after deduction of commingled Holding Company's equity share on pro rata basis. The residual is shared among depositors as per agreed weightages. These weightages and profit sharing ratios are declared by the Holding Company in compliance with the requirements of the SBP and Shariah.

The allocation of income and expenses to different pools is based on pre-defined basis and accounting principles / standards. Direct expenses are charged to respective pool, while indirect expenses are borne by the Holding Company as Mudarib. The direct expenses charged to the pool are direct cost in financing / investment transactions (i.e. Murabahah, Ijarah, Diminishing Musharakah, Istisna, Tijarah Financing, Salam etc.) and depreciation of Ijarah assets. The general and specific provisions created against non-performing Islamic financing and related assets and diminution in the value of investments as under prudential regulations and other SBP directives have been borne by the Holding Company as Mudarib.

2024

General Deposit Mudarabah Pool	Profit rate and weightage announcement period	Profit rate return earned	Depositor Share %	Mudarib share %	Mudarib share	Profit rate return distributed to remunerative deposits (Savings and Term)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba
					(Rupees in '000)			(Rupees in '000)
PKR Pool	Monthly	10.99%	50.00%	50.00%	5,035,418	6.64%	22.35%	1,125,291
Daily Product	Monthly	11.45%	50.00%	50.00%	32,011	7.20%	27.24%	8,719
USD Pool	Monthly	3.61%	50.00%	50.00%	62,501	1.82%	0.00%	-
GBP Pool	Monthly	1.40%	50.00%	50.00%	2,372	0.71%	0.50%	12
EURO Pool	Monthly	1.96%	50.00%	50.00%	2,284	1.12%	0.30%	7

Specific Musharakah Pool	Profit Rate and Weightages announcement Period	Profit Rate return earned	Client Share %	Bank Share %	Bank Share	Profit rate return distributed	Percentage of Hiba to Client	Amount of Hiba to Client
					(Rupees in '000)			(Rupees in '000)
Islamic Export Refinance (IERS) Pool	Monthly	14.42%	47.90%	52.10%	1,685,219	5.55%	4.11%	69,344
Other Specific Musharakah Pool	Monthly	19.78%	80.78%	19.22%	155,169	16.14%	0.00%	-

Specific Mudarabaha Pool	Profit Rate and Weightages announcement Period	Profit Rate return earned	Depositor Share %	Mudarib Share %	Mudarib Fee	Profit rate return distributed to remunerative special deposits	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba to special remunerative deposits
					(Rupees in '000)			(Rupees in '000)

(i) Special Pool PKR	Monthly	19.75%	85.99%	14.01%	4,422,911	17.39%	20.98%	928,042
(ii) 1-2-3 Years TDR	Monthly	20.04%	69.22%	30.78%	3,121,052	16.17%	38.06%	1,187,834
(iii) Special Pool USD	Monthly	8.56%	85.64%	14.36%	92,284	7.71%	24.58%	22,686
(iv) Special Pool GBP	Monthly	6.67%	50.00%	50.00%	273	3.01%	13.98%	38
(v) Special Pool Euro	Monthly	5.45%	90.00%	10.00%	1,530	5.08%	28.99%	444
(vi) Hajj Pool	Monthly	5.24%	30.00%	70.00%	14,345	2.36%	16.68%	2,393
(vii) Mutual Funds Pool	Monthly	2.00%	50.00%	50.00%	22,663	1.24%	16.02%	3,630

(viii) In addition to the above, 601 short term Treasury Pools including SBP OMO / MFF were created to meet liquidity requirement of Treasury Department. These Pools were dissolved after maturity of respective Treasury transaction. The Pools were managed under the Shariah approved guidelines.

	Note	2024	2023
		-----Rupees in '000-----	
38 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	8	41,093,952	41,287,071
Balances with other banks	9	984,866	1,376,176
		<u>42,078,818</u>	<u>42,663,247</u>

		Number of employees	
39 STAFF STRENGTH			
Permanent		4,668	3,727
On Bank contract		1,902	1,545
Outsource		747	619
Total staff strength		<u>7,317</u>	<u>5,891</u>

40 DEFINED BENEFIT PLAN

40.1 General description

The Holding Company operates a gratuity fund for its employees (members of the fund). The fund entitles the members to lump sum payment at the time of retirement, resignation or death. Permanent staff are eligible for such benefits after three years of service.

40.2 Number of Employees under the scheme

The number of eligible employees covered under the defined scheme are 4,688 (2023: 3,727).

40.3 Principal actuarial assumptions

Projected unit credit method, using the following significant assumptions, was used for the valuation of the defined benefit plan:

	2024	2023
- Valuation Discount rate	12.25%	15.50%
- Salary Increase Rate	13.25%	15.50%
- Expected Return on Plan Assets	12.25%	15.50%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 mortality tables, rated down by one year.

	Note	2024	2023
		-----Rupees in '000-----	
40.4 Reconciliation of (receivable from) / payable to defined benefit plans			
The amount recognized in the consolidated statement of financial position (in respect of the gratuity scheme) is determined as follows:			
Present value of defined benefit obligations		1,227,058	891,124
Fair value of plan assets		<u>(701,584)</u>	<u>(462,183)</u>
		<u>525,474</u>	<u>428,941</u>
40.5 Movement in defined benefit obligations			
Obligations at the beginning of the year		891,124	646,661
Current service cost		262,336	182,681
Past service cost		4,029	-
Return expense		121,138	82,664
Benefits paid by the Holding Company		(168,922)	(88,885)
Re-measurement loss / (gain)	40.8.2	117,353	68,003
Obligations at the end of the year		<u>1,227,058</u>	<u>891,124</u>
40.6 Movement in fair value of plan assets			
Fair value at the beginning of the year		462,183	344,314
Return earned on plan assets		81,797	54,356
Contribution by the Holding Company		300,000	150,000
Benefits paid by the Holding Company		(168,922)	(88,885)
Re-measurement gain	40.8.2	26,526	2,398
Fair value at the end of the year		<u>701,584</u>	<u>462,183</u>
40.7 Movement in payable under defined benefit schemes			
Opening balance		428,941	302,347
Charge for the year		305,706	210,989
Contribution by the Bank		(300,000)	(150,000)
Re-measurement loss / (gain) recognized in OCI during the year	40.8.2	90,827	65,605
Closing balance		<u>525,474</u>	<u>428,941</u>

2024 2023
-----Rupees in '000-----

40.8 Charge for defined benefit plans

40.8.1 Cost recognized in profit and loss

Current service cost	262,336	182,681
Net return charges	39,341	28,308
Past service cost - due to change in salary structure	403,549	-
Past service cost - due to change in scheme benefit rule	(399,520)	-
	<u>305,706</u>	<u>210,989</u>

40.8.2 Re-measurements recognized in OCI during the year

Loss / (Gain) on obligation		
- Demographic assumptions	(54,606)	-
- Financial assumptions	108,256	6,611
- Experience adjustment	63,703	61,392
Total remeasurement on obligation	117,353	68,003
Remeasurement on plan assets	(26,526)	(2,398)
Return on plan assets	-	-
Total re-measurements	<u>90,827</u>	<u>65,605</u>
Deferred tax impact	(48,138)	(32,146)
Total re-measurements recognized in OCI	<u>42,689</u>	<u>33,459</u>

40.9 Components of plan assets

Mutual Funds	50,005	-
Federal Government Shariah Compliant Securities	444,896	-
Bank Balance	206,683	51,293
Term Deposit Receipt	-	410,890
	<u>701,584</u>	<u>462,183</u>

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

40.10 Sensitivity analysis

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

2024 2023
-----Rupees in '000-----

1% increase in discount rate	1,182,747	845,366
1% decrease in discount rate	1,275,120	942,033
1 Year increase in Life expectancy / Withdrawal rate	1,228,150	891,125
1 Year decrease in Life expectancy / Withdrawal rate	1,225,961	891,122

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

Rupees in '000

40.11 Expected contributions to be paid to the funds in the next financial year	<u>353,917</u>
40.12 Expected charge for the next financial year	<u>353,917</u>

40.13 Maturity profile

The weighted average duration of the defined benefit obligation is 3.89 years (2023 : 5.42 years)

Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

At December 31, 2024	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
----- Rupees in '000 -----					
Gratuity	293,977	220,214	550,595	1,235,975	2,300,761

40.14 Funding Policy

Funding levels are monitored on an annual basis and are based on actuarial recommendations. Expected Gratuity Expense for the next year works out to Rs. 353.917 million as per the actuarial valuation report of the Holding Company as of December 31, 2024.

40.15 Though its defined benefit gratuity plan, the Fund is exposed to a number of risks, the most significant of which are detailed below:

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.
Longevity Risks	The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.
Salary Increase Risk	The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.
Withdrawal Risk	The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

41 DEFINED CONTRIBUTION PLAN

The Holding Company operates a contributory provident fund for all permanent employees. The employer and employee both contribute 6.67% of basic salary to the fund every month. Equal monthly contributions made by employer and employees during the year amounted to Rs. 285.907 million (2023: Rs. 208.559 million) each.

42 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

42.1 Total Compensation Expense

Items	Note	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
		Chairman	Executives (other than CEO)	Non- Executives				
		Rupees '000						
Fees and Allowances etc. Managerial Remuneration		4,280	-	24,200	4,380	-	-	-
Fixed		-	-	-	15,236	31,515	187,540	137,371
Cash Bonus / Awards	42.1.3	-	-	-	4,400	9,887	43,814	38,879
Rent & house maintenance		-	-	-	-	-	65,640	53,691
Utilities		-	-	-	-	-	14,587	11,931
Medical		-	-	-	-	4,097	18,754	13,737
Conveyance		-	-	-	3,729	-	32,222	29,364
Shariah Board allowance		-	-	-	11,173	-	-	-
Others		-	-	-	1,769	17,358	33,958	24,004
Total		4,280	-	24,200	40,687	62,857	396,515	308,977
Number of Persons		1	-	6	4	1	21	27

Items	Note	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
		Chairman	Executives (other than CEO)	Non- Executives				
		Rupees '000						
Fees and Allowances etc. Managerial Remuneration		2,720	-	16,520	3,577	-	-	-
Fixed		-	-	-	11,997	36,895	114,091	106,193
Cash Bonus / Awards		-	-	-	4,722	75,765	60,199	41,017
Rent & house maintenance		-	-	-	-	-	51,341	47,787
Utilities		-	-	-	-	-	11,409	10,619
Medical		-	-	-	-	4,173	11,409	10,619
Conveyance		-	-	-	2,901	-	21,072	22,182
Shariah Board allowance		-	-	-	7,865	-	-	-
Others		-	-	-	-	20,027	1,980	4,924
Total		2,720	-	16,520	31,062	136,860	271,501	243,341
Number of Persons		1	-	9	4	*2	15	23

42.1.1 The President / CEO has been provided with Holding Company's maintained cars.

42.1.2 The President / CEO and certain key management personnel have been provided with club memberships.

42.1.3 This represents cash bonus announced during the year 2024, out of the 'Provision for bonus expense' made during the year 2023 for Holding Company's employees.

42.2 Remuneration paid to Directors for participation in Board and Committee Meetings

Name of Director	2024					
	Meeting Fees and Allowances Paid					
	For Board Meetings	For Board Committees				Total Amount Paid
Audit Committee		Risk Management Committee	Board IT Committee	Board Human Resource & Remuneration Committee		
	----- Rupees '000 -----					
Mr. Suleman Lalani	2,880	-	-	800	600	4,280
Mr. Ali Hussain	2,400	-	-	-	-	2,400
Mr. Haider Ali Hilaly	2,400	1,000	-	800	-	4,200
Mr. Sulaiman Sadruddin Mehdi	2,400	1,000	800	-	-	4,200
Mr. Syed Ali Hasham	2,400	1,000	800	-	600	4,800
Mr. Akhtar Abbas	2,400	-	-	800	600	3,800
Ms. Iffat Zehra Mankani	3,600	1,000	1,000	-	800	6,400
Total Amount Paid	18,480	4,000	2,600	2,400	2,600	30,080

Name of Director	2023					
	Meeting Fees and Allowances Paid					
	For Board Meetings	For Board Committees				Total Amount Paid
Audit Committee		Risk Management Committee	Board IT Committee	Board Human Resource & Remuneration Committee		
	----- Rupees '000 -----					
Mr. Suleman Lalani	1,920	-	-	400	400	2,720
Mr. Ali Hussain	1,920	-	-	-	100	2,020
Mr. Haider Ali Hilaly	2,200	700	-	600	-	3,500
Mr. Sulaiman Sadruddin Mehdi	2,200	700	600	-	100	3,600
Mr. Syed Ali Hasham	2,200	700	600	-	500	4,000
Mr. Akhtar Abbas	1,600	-	-	400	400	2,400
Ms. Iffat Zehra Mankani	400	200	200	-	200	1,000
Retired in 2023						
Dr. Lalarukh Ejaz	600	300	-	200	100	1,200
Mr. Tasneemul Haq Farooqui	600	300	-	200	100	1,200
Dr. Amjad Waheed	600	-	200	-	100	900
Total Amount Paid	14,240	2,900	1,600	1,800	2,000	22,540

42.3 Remuneration paid to Shariah Board Members

Items	2024			2023		
	Chairman	Resident Member	Non-Resident Member	Chairman	Resident Member	Non-Resident Member
	----- Rupees '000 -----					
a. Meeting Fees and Allowances	-	-	4,380	-	-	3,577
b. Managerial remuneration & allowances	24,891	11,416	-	19,738	7,747	-
Total Amount	24,891	11,416	4,380	19,738	7,747	3,577
Total Number of Persons	1	1	2	1	1	2

43 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as amortized cost or investments in associates is based on quoted market price. Quoted securities classified as amortized cost are carried at cost less impairment losses. The fair value of unquoted equity securities, other than investments in associates and subsidiary, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted Shariah compliant securities, fixed term financing, 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.

43.1 Fair value of financial assets

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

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

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

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

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

2024			
Level 1	Level 2	Level 3	Total

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

On balance sheet financial instruments

Financial assets - measured at fair value

Investments				
Shares / Modaraba certificates	838,825	-	-	838,825
GoP Ijara Sukuk	54,455,722	256,569,779	-	311,025,501
Non-Government Shariah compliant securities	3,415,471	29,764,936	-	33,180,407

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	96,427,628	-	96,427,628
Shariah compliant alternative of forward sale of foreign exchange	-	78,033,524	-	78,033,524

On balance sheet non-financial assets

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	6,505,413	-	6,505,413
Non-banking assets acquired in satisfaction of claims	-	1,214,658	-	1,214,658

2023			
Level 1	Level 2	Level 3	Total

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

On balance sheet financial instruments

Financial assets - measured at fair value

Investments				
Shares / Modaraba certificates	692,581	-	-	692,581
GoP Ijara Sukuk	-	277,867,398	-	277,867,398
Non-Government Shariah compliant Securities	3,384,000	32,133,073	-	35,517,073

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	54,353,067	-	54,353,067
Shariah compliant alternative of forward sale of foreign exchange	-	46,618,624	-	46,618,624

On balance sheet non-financial assets

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	6,951,679	-	6,951,679
Non-banking assets acquired in satisfaction of claims	-	1,215,340	-	1,215,340

Valuation techniques used in determination of fair values within level 1

Item	Valuation approach and input used
GOP Sukuks	The valuation has been determined through closing rates on Pakistan Stock Exchange.
Listed securities (Shares, Modaraba and Sukuks)	The valuation has been determined through closing rates on Pakistan Stock Exchange.

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
GOP Sukuks	The fair value of GOP Ijarah Sukuks are revalued using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from 6 different pre-defined / approved dealers / brokers.
Non-Government Shariah compliant Securities	Non-Government Shariah compliant Securities 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.
Shariah compliant alternative of forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.
Fixed assets - Land and building	The valuation experts used a market based approach to arrive at the fair value of the Holding Company's properties. The market approach used prices and other relevant information generated by market transactions involving identical, comparable or similar properties.
Non-banking assets acquired in satisfaction of claims	

43.2 The Holding Company'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.

Segment Details with respect to Business Activities

	2024				
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Profit & Loss					
Net profit / return	60,688,427	(45,100,090)	31,865,533	(1,067,242)	46,386,628
Inter segment revenue - net	(61,061,353)	88,553,885	(30,872,372)	3,379,840	-
Total other income	2,244,454	1,625,361	644,417	76,302	4,590,534
Total income	1,871,528	45,079,156	1,637,578	2,388,900	50,977,162
Segment direct expenses	175,342	13,230,864	1,074,121	8,233,578	22,713,905
Inter segment expense allocation	130,814	6,091,004	1,456,927	(7,678,745)	-
Total expenses	306,156	19,321,868	2,531,048	554,833	22,713,905
Credit loss allowance	(249,440)	6,089	1,873,742	1,103,165	2,733,556
Profit / (loss) before tax	1,814,812	25,751,199	(2,767,212)	730,902	25,529,701
Balance Sheet					
Cash & Bank balances	982,664	41,093,952	-	2,202	42,078,818
Investments	344,424,053	-	627,500	-	345,051,553
Net inter segment placements	-	487,602,377	-	34,431,139	522,033,516
Due from financial institutions	4,257,928	-	-	-	4,257,928
Islamic financing and related assets - performing	-	30,571,110	257,575,697	-	288,146,807
- non-performing - net	-	1,089,318	649,010	6,133,228	7,871,556
Others	-	-	-	50,477,900	50,477,900
Total Assets	349,664,645	560,356,757	258,852,207	91,044,469	1,259,918,078
Due to financial institutions	70,960,060	3,340,467	13,361,634	-	87,662,161
Subordinated sukuk	-	-	-	3,000,000	3,000,000
Deposits & other accounts	2,161,642	557,016,290	-	(5)	559,177,927
Net inter segment acceptances	276,542,943	-	245,490,573	-	522,033,516
Others	-	-	-	39,829,506	39,829,506
Total liabilities	349,664,645	560,356,757	258,852,207	42,829,501	1,211,703,110
Equity	-	-	-	48,214,968	48,214,968
Total Equity & liabilities	349,664,645	560,356,757	258,852,207	91,044,469	1,259,918,078
Contingencies & Commitments	174,461,152	-	39,937,618	281,761,493	496,160,263

	2023				
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
	----- Rupees in '000 -----				
Profit & Loss					
Net profit / return	40,773,937	(32,422,977)	32,341,294	(508,522)	40,183,732
Inter segment revenue - net	(39,418,253)	72,077,529	(30,349,051)	(2,310,225)	-
Total other income	1,340,980	1,252,166	661,167	56,284	3,310,597
Total Income	2,696,664	40,906,718	2,653,410	(2,762,463)	43,494,329
Segment direct expenses	145,896	8,506,806	625,542	7,240,594	16,518,838
Inter segment expense allocation	71,279	5,837,953	972,180	(6,881,412)	-
Total expenses	217,175	14,344,759	1,597,722	359,182	16,518,838
Credit loss allowance	1,204,049	221,664	4,495,287	965,945	6,886,945
Profit / (loss) before tax	1,275,440	26,340,295	(3,439,599)	(4,087,590)	20,088,546
Balance Sheet					
Assets					
Cash & Bank balances	1,476,310	41,184,735	-	2,202	42,663,247
Investments	306,999,736	-	-	7,084,136	314,083,872
Net inter segment placements	-	456,924,234	-	-	456,924,234
Due from financial institutions	16,502,138	-	-	-	16,502,138
Islamic financing and related assets - performing	-	32,950,449	183,437,696	10,423,626	226,811,771
- non-performing - net	-	1,631,568	1,750,949	-	3,382,517
Others	-	-	-	51,347,802	51,347,802
Total Assets	324,978,184	532,690,986	185,188,645	68,857,766	1,111,715,581
Liabilities					
Due to financial institutions	39,607,651	3,354,127	17,697,278	-	60,659,056
Subordinated sukuk	-	-	-	2,850,000	2,850,000
Deposits & other accounts	6,145,015	516,395,910	-	(5)	522,540,920
Net inter segment acceptances	279,132,859	-	167,064,813	10,726,562	456,924,234
Others	92,659	12,940,949	426,554	18,909,599	32,369,761
Total liabilities	324,978,184	532,690,986	185,188,645	32,486,156	1,075,343,971
Equity	-	-	-	36,371,610	36,371,610
Total Equity & liabilities	324,978,184	532,690,986	185,188,645	68,857,766	1,111,715,581
Contingencies & Commitments	100,971,691	-	29,774,800	126,858,690	257,605,181

45 TRUST ACTIVITIES

Banks commonly act as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets are not assets of the Holding Company and, therefore, are not included in its balance sheet. Following is the list of assets held under trust:

Category	Type	No. of IPS account		Face Value	
		2024	2023	2024	2023
				-----Rupees in '000-----	
Insurance Companies	Sukuks	4	5	145,000	180,000
Asset Management Companies	Sukuks	30	42	1,954,630	2,569,530
Employee Funds / NGO's	Sukuks	2	3	3,000	53,800
Individuals	Sukuks	1	5	67,370	116,670
Others	Sukuks	15	17	1,315,000	1,865,000
		52	72	3,485,000	4,785,000

The Holding Company has related party transactions with its parent, subsidiary, associates, employee benefit plans, its directors and key management personnel.

The Holding Company enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	2024				2023					
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
Due from financial institutions - net										
Opening balance	-	-	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	3,233,725	-	-	-	-
Repaid during the year	-	-	-	-	-	(3,233,725)	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-
Investments										
Opening balance	-	-	-	1,123,432	-	-	-	-	1,062,793	-
Investment made during the year	-	-	-	-	-	-	-	-	-	-
Investment redeemed / disposed-off during the year	-	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	60,639	-
Closing balance	-	-	-	1,123,432	-	-	-	-	1,123,432	-
Credit loss allowance held against investments	-	-	-	(1,123,432)	-	-	-	-	(1,123,432)	-
Islamic financing and related assets										
Opening balance	-	-	422,999	480,187	248,878	-	-	372,910	480,187	700,001
Addition during the year	-	-	198,713	618,721	1,880,987	-	-	226,783	903,910	4,461,960
Repaid during the year	-	-	(109,859)	(618,721)	(521,399)	-	-	(65,187)	(903,910)	(4,071,795)
Transfer in / (out) - net	-	-	(44,038)	-	-	-	-	(121,507)	-	(841,288)
Closing balance	-	-	467,815	480,187	1,608,466	-	-	422,999	480,187	248,878
Credit loss allowance held against Islamic financing and related assets	-	-	-	(480,187)	-	-	-	-	(221,004)	-
Other assets										
Profit receivable on financings	-	-	425	-	17,902	-	-	443	-	5,019

(Rupees in '000)

	2024				2023					
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
Due to financial institutions - net										
Opening balance	-	-	-	-	-	-	-	-	-	-
Additions during the year	141,000,000	-	-	-	-	-	-	-	-	-
Settled during the year	(139,000,000)	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	2,000,000	-	-	-	-	-	-	-	-	-
Subordinated sukuk										
Opening balance	-	-	485	-	1,120	-	-	1,015	-	-
Issued / purchased during the year	-	-	-	-	143,585	-	-	-	-	-
Redemption / sold during the year	-	-	-	-	(1,240)	-	-	-	-	-
Transfer in / (out)	-	-	-	-	-	-	-	(530)	-	1,120
Closing balance	-	-	485	-	143,465	-	-	485	-	1,120
Deposits and other accounts										
Opening balance	-	5,741	72,646	29,503	6,162,706	-	2,745	32,443	12,186	1,776,697
Received during the year	-	1,067,531	1,259,126	2,120,383	55,109,096	-	3,128,053	879,664	2,157,630	30,791,160
Withdrawn during the year	-	(1,063,967)	(1,148,229)	(2,148,803)	(59,821,044)	-	(3,125,331)	(839,085)	(2,140,297)	(29,438,326)
Transfer in / (out) - net	-	-	(56,715)	-	10,616	-	274	(376)	(16)	3,033,175
Closing balance	-	9,305	126,828	1,083	1,461,374	-	5,741	72,646	29,503	6,162,706
Other Liabilities										
Profit / return payable	762	8	688	2	13,085	-	3	333	13	126,064
Dividend Payable	-	-	-	-	-	-	169,317	-	-	-
Other liabilities	-	-	-	-	29,610	-	-	10	-	132
Unrealized loss on Shariah compliant alternative of forward foreign exchange contracts	3,422	-	-	-	-	-	-	-	-	-
Meeting fee / remuneration payable	-	400	-	-	-	-	2,000	-	-	-
Contingencies and Commitments										
Other contingencies	3,220,639	-	-	-	-	-	-	-	-	-
Profit and loss										
Income										
Profit / return earned	-	-	23,522	-	120,920	9,413	-	17,673	52,717	125,202
Other income	-	-	16	22	573	-	-	-	-	772
Foreign exchange income	67,886	-	-	-	-	-	-	-	-	-
Expense										
Profit / return expensed	81,888	2,463	12,683	87	528,227	221,554	22	2,009	99	572,669
Other administrative expenses	-	3,627	35,741	-	313,291	-	6,770	25,476	261	79,564
Meeting fee / remuneration	-	28,480	454,570	-	-	-	24,540	451,014	-	-
Contribution to employees provident fund	-	-	-	-	285,907	-	-	-	-	208,559
Charge for employees gratuity fund	-	-	-	-	305,706	-	-	-	-	210,989
Fee and subscription	-	-	-	-	-	-	-	-	-	11,282
Donation paid	-	-	-	-	60,000	-	-	-	-	-
Dividend paid	2,082,030	462,750	99	-	65,287	-	-	-	-	-
Others	38,596	-	-	-	-	-	-	-	-	-

(Rupees in '000)

47 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2024	2023
	----- Rupees in '000 -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>11,007,991</u>	<u>11,007,991</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>38,707,435</u>	28,431,699
Eligible Additional Tier 1 (ADT 1) Capital	<u>3,000,000</u>	2,850,000
Total Eligible Tier 1 Capital	<u>41,707,435</u>	31,281,699
Eligible Tier 2 Capital	<u>12,171,253</u>	10,583,630
Total Eligible Capital (Tier 1 + Tier 2)	<u>53,878,688</u>	41,865,329
Risk Weighted Assets (RWAs):		
Credit Risk	<u>146,543,937</u>	123,430,567
Market Risk	<u>3,897,306</u>	2,747,987
Operational Risk	<u>73,387,323</u>	49,951,475
Total	<u>223,828,565</u>	176,130,029
Common Equity Tier 1 Capital Adequacy ratio	<u>17.29%</u>	16.14%
Tier 1 Capital Adequacy Ratio	<u>18.63%</u>	17.76%
Total Capital Adequacy Ratio	<u>24.07%</u>	23.77%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Capital Conservation Buffer (CCB) (Consisting of CET 1 only)	1.50%	1.50%
Total Capital plus CCB	11.50%	11.50%

47.1 The capital to risk weighted assets ratio is calculated in accordance with the SBP guidelines on capital adequacy, under Basel III and Pre-Basel III treatment using Standardized Approach for credit and market risk and Basic Indicator Approach for operational Risk.

	2024	2023
	----- Rupees in '000 -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	<u>41,707,435</u>	31,281,699
Total Exposures	<u>880,681,775</u>	661,760,663
Leverage Ratio	<u>4.74%</u>	4.73%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>318,819,831</u>	315,027,109
Total Net Cash Outflow	<u>90,470,492</u>	90,466,918
Liquidity Coverage Ratio	<u>352.40%</u>	348.22%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>580,679,777</u>	524,275,019
Total Required Stable Funding	<u>211,840,160</u>	170,272,796
Net Stable Funding Ratio	<u>274.11%</u>	307.90%

47.2 The full disclosures on the capital adequacy, leverage ratio & liquidity requirements as per SBP instructions issued from time to time has been placed on the Holding Company's website. The link to the full disclosures is available at www.bankislami.com.pk/investor-relations

48 RISK MANAGEMENT

The objective of Risk Management is to effectively manage uncertainties that arise in the normal course of business activities. The risk management function is one of the most important areas of the banking business, and covers a wide spectrum of financial business risk class; including Credit, Market, Liquidity, Operational etc. The Holding Company follows effective risk governance which commensurate well with its current size and structure.

As a prelude to countering the financial debacle of the recent past, the Basel Committee (Internationally) is raising the resilience of the banking sector by strengthening the regulatory capital framework, essentially building on the three pillars of the Basel II structure. The reforms raise both the quality and quantity of the regulatory capital base and enhance the risk coverage of the capital framework. SBP, while being cognizant of the various reforms in the offing, is reviewing the impact of Basel III (B3) guidelines on the capital structure and CAR (Capital Adequacy Ratio) through quantitative impact studies. Accordingly, the SBP has implemented first phase of Basel III framework with effect from December 31, 2013.

RISK MANAGEMENT FRAMEWORK

A well formulated policy and procedure is critical to an effective Risk Management framework; it then needs to be reinforced through a strong control culture that promotes sound risk governance. The Holding Company's Risk Management Framework has been developed keeping in mind, that:

- To be effective, control activities should be an integral part of the regular activities of the Holding Company;
- Every loss or near miss event should provide some Key Learning Outcome (KLO), helping and promoting a better risk identification and mitigation;
- While the reward may well commensurate the level of risk, it has to be viewed in entirety and not in isolation; and
- Critical decision making should be based on relevant research, proper analysis and effective communication within the Holding Company.

Strategic Level

At the strategic level, the risk related functions are approved by the senior management and the Board. These include: defining risks, setting parameters, ascertaining the institution's risk appetite, formulating strategy and policies for managing risks and establishing adequate systems and controls to ensure that overall risk remains within acceptable level and the reward compensates for the risk taken.

Macro Level

It encompasses risk management within a business area or across business lines. Generally the risk management activities performed by middle management or units devoted to risk reviews fall into this category. Periodical review of various portfolios; stress test and scenario analysis for portfolio resilience; application of statistical tools and information in time series for developing strong inferences are all performed at this level.

Micro Level

Risk management at micro level, is of critical importance. This function if performed with diligence and understanding, can be of maximum benefit to the organization. Micro level risk management includes:

- Business line acquisition, strong adherence to the credit and other related criteria.
- Middle Office monitoring function for a sound risk assessment of various risks inherent in treasury operations.
- Detailed review of various processes and operating procedures, for operational and other risk related assessments.

Risk appetite of the Holding Company

The risk appetite of the Holding Company is an outcome of its corporate goal, economic profitability, available resources (size and business life cycle) and most significantly; the controls. The Holding Company believes in a cautious yet steady approach towards its business objectives and takes a holistic view of its investment and financing requirement.

This approach is primarily based on a viable portfolio build-up with a long-term view; key consideration being the health of various portfolios.

Risk organization

A strong organizational set-up, with clearly defined roles and responsibilities permits a higher level of articulation of the Holding Company's risk mandate, establishment of a structure that provides for authority, delegation and accountability, and development of control framework. Risk management cannot live in a vacuum; in order to be effective, it has to be run at an enterprise level. Risk governance must involve all relevant parties and should be sanctioned by the Holding Company's leadership.

The risk management function at the Holding Company, along with the different committees including ALCO (Asset Liability Committee) and MCC (Management Credit Committee), RMC (Risk Management Committee of the Board) manage and adhere to the risk management policies and procedures, with an explicit aim to mitigate/ manage risk in line with the Holding Company's objectives.

Business line accountability

One of the most important features of the risk management process is the business line accountability. Business has to understand the risk implication of specific transaction on the business / portfolio. Some specific risks e.g. reputation risk affects the entire banking business and is not limited to one business line or the other. At BankIslami, as in any other reputable organization, responsibility comes with accountability. Each business segment is responsible for the profit / loss of the business. The management of risk is as much a line function as it supports.

Business lines are equally responsible for the risks they are taking. Because line personnel understand the risks of the business. Lack of an understanding of this by the line management may lead to risk management in isolation.

48.1 Credit Risk

The Holding Company manages credit risk by effective credit appraisal mechanism, approving and reviewing authorities, limit structures, internal credit risk rating system, collateral management and post disbursement monitoring so as to ensure prudent financing activities and sound financing portfolio under the umbrella of a comprehensive Credit Policy approved by the Board of Directors. Credit Risk has certain sub-categories as follows:

(i) Price risk

There is a risk that the asset repossessed due to default of the customer may be sold or leased out to another party at a price lower than the original contract price.

(ii) Counter party risk

The risk that the counter-party defaults during the term of a transaction (Murabahah, Diminishing Musharakah etc.).

(iii) Settlement risk

The risk that the counter-party does not meet its commitments at the maturity of the transaction after the Holding Company has already met its commitments.

(iv) Country risk

Country Risk can be defined as the risk of adverse impact of certain factors on a country's specific economic, political and social scenario which affects the ability of the country (or a borrower in that country) to repay its obligations. Country risk may be a combination of Transfer Risk and Sovereign Risk.

Particulars of Holding Company's significant on-balance sheet and off-balance sheet credit risk in various sectors are analyzed as follows:

48.1.1 Due from financial institutions

Credit risk by public / private sector

	Gross due from financial institutions		Non-performing due from financial institutions		Credit loss allowance held			Provision
	2024	2023	2024	2023	Stage 1	Stage 2	Stage 3	
					2024			2023
	----- Rupees in '000 -----							
Public/ Government	-	-	-	-	-	-	-	-
Private	4,272,508	16,519,958	14,580	17,820	-	-	14,580	17,820
	4,272,508	16,519,958	14,580	17,820	-	-	14,580	17,820

48.1.2 Investment in Shariah Compliant debt securities

	Gross Investments		Non-performing investments		Credit loss allowance held			Provision
	2024	2023	2024	2023	Stage 1	Stage 2	Stage 3	
					2024			2023
	----- Rupees in '000 -----							
Credit risk by industry sector								
Federal Government Shariah								
Compliant Securities	311,025,501	277,867,398	-	-	-	-	-	-
Power (electricity), Gas, Water, Sanitary	32,277,326	33,174,101	-	-	-	-	-	-
Services	56,616	986,996	56,615	56,615	-	-	56,615	56,615
Textile	221,251	803,256	221,251	463,256	-	-	-	242,005
Financial	71,072	391,072	21,072	21,072	-	-	21,072	21,072
Production and transmission of energy	33,333	110,674	-	-	-	-	-	-
Chemical and Pharmaceuticals	398,333	91,667	-	-	-	-	-	-
Construction	32,800	81,800	32,800	32,800	-	-	32,800	32,800
Electronics and electrical appliances	55,000	55,000	55,000	55,000	-	-	-	-
Others	145,166	174,999	-	-	3	-	-	-
	344,316,398	313,736,963	386,738	628,743	3	-	110,487	352,492
Credit risk by public / private sector								
Public/ Government	330,109,225	308,718,677	-	-	3	-	-	-
Private	14,207,173	5,018,286	386,738	628,743	-	-	110,487	352,492
	344,316,398	313,736,963	386,738	628,743	3	-	110,487	352,492

48.1.3 Islamic financing, related assets and advances - net

Credit risk by industry sector

	Gross Financing		Non-performing financing, related assets and advances		Credit loss allowance held			Provision
	2024	2023	2024	2023	Stage 1	Stage 2	Stage 3	
					2024			2023
----- Rupees in '000 -----								
Agriculture, Forestry, Hunting and Fishing	9,735,547	9,211,988	959,860	925,655	565,604	5,162	870,236	612,174
Automobile and transportation equipment	27,326	77,481	-	-	846	871	-	-
Cement	2,074,411	3,355,526	500,000	500,000	20,346	-	500,000	500,000
Chemical and Pharmaceuticals	13,679,772	5,713,424	271,554	563,720	105,329	5,490	271,350	560,557
Construction	12,307,002	2,048,685	683,993	632,087	58,560	6,541	643,843	619,039
Education	1,822,416	2,336,827	-	-	24,153	4,355	-	-
Electronics and electrical appliances	4,821,646	5,131,501	2,386,032	1,416,018	15,148	849	1,561,372	1,334,884
Exports / Imports	340,578	765,651	319,148	67,318	581	-	68,848	63,070
Financial	80,105,453	2,220,671	240,400	241,890	30,454	-	240,189	240,562
Food and Beverages	11,440,184	40,250,059	2,177,585	2,209,982	92,487	28,702	1,851,468	1,750,128
Footwear and Leather garments	3,167,440	1,312,217	2,459	2,459	39,690	227	2,459	2,459
Individuals	36,517,973	43,414,190	4,061,066	4,025,457	480,925	228,285	3,877,063	2,400,677
Packing and Paper products	4,499,288	4,263,026	99,762	118,091	62,433	1,889	27,523	39,758
Power (electricity), Gas, Water, Sanitary	16,235,669	15,529,942	639,354	641,376	91,111	-	572,514	561,453
Services	23,718,248	38,119,011	56,892	59,676	369,460	7,244	35,581	28,810
Sugar	15,948,083	9,563,556	584,108	1,023,108	113,237	113,238	584,108	815,608
Textile	60,025,854	44,061,486	5,678,438	5,840,099	335,991	209	5,611,860	5,732,705
Transport, Storage and Communication	7,981,804	6,290,558	911,577	1,008,543	57,310	82,770	891,951	982,682
Wholesale and Retail Trade	3,850,166	1,774,621	341,228	316,408	76,924	2,479	320,110	281,666
Iron & Steel	5,623,932	4,791,344	1,985,154	580,455	34,081	-	1,971,662	579,097
Health & Care	402,399	424,745	2,652	-	3,958	-	1,325	-
Private Trusts & Non-profit Organization	26,970	9,764	-	-	1,178	-	-	-
Others	12,832,649	13,368,642	2,365,496	2,718,300	213,794	26,981	2,343,050	2,343,839
	327,184,810	254,034,915	24,266,758	22,890,642	2,793,600	515,292	22,246,512	19,449,168

Credit risk by public / private sector

	Gross Financing		Non-performing financing, related assets and advances		Credit loss allowance held			Provision
	2024	2023	2024	2023	Stage 1	Stage 2	Stage 3	
					2024			2023
----- Rupees in '000 -----								
Public/ Government	16,591,140	83,864,016	-	-	-	-	-	-
Private	310,593,670	170,170,899	24,266,758	22,890,642	2,793,600	515,292	22,246,512	19,449,168
	327,184,810	254,034,915	24,266,758	22,890,642	2,793,600	515,292	22,246,512	19,449,168

48.1.4 Contingencies and Commitments

2024 2023
----- Rupees in '000 -----

Credit risk by industry sector

Agriculture, Forestry, Hunting and Fishing	13,162,722	6,870,431
Mining and Quarrying	4,452	956,771
Textile	94,496,145	45,309,703
Chemical and Pharmaceuticals	5,280,591	15,542,685
Cement	1,026,046	396,935
Sugar	40,339,390	3,647,371
Footwear and Leather garments	950,197	151,348
Automobile and transportation equipment	2,897,916	35,395
Education	131,781	1,260,689
Electronics and electrical appliances	2,839,639	1,522,002
Production and transmission of energy	1,503,641	1,301,308
Construction	5,062,332	1,803,622
Power (electricity), Gas, Water, Sanitary	6,454,004	21,283,025
Wholesale and Retail Trade	9,962,089	14,705,256
Exports / Imports	77,630,302	1,152,892
Transport, Storage and Communication	8,485,858	5,918,557
Financial	163,704,366	101,385,150
Services	16,085,211	7,583,989
Individuals	2,368,094	939,620
Food and beverages	7,082,198	2,862,108
Manufacturing	17,796,055	10,765,092
Packing and Paper products	3,501,639	1,081,938
Others	15,395,595	11,129,294
	<u>496,160,263</u>	<u>257,605,181</u>

Credit risk by public / private sector

Public/ Government	78,835,704	-
Private	417,324,559	257,605,181
	<u>496,160,263</u>	<u>257,605,181</u>

48.1.5 Concentration of Financing

The Holding Company's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 130,787.942 million (2023: Rs. 103,355.651 million) are as following:

2024 2023
----- Rupees in '000 -----

Funded	121,521,031	92,505,694
Non Funded	9,266,911	10,849,957
Total Exposure	<u>130,787,942</u>	<u>103,355,651</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 141,317 million (2023: Rs. 110,907 million)

For the purpose of this note, exposure means outstanding funded facilities and utilized non-funded facilities as at the reporting date.

48.1.6 Total funded classified therein

	2024		2023	
	Amount	Provision held	Amount	Provision held
	----- Rupees in '000 -----			
OAEM	264,933	47,483	393,831	-
Substandard	1,767,062	981,368	1,009,194	235,164
Doubtful	911,076	474,167	2,170,850	871,469
Loss	21,323,687	20,743,494	19,316,767	18,342,535
Total	24,266,758	22,246,512	22,890,642	19,449,168

48.1.7 Financing - Province/Region-wise Disbursement & Utilization

Province / Region	2024						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad	AJK including Gilgit-Baltistan
	----- Rupees in '000 -----						
Punjab	24,225,818	24,225,818	-	-	-	-	-
Sindh	71,161,540	-	71,161,540	-	-	-	-
KPK including FATA	66,578	-	-	66,578	-	-	-
Baluchistan	24,882	-	-	-	24,882	-	-
Islamabad	13,185,781	-	-	-	-	13,185,781	-
AJK including Gilgit-Baltistan	1,827	-	-	-	-	-	1,827
Total	108,666,426	24,225,818	71,161,540	66,578	24,882	13,185,781	1,827

Province / Region	2023						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad	AJK including Gilgit-Baltistan
	----- Rupees in '000 -----						
Punjab	71,013,470	71,013,470	-	-	-	-	-
Sindh	129,008,300	-	129,008,300	-	-	-	-
KPK including FATA	255,193	-	-	255,193	-	-	-
Baluchistan	29,167	-	-	-	29,167	-	-
Islamabad	11,832,088	-	-	-	-	11,832,088	-
AJK including Gilgit-Baltistan	13,943	-	-	-	-	-	13,943
Total	212,152,161	71,013,470	129,008,300	255,193	29,167	11,832,088	13,943

48.1.8 Sensitivity of ECL to Future Economic Conditions

The ECL are sensitive to judgements and assumption made regarding formulation of forward-looking scenarios and how much such scenarios are incorporated into calculations. The Group performs sensitivity analysis on the ECL recognized on each of its segments.

Segment	Total charge as per IFRS 9	Central		Upside		Downside	
		Total ECL after sensitivity analysis	Increase / (decrease) in %	Total ECL after sensitivity analysis	Increase / (decrease) in %	Total ECL after sensitivity analysis	Increase / (decrease) in %
Corporate	20,144,642	20,225,567	0.40	20,116,855	(0.14)	20,343,662	0.99
SME	2,237,924	2,465,620	10.17	2,384,464	6.55	2,551,225	14.00
Muskun	1,447,371	1,546,178	6.83	1,116,377	(22.87)	1,460,530	0.91
Auto	1,099,507	1,138,819	3.58	963,373	(12.38)	1,110,665	1.01
Agriculture	460,730	510,544	10.81	288,663	(37.35)	474,290	2.94
Staff	165,230	165,232	-	165,232	-	165,232	-
Total	25,555,404	26,051,960	0.76	25,034,964	(3.18)	26,105,604	0.96

48.2 Market Risk

Market risk is defined as the risk of losses in on-and-off balance sheet positions arising from movements in market prices e.g. fluctuations in values in tradable, marketable or leasable assets. The risks relate to the current and future volatility of market values of specific assets and of foreign exchange rates and benchmark yields.

The Holding Company uses various tools and techniques to assess market risk including but not limited to full valuation, stress testing, scenario analysis, VaR. These assessment methods enable the Holding Company to estimate changes in the value of the portfolio, if exposed to various risk factors.

Moreover, since the Holding Company does not deal in interest based products, the impact of the above risks will be very minimal. The Holding Company does not have positions or forward exchange contracts giving mismatches of maturity unless such risks have been taken care of through some other mechanism.

The VaR reports are complemented by various other position and sensitivity limit structures, including stress, sensitivity, gap and scenario analysis. The capital charge for market risk has been calculated by using Standardized Approach.

48.2.1 Balance sheet split by trading and banking books

	2024			2023		
	Banking book	Trading book	Total	Banking book	Trading book	Total
----- Rupees in '000 -----						
Cash and balances with treasury banks	41,093,952	-	41,093,952	41,287,071	-	41,287,071
Balances with other banks	984,866	-	984,866	1,376,176	-	1,376,176
Due from financial institutions	4,257,928	-	4,257,928	16,502,138	-	16,502,138
Investments	344,876,470	175,083	345,051,553	314,083,872	-	314,083,872
Islamic financings, related assets & advances	296,018,363	-	296,018,363	230,194,288	-	230,194,288
Property and equipment	15,103,969	-	15,103,969	12,574,354	-	12,574,354
Right-of-use assets	4,314,535	-	4,314,535	3,566,267	-	3,566,267
Intangible assets	4,097,172	-	4,097,172	3,666,496	-	3,666,496
Deferred tax assets	-	-	-	110,448	-	110,448
Other assets	26,962,224	-	26,962,224	31,430,237	-	31,430,237
Non-current assets held for sale	-	-	-	-	-	-
	737,709,479	175,083	737,884,562	654,791,347	-	654,791,347

48.2.2 Foreign Exchange Risk

Currency risk is the risk of loss arising from the fluctuations of exchange rates.

In the normal course of conducting commercial banking business, which ranges from intermediation only to taking on principal risk as dealer or as counterparty, the Holding Company purchases or sells currencies in today / ready and gives or receives unilateral promises for sale or purchase of FX at future dates in a long or short position in different currency pairs. These positions expose the Holding Company to foreign exchange risk. To control this risk, the Holding Company primarily uses notional principal limits at various levels to control the open position, and ultimately the residual foreign exchange risk of the Holding Company. The Holding Company also strictly adheres to all associated regulatory limits..

Following is the summary of the assets of the Holding Company subject to foreign exchange risk.

	2024				2023			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
----- Rupees in '000 -----								
Pakistan Rupee	733,556,482	661,582,797	(14,345,814)	57,722,180	649,863,455	597,884,497	(3,963,855)	48,015,103
United States Dollar	3,670,976	25,435,436	12,158,782	(9,605,678)	3,878,502	17,992,332	3,800,529	(10,313,301)
Great Britain Pound	154,161	1,310,665	1,188,999	32,495	339,168	1,070,244	71,062	(660,014)
Japanese Yen	4,177	55	-	4,122	10,100	62	-	10,038
Euro	265,691	1,321,221	998,033	(57,497)	456,414	1,408,148	-	(951,734)
UAE Dirham	83,990	19,420	-	64,569	36,410	64,454	150,496	122,452
Asian Currency Unit	42,791	-	-	42,791	104,607	-	-	104,607
Swiss Franc	-	-	-	-	-	-	-	-
Chinese Yuan	17,620	-	-	17,620	44,042	-	(58,232)	(14,190)
Australian Dollar	21,028	-	-	21,028	6,881	-	-	6,881
Saudi Riyal	61,485	-	-	61,485	41,388	-	-	41,388
Canadian Dollar	6,124	-	-	6,124	10,336	-	-	10,336
Turkish Lira	37	-	-	37	44	-	-	44
	737,884,562	689,669,594	-	48,309,276	654,791,347	618,419,737	-	36,371,610

2024		2023	
Banking book	Trading book	Banking book	Trading book

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

Impact of 1% change in foreign exchange rates on

- Profit and loss account

- Other comprehensive income

94,129	-	116,435	-
-	-	-	-

48.2.3 Equity Position Risk

Equity position includes the following:

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

These equity investments are accounted for and disclosed as per the provisions and directives of SBP, SECP and the requirements of approved International Financial Reporting Standards as applicable in Pakistan.

Provision for diminution in the value of securities is made after considering impairment, if any, in their value and charged to the profit and loss account.

2024		2023	
Banking book	Trading book	Banking book	Trading book

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

Impact of 5% change in equity prices on

- Profit and loss account

- Other comprehensive income

-	6,254	-	-
36,028	-	34,970	-

48.2.4 Yield / Profit Rate Risk

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

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

2024		2023	
Banking book	Trading book	Banking book	Trading book
463,866	-	401,837	-

Rupees in '000

Impact of 1% change in profit rates on
 - Profit and loss account
 - Other comprehensive income

48.2.5 Mismatch of Yield / Profit Rate Sensitive Assets and Liabilities

Effective Yield / Profit rate	Total	Exposed to Yield / Profit risk										Non-profit bearing financial instruments	
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years			
	41,093,952	-	-	-	-	-	-	-	-	-	-	-	41,093,952
0.00%	984,866	318,025	-	-	-	-	-	-	-	-	-	-	666,841
22.36%	4,257,928	4,257,928	-	-	-	-	-	-	-	-	-	-	-
17.86%	345,051,553	52,674,908	28,011,446	262,112,553	1,407,000	-	-	-	-	-	-	-	845,646
17.08%	296,018,363	36,750,756	50,859,306	53,073,610	88,490,912	971,144	2,996,631	5,200,638	8,447,630	8,914,861	-	40,312,875	
	26,962,224	-	-	-	-	-	-	-	-	-	-	-	26,962,224
	714,368,886	94,001,617	78,870,752	315,186,163	89,897,912	971,144	2,996,631	5,200,638	8,447,630	8,914,861	-	109,881,538	
	13,773,529	-	-	-	-	-	-	-	-	-	-	-	13,773,529
14.02%	87,862,161	66,297,367	2,512,160	1,746,603	1,865,443	5,052,892	1,798,429	2,010,952	6,321,441	56,874	-	-	
6.62%	559,177,927	346,312,986	-	-	4,045	26,072	-	4,785,316	-	-	-	-	212,864,941
18.83%	4,839,747	-	-	24,314	-	-	-	-	-	-	-	-	-
	3,000,000	-	3,000,000	-	-	-	-	-	-	-	-	-	-
	19,706,230	-	-	-	-	-	-	-	-	-	-	-	19,706,230
	688,159,594	412,610,353	5,512,160	1,770,917	1,869,488	5,073,964	1,798,429	6,796,268	6,321,441	56,874	-	-	246,344,700
	26,209,292	(318,608,736)	73,358,592	313,415,246	88,028,424	(4,107,820)	1,198,202	(1,595,630)	2,126,189	8,857,987	(136,463,162)	-	
	39,937,618	39,937,618	-	-	-	-	-	-	-	-	-	-	-
	174,461,152	101,197,022	42,255,512	29,305,062	1,703,566	-	-	-	-	-	-	-	-
	281,040,900	281,040,900	-	-	-	-	-	-	-	-	-	-	-
	495,439,670	422,175,540	42,255,512	29,305,062	1,703,566	-	-	-	-	-	-	-	-
	103,566,804	115,614,104	342,720,298	89,731,990	(4,107,820)	1,198,202	(1,595,630)	2,126,189	8,857,987	(136,463,162)	-	-	

Rupees in '000

Off-balance sheet financial instruments

Documentary credits and short-term trade-related transactions

Commitments in respect of:

- forward foreign exchange contracts
 - other commitments

Off-balance sheet gap

Total Yield/Profit Rate Risk Sensitivity Gap

Cumulative Yield/Profit Rate Risk Sensitivity Gap

Effective Yield / Profit rate	Total	Exposed to Yield / Profit risk										Non-profit bearing financial instruments	
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years			
		Rupees in '000											
	41,287,071	-	-	-	-	-	-	-	-	-	-	-	41,287,071
Cash and balances with Treasury Banks	1,376,176	187,063	-	-	-	-	-	-	-	-	-	-	1,189,113
Balances with other Banks	16,502,138	7,957,069	-	8,545,069	-	-	-	-	-	-	-	-	-
Due from financial institutions	314,083,872	45,640,128	32,511,870	235,232,473	-	-	-	-	-	-	-	-	699,401
Investments	230,194,288	38,096,892	4,230,854	20,984,743	143,069,041	-	-	2,587,236	-	-	2,707	20,945	21,201,870
Islamic financing, related assets and advances	31,430,237	-	-	-	-	-	-	-	-	-	-	-	31,430,237
Other assets	634,873,782	91,881,152	36,742,724	264,762,285	143,069,041	-	-	2,587,236	-	-	2,707	20,945	95,807,692
Liabilities													
Bills payable	5,125,177	-	-	-	-	-	-	-	-	-	-	-	5,125,177
Due to financial institutions	60,659,056	37,067,551	2,432,681	3,919,183	500,000	-	-	814,176	-	-	1,904,237	9,037,981	207,479
Deposits and other accounts	522,540,920	327,542,451	-	-	-	-	-	-	4,775,768	-	-	-	-
Lease liabilities	4,252,295	2,020,754	47,372	282	85,553	-	-	1,562,750	-	-	415,484	57,226	194,988,469
Subordinated sukuk	2,850,000	850,000	2,000,000	-	-	-	-	-	-	-	-	-	-
Other liabilities	22,992,289	-	-	-	-	-	-	-	-	-	-	-	-
	618,419,737	367,480,756	4,480,053	3,919,465	585,553	2,376,926	4,838,642	2,319,721	9,095,207	207,479	(186,534)	(127,308,243)	
	16,454,045	(275,599,604)	32,262,671	260,842,820	142,483,488	(2,376,926)	(2,251,406)	(2,319,721)	(9,092,500)	(186,534)	(127,308,243)		
On-balance sheet gap													
	29,774,800	29,774,800	-	-	-	-	-	-	-	-	-	-	-
	100,971,691	58,111,507	23,462,900	19,397,284	-	-	-	-	-	-	-	-	-
	126,138,097	124,966,341	-	-	-	-	-	-	-	-	-	-	1,171,756
	256,884,588	31,879,643	4,250,859	3,098,382	-	-	-	-	-	-	-	-	-
	(243,719,961)	36,513,530	263,941,202	142,483,488	(2,376,926)	(2,251,406)	(2,319,721)	(9,092,500)	(186,534)	(127,308,243)			
	(243,719,961)	(207,206,431)	56,734,771	199,218,259	196,841,333	194,589,927	192,270,206	183,177,706	182,991,172	55,682,929			

On-balance sheet financial instruments

Assets

Cash and balances with Treasury Banks
Balances with other Banks
Due from financial institutions
Investments
Islamic financing, related assets and advances
Other assets

Liabilities

Bills payable
Due to financial institutions
Deposits and other accounts
Lease liabilities
Subordinated sukuk
Other liabilities

On-balance sheet gap

Off-balance sheet financial instruments

Documentary credits and short-term trade-related transactions

Commitments in respect of:

- forward foreign exchange contracts
- other commitments

Off-balance sheet gap

Total Yield/Profit Rate Risk Sensitivity Gap

Cumulative Yield/Profit Rate Risk Sensitivity Gap

48.3 Operational Risk

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external / internal events. The risk is different from the others, since it has a greater level of uncertainty and may be termed as a little difficult to measure. The Holding Company believes that prudence should be lived and breathed through the organizational culture.

At a more formal level, the Holding Company has strengthened its risk management framework by developing policies, guidelines and manuals. Operational and other risk assessment tool e.g. Risk Control and Self Assessment (RCSA) is being effectively used to assess, mitigate and monitor possible risk that may arise in any of the Holding Company's financial product or department. Operational Loss Database (OLD) records all the internal / external potential operational losses which helps the management understand the causes and impact of these risks.

48.3.1 Operational Risk-Disclosures Basel II Specific

The Holding Company uses Basic Indicator Approach (BIA) for assessing the capital charge for operational risk. Under BIA the capital charge is calculated by multiplying average annual gross income of the Holding Company over the past three years with 15% as per guidelines issued by State Bank of Pakistan.

To reduce losses arising from operational risk, the Holding Company has strengthened its risk management framework by developing strategies, policies, guidelines and manuals. It also includes risk and control self-assessment, key risk indicator, loss data management, improving efficiency and effectiveness of operations and improving quality of human resource through training and mitigation of operational risk.

48.4 Liquidity Risk

Liquidity risk is the potential loss to the Holding Company arising from its inability either to meet its obligations (financial) or to fund increases in assets as they fall due without incurring unacceptable costs or losses.

The Holding Company's liquidity at various levels (day to day, short term, long term) is managed by the Treasury along with the Asset and Liability Management Committee (ALCO), which is one of the most important management level committees. Its role cannot be overemphasized here, it serves as a part of the critical trio with risk management and treasury department, monitoring and maintaining key liquidity ratios, a viable funding mix, depositor concentration, reviewing contingency plans etc.

Liquidity risk is defined as the potential loss arising from the Holding Company's inability to meet in an orderly way its contractual obligations when due. Liquidity risk arises in the general funding of the Holding Company's activities and in the management of its assets. The Holding Company maintains sufficient liquidity to fund its day-to-day operations, meet customer deposit withdrawals either on demand or at contractual maturity, meet customers' demand for new financings, participate in new investments when opportunities arise, and to meet any other commitments. Hence, liquidity is managed to meet known as well as unanticipated cash funding needs.

The Holding Company calculates the Liquidity Coverage Ratio (LCR) on monthly basis as per SBP Basel III Liquidity Standards issued under BPRD circular no 08 dated June 23, 2016. The objective of LCR is to ensure the short-term resilience of the liquidity risk profile of Holding Company which requires banks to maintain sufficient High Quality Liquid Assets (HQLAs) to meet stressed cash outflows over a prospective 30 calendar-days period. As of December 31, 2024, Holding Company's LCR stood at 352.4% against the SBP's minimum requirement of 100%.

The objective of Net Stable Funding Ratio (NSFR) is to reduce funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress. Banks are expected to meet the NSFR requirement of at least 100% on an ongoing basis.

Governance of Liquidity risk management

Liquidity and related risks are managed through standardized processes established in the Holding Company. Board and senior management are apprised about liquidity profile of the Holding Company on periodic basis so as to ensure proactive liquidity management and to avoid abrupt shocks. The management of liquidity risk within the Holding Company is undertaken within limits and other policy parameters set by ALCO, which meets monthly and reviews compliance with policy parameters. Day to day monitoring is done by the treasury while overall compliance is monitored and coordinated by the ALCO and includes reviewing the actual and planned strategic growth of the business and its impact on the statement of financial position and monitoring the Holding Company's liquidity profile and associated activities. Holding Company's treasury function has the primary responsibility for assessing, monitoring and managing Holding Company's liquidity and funding strategy. Treasury Middle Office being part of Risk management group is responsible for the independent identification, monitoring & analysis of risks inherent in treasury operations. The Holding Company has in place duly approved Treasury investment policy and strategy along with liquidity risk tolerance/appetite levels. These are communicated at various levels so as to ensure effective liquidity management for the Holding Company.

Funding Strategy

Holding Company's prime source of liquidity is the customer's deposit base. Within deposits, Holding Company strives to maintain a healthy core deposit base in form of current and saving deposits and avoid concentration in particular products, tenors and dependence on large fund providers. Further, Holding Company relies on Interbank placement for stop gap funding arrangements but same is less preferred source of liquidity. Within acceptance, sources of funding are also diversified to minimize concentration. Usually interbank placement is for short term. The Holding Company follows centralized funding strategy so as to ensure achievement of strategic and business objectives of the Holding Company.

Liquidity Risk Mitigation techniques

Various tools and techniques are used to measure and monitor the possible liquidity risk. These include monitoring of different liquidity ratios like cash to deposits, financing to deposit ratio, liquid assets to total deposits, Interbank placement to total deposits and large deposits to total deposits which are monitored on daily basis against different trigger levels and communicated to senior management and to ALCO forum regularly. Further, Bank also prepares the maturity profile of assets and liabilities to monitor the liquidity gaps over different time buckets. For maturity analysis, behavioural study techniques are also used to determine the behaviour of non-contractual assets and liabilities based on historic data and statistical techniques. The Holding Company also ensures to maintain statutory cash and liquidity requirements all times.

Liquidity Stress Testing

As per SBP BSD Circular No. 1 of 2012, liquidity stress testing is being conducted under various stress scenarios. Shocks include the withdrawals of deposits and increase in assets, withdrawals of wholesale / large deposits & interbank placement and utilization of undrawn credit lines etc. Results of same are escalated at the senior level so as to enable the senior management to take proactive actions to avoid liquidity crunch for the Holding Company.

Contingency Funding Plan

Contingency Funding Plan (CFP) is a part of liquidity management framework of the Holding Company which identifies the trigger events that could cause a liquidity crisis and describes the actions to be taken to manage the crisis. At Holding Company, a comprehensive liquidity contingency funding plan is prepared which highlights liquidity management chain that needs to be followed. Responsibilities and crisis management phases are also incorporated in order to tackle the liquidity crisis. Moreover, CFP highlights possible funding sources, in case of a liquidity crisis.

Main drivers of LCR Results

Main drivers of LCR Results are High Quality Liquid Assets and Net cash outflows. Outflows are mainly deposit outflows net of cash inflows which consist of inflows from financing and money market placements up to 1 month. The inputs for calculation of LCR are as prescribed by the regulator.

Composition of High Quality Liquid Assets - HQLA

High Quality Liquid Assets composed of Level-1 Assets which can be included in the stock of liquid assets at 100% of their market value. Bank has taken Cash & treasury balances, Investments in Government of Pakistan backed Sukuks classified as Available for Sale category and foreign currency placements issued by sovereigns. Further, Level 2-A asset category includes investment in corporate sukuk.

Concentration of Funding Sources

Being a commercial bank, it relies on funds provided by depositors. However the Holding Company has been continuously improving upon its ratio of core deposits. Current and Saving accounts consist of 65.69% of total deposits, term deposits are 34.31% and acceptance from SBP and financial institutions is 15.68% of total deposits. Moreover the Holding Company does not rely on top few depositors to meet its funding requirements. This clearly shows that the funding sources for the Holding Company are well diversified.

Currency Mismatch in the LCR

Currency mismatch is minimal as FCY deposits are 3.88% of Bank's total deposits.

48.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Bank

2024

	Total	Upto 1 Day	Over 1 to 7 Days	Over 7 to 14 Days	Over 14 Days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 months to 6 months	Over 6 months 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	41,093,952	41,093,952	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	984,866	984,866	-	-	4,257,928	-	-	-	-	-	-	66,464,383	173,777,489	4,651,117
Due from financial institutions	4,257,928	-	-	-	-	-	-	-	-	-	-	16,663,073	25,262,432	57,538,897
Investments	345,051,553	-	-	-	-	-	-	-	-	-	-	14,960,111	1,218,067	7,320,380
Islamic financing, related assets and advances	296,018,363	13,806,832	6,569,833	11,014,939	44,171,323	16,191,109	14,899,733	6,026,389	417,988	417,988	1,552,237	1,641,089	4,243,300	-
Property and equipment	15,103,969	-	-	-	148,020	147,642	615,875	1,619,906	422,578	5,366	31,332	-	-	-
Right-of-use assets	4,314,535	-	-	-	-	-	28,771	5,766	77,766	77,295	292,933	-	-	-
Intangible assets	4,097,172	-	-	-	26,730	26,060	-	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	26,962,224	396,619	188,332	315,145	1,647,235	463,284	918,518	1,894,161	1,357,589	2,022,952	3,127,787	6,815,496	6,598,998	
	737,884,562	56,282,468	6,758,165	11,330,083	50,251,237	16,828,095	16,460,132	57,842,750	41,222,157	45,292,334	56,802,169	87,724,207	211,975,047	79,115,719
Liabilities														
Bills payable	13,773,529	13,773,529	-	-	-	-	-	-	-	-	-	-	-	-
Due to financial institutions	87,662,161	843,563	59,784,883	2,568,096	3,100,837	688,685	1,823,475	1,746,603	359,957	1,505,486	5,052,892	1,798,429	2,010,950	6,378,315
Deposits and other accounts	559,177,927	233,434	20,149,301	46,160,167	57,964,783	12,503,688	27,282,728	39,817,492	17,150,189	34,928,823	23,200,184	34,523,187	57,287,250	188,976,701
Lease liabilities	4,839,747	-	-	-	-	-	-	24,314	4,045	-	26,072	-	4,785,316	-
Subordinated sukuk	3,000,000	-	-	-	-	-	-	-	-	-	-	-	-	3,000,000
Deferred tax liabilities	1,510,000	-	-	-	-	-	-	-	1,510,000	-	-	-	-	-
Other liabilities	19,706,230	17,068	1,248,694	544,132	1,165,267	147,272	952,102	916,719	569,236	404,192	1,080,182	1,517,628	2,509,537	8,634,201
	689,669,594	14,867,584	81,162,878	49,272,395	62,230,867	13,339,645	30,066,305	41,505,128	19,693,427	36,830,501	29,359,030	37,839,244	66,593,053	206,989,217
Net assets	48,214,968	41,414,884	(74,424,713)	(37,942,311)	(11,979,650)	3,488,449	(13,598,174)	16,337,622	21,628,730	8,453,833	27,442,839	49,884,963	145,381,993	(127,873,497)
Share capital - net	11,007,991	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	7,166,799	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	7,387,004	-	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	22,653,174	-	-	-	-	-	-	-	-	-	-	-	-	-
	48,214,968													

Rupees in '000

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 months to 6 months	Over 6 months 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	41,287,071	41,287,071	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,376,176	1,376,176	-	-	-	-	-	-	-	-	-	-	-	-
Due from financial institutions	16,502,138	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	314,083,872	-	-	5,951,317	-	-	-	8,545,069	-	-	-	-	-	-
Islamic financing, related assets and advances	230,194,288	83,427,653	723,689	13,890,020	29,312,684	1,651,302	1,410,875	1,591,119	716,702	999,137	7,156,195	18,271,363	174,517,383	32,871,061
Property and equipment	12,574,354	-	-	-	128,628	127,617	427,546	1,543,852	300,386	292,733	1,055,407	925,160	1,060,372	6,712,653
Right-of-use assets	3,566,267	213,522	-	525	525	330	5,060	3,563	40,238	368,577	569,578	1,493,705	794,167	-
Intangible assets	3,666,496	-	-	-	15,507	15,482	14,944	44,836	44,417	43,758	164,205	145,526	161,523	3,016,298
Deferred tax assets	110,448	-	-	-	-	-	-	-	-	110,448	-	-	-	-
Other assets	31,430,237	1,679,888	2,220,875	1,956,226	1,156,815	324,569	528,349	250,295	216,185	73,484	895,417	2,697,280	5,183,250	14,247,624
	654,791,347	127,984,290	4,950,316	21,797,563	30,614,159	2,119,300	2,597,448	11,978,734	14,718,028	1,576,562	62,422,951	62,932,411	209,234,798	101,864,787
Liabilities														
Bills payable	5,125,177	5,125,177	-	-	-	-	-	-	-	-	-	-	-	-
Due to financial institutions	60,659,056	22,986,360	19,716,774	12,768,050	1,313,141	559,569	1,873,112	3,919,183	-	-	814,176	4,775,768	1,904,237	9,245,460
Deposits and other accounts	522,540,920	2,537,010	45,303,774	45,303,774	54,067,009	17,028,268	33,123,060	36,260,158	17,987,043	33,269,830	20,175,517	30,122,103	49,952,652	162,987,722
Lease liabilities	4,282,285	241,434	-	-	-	-	-	-	29,153	37,785	396,806	607,918	1,741,487	1,197,711
Subordinated sukuk	2,850,000	-	-	-	-	-	-	-	-	-	-	-	-	2,850,000
Other liabilities	22,992,289	1,741,909	3,457,916	2,095,345	2,032,214	1,786,358	1,247,853	373,897	837,341	2,678,712	2,382,262	1,291,501	1,305,944	1,761,037
	618,419,737	9,645,530	46,161,050	60,167,169	57,412,364	19,374,195	36,244,025	40,553,238	18,653,537	36,486,327	23,768,761	36,797,290	54,904,320	178,051,930
Net assets	36,371,610	118,338,760	(41,210,734)	(38,369,606)	(26,798,205)	(17,254,895)	(33,646,577)	(23,574,504)	(4,135,509)	(34,909,765)	38,654,190	26,135,121	154,330,478	(76,187,143)
Share capital - net	11,007,991	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	4,800,091	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	4,653,025	-	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	15,910,503	-	-	-	-	-	-	-	-	-	-	-	-	-
	36,371,610													

Rupees in '000

48.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Holding Company

2024

	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
Assets										
Cash and balances with treasury banks	41,093,952	41,093,952	-	-	-	-	-	-	-	-
Balances with other banks	984,866	984,866	-	-	-	-	-	-	-	-
Due from financial institutions	4,257,928	4,257,928	-	-	-	-	-	-	-	-
Investments	345,051,553	-	-	12,355,659	49,480,302	38,342,604	66,464,383	173,777,489	3,755,471	895,646
Islamic financing, related assets and advances	296,018,563	75,562,927	31,090,842	41,866,335	33,473,747	14,560,111	16,663,073	25,262,432	57,588,897	-
Property and equipment	15,103,969	148,020	763,517	1,619,906	840,753	1,552,237	1,218,067	1,641,089	7,320,380	-
Right-of-use assets	4,314,535	-	-	28,771	11,132	31,332	-	4,243,300	-	-
Intangible assets	4,097,172	26,730	52,065	77,918	155,061	292,933	250,896	235,240	2,959,318	47,011
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	26,962,224	2,547,531	1,381,803	1,894,161	2,573,496	2,022,952	3,127,787	6,815,496	6,598,726	272
	737,884,562	124,621,954	33,288,227	57,842,749	86,514,491	56,802,169	87,724,207	211,975,046	78,172,791	942,929
Liabilities										
Bills payable	13,773,529	13,773,529	-	-	-	-	-	-	-	-
Due to financial institutions	87,662,161	66,297,369	2,512,160	1,746,603	1,865,443	5,052,892	1,798,429	2,010,950	6,378,315	-
Deposits and other accounts	559,177,927	124,507,685	39,786,416	38,817,492	52,079,012	23,200,184	34,523,187	57,287,250	188,976,701	-
Lease liabilities	4,839,747	-	-	24,314	4,045	26,072	-	4,785,316	-	-
Subordinated sukuk	3,000,000	-	-	-	-	-	-	-	3,000,000	-
Deferred tax liabilities	1,510,000	-	-	1,510,000	-	-	-	-	-	-
Other liabilities	19,706,230	2,975,161	1,099,375	916,719	973,428	1,080,182	1,517,628	2,509,537	8,634,201	-
	689,669,594	207,553,744	43,397,951	43,015,128	54,921,928	29,359,330	37,839,244	66,593,053	206,989,217	-
Net assets	48,214,968	(82,931,790)	(10,109,724)	14,827,621	31,592,563	27,442,839	49,884,963	145,381,992	(128,816,425)	942,929
Share capital - net	11,007,991									
Reserves	7,166,799									
Surplus on revaluation of assets	7,387,004									
Unappropriated profit	22,653,174									
	48,214,968									

2023

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	41,287,071	-	-	-	-	-	-	-	-	-
Balances with other banks	1,376,176	-	-	-	-	-	-	-	-	-
Due from financial institutions	16,502,138	-	8,545,069	-	-	-	-	-	-	-
Investments	314,083,872	210,674	-	13,396,100	52,783,150	40,303,504	174,517,383	27,467,279	5,403,782	-
Islamic financing, related assets and advances	230,194,288	3,062,177	1,591,117	1,717,840	7,156,195	18,271,363	26,818,565	21,868,312	22,354,672	-
Property and equipment	12,574,354	128,627	555,163	1,543,853	593,119	925,160	1,060,372	1,370,828	5,341,825	-
Right-of-use assets	3,586,267	214,047	5,390	3,563	97,240	589,578	1,493,705	794,167	-	-
Intangible assets	3,666,496	15,509	30,427	44,833	88,175	145,526	161,523	3,016,298	-	-
Deferred tax assets	110,448	-	-	-	110,448	-	-	-	-	-
Other assets	31,430,237	7,013,784	852,918	250,295	289,669	2,697,280	5,183,250	8,750,456	5,497,168	-
	654,791,347	185,346,330	4,716,749	11,978,730	16,294,591	62,932,411	209,234,798	63,267,340	38,597,447	-
Liabilities										
Bills payable	5,125,177	-	-	-	-	-	-	-	-	-
Due to financial institutions	60,659,056	37,067,551	2,432,681	3,919,183	500,000	4,775,768	1,904,237	9,037,981	207,479	-
Deposits and other accounts	522,540,920	121,624,567	50,151,328	36,260,158	51,256,873	30,122,103	49,952,652	162,997,722	-	-
Lease liabilities	4,252,295	241,434	-	-	66,938	607,918	1,741,487	1,197,712	-	-
Subordinated sukuk	2,850,000	-	-	-	-	-	-	-	-	2,850,000
Other liabilities	22,992,289	9,327,384	3,034,211	373,897	3,516,053	1,291,501	1,305,945	1,761,036	-	-
	618,419,737	173,386,113	55,618,220	40,553,238	55,339,864	36,797,290	54,904,321	174,994,451	3,057,479	-
Net assets	36,371,610	11,960,217	(50,901,471)	(28,574,508)	(39,045,273)	26,135,121	154,330,477	(111,727,111)	35,539,968	-
Share capital- net	11,007,991	-	-	-	-	-	-	-	-	-
Reserves	4,800,091	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	4,653,025	-	-	-	-	-	-	-	-	-
Unappropriated profit	15,910,503	-	-	-	-	-	-	-	-	-
	36,371,610	-	-	-	-	-	-	-	-	-

49 GENERAL

- 49.1** Captions, as prescribed by BPRD Circular No. 02, dated: January 25, 2018 issued by the SBP, in respect of which there are no amounts, have not been reproduced in these consolidated financial statements, except for captions of the consolidated Statement of Financial Position and consolidated Profit and Loss Account.
- 49.2** These consolidated financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.
- 49.3** The figures in these consolidated financial statements have been rounded off to the nearest thousand rupee.
- 49.4** The Board of Directors in their meeting held on February 27, 2025 has announced final cash dividend of Rs. 1.25 per share (12.5%) (2023: Re. 1 per share [10%]). This appropriation will be approved in the forthcoming Annual General Meeting. The consolidated financial statements for the year ended December 31, 2024 do not include the effect of this appropriation which will be accounted for in the consolidated financial statements for the year ended December 31, 2025. The Board had earlier declared and paid an interim cash dividend of Rs. 1.5 (15%) (2023: Rs. 1.75 [17.5%]).

50 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue on February 27, 2025 by the Board of Directors of the Bank.



PRESIDENT /
CHIEF EXECUTIVE
OFFICER



CHIEF FINANCIAL
OFFICER



CHAIRMAN



DIRECTOR



DIRECTOR

Annexure - I

STATEMENT SHOWING WRITTEN-OFF FINANCING 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	Profit written-off / waived	Other financial relief provided	Total (9+10+11)
				Principal	Profit	Others	Total (5+6+7)				
1	2	3	4	5	6	7	8	9	10	11	12
-----Rupees in '000-----											
1	Taimoor u din, HOUSE-14-D GULBERG ROAD LAHORE	Taimoor ud din 38202-3696784-7	ABDUL REHMAN	15,659	6,423	312	22,394		10,654	-	10,654
2	MUHAMMAD KASHIF & MARYAM KASHIF, H NO 300/37/B LANDHI NO 1 KARACHI	Muhammad Kashif 42000-0421089-3	MUHAMMAD HANIF SIDDIQUI	3,184	10,753	33	13,969		9,787	-	9,787
3	Telecard Limited, World Trade Centre, 10 Khayaban-e Roomi, Block - 5, Clifton, Karachi	Syed Muhammad Pervaz Sadiq 42000-6405000-7	S. Abdul Sadiq	145,614	30,465	-	176,079		8,965	-	8,965
4	NAVEED HAMEED & SANA NAVEED	Naveed Hameed 42201-6151684-9	ABDUL HAMEED	25,000	15,857	20	40,877		8,071	-	8,071
5	SALMA MAJID & MAJID SHAH, H NO 97 ST 28 KHAY AAN-E-SEHAR PH 6 DH KARACHI	Salma Majid 42201-9277255-4	KHALID SHAFI	67,784	9,693	421	77,898		6,693	-	6,693
6	MUHAMMAD MOHUDDIN & NASEEM, HOUSE R 21/1 KHAYABAN E SADI PH 7 KARACHI	Muhammad Mohiuddin 44103-2919826-4	MOHI UDDIN KHAN	27,508	8,810	-	36,317		6,317	-	6,317
7	Margalla Textile, MONNOO HOUSE 3-MONTGOMERY ROAD LAHORE	Mr. Jahangir A. Monnoo s/o Mian Nazir Hussain 35202-2479512-7	"NAZIR HUSSAIN MONNO MIAN NAZEER HUSSAIN KASHIAR AHMED MONNOO SHAHZAD ALAM MONNO"	103,576	5,237	-	108,813		5,237	-	5,237
8	Mr. Shaikat Ali - House No.1, Al-Karim Park, Sunny Road, Darogahwala, G.T. Road, Lahore.	Mr. Shaikat Ali (Late) - CNIC NO. 35201-5910931-9	MAIRAJ DIN	1,816	5,132	51	6,999		4,479	-	4,479
9	Shakil Ahmed - House No.128-F, Sector No.11-B, situated at North Karachi Township, Karachi.	Shakil Ahmed 42201-6554466-9	JAMEEL AHMED	4,946	4,287	-	9,233		4,287	-	4,287
10	Mr. Imdad Hussain Gondal - Miiana Gondal, HOUSE KHEWAT 146 KHATOONI 497 TO 512 QITA 128 MANDI BHAUDDIN.	Mr. Imdad Hussain Gondal - 34401-0598972-3	ABDUL RAZZAQUE	2,227	3,704	-	5,931		3,530	-	3,530
11	SHAIKH OMAR SIDDIQ & JHANARA - PLOT NO 6 C 2 RAHAT 4 FLOOR PHASE 6 DHA KARACHI	Shaikh Omar 42301-0703422-5	SHAIKH MUHAMMAD SIDDIQ	4,459	2,791	609	7,859		2,457	-	2,457
12	Syed Sabeen Fatima - House No.121, New Labour Colony, SITE Area, Kotri, Hyderabad	Syed Sabeen Fatima 41204-4014275-2	SYED NAWAZISHALI	1,626	1,914	66	3,606		1,910	-	1,910
13	Faizan Saleem, H 116 ST 15 BLK Q PH 2 DHA LAHORE	Faizan Saleem 35202-8295378-3	SHEIKH SALEEM AHMED	21,325	1,919	57	23,302		1,734	-	1,734
14	SYED KHALID HUSSAIN & SHABANA KAUSAR, BANGLOW NO A 146 C, BLOCK 13 C, GULSHAN E IOBAL UNIVERSITY RD KARACHI	Syed Khalid 42201-2708885-5	SYED ILYAS HUSSAIN	7,316	2,783	467	10,565		1,599	-	1,599
15	NAZ AHMED & SANA NAWAZ, FLAT NO 203 FALAKNAZ HEIGHTS MAIN SHAHRAH E FAISAL KARACHI	Niaz Ahmed 42201-3688657-0	MUHAMMAD RAFIQ BHUTTA	2,537	1,365	45	3,947		906	-	906
16	Hiborn International, Suite # 205, Gull Plaza, 15 Civic Centre, New Garden Town, Lahore.	Humayun Kabir 45504-8538259-1	MUHAMMAD ASHFAQ MIAN RIAZ AHMED	9,815	977	-	10,791		732	-	732
Total				444,390	112,111	2,080	558,581	-	77,357	-	77,357

Annexure - II

Details of disposal of fixed assets to the Chief Executive Officer or to a Director or to Executives, irrespective of the value, and to any other person having aggregate book value of more than Rs 5 million and particulars of each asset, which has book value of Rs. 500,000 or above during the year are as follows

Asset description	Asset Cost	Accumulated depreciation	WDV	Sale proceeds	Gain/ (loss) on disposal	Mode of disposal	Particulars of Buyer
Membership and Subscription	2,000	517	1,483	2,000	517	Tender	DACC
Membership and Subscription	2,000	583	1,417	2,000	583	Tender	DACC
Membership and Subscription	2,000	583	1,417	2,000	583	Tender	DACC
Membership and Subscription	2,000	583	1,417	2,000	583	Tender	DACC
Membership and Subscription	2,000	579	1,421	2,000	579	Tender	DACC
Membership and Subscription	2,000	579	1,421	2,000	579	Tender	DACC
Membership and Subscription	4,000	473	3,527	4,000	473	Tender	DACC
Membership and Subscription	4,000	473	3,527	4,000	473	Tender	DACC
Membership and Subscription	2,800	856	1,944	2,231	287	Buy Back	Tahir Bhatti
Total	22,800	2,267	5,733	8,000	2,267		

Pattern of Shareholding

As at December 31, 2024

S.No.	No. of Shareholders	Shareholdings From			Total Shares Held
1	1048	1	to	100	31,256
2	14357	101	to	500	6,765,670
3	3023	501	to	1,000	2,303,819
4	1782	1,001	to	5,000	3,638,787
5	274	5,001	to	10,000	2,164,621
6	348	10,001	to	50,000	8,303,127
7	66	50,001	to	100,000	4,666,576
8	83	100,001	to	500,000	22,430,055
9	20	500,001	to	1,000,000	13,501,012
10	21	1,000,001	to	5,000,000	40,682,419
11	5	5,000,001	to	7,500,000	32,552,703
12	1	7,500,001	to	117,250,000	21,597,754
13	1	117,250,001	to	117,255,000	117,253,488
14	1	117,255,001	to	832,815,000	832,812,012
Total	21030	Percentage: 100%			1,108,703,299

Category Wise List of Shareholding

As at December 31, 2024

Categories of Shareholders	Shareholders	Shares Held	Percentage
DIRECTORS AND THEIR SPOUSE(S) AND MINOR CHILDREN			
ALI HUSSAIN	1	117,253,488	10.58%
SULEMAN LALANI	1	86,263	0.01%
SHAMSA SULEMAN	1	31,563	0.00%
HAIDER ALI HILALY	1	31,000	0.00%
SULAIMAN SADRUDDIN MEHDI	1	1,000	0.00%
SYED ALI HASHAM	1	501	0.00%
AKHTAR ABBAS	1	500	0.00%
IFFAT ZEHRA MANKANI	1	500	0.00%
SUB-TOTAL	8	117,404,815	10.59%
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES			
JS BANK LIMITED	1	832,812,012	75.12%
SAJ CAPITAL MANAGEMENT LTD	1	21,597,754	1.95%
SUB-TOTAL	2	854,409,766	77.06%
EXECUTIVES			
	2	39,467	0.00%
NIT AND ICP			
	-	-	-
BANKS DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS			
	2	3,190	0.00%
INSURANCE/TAKAFUL COMPANIES			
	5	4,490,365	0.41%
MODARABAS AND MUTUAL FUNDS			
	26	29,131,949	2.63%
GENERAL PUBLIC			
a. Local	20468	85,564,392	7.72%
b. Foreign	176	2,445,420	0.22%
Foreign Companies	3	1,260,284	0.11%
Others	338	13,953,651	1.26%
Totals	21030	1,108,703,299	100.00%
SHAREHOLDERS HOLDING 5% OR MORE			
		Shares Held	Percentage
JS BANK LIMITED		832,812,012	75.12
ALI HUSSAIN		117,253,488	10.58

Notice of Annual General Meeting

Notice is hereby given that the 21st Annual General Meeting of the Members of BankIslami Pakistan Limited (the "Bank") will be held Inshallah on Thursday, March 27, 2025 at 10:30 a.m. (PST) at, Zaver Hall, Pearl Continental, Club Road, Karachi to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Annual Audited Financial Statements of the Bank and Consolidated Audited Financial Statements of the Bank for the year ended December 31, 2024 together with the Auditors' and Directors' Reports and Chairman's Review thereon.
2. To appoint Auditors of the Bank for the year ending December 31, 2025 and to fix their remuneration. The Audit Committee and the Board of Directors have both recommended the appointment of retiring auditors, KPMG Taseer Hadi & Co., Chartered Accountants, who being eligible have offered themselves for re-appointment as auditors for the year ending December 31, 2025.
3. To consider and, if thought fit, approve as recommended by the Board of Directors, final cash Dividend at the rate of Rs. 1.25 per share i.e. 12.50% in addition to Rs. 1.50 per share i.e. 15 % interim cash Dividend already declared/paid.

By order of the Board

Dated: March 06, 2025

Hasan Shahid
Company Secretary



(Scan for Financial Statements)

Notes:

1. The Members' Register will remain closed from March 20, 2025 to March 27, 2025 (both days inclusive).
2. A member eligible to attend and vote at this meeting may appoint proxy to attend and vote in the meeting.
3. Proxies in order to be effective must be received at the registered office of the Bank not less than 48 hours before the time of the meeting.
4. Central Depository Company of Pakistan Limited ("CDC") Account holders will further have to follow the under mentioned guidelines as laid down by Circular No. 01, dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan:

For Attending the Meeting:

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (“CNIC”) or original passport at the time of attending the Meeting.
- ii. In case of corporate entity, the Board of Directors’ resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

For Appointing Proxies:

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.
 - ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the Form.
 - iii. Attested copy of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv. The proxy shall produce his/ her original CNIC or passport at the time of the meeting.
 - v. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted along with proxy form of the Bank.
5. Members are requested to promptly notify CDC Share Registrar Services Limited, CDC House,99 - B, Block ‘B’, S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 of any change in their address.

6. Transmission of Annual Audited Financial Statements

In accordance with Section 223 of the Companies Act, 2017 and pursuant to S.R.O. 389(I)/2023 dated March 21, 2023, the financial statements of the Bank have been uploaded on the website of the Bank which can be downloaded from the following web-link:-

Link web site <https://bankislami.com.pk/BankIslami-Annual-Report-2024.pdf>

The Bank has also circulated the annual financial statements through email to shareholders in case email addresses are provided by the shareholders to the Bank. Further, a shareholder may request to the Company Secretary at the Registered Office of the Bank located at 11th Floor, Executive Towers, Dolmen City, Marine Drive, Block-4, Clifton, Karachi to provide hard copy of Annual Audited Financial Statements and the same will be provided at his / her registered address, free of cost, within one week of the demand. In this regard, a ‘Request Form’ has been placed on website of the Bank for shareholders to communicate the need of hard copies of the Annual Audited Financial Statements.

7. Conversion of physical share certificate in book entry form and to collect unclaimed physical shares.

With reference to the provisions of Section 72 of the Companies Act, 2017, Securities and Exchange Commission of Pakistan, through its letter No. CSD/ED/MISC/2016-639-640 dated March 26, 2021, has required listed companies to replace the existing physical shares issued by them into Book Entry Form. In compliance with regulatory requirement, shareholders of BankIslami Pakistan Limited holding physical share certificates are requested to convert their physical shares certificates into Book Entry Form.

Further, shareholders who have not yet collected their unclaimed physical share certificates are requested to collect from Bank's Share Registrar and also convert the certificate(s) in book entry form in compliance of the regulatory requirement. Shareholders of Bank may contact their Broker (a PSX member), CDC Participant or CDC Investor Account Services Department of Central Depository Company of Pakistan Limited for assistance in opening CDC Account. The said conversion will benefit the shareholders i.e. share(s) will be readily available for sale and purchase at better rates, instant credit of entitlements (bonus shares and rights shares), eliminate the risk of loss of shares, etc.

8. Un-claimed Dividends/Shares

The shareholders are hereby informed that in accordance with section 244 of the Companies Act, 2017 and the Unclaimed Shares, Modaraba certificates, Dividend, other instruments and Undistributed Assets Regulations, 2017, the companies are required to deposit cash dividends to the credit of the Federal Government and shares to the Commission, which are undelivered/unclaimed for a period of three (3) years or more from the date of it is due and payable.

9. International Bank Account Number (IBAN) of shareholders for dividend mandate

Section 242 of the Companies Act 2017 requires that the listed companies shall pay cash dividend only through electronic mode directly into the bank account designated by the shareholders. SECP vide its notification SRO 1145 (I)/2017 has also issued the Companies (Distribution of Dividends) Regulations, 2017 whereby every shareholder shall be responsible to provide valid information pertaining to its designated bank account to disburse any dividend payable in cash only through electronic mode directly into the bank account designated by the entitled shareholders.

In this regard, the Bank has already communicated through its letters addressed to the shareholders individually along with newspapers publications requesting to provide the International Bank Account Number ("IBAN") designated by the shareholders to receive the cash dividends electronically. Hence, shareholders who have not yet provided such information are requested to fill the required fields of Bank's letter available on website of the Bank: www.bankislami.com.pk and send the same to the Share Registrar and Transfer Agent of the Bank. In case of shares held as book-entry securities, the said information would be required to be provided to Central Depository System ("CDS") through CDS Participants.

10. Mandatory information required from shareholders

According to Section 119 of the Companies Act, 2017, and Regulation 47 of the Companies Regulations, 2024, shareholders are advised to provide their mandatory details (CNIC, address, phone number, IBAN, etc.) to ensure compliance and avoid future issues:

- Physical shareholding: Information should be submitted to the Bank's Share Registrar at below address.
- Shares under Central Depository System (CDS): Information should be provided to the relevant CDC Investor Account Services / CDC Participant / Stock brokers.

CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400. Tel. Toll Free 0800-23275, Email: info@cdcsrsl.com, website: www.cdcsrsl.com.

11. Tax implication on Dividend

Section 150 of the Income Tax Ordinance, 2001 prescribes different rates (for tax return filers and non-filers) for deduction of withholding tax on the amount of dividend paid by the companies / banks.

The shareholders are advised to ensure that their names are entered into Active Tax Payers List of the Federal Board of Revenue, before the date of book closure for cash dividend; otherwise, tax on their cash dividend will be deducted as non-filer.

Tax on joint shareholding

All shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to the Bank's Shares Registrar, in writing as follows:

Folio number / CDS Account number	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC No.	Shareholding Proportion (number of Shares)	Name and CNIC No.	Shareholding Proportion (number of Shares).

The required information must reach to Bank's Shares Registrar by the close of business (5:00 p.m.) on March 17, 2025 otherwise it will be assumed that the shares are equally held by principal shareholder and joint holder(s) and tax will be deducted according to the proportionate holding of each shareholder as clarified by the FBR vide its clarification letter No. I(54)Exp/2014-132872-R, dated September 25, 2014.

12. Tax Exemption Certificate

Shareholders claiming tax exemption under clause 47(B) of Part IV of the Second Schedule of Income Tax Ordinance, 2001 are requested to provide a valid exemption certificate under section 159(1) of the Income Tax Ordinance, 2001 latest by March 17, 2025, to Bank's Share Registrar before the date of Book closure as required vide FBR clarification letter No. I(43)D.G.(W.H.T.)/2008-Vol.II-66417-R dated May 12, 2015.

13. Zakat Declaration (CZ-50)

Zakat will be deducted from the dividends at source at the rate of 2.5 % of the paid-up value of the share (Rs. 10/- each) and will be deposited within the prescribed period with the relevant authority. In case of claiming exemption, please submit your Zakat Declarations under Zakat and Ushr Ordinance, 1980 and Rule 4 of Zakat (Deduction and Refund) Rules, 1981. Shareholder who holds Bank's shares in physical, please deposit their Zakat Declaration on Form CZ-50 with Bank's Share Registrar with mentioning Folio No and Name. Shareholder who holds shares in book entry shall deposit their Zakat declaration on Form CZ-50 with CDC Investor Account Services / CDC Participant / Stock brokers with mentioning CDS Account No. and name of shareholder.

14. Consent for Video Conference Facility

For this Annual General Meeting, under following conditions, Members can also avail video conference facility:

- Upon request from member(s) holding at least 10% of the paid-up capital, residing in a specified city, video conferencing will be arranging on demand, provided the request is made at least seven days before the meeting date.
- Only members or proxies can attend via video link and will maintain the meeting's integrity.

In this regard, members who wish to participate through video conference facility at should send a duly signed request as per following format to the registered address of the Bank at least 10 days before the date of general meeting.

I/We, _____ of _____, being a member of BankIslami Pakistan Limited, holder of _____ Ordinary Share(s) as per Registered Folio No. _____ hereby opt for video conference facility at _____.

Signature of Member

15. To attend general meeting through video-conferencing facility

In line with the direction issued to listed companies by the Securities and Exchange Commission of Pakistan, vide its Circular No. 4 dated February 15, 2021 and Circular No. 6 dated March 03, 2021, the members / proxy holders who wish to attend the AGM via video link facility, are requested to register themselves.

To attend the AGM through video-conferencing facility, the Members are requested to register themselves by providing the following information through email ID: agm@bankislami.com.pk at least forty-eight (48) hours before the AGM.

Name of shareholder	CNIC/NTN No.	Folio No/CDC	Cell Number	Email Address

Members will be registered, after necessary verification as per the above requirement and will be provided a video-link by the Bank via email. The login facility will remain open from 10:00 A.M (PST) till the end of AGM.

16. Conduct of shareholders in the meeting

Shareholders are requested to observe the conduct referred in sub-regulation 2 of Regulation 55 of the Companies Regulations, 2024 while attending the AGM.

12- ٹیکس اسٹشی کا ٹیٹھلیٹ

آئٹم ٹیکس آرڈیننس، 2001 کے دوسرے شیڈول کے حصہ 4 کی شق 47(B) کے تحت ٹیکس اسٹشی کا دعویٰ کرنے والے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ آئٹم ٹیکس آرڈیننس، 2001 کے سیکشن 159(1) کے تحت 17 مارچ 2025 تک ایک درست اسٹشی کا ٹیٹھلیٹ فراہم کریں جیسا کہ FBR کے وضاحتی خط نمبر I.D.G.(43)/(W.H.T.)-Vol.II-2008/66417-R مورخہ 12 مئی 2015 میں طلب کیا گیا ہے۔

13- زکوٰۃ کا اعلان (50-CZ)

حصص کی ادا شدہ قیمت (10/- / روپے ہر) کے 2.5% کی شرح سے منبج پر حاصل ہونے والے منافع سے زکوٰۃ کاٹی جائے گی اور مقررہ مدت کے اندر متعلقہ اتھارٹی کے پاس جمع کرائی جائے گی۔ اسٹشی کا دعویٰ کرنے کی صورت میں، براہ کرم زکوٰۃ اور عشر آرڈیننس، 1980 اور زکوٰۃ (کنوٹی اور رقم کی واپسی) روٹز، 1981 کے قاعدہ 4 کے تحت اپنے زکوٰۃ کے اعلامیہ جمع کرائیں۔ جس شیئر ہولڈر کے پاس بک انٹری میں حصص ہیں وہ اپنی زکوٰۃ کا اعلان فارم 50-CZ پر CDC انوسٹرا کاؤنٹ سروسز/ CDC سٹراکٹ دارا اسٹاک بروکرز کے پاس جمع کرائیں گے جس میں ICDS کاؤنٹ نمبر اور شیئر ہولڈر کا نام درج ہوگا۔

14- ویڈیو کانفرنس کی سہولت کے لیے رضامندی

اس سالانہ اجلاس عام کے لیے، درج ذیل شرائط کے تحت، ممبران ویڈیو کانفرنس کی سہولت بھی حاصل کر سکتے ہیں:

- کسی مخصوص شہر میں رہائش پذیر، ادا شدہ سرمائے کا کم از کم 10% رکھنے والے اراکین (ممبروں) کی درخواست پر، مطالبہ پر ویڈیو کانفرنسنگ کا اہتمام کیا جائے گا، بشرطیکہ یہ درخواست مینٹنگ کی تاریخ سے کم از کم سات دن پہلے کی گئی ہو۔
- صرف ممبران یا پراکسی ویڈیو لنک کے ذریعے شرکت کر سکتے ہیں اور اجلاس کی سالمیت کو برقرار رکھیں گے۔

اس سلسلے میں، جو ممبران ویڈیو کانفرنس کی سہولت کے ذریعے شرکت کرنا چاہتے ہیں، وہ مندرجہ ذیل فارمیٹ کے مطابق ایک باقاعدہ دستخط شدہ درخواست اجلاس عام کی تاریخ سے کم از کم 10 دن پہلے بینک کے رجسٹرڈ پتے پر بھیجیں۔

میں/ہم، _____ کا _____، بینک اسلامی پاکستان لمیٹڈ کارکن ہونے کے ناطے، رجسٹرڈ فوئیو نمبر _____ کے مطابق _____ عام شیئرز کا حامل، _____ پر ویڈیو کانفرنس کی سہولت کا انتخاب کرتا ہوں۔

ممبر کے دستخط

15- ویڈیو کانفرنسنگ کی سہولت کے ذریعے جنرل مینٹنگ میں شرکت کرنا

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے لسٹڈ کمپنیوں کو جاری کردہ ہدایت کے مطابق، اس کے سرکلر نمبر 4 مورخہ 15 فروری 2021 اور سرکلر نمبر 6 مورخہ 03 مارچ 2021 کے ذریعے، اراکین/پراکسی ہولڈرز جو ویڈیو لنک کی سہولت کے ذریعے سالانہ اجلاس عام میں شرکت کرنا چاہتے ہیں، ان سے درخواست کی جاتی ہے کہ وہ خود کو رجسٹر کروائیں۔

ویڈیو کانفرنسنگ کی سہولت کے ذریعے سالانہ اجلاس عام میں شرکت کے لیے ممبران سے درخواست کی جاتی ہے کہ وہ ای میل آئی ڈی agm@bankislami.com.pk کے ذریعے اجلاس سے کم از کم اڑتالیس (48) گھنٹے پہلے درج ذیل معلومات فراہم کر کے اپنے آپ کو رجسٹر کریں:-

شیئر ہولڈر کا نام	کمپیوٹرائزڈ قومی شناختی کارڈ/نیشنل ٹیکس نمبر	فولیو/آئی ڈی سی اے کاؤنٹ نمبر	موبائل نمبر	ای میل ایڈریس

ممبران کو مندرجہ بالا ضرورت کے مطابق ضروری تصدیق کے بعد رجسٹر کیا جائے گا اور بینک کی طرف سے ای میل کے ذریعے ایک ویڈیو لنک فراہم کیا جائے گا۔ لاگ ان کی سہولت (PST) A.M10:00 سے اجلاس کے اختتام تک کھلی رہے گی۔

16- سالانہ اجلاس عام میں شیئر ہولڈرز کا طرز عمل

شیئر ہولڈرز سے درخواست ہے کہ وہ سالانہ اجلاس عام میں شرکت کے دوران کمپنیز ریگولیشنز، 2024 کے ضابطہ 55 کے ذیلی ضابطہ 2 میں مذکور طریقہ کار کو اپنائیں۔

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غیر دعوی شدہ منافع اہص

شیر ہولڈرز کو مطلع کیا جاتا ہے کہ کمپنیز ایکٹ 2017 کے سیکشن 244 اور غیر دعوی شدہ حصص، مضاربہ سٹیک ہولڈرز، ڈیویڈنڈ، دیگر انٹرنیشنل اور غیر تقسیم شدہ اثاثہ جات کے خواہاں، 2017 کے مطابق کمپنیز کو وہ نقد ڈیویڈنڈ وفاقی حکومت کے کریڈٹ میں اور وہ حصص کمیشن کو جمع کرانا لازمی ہے جو ادائیگی کی تاریخ سے تین (3) سال یا اس سے زیادہ مدت کے لئے غیر دعوی شدہ ہونگے۔

9 -

ڈیویڈنڈ مینڈیٹ کے لیے شیر ہولڈرز کا انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN)

کمپنیز ایکٹ 2017 کے سیکشن 242 کا تقاضا ہے کہ لسنڈ کمپنیاں صرف الیکٹرانک موڈ کے ذریعے براہ راست شیر ہولڈرز کے نامزد کردہ بینک اکاؤنٹ میں نقد ڈیویڈنڈ ادا کریں۔ ایس ای سی پی نے اپنے نوٹیفیکیشن SRO 1145 (I)/2017 کے ذریعے کمپنیز (ڈسٹری بیوشن آف ڈیویڈنڈز) ریگولیشنز 2017 بھی جاری کیا ہے جس کے تحت ہر شیر ہولڈر اپنے نامزد بینک اکاؤنٹ سے متعلق درست معلومات فراہم کرنے کا ذمہ دار ہوگا تاکہ کسی بھی قابل ادا ڈیویڈنڈ کو نقد رقم میں صرف الیکٹرانک موڈ کے ذریعے براہ راست شیر ہولڈرز کے نامزد کردہ بینک اکاؤنٹ میں براہ راست تقسیم کیا جاسکے۔

اس سلسلے میں، بینک نے پہلے ہی حصص یافتگان کو انفرادی طور پر لکھے گئے خطوط کے ساتھ اخبارات کی اشاعتوں کے ذریعے آگاہ کیا ہے جس میں حصص یافتگان کی طرف سے متعین کردہ انٹرنیشنل بینک اکاؤنٹ نمبر ("IBAN") فراہم کرنے کی درخواست کی گئی ہے تاکہ وہ الیکٹرانک طریقے سے نقد منافع وصول کر سکیں۔ اس لیے جن شیر ہولڈرز نے ابھی تک ایسی معلومات فراہم نہیں کی ہیں ان سے درخواست کی جاتی ہے کہ بینک کی ویب سائٹ www.bankislami.com.pk پر دستیاب بینک کے خط میں درکار معلومات فراہم کریں اور اسے بینک کے شیر رجسٹرار اور ٹرانسفر ایجنٹ کو بھیج دیں۔ بک انٹرنیٹ سیکورٹیز کے طور پر رکھے گئے حصص کی صورت میں، مذکورہ معلومات کو CDS شرکاء (Participant) کے ذریعے سینٹرل ڈیپازٹری سسٹم ("CDS") کو فراہم کرنے کی ضرورت ہوگی۔

10 -

شیر ہولڈرز سے درکار لازمی معلومات

کمپنیز ایکٹ، 2017 کے سیکشن 119، اور کمپنیز ریگولیشنز، 2024 کے ضابطے 47 کے مطابق، حصص یافتگان کو مشورہ دیا جاتا ہے کہ وہ یہ سب کو یقینی بنانے اور مستقبل کے مسائل سے بچنے کے لیے اپنی لازمی تفصیلات (CNIC، پتہ، فون نمبر، IBAN، وغیرہ) فراہم کریں:

- فزیکل شیر ہولڈنگ: معلومات درج ذیل پتے پر بینک کے شیر رجسٹرار کو جمع کرائی جانی چاہیے۔
- سنٹرل ڈیپازٹری سسٹم (CDS) کے تحت حصص: متعلقہ CDC انوسٹر اکاؤنٹ نمبر/سروسز/CDK شراکت دار/اشاک بروکرز کو معلومات فراہم کی جائیں۔

سی ڈی سی شیر رجسٹرار سرورسز لمیٹڈ، سی ڈی سی ہاؤس، 99-بی، بلاک 'بی'، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی-74400۔ ٹیلی فون ٹول فری 0800-23275۔
ای میل: info@cdcsrsl.com، ویب سائٹ: www.cdcsrsl.com

11 -

ڈیویڈنڈ پریکٹس کا اطلاق

اکم ٹیکس آرڈیننس، 2001 کا سیکشن 150 کمپنیز/بینکوں کی طرف سے ادا کردہ ڈیویڈنڈ کی رقم پر دو ہولڈنگ ٹیکس کی کٹوتی کے لیے مختلف شرحیں (ٹیکس ریٹرن فائلرز اور نان فائلرز کے لیے) تجویز کرتا ہے۔

شیر ہولڈرز کو مشورہ دیا جاتا ہے کہ وہ اس بات کو یقینی بنائیں کہ ان کے نام فیڈرل بورڈ آف ریونیو کی ایکٹو ٹیکس ریٹرنز میں، نقد ڈیویڈنڈ کے لیے بک بند ہونے کی تاریخ سے پہلے درج ہو جائیں۔ بصورت دیگر، ان کے ٹیکس ڈیویڈنڈ پریکٹس نان فائلرز کے طور پر کاٹا جائے گا۔

مشترکہ شیر ہولڈنگ پریکٹس

تمام شیر ہولڈرز جو مشترکہ طور پر شیر ہولڈرز ہیں ان سے درخواست کی جاتی ہے کہ وہ پرنسپل شیر ہولڈر اور جو انٹ ہولڈرز کے شیر ہولڈنگ کا تناسب بینک کے شیر رجسٹرار کو تحریری طور پر فراہم کریں:

نوٹیفیکیشن/سی ڈی ایس اکاؤنٹ نمبر	کل حصص	پرنسپل شیر ہولڈر	جو انٹ شیر ہولڈر
نام اور CNIC نمبر	نام اور CNIC نمبر	شیر ہولڈنگ تناسب (کی تعداد حصص)	نام اور CNIC نمبر

مطلوبہ معلومات 17 مارچ 2025 کو کاروبار کے اختتام (شام 5:00 بجے) تک بینک کے شیر رجسٹرار تک پہنچنی چاہیے بصورت دیگر یہ سمجھا جائے گا کہ حصص پرنسپل شیر ہولڈر اور جو انٹ ہولڈرز کے پاس ہیں اور ٹیکس ہولڈرز کے تناسب ہولڈرز کے مطابق کاٹا جائے گا جیسا کہ FBR کے وضاحتی خط نمبر R-132872-2014/Exp(54) مورخہ 25 ستمبر 2014 میں وضاحت کی گئی ہے۔

اجلاس میں شرکت کے لیے:

- i افراد کے معاملے میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا وہ شخص جس کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات CDC کے ضوابط کے مطابق اپ لوڈ کی گئی ہیں، حاضر ہونے کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ ("CNIC") یا اصل پاسپورٹ دکھا کر اپنی شناخت کی تصدیق کرے گا۔
- ii کارپوریٹ ادارے کی صورت میں، میٹنگ کے وقت بورڈ آف ڈائریکٹرز کی قرارداد/اثارنی نامزد کے نمونے کے دستخط کے ساتھ پیش کیا جائے گا (جب تک یہ پہلے فراہم نہ کیا گیا ہو)۔

پراکسیوں کی تقرری کے لیے:

- i افراد کے معاملے میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا وہ شخص جس کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات CDC کے ضوابط کے مطابق اپ لوڈ کی گئی ہیں، مندرجہ بالا ضرورت کے مطابق پراکسی فارم جمع کرائیں گے۔
- ii پراکسی فارم پر دو افراد گواہی دیں گے جن کے نام، پتے اور CNIC نمبر فارم پر درج ہوں گے۔
- iii CNIC کی تصدیق شدہ کاپی یا بٹیفیشل (Beneficial) مالکان کے پاسپورٹ اور پراکسی کو پراکسی فارم کے ساتھ پیش کیا جائے گا۔
- iv پراکسی میٹنگ کے وقت اپنا اصل CNIC یا پاسپورٹ پیش کرے گا۔
- v کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی نمونہ دستخط کے ساتھ بینک کے پراکسی فارم کے ساتھ جمع کرایا جائے گا۔

5- اراکین سے درخواست کی جاتی ہے کہ وہ اپنے پتے میں کسی بھی تبدیلی کے بارے میں فوری طور پر سی ڈی سی شیئرز رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس، 99-بی، بلاک 'بی'، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی-74400 کو مطلع کریں۔

6- سالانہ آڈٹ شدہ مالیاتی گوشواروں کی ترسیل

کمپنیز ایکٹ 2017 کے سیکشن 223 کے مطابق اور S.R.O کے مطابق 389(I)/2023 مورخہ 21 مارچ 2023، بینک کے مالیاتی گوشوارے بینک کی ویب سائٹ پر اپ لوڈ کیے گئے ہیں جنہیں درج ذیل ویب لنک سے ڈاؤن لوڈ کیا جاسکتا ہے:-

ویب سائٹ لنک <https://bankislami.com.pk/BankIslami-Annual-Report-2024.pdf>

بینک نے سالانہ مالیاتی گوشواروں کو ای میل کے ذریعے بھی شیئرز ہولڈرز کو بھیج دیا ہے جن حصص یافتگان کی جانب سے بینک کو ای میل ایڈریس فراہم کیے گئے ہیں۔ مزید برآں، شیئرز ہولڈر 11 ویں منزل، ایگزیکٹو ٹاور، ڈولین سٹی، میرین ڈرائیو، بلاک 4-کلفٹن، کراچی میں واقع بینک کے رجسٹرڈ آفس میں کمپنی سیکریٹری سے سالانہ آڈٹ شدہ مالیاتی گوشواروں کی ہارڈ کاپی فراہم کرنے کی درخواست کر سکتا ہے اور اسے ایک ہفتے کے اندر اندر اس کے رجسٹرڈ ایڈریس پر مفت فراہم کیا جائے گا۔ اس سلسلے میں، ایک درخواست فارم 'بینک کی ویب سائٹ پر شیئرز ہولڈرز کے لیے رکھا گیا ہے' ہے کہ وہ سالانہ آڈٹ شدہ مالیاتی گوشواروں کی ہارڈ کاپیوں کی ضرورت سے آگاہ کر سکیں۔

7- کب انٹری فارم میں فزیکل شیئرز حقیقت کی تبدیلی اور غیر دعویٰ شدہ فزیکل شیئرز کو حاصل کرنا۔

کمپنیز ایکٹ، 2017 کے سیکشن 72 کی دفعات کے حوالے سے، پاکستان کے سیکورٹیز اینڈ ایکسچینج کمیشن نے اپنے خط نمبر CSD/ED/MISC/2016-639-640 مورخہ 26 مارچ 2021 کے ذریعے، لسنڈ کمپنیوں سے مطالبہ کیا ہے کہ وہ اپنے جاری کردہ موجودہ فزیکل شیئرز کو کب انٹری فارم میں تبدیل کریں۔ ریگولیٹری تقاضوں کی تعمیل میں، بینک اسلامی پاکستان لمیٹڈ کے فزیکل شیئرز سرٹیفکیٹس رکھنے والے شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے فزیکل شیئرز سرٹیفکیٹس کو کب انٹری فارم میں تبدیل کریں۔

مزید، جن شیئرز ہولڈرز نے ابھی تک اپنے غیر دعویٰ شدہ فزیکل شیئرز حقیقت حاصل نہیں کیے ہیں ان سے درخواست کی جاتی ہے کہ وہ بینک کے شیئرز رجسٹرار سے وصول کریں اور ریگولیٹری تقاضے کی تعمیل میں حقیقت کو کب انٹری فارم میں بھی تبدیل کریں۔ بینک کے شیئرز ہولڈرز CDC اکاؤنٹ کھولنے میں مدد کے لیے اپنے بروکر (پی ایس ایکس ممبر)، سی ڈی سی پارٹنر یا سینٹرل ڈیپازٹری کبھی آف پاکستان لمیٹڈ سے سی ڈی سی انویسٹر اکاؤنٹ سروسز ڈیپارٹمنٹ سے رابطہ کر سکتے ہیں۔ مذکورہ تبدیلی سے حصص یافتگان کو فائدہ پہنچے گا یعنی حصص بہتر نرخوں پر فروخت اور خریداری کے لیے آسانی سے دستیاب ہوں گے، حقداروں کا فوری کریڈٹ (بونس شیئرز اور رائٹس شیئرز)، حصص کے نقصان کے خطرے کو ختم کریں گے، وغیرہ۔

سالانہ اجلاس عام کا نوٹس

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ بینک اسلامی پاکستان لمیٹڈ ("بینک") کے ممبران کا ایک سو اسی سالانہ اجلاس عام انشاء اللہ جمعرات 27 مارچ 2025 کو صبح 10:30 بجے (PST)، زیور ہال، پرل کانسٹیٹینٹل کلب روڈ کراچی میں مندرجہ ذیل کاروبار کے لیے منعقد ہوگا۔

عمومی امور

- 1- 31 دسمبر 2024 کو ختم ہونے والے سال کے لئے بینک کے سالانہ آڈٹ شدہ مالیاتی گوشواروں اور سالانہ بکجا آڈٹ شدہ مالیاتی گوشواروں، بشمول ڈائریکٹرز اور آڈیٹرز کی رپورٹس اور چیئرمین جائزہ رپورٹ کی وصولی، ان پر غور و خوض اور اختیار کرنا۔
- 2- 31 دسمبر 2025 کو ختم ہونے والے سال کے لئے بینک کے آڈیٹرز کا تقرر اور ان کے معاوضے کا تعین کرنا۔ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز دونوں نے ریٹائر ہونے والے آڈیٹرز کی تقرری کی سفارش کی ہے، KPMG تاخیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، جو اہل ہونے کے باعث 31 دسمبر 2025 کو ختم ہونے والے سال کے لئے خود کو دوبارہ آڈیٹرز کے طور پر تقرری کے لیے پیش کر چکے ہیں۔
- 3- غور کرنا اور اگر مناسب سمجھا جائے تو بورڈ آف ڈائریکٹرز کی تجویز کے مطابق 1.25 روپے فی شیئر کی شرح سے یعنی 12.50% حتمی نقد ڈیویڈنڈ کی منظوری دینا جو کہ پہلے سے اعلان شدہ/ادا کردہ 1.50 روپے فی حصص عبوری نقد ڈیویڈنڈ یعنی 15% کے علاوہ ہے۔

بورڈ کے حکم سے

بتاریخ: 06 مارچ 2025

حسن شاہد
کمپنی سیکریٹری



(مالیاتی گوشوارے حاصل کرنے کیلئے scan کریں)

نوٹس:

- 1- ممبران کا رجسٹر 20 مارچ 2025 سے 27 مارچ 2025 تک بند رہے گا (بشمول دونوں ایام)۔
- 2- اس اجلاس میں شرکت اور ووٹ دینے کا اہل ممبر اجلاس میں شرکت اور ووٹ دینے کے لیے پراکسی مقرر کر سکتا ہے۔
- 3- مؤثر ہونے کے لیے پراکسی کو اجلاس کے وقت سے کم از کم 48 گھنٹے پہلے بینک کے رجسٹرڈ آفس میں موصول ہونا چاہیے۔
- 4- سنٹرل ڈیپازٹری کمیٹی آف پاکستان لمیٹڈ ("CDC") کا وٹ ہولڈرز کو مزید مندرجہ ذیل ہدایات پر عمل کرنا ہوگا جو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکل نمبر 01 مورخہ 26 جنوری 2000 میں جاری کی گئی ہیں:

Correspondent Banking Network

Country	Name of Bank
AUSTRALIA	JPMORGAN CHASE BANK, N.A.
AUSTRIA	BANK WINTER AND CO. AG BAWAG P.S.K. BANK FUER ARBEIT UND WIRTSCHAFT UND OESTERREICHISCHE POSTSPARKASSE AG OBERBANK AG RAIFFEISENLANDESBANK OBEROESTERREICH AKTIENGESELLSCHAFT
BAHRAIN	AL BARAKA ISLAMIC BANK BANK AL HABIB LIMITED BMI BANK BSC JS BANK LIMITED NATIONAL BANK OF PAKISTAN
BANGLADESH	BANK ALFALAH LIMITED BANK ASIA PLC EASTERN BANK PLC HABIB BANK LIMITED JAMUNA BANK PLC SHAHJALAL ISLAMI BANK PLC
BELGIUM	BELFIUS BANK SA/NV HABIB BANK LIMITED KBC BANK NV
CANADA	HABIB CANADIAN BANK
CHINA	AGRICULTURAL BANK OF CHINA, THE BANK OF CHINA LIMITED BANK OF COMMUNICATIONS COMPANY LIMITED BANK OF DALIAN BANK OF JIANGSU COMPANY LIMITED BANK OF WENZHOU CHANGSHU RURAL COMMERCIAL BANK CHINA EVERBRIGHT BANK DONGYING BANK COMPANY LIMITED EXPORT-IMPORT BANK OF CHINA, THE GREAT WALL WEST CHINA BANK COMPANY LIMITED GUANGDONG NANHAI RURAL COMMERCIAL BANK COMPANY LIMITED HABIB BANK LIMITED HARBIN BANK COMPANY LIMITED HUA XIA BANK INDUSTRIAL AND COMMERCIAL BANK OF CHINA JINAN RURAL COMMERCIAL BANK COMPANY LIMITED JPMORGAN CHASE BANK (CHINA) COMPANY LIMITED

Country	Name of Bank
	QINGDAO RURAL COMMERCIAL BANK CORPORATION
	RURAL COMMERCIAL BANK OF ZHANGJIAGANG
	SHENGJING BANK COMPANY LIMITED
	TAICANG RURAL COMMERCIAL BANK
	WEIFANG RURAL COMMERCIAL BANK COMPANY LIMITED
	ZHEJIANG CHOUZHOU COMMERCIAL BANK COMPANY LIMITED
	ZHEJIANG SHAOXING COUNTY RURAL COOPERATIVE BANK COMPANY LIMITED
	ZHEJIANG XIAOSHAN RURAL COMMERCIAL BANK COMPANY LIMITED
	ZHONGSHAN RURAL COMMERCIAL BANK COMPANY LIMITED
	YINZHOU BANK
CZECH REPUBLIC	CESKA SPORITELNA A.S.
	CITIBANK EUROPE PLC
	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.
DENMARK	DANSKE BANK A/S
DJIBOUTI	BANQUE POUR LE COMMERCE ET L'INDUSTRIE - MER ROUGE
	CAC INTERNATIONAL BANK
	INTERNATIONAL INVESTMENT BANK S.A,
EGYPT	COMMERCIAL INTERNATIONAL BANK (EGYPT) S.A.E.
	EXPORT DEVELOPMENT BANK OF EGYPT
	MASHREQ BANK
FINLAND	DANSKE BANK A/S
FRANCE	BANQUES POPULAIRES-GROUPE BPCE
	CAISSES D'EPARGNE-GROUPE BPCE
	CREDIT INDUSTRIEL ET COMMERCIAL
	NATIXIS
GERMANY	DANSKE BANK
	J.P.MORGAN SE
	LANDESBANK HESSEN-THUERINGEN GIROZENTRALE
	NATIONAL BANK OF PAKISTAN, FRANKFURT
	UNICREDIT BANK GMBH (HYPOVEREINSBANK)
GREECE	EFG EUROBANK ERGASIAS S.A.
HONG KONG	CITIBANK N.A.
	HABIB BANK ZURICH (HONG KONG) LIMITED
	HABIB FINANCE INTERNATIONAL LIMITED
	JPMORGAN CHASE BANK, N.A.
	NATIONAL BANK OF PAKISTAN

Country	Name of Bank
INDIA	JPMORGAN CHASE BANK, N.A.
	MASHREQ BANK
	TAMILNAD MERCANTILE BANK LIMITED
INDONESIA	JPMORGAN CHASE BANK, N.A.
	PT. BANK HIBANK INDONESIA
	PT. BANK MANDIRI (PERSERO), TBK
	PT. BANK MAYAPADA INTERNATIONAL, TBK
	PT. BANK MUAMALAT INDONESIA, TBK
PT. TBK BANK KB BUKOPIN, TBK	
IRELAND	CITIBANK EUROPE PLC
	DANSKE BANK A/S
ITALY	BANCA CAMBIANO 1884 S.P.A.
	BANCA MONTE DEI PASCHI DI SIENA S.P.A.
	BANCA POPOLARE DI SONDRIO
	BANCA UBAE S.P.A.
	BANCA VALSABBINA S.C.P.A.
	BANCO BPM S.P.A.
	BANCO POPOLARE SOC. COOP.
	BDM BANCA S.P.A.
BPER BANCA S.P.A.	
JAPAN	KEB HANA BANK
	JPMORGAN CHASE BANK, N.A.
	NATIONAL BANK OF PAKISTAN
	UNION DE BANQUES ARABES ET FRANCAISES - U.B.A.F.
KENYA	GULF AFRICAN BANK LIMITED
	HABIB BANK AG ZURICH
	KCB BANK KENYA LIMITED
KOREA	BUSAN BANK
	JPMORGAN CHASE BANK, N.A.
	KEB HANA BANK
	KOOKMIN BANK
	NATIONAL BANK OF PAKISTAN
WOORI BANK, SEOUL	
KUWAIT	COMMERCIAL BANK OF KUWAIT KPSC
LEBANON	BANK OF BEIRUT S.A.L.
	HABIB BANK LIMITED
LUXEMBOURG	DANSKE BANK INTERNATIONAL S.A.

Country	Name of Bank
MALAYSIA	BANK MUAMALAT MALAYSIA BERHAD
	CITIBANK BERHAD
	J.P.MORGAN CHASE BANK BERHAD
MAURITIUS	HABIB BANK LIMITED
NEPAL	HIMALAYAN BANK LIMITED
NORWAY	DANSKE BANK A/S
PAKISTAN	ALBARAKA BANK PAKISTAN LIMITED
	ALLIED BANK LIMITED
	ASKARI BANK LIMITED
	BANK AL HABIB LIMITED
	BANK ALFALAH LIMITED
	BANK MAKRAMAH LIMITED
	BANK OF CHINA LIMITED
	BANK OF KHYBER
	BANK OF PUNJAB, THE
	DUBAI ISLAMIC BANK PAKISTAN LIMITED
	FAYSAL BANK LIMITED
	FIRST WOMEN BANK LIMITED
	HABIB BANK LIMITED
	HABIB METROPOLITAN BANK LIMITED
	INDUSTRIAL AND COMMERCIAL BANK OF CHINA
	JS BANK LIMITED
	MCB BANK LIMITED
	MCB ISLAMIC BANK LIMITED
	MEEZAN BANK LIMITED
	NATIONAL BANK OF PAKISTAN
SAMBA BANK LIMITED	
SILKBANK LIMITED	
SINDH BANK LIMITED	
SONERI BANK LIMITED	
UNITED BANK LIMITED	
POLAND	DANSKE BANK A/S
PORTUGAL	BANCO BPI SA
QATAR	DOHA BANK
	MASHREQ BANK
	MASRAF AL RAYAN
	QATAR INTERNATIONAL ISLAMIC BANK
	UNITED BANK LIMITED
ROMANIA	CITIBANK EUROPE PLC

Country	Name of Bank
SAUDI ARABIA	BANK AL BILAD
	BANK AL-JAZIRA
	BANQUE SAUDI FRANSI
	EMIRATES NBD PJSC
	JPMORGAN CHASE BANK, N.A.
	NATIONAL BANK OF PAKISTAN
	SAUDI NATIONAL BANK
SENEGAL	BANQUE ISLAMIQUE DU SENEGAL
SINGAPORE	CITIBANK, N.A.
	HABIB BANK LIMITED
	JPMORGAN CHASE BANK, N.A.
SOUTH AFRICA	HBZ BANK LIMITED
	HABIB OVERSEAS BANK LIMITED
SPAIN	BANCO SANTANDER S.A.
SRI LANKA	CITIBANK N.A.
	HATTON NATIONAL BANK PLC
	SAMPATH BANK PLC
SWEDEN	DANSKE BANK A/S
SWITZERLAND	BANQUE CANTONALE VAUDOISE
	HABIB BANK AG ZURICH
	HBL BANK UK LIMITED
	LUZERNER KANTONALBANK
TAIWAN	JPMORGAN CHASE BANK, N.A.
	TAICHUNG COMMERCIAL BANK
THAILAND	AIG RETAIL BANK PUBLIC COMPANY LIMITED
	BANK OF AYUDHYA PUBLIC COMPANY LIMITED
	EXPORT-IMPORT BANK OF THAILAND
	ISLAMIC BANK OF THAILAND
	JPMORGAN CHASE BANK, N.A.
TURKEY	AKBANK T.A.S.
	AKTIF YATIRIM BANKASI A.S.
	ALBARAKA TURK PARTICIPATION BANK
	ASYA KATILIM BANKASI A.S.
	DENIZBANK A.S.
	ECO TRADE AND DEVELOPMENT BANK
	HABIB BANK LIMITED
	KUVEYT TURK KATILIM BANKASI A.S.
	NUROL YATIRIM BANKASI A.S.
	ODEABANK A.S.

Country	Name of Bank
	TEKSTIL BANKASI A.S.
	TURKIYE CUMHURİYETİ ZIRAAT BANKASI A.S.
	TURKIYE EMLAK KATILIM BANKASI A.S.
	TURKIYE FINANS KATILIM BANKASI A.S.
	TURKIYE VAKIFLAR BANKASI T.A.O.
	VAKIF KATILIM BANKASI A.S.
	ZIRAAT KATILIM BANKASI A.S.
UNITED ARAB EMIRATES	ABU DHABI COMMERCIAL BANK
	ABU DHABI ISLAMIC BANK
	BANK ALFALAH LIMITED
	CITIBANK N.A.
	DUBAI BANK PJSC
	EMIRATES NBD BANK PJSC
	HABIB BANK AG ZURICH
	HABIB BANK LIMITED
	MASHREQ BANK
	MCB BANK LIMITED
	UNITED BANK LIMITED.
UNITED KINGDOM	DANSKE BANK A/S
	HABIB BANK ZURICH PLC
	HLB BANK UK LIMITED
	JPMORGAN CHASE BANK, N.A.
	MASHREQ BANK
UNITED STATES	CITIBANK N.A.
	HABIB AMERICAN BANK
	JPMORGAN CHASE BANK, N.A.
	MASHREQ BANK
	U.S. BANK N.A.
	WELLS FARGO BANK, N.A.
	WILSHIRE BANK
	ZIONS BANCORPORATION N.A.
VIETNAM	ASIA COMMERCIAL BANK
	HOCHIMINH CITY DEVELOPMENT JOINT STOCK COMMERCIAL BANK
	JOINT STOCK COMMERCIAL BANK FOR FOREIGN TRADE OF VIETNAM
	VIETNAM-ASIA COMMERCIAL JOINT-STOCK BANK
	VIETNAM MARITIME COMMERCIAL JOINT STOCK BANK
	VIETNAM PUBLIC JOINT STOCK COMMERCIAL BANK (PVCOMBANK)

WE SERVE A BETTER BANKING EXPERIENCE





500
BRANCHES
210+
CITIES

Branch Network

S.No	Branch Code	Branch Name	City
Azad Jammu and Kashmir			
1	3032	Balakot Branch	Balakot
2	3064	Ghour Ghashti Branch	Ghour Ghashti
3	3006	Islam Garrh Branch	Islam Garh
4	3151	Kotli Branch	Kotli
5	3003	Mirpur Branch	Mirpur
6	3073	Mirpur AJK Branch	Mirpur
7	3098	Muzaffarabad Branch	Muzaffarabad
8	3114	Rawlakot Branch	Rawalakot
Balochistan			
9	1147	Badin Branch	Badin
10	1013	Chaman Branch	Chaman
11	1223	Dera Murad Jamali Branch	D.M Jamali
12	1198	Dalbandin Branch	Dalbandin
13	1044	Dukki Branch	Dukki
14	1224	Gawadar Branch	Gawadar
15	1166	Harnai Branch	Harnai
16	1053	Khanozai Branch	Khanozai
17	1217	Khuzdar Branch	Khuzdar
18	1047	Kuchlak Branch	Kuchlak
19	1222	Musakhail Branch	Musakhel
20	1016	Muslim Bagh Branch	Muslim Bagh
21	1199	Panjgor Branch	Panjgor
22	1014	Pishin Branch	Pishin
23	1015	Qila Saifullah Branch	Qila Saifullah
24	1038	Airport Road Branch	Quetta
25	1220	Archer Road Liaquat Bazar Branch	Quetta
26	1081	Choharmal Branch	Quetta
27	1055	Gawalmandi Branch	Quetta
28	1168	Hazar Ganji Branch	Quetta
29	2001	Jinnah Road Branch	Quetta
30	1180	Quetta Cantt Branch	Quetta
31	1221	Sariab Road Branch	Quetta
32	1070	Satellite town Branch	Quetta

33	1054	Shahbaz Town Branch	Quetta
34	1160	Suraj Ganj Bazar Branch	Quetta
35	1218	Rakhni Branch	Rakhni
36	1181	Sanjavi Branch	Sanjavi
37	1175	SibbiBranch	Sibbi
38	1188	Turbat Branch	Turbat
39	3041	Wazirabad Branch	Wazirabad
40	1048	Zhob Branch	Zhob
Islamabad Capital Territory			
41	3113	B-17 Branch	Islamabad
42	3084	Bahria Enclave Branch	Islamabad
43	2045	Bahria Town Branch	Islamabad
44	3138	Bara Kahu Branch	Islamabad
45	3058	Blue Area Branch	Islamabad
46	3131	D-12, Branch	Islamabad
47	3120	DHA - 1 Islamabad, Rawalpindi Mall Plaza Branch	Islamabad
48	3043	DHA Phase 2 Branch	Islamabad
49	3083	E-11 Branch	Islamabad
50	3011	F-10 Branch	Islamabad
51	3050	F-11 Markaz Branch	Islamabad
52	3112	F-7 Markaz Branch	Islamabad
53	3100	F-8 Branch	Islamabad
54	3125	Faisal Town Branch	Islamabad
55	3051	G-10 Markaz Branch	Islamabad
56	3085	G-11 Branch	Islamabad
57	3105	G-13 Branch	Islamabad
58	3121	G-15 Markaz Branch	Islamabad
59	3136	Ghuri Town Branch	Islamabad
60	3136	Ghourri Town Branch	Islamabad
61	3129	Gulberg Green Branch	Islamabad
62	3016	I 9 Sector Branch	Islamabad
63	3088	I-10 Branch Branch	Islamabad
64	3137	I-11 Sabzimandi Branch	Islamabad
65	3018	I-8 Sector Branch Branch	Islamabad
66	3132	Kamran Market Branch	Islamabad

67	3111	NRC E-8 Branch	Islamabad
68	3087	PWD Branch	Islamabad
69	3052	Sector G-6, Melody Market Branch	Islamabad
70	3049	Sector G-9 Markaz Branch	Islamabad
71	3009	Tarnal Branch	Islamabad
72	3130	Tarlai Branch	Tarlai
Gilgit Baltistan			
73	3152	Gahkuch Branch	Gahkuch
74	3023	Gilgit Branch	Gilgit
75	3116	Gilgit NLI Branch	Gilgit
76	3103	Skardu Branch	Skardu
Khyber Pakhtunkhwa			
77	3010	Abbottabad Branch	Abbottabad
78	3107	Mandian Abbottabad Branch	Abbottabad
79	3097	Bannu Branch	Bannu
80	3143	Barikot Branch	Barikot
81	3040	Batgram Branch	Batgram
82	3026	Batkhela Branch	Batkhela
83	3036	Bisham Branch	Bisham
84	3024	Booni Branch	Booni
85	3109	Chakdara Branch	Chakdara
86	3022	Chakwal Branch	Chakwal
87	3115	Charsadda Branch	Charsadda
88	3028	Chilas Branch	Chilas
89	3015	Chitral Branch	Chitral
90	3144	Dara Adam Khel Branch	Dara Adam Khel
91	3093	Dargai Branch	Dargai
92	3110	Dassu Branch	Dassu
93	3142	Ghazi Branch	Ghazi
94	3021	Haripur Branch	Haripur
95	3146	Khar Bajour Branch	Khar Bajour
96	3124	Khawazakhela Branch	Khawazakhela
97	3101	Kohat Branch	Kohat
98	3141	Lari Adda Mansehra Branch	Mansehra
99	3020	Mansehra Branch	Mansehra
100	3035	Mardan Branch	Mardan
101	3102	Matta Branch	Matta

102	3025	Mingora Branch	Mingora
103	3037	Naran Branch	Naran
104	3039	Nowshera Branch	Nowshera
105	3139	Oghi Branch	Oghi
106	3145	Pabbi Branch	Pabbi
107	3108	Pattan Branch	Pattan
108	3090	G.T Road Peshawar Branch	Peshawar
109	3068	Hayatabad Branch	Peshawar
110	3007	Khyber Bazar Branch	Peshawar
111	3066	Peshawar Branch	Peshawar
112	3005	University Road Branch	Peshawar
113	3092	Sawari (Bunair) Branch	Sawari
114	3123	Shabqadar Branch	Shabqadar
115	3140	Shinkyari Branch	Shinkyari
116	3122	Swabi Branch	Swabi
117	3118	Thall Branch	Thall
118	3027	Timergarah Branch	Timergarah
119	3091	Upper Dir Branch	Upper Dir
Punjab			
120	2132	Ahmedpur Branch	Ahmedpur
121	2188	Allah Abad Branch	Allah Abad
122	2056	Arifwala Branch	Arifwala
123	3034	Attock Branch	Attock
124	2131	Bahawalnagar Branch	Bahawalnagar
125	2019	Bahawalpur Branch	Bahawalpur
126	2113	Sattelite Town Branch	Bahawalpur
127	2153	Phero Mor Branch	Bhagtanwala
128	2145	Bhakkar Branch	Bhakkar
129	2161	Bhalwal Branch	Bhalwal
130	2211	Burewala II Branch	Burewala
131	2109	Multan Road Branch	Burewala
132	2200	Chak Jhumra Branch	Chak Jhumra
133	2041	Chichawatni Branch	Chichawatni
134	2051	Chiniot Branch	Chinot
135	2141	Chishtian Branch	Chishtian
136	2014	D.G. Khan Branch	D.G Khan
137	3019	D I Khan Branch New Premises Branch	D.I Khan

138	2210	Daharanwala Branch	Daharanwala
139	2140	Daska Branch	Daska
140	2180	Dijkot Branch	Dijkot
141	3072	Dinga PRI Centre Branch	Dinga
142	2134	Jhang Road Branch	Faisalabad
143	2007	Kotwali Road Branch	Faisalabad
144	2123	Millat Chowk Branch	Faisalabad
145	2150	Sangla Hill Branch	Faisalabad
146	2185	Sargodha Road	Faisalabad
147	2139	Satyana Branch	Faisalabad
148	2013	Susan Road Branch	Faisalabad
149	2127	Yarn Market Branch	Faisalabad
150	3065	Fateh Jang Branch	Fateh Jang
151	2212	Gaggo Mandi Branch	Gaggo Mandi
152	2177	Ghakhar Branch Branch	Ghakkar
153	2108	Gojra Branch	Gojra
154	3074	Gujjar Khan Branch	Gujjar Khan
155	3082	(G.T. Road Gujranwala (Sub	Gujranwala
156	2005	GT Road Gujranwala Branch	Gujranwala
157	2197	Sattelite Town Branch	Gujranwala
158	2101	Wapda Town Branch	Gujranwala
159	2006	Gujrat Branch	Gujrat
160	3080	Gujrat Branch	Gujrat
161	2144	Hafizabad Branch	Hafizabad
162	2057	Haroonabad Branch	Haroonabad
163	2166	Hasilpur Branch	Hasilpur
164	3038	Hassan Abdali Rd Branch	Hassan Abdal
165	3013	Hazro Branch	Hazro
166	3054	Humak Branch	Humak
167	2218	Jahanian Branch	Jahanian
168	2182	Jalalpur Jattan Branch	Jalalpur
169	2133	Jampur Branch	Jampur
170	2142	Jaranwala Branch	Jaranwala
171	3075	Jehlum Branch	Jehlum
172	3014	Jhelum branch	Jehlum
173	2024	Civil Lines Branch	Jhang
174	2220	Kabir Wala Branch	Kabirwala
175	3149	Kahuta Branch	Kahuta

176	3095	Kallar Seydan Branch	Kallar Sayyedon
177	2158	Kalowal Branch	Kalowal
178	2165	Kamalia Branch	Kamalia
179	2033	Kamoki G T Road Branch	Kanmonki
180	2091	Kasur Branch	Kasur
181	2164	Khan Bela Branch	Khan Bela
182	2118	Khanewal Branch	Khanewal
183	2036	Khanpur Branch	Khanpur
184	3071	Kharian PRI Centre Branch	Kharian
185	2176	Khurrianwala Branch	Khurrianwala
186	2154	Joharabad Branch	Khushab
187	2147	Khushab Branch	Khushab
188	2215	Kot Addu Branch	Kot Addu
189	2157	Kot Radha Kishin Branch	Kot Radha Kishin
190	2183	Kotla Sikhani Branch	Kotla Sikhani
191	2050	Abbot Road Branch	Lahore
192	2031	Air Port Road	Lahore
193	2011	Akbar Chowk Faisal Town Branch	Lahore
194	2037	Allama Iqbal Town Branch	Lahore
195	2136	Askari- XI Branch	Lahore
196	2016	Azam Cloth Market Branch	Lahore
197	2026	Badami Bagh Branch	Lahore
198	2048	Beadon Mall Road Branch	Lahore
199	2046	Cavalry Branch	Lahore
200	2071	Circular Road Branch	Lahore
201	2004	Circular Road Branch	Lahore
202	2003	DHA Block Y Branch	Lahore
203	2229	DHA Broadway Branch	Lahore
204	2010	DHA G Block Branch	Lahore
205	2096	DHA Phase 2 Branch	Lahore
206	2104	DHA Phase 4 Branch	Lahore
207	2107	DHA Phase 6 Branch	Lahore
208	2044	DHA Phase -V Branch	Lahore
209	2171	DHA Raya Branch	Lahore
210	2205	Doctor Hospital Johar Town Branch	Lahore
211	2097	Eden City Branch	Lahore
212	2117	EME Society Branch Lahore	Lahore

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213	2072	Expo Centre Branch Branch	Lahore
214	2135	Faisal Town Branch	Lahore
215	2137	Fazaia Housing Branch	Lahore
216	2015	Ferozepur Road Branch	Lahore
217	2203	Fortress Stadium Branch	Lahore
218	2052	Garden Town Branch	Lahore
219	2027	GT Road Darogawala Branch	Lahore
220	2053	Gulberg Branch	Lahore
221		Gulberg, Libery Branch	Lahore
222	2061	Gulshan-e-Ravi Branch	Lahore
223	2129	Islampura Branch	Lahore
224	2163	Izmir Town Branch	Lahore
225	2063	Johar Town Branch	Lahore
226	2032	Johar Town Branch	Lahore
227	2167	Karim Block Branch	Lahore
228	2038	Misrishah Branch	Lahore
229	2093	Model Town Branch	Lahore
230	2066	Mozang Branch	Lahore
231	2073	Mughalpura Branch	Lahore
232	2192	Muhafiz Town Canal Road Branch	Lahore
233	2054	Multan Road Branch	Lahore
234	2116	Nishter Colony, Ferozpur Road Branch	Lahore
235	2191	Quaid Azam Industrial Estate Branch	Lahore
236	2029	Raiwind Road Branch	Lahore
237	2143	Raiwind Branch	Lahore
238	2194	Raja Market Branch	Lahore
239	2047	Ravi Road Lahore Branch	Lahore
240	2159	Rewaz Garden Branch	Lahore
241	2124	Sabzazar Branch	Lahore
242	2125	Samnabad Branch	Lahore
243	2070	Shadman Colony Branch	Lahore
244	2112	Shah Alam Branch	Lahore
245	2193	Shahadhra Branch	Lahore
246	2138	Shalimar Branch	Lahore
247	2187	Sunder Industrial Estate Branch	Lahore
248	2028	Super Town Walton Road Branch	Lahore
249	2095	Township Market, College Road Branch	Lahore
250	2039	Urdu Bazar Branch	Lahore

251	2111	Valencia Town Branch	Lahore
252	2064	Wahdat Road Branch	Lahore
253	2043	Wapda Town	Lahore
254	2043	Wapda Town	Lahore
255	2128	Zarar Shaheed Road Branch	Lahore
256	2035	Lalamusa Branch	Lalamusa
257	2126	Laiyya Branch	Layyah
258	2216	Ghalla Mandi Liaquatpur Branch	Liaquat Pur
259	2149	Lodhran Branch	Lodhran
260	2162	Mailsi Branch	Mailsi
261	2178	Malakwal Branch	Malakwal
262	2040	Mandi Bahauddin Branch	Mandi Bahauddin
263	2023	Mian Channun Branch	Mian Channu
264	2030	Sargodha Road Branch	Mianwali
265	2213	Minchinabad Branch	Minchinabad
266	2008	Abdali Road Branch Branch	Multan
267	2018	Boson Road / Gulgasht Colony Branch	Multan
268	2169	Chowk Shaheedan Branch	Multan
269	2196	Chungi No. 14 Branch	Multan
270	2172	Garden Town, Branch	Multan
271	2173	Hussain Agahi Branch	Multan
272	2151	Mattital Branch	Multan
273	2102	Model Town Branch	Multan
274	2080	Nusrat Road Branch	Multan
275	2186	Vehari Chowk Branch	Multan
276	2022	Vehari Road Branch	Multan
277	2115	Wapda Town, Shah Rukn e Alam Branch	Multan
278	2222	Mundeke Goraya Branch	Mundeke Goraya
279	2130	Muridke Branch	Muridke
280	3031	Mall Road Branch	Murree
281	2156	Muzaffargarh Branch	Muzaffargarh
282	2199	Nankana Sahib Branch	Nankana Sahib
283	2202	Noshera Virkan Branch	Nosheran Virkan
284	2110	Depalpur Chowk Branch	Okara
285	2146	Depalpur Chowk Branch	Okara
286	2012	Jinnah Road Okara Branch	Okara
287	2120	Pakpattan Branch	Pakpattan

288	2209	Pasroor City Branch	Pasroor
289	2174	Pull Aik Pasroor Branch	Pasroor
290	2209	Pull Aik Pasroor City Branch	Pasroor
291	2181	Pattoki Branch	Pattoki
292	2122	Peer Mahal Branch	Peer Mahal
293	2168	Phaliya Branch	Phaliya
294	3117	Pind Dadan Khan Branch	Pind Dadankhan
295	2206	Pindi Bhattian Branch	Pindi Bhattian
296	3150	Pindi Gheb Branch	Pindi Gheb
297	2198	Grain Market Branchh	Rahimyar Khan
298	2009	Rahim yaar Khan Branch	Rahimyar Khan
299	2148	Rajanpur Branch	Rajanpur
300	3094	Adyala Road Branch	Rawalpindi
301	3133	Afshan Colony Branch	Rawalpindi
302	3104	Bahria Ph 8 Branch	Rawalpindi
303	3044	Bahria Phase 7 Branch	Rawalpindi
304	3128	Bahria Town Phase 8 CBD Branch	Rawalpindi
305	3029	Bahria Town Branch	Rawalpindi
306	3062	Behria Town, Phase-I Branch	Rawalpindi
307	3135	Gulzar-e-Quaid Branch	Rawalpindi
308	3147	Kalma Chowk Branch	Rawalpindi
309	3099	Khanna Pull Branch	Rawalpindi
310	3148	Lalazar Branch	Rawalpindi
311	3046	Raja Bazar Branch (Bohar Bazar)	Rawalpindi
312	3017	Saddar Branch Branch	Rawalpindi
313	3004	Satellite Town Branch	Rawalpindi
314	3012	Scheme III, Chaklala Branch	Rawalpindi
315	3106	Soan Garden Branch	Rawalpindi
316	3119	Top City, Branch	Rawalpindi
317	3030	Westridge Branch	Rawalpindi
318	2155	Renala Khurd Branch	Renala Khurd
319	2025	Sadiqabad Branch	Sadiqabad
320	2228	Ajwa City Branch	Sahiwal
321	2219	Farid Town Branch	Sahiwal
322	2017	Jinnah Road Branch	Sahiwal
323	2090	Sahiwal Sub Branch	Sahiwal
324	3079	Sambriyal Branch	Sambriyal
325	2175	Samundari Branch	Samundri

326	3127	Sarai Alamgir Branch	Sarai Alamgir
327	2160	49-Tail, Branch	Sargodha
328	2020	Railway Road, Branch	Sargodha
329	2152	Eidgah Road Branch	Sargodha
330	2098	Sattelite Town Branch	Sargodha
331	2170	Shahkot Branch	Shahkot
332	2204	Sharaqpur Branch	Sharaqpur
333	2088	Sheikhupura Branch	Sheikhupura
334	2121	Shujabad Branch	Shujabad
335	2100	Paris Road, Branch	Sialkot
336	3077	Shahabpura, Branch	Sialkot
337	2021	Sialkot Branch	Sialkot
338	2195	Sialkot Cantt Branch	Sialkot
339	2184	Sikerayli Branch	Sikerayli
340	2179	Sillanwali Branch	Sillanwali
341	2221	Syed Wala Branch	Syed Wala
342	3086	Talagang Branch	Talagang
343	2201	Tandianwala Branch	Tandilianwala
344	3033	Tatral Kahon Branch	Tatral Kahun
345	3008	Taxila Branch	Taxila
346	2042	Toba Tek Singh Branch	Toba Tek Singh
347	2079	Vehari Branch	Vehari
348	3002	Wah Cantt	Wah Cantt
349	3134	Wah Cantt Branch	Wah Cantt
350	3134	Wah Model Town Branch	Wah Cantt
351	3126	Waisa Branch	Waisa
352	2119	Zahir peer Branch	Zahir Peer
Sindh			
353	1170	Dadu Branch	Dadu
354	1205	Daharki Shahi Bazar Branch	Daharki
355	1216	Digri Branch	Digri
356	1056	Gharo Branch	Gharo
357	1065	Ghotki Branch	Ghotki
358	1173	Hala Branch	Hala
359	1238	Hala Naka Branch	Hala Naka
360	1020	Autobhan Branch	Hyderabad
361	1214	Citizen Colony Branch	Hyderabad

362	1033	Heerabad Branch Branch	Hyderabad
363	1117	Saddar Branch	Hyderabad
364	1073	Latifabad Branch	Hyderabad
365	1071	Qasimabad Branch	Hyderabad
366	1215	Jacobabad Branch	Jacobabad
367	1167	Jhuddo Branch	Jhuddo
368	1252	Johi Branch	Johi
369	1121	Kandhkot Branch	Kandhkot
370	1190	Abul Hasan Isphahani Road Branch	Karachi
371	1231	Amina Residency, I.I Chundrigar Branch	Karachi
372	1150	Anda Morr Branch	Karachi
373	1096	Askari-III Branch	Karachi
374	1051	Ayesha Manzil Branch	Karachi
375	1153	Babar Market, Landhi Branch	Karachi
376	1185	Bahria Town Branch	Karachi
377	1194	Baldia Town Branch	Karachi
378	1036	Baloch Colony Branch	Karachi
379	1009	Baqai Medical University Branch	Karachi
380	1143	Bilal Chowrangi, Korangi Branch	Karachi
381	1209	Block 15, Gulistan-e-Johar Branch	Karachi
382	1059	(Buffer Zone Branch (Peoples Chowrangi	Karachi
383	1077	Bukhari Commercial Phase 6 Branch	Karachi
384	1029	Burns Road Branch	Karachi
385	1213	Ceaser Tower Branch	Karachi
386	1062	Ch. Khaleeq us zaman Road Branch	Karachi
387	1189	Chaar Minar bahadrabad Branch	Karachi
388	1080	Clifton block 5 Kehkashan Branch	Karachi
389	1066	Clifton Block-5 (Gizri) Branch	Karachi
390	1003	Clifton Sky Tower, West Wing Branch	Karachi
391	1012	Cloth Market Branch	Karachi
392	1146	Cloth Market Branch	Karachi
393	1061	Dastagir Branch	Karachi
394	1004	DHA 26th Street Branch	Karachi
395	1210	DHA Khayaban e Rahat Branch	Karachi
396	1050	DHA Phase 2 Branch	Karachi
397	1206	DHA Phase 7 - Extension Branch	Karachi
398	1052	DHA Phase 8 Branch	Karachi
399	1090	DHA Phase II- Extension Branch	Karachi

400	1024	DHA Phase IV Branch	Karachi
401	1030	Dhoraji Branch	Karachi
402	1086	Electronic Market Branch	Karachi
403	1027	F.B.Area Branch	Karachi
404	1200	Falcon Complex- Shaheed Millat Road Branch	Karachi
405	1177	Falcon Complex Branch	Karachi
406	1078	FB Industrial Branch	Karachi
407	1203	Fortune Centre Branch	Karachi
408	1162	Garden West Branch	Karachi
409	1093	Golimar Branch	Karachi
410	1087	Grain Market Jodia Bazar Branch	Karachi
411	1045	Gulistan – e – Jauhar Branch	Karachi
412	1114	Gulistan-e-Jauhar Branch	Karachi
413	1060	Gulshan 13-C Branch	Karachi
414	1111	Gulshan Chowrangi Branch	Karachi
415	1064	Gulshan e Hadeed Branch	Karachi
416	1085	Gulshan e Iqbal Blk 6, Branch	Karachi
417	1127	Gulshan e Iqbal Branch	Karachi
418	1008	Gulshan -e- Maymar Branch	Karachi
419	1201	Gulshan-e-Jamal Branch	Karachi
420	1068	Gulzar-e-Hijri Branch	Karachi
421	1082	Hydri Market Branch	Karachi
422	1132	I. I. Chundrigar Road Branch	Karachi
423	2002	Jail Road Branch	Karachi
424	1011	Jodia Bazar Branch	Karachi
425	1010	Karachi Stock Exchange Branch	Karachi
426	1095	Karsaz Branch	Karachi
427	1097	Kemari Branch	Karachi
428	1106	Khalid Bin Waleed Branch	Karachi
429	1196	Khayaban-e-Ittehad Branch	Karachi
430	1164	Khyaban e Nishat, DHA Phase 6 Branch	Karachi
431	1202	King Residency Gulistan e Johar Block 13 Branch	Karachi
432	1002	Korangi 1 Branch	Karachi
433	1156	Korangi Crossing, Darus Salam Branch	Karachi
434	1230	Korangi Industrial Area II Branch	Karachi
435	1079	Landhi Industrial Area Branch	Karachi
436	1043	Loralai Branch	Karachi

437	1211	M. Ali Jinnah Cooperative Housing Society Branch	Karachi
438	1178	Malir Cantt Branch	Karachi
439	1046	Malir Cantt Branch	Karachi
440	1098	Malir City Branch	Karachi
441	1094	Mehmoodabad Branch	Karachi
442	1179	Model Colony Branch	Karachi
443	1049	Naval Colony Branch	Karachi
444	1034	Nazimabad # 07 Branch Branch	Karachi
445	1227	Nazimabad Block C Branch	Karachi
446	1099	Nazimabad No. 2 Branch	Karachi
447	1074	New Chali Branch	Karachi
448	1100	New Sabzi Mandi Branch	Karachi
449	1148	NKATI Branch, C429 Branch	Karachi
450	1032	North Nazimabad Block A Branch	Karachi
451	1161	North Nazimabad Block B Branch	Karachi
452	1007	North Nazimabad Block L Branch	Karachi
453	1195	North Nazimabad Block-N Branch	Karachi
454	1040	Orangi Town Branch	Karachi
455	1151	Palm Residency, Kamran Chowranghi Branch	Karachi
456	1026	Parsa Tower Branch	Karachi
457	1067	Patel Para Branch	Karachi
458	1088	PIDC Branch	Karachi
459	1075	Port Qasim Branch	Karachi
460	1035	Power House Chowranghi Branch	Karachi
461	1141	Preedy Street Branch	Karachi
462	1191	Rashid Minhas Road 2 Branch	Karachi
463	1006	Rashid Minhas Road Branch	Karachi
464	1236	Rim Jhim Tower Branch	Karachi
465	1235	Saadi Town Branch	Karachi
466	1187	Saba Avenue DHA Karachi Branch	Karachi
467	1042	Saddar Branch	Karachi
468	1234	Scheme 33 / Jinnah Avenue Branch	Karachi
469	1028	Shadman Town Branch	Karachi
470	1249	Shafiq More Branch	Karachi
471	1041	Shah Faisal Colony Branch	Karachi
472	1155	Shah Faisal Colony Branch	Karachi
473	1140	Shahbaz Commercial Branch	Karachi
474	1005	Shaheed-e-Millat Road Branch	Karachi

475	1031	Shahra e Iqbal Branch	Karachi
476	1172	Shamsi Society, Malir Branch	Karachi
477	1084	Sharfabad Branch	Karachi
478	1183	Shershah Branch	Karachi
479	1001	SITE 1 Branch	Karachi
480	1137	SITE 2 Branch	Karachi
481	1092	SMCHS Branch	Karachi
482	1057	Sohrab Goth Branch	Karachi
483	1108	Square Shahrah-e-Faisal Branch	Karachi
484	1091	Steel Market Branch	Karachi
485	1186	Tariq Road Branch	Karachi
486	1163	Tauheed Commercial Branch, DHA Branch	Karachi
487	1212	Teen Talwar Clifton Branch	Karachi
488	1193	Timber Market Branch	Karachi
489	1159	Ubaid Arcade, Safoora Branch Branch	Karachi
490	1039	University Road – Chandni Chowk. (Al-Hilal Society) Branch	Karachi
491	1037	University Road, Gulshan–e–Iqbal Branch Branch	Karachi
492	1025	UP More Branch Branch	Karachi
493	1197	Water Pump Branch	Karachi
494	1072	West Wharf Branch	Karachi
495	1103	Yousuf Plaza Branch	Karachi
496	1149	Zamzama Branch	Karachi
497	1101	Khairpur Branch	Khairpur
498	1240	Khipro Branch	Khipro
499	1169	Kotri Branch	Kotri
500	1204	Kunri Branch	Kunri
501	1018	Larkana Branch	Larkana
502	1243	Makli Branch	Makli
503	1192	Matli Branch	Matli
504	1122	Mehar Branch	Mehar
505	1226	Mehrab Pur Branch	Mehrabpur
506	1144	Iqbal Road, Chandni Chowk Branch	Mirpurkhas
507	1021	Mirpur Khas Branch	Mirpurkhas
508	1184	Moro Branch	Moro
509	1019	Nawabshah Branch	Nawabshah
510	1242	Sajawal Branch	Sajawal
511	1119	Sanghar Branch	Sanghar

BankIslami

512	1239	Shahdadpur Branch	Shahdadpur
513	1207	Shikarpur Branch	Shikarpur
514	1225	March Bazar Branch	Sukkur
515	1145	Military Road Branch	Sukkur
516	1017	Sukkur Branch	Sukkur
517	1069	Tando Adam Branch	Tando Adam
518	1022	Tando Allahyar Branch	Tando Allahyar
519	1208	Tando Muhammad Khan Branch	Tando Muhammad Khan

Proxy Form

21st Annual General Meeting

The Company Secretary
BankIslami Pakistan Limited
11th Floor, Executive Tower,
Dolmen City, Marine Drive,
Block – 4, Clifton,
Karachi – Pakistan.

I/We, _____ of _____, being a member of BankIslami Pakistan Limited, holder of _____ Ordinary Share(s) as per Share Register Folio No./CDC Account No. _____ hereby appoint _____, Folio No./CDC Account No. (if member), _____ of _____ or failing him / her _____ Folio No./CDC Account No. (if member), _____ of _____ as my / our proxy in my / our absence to attend and vote for me / us, and on my / our behalf at the 21st Annual General Meeting of the Bank to be held on Thursday, March 27, 2025 at 10:30 a.m at Zaver Hall, Pearl Continental, Club Road, Karachi and at any adjournment thereof.

Signed under my / our hand this _____ day of _____

Witness 1:

Name: _____

Signature _____

Address: _____

CNIC or Passport No. _____

Witness 2:

Name: _____

Signature _____

Address: _____

CNIC or Passport No. _____

Please affix
Rupees Five
Revenue Stamp

Signature of Member(s)

Notes:

1. Proxies in order to be effective, must be received by the Bank not less than 48 hours before the meeting.
2. If a member appoints more than one proxy and / or more than one instruments of proxy are deposited by a member with the Bank, all such instruments of proxy shall be rendered invalid.
3. Beneficial Owner of the physical shares and the shares registered in the name of CDC Share Registrar Services Limited (CDCSRSL) and / or their proxies are required to produce their original Computerized National Identity Card (CNIC) or Passport for identification purposes at the time of attending meeting. The Form of proxy must be submitted with the Bank within the stipulated time, duly witnessed by two persons whose names, address and CNIC numbers must be mentioned on the form, along with attested copies of CNIC or the Passport of the beneficial owner and the proxy. In case of a corporate entity, the Board of Directors' Resolution / Power of Attorney along with the specimen signature shall be submitted (unless it has been provided earlier along with the proxy form to the Bank).

Please affix
Correct
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The Company Secretary

BankIslami Pakistan Limited

11th Floor, Executive Tower,
Dolmen City, Marine Drive,
Clifton Block - 4,
Karachi, Pakistan

پراکسی فارم

ایکسواں سالانہ اجلاس عام

کمپنی سیکریٹری

بینک اسلامی پاکستان لمیٹڈ

11 ویں منزل، ایگزیکٹو ٹاور،

ڈبلیون ٹی، میرین ڈرائیو،

بلاک-4، کانٹن،

کراچی - پاکستان۔

میں/ہم، _____ کا _____، بینک اسلامی پاکستان لمیٹڈ کارکن ہونے کے ناطے، شیئر رجسٹر فولیو

نمبر/CDC اکاؤنٹ نمبر کے مطابق _____ کے عام حصص کا حامل ہوں/اس کا

فولیو نمبر/CDC اکاؤنٹ نمبر (اگر ممبر)، _____ میرے/ہمارے پراکسی کے طور پر میری/ہماری غیر موجودگی میں میری/ہماری

طرف سے بینک کے ایکسواں سالانہ اجلاس عام جو جمعرات، 27 مارچ 2025 کو صبح 10:30 بجے زیور ہال، پرل کاسٹی ٹینٹل، کلب روڈ، کراچی میں منعقد ہوگا اور اس کے کسی بھی التوا میں شرکت کریں

اور ووت دیں۔

میرے/ہمارے ذریعے سے _____ کے _____ دن دستخط کئے گئے۔

براہ کرم پانچ روپے کا

ریونیوسٹیپ چسپاں کریں۔

ممبر کے دستخط

گواہ 1:

نام:

دستخط

پتہ:

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر

گواہ 2:

نام:

دستخط

پتہ:

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر

نوٹس:

1- پراکسی مؤثر ہونے کے لیے، اجلاس سے کم از کم 48 گھنٹے قبل بینک کو موصول ہونا چاہیے۔

2- اگر کوئی رکن ایک سے زیادہ پراکسی کا تقرر کرتا ہے اور یا پراکسی کے ایک سے زیادہ انسٹرومنٹس کسی ممبر نے بینک میں جمع کرائے ہیں، تو پراکسی کے ایسے تمام آلات غلط قرار دیے جائیں گے۔

3- فزیکل شیئرز کے اصل مالک اور CDC شیئر رجسٹرار سرور لمیٹڈ کے نام پر رجسٹرڈ حصص اور یا ان کے پراکسیز کو اجلاس میں شرکت کے وقت شناختی مقاصد کے لیے اپنا اصل کمپیوٹرائزڈ

قومی شناختی کارڈ (CNIC) یا پاسپورٹ پیش کرنا ہوگا۔ پراکسی کا فارم بمعہ CNIC کی تصدیق شدہ کاپی یا مستفید ہونے والے مالک کے پاسپورٹ کی کاپی مقررہ وقت کے اندر بینک کے

پاس جمع کرایا جانا چاہیے، جس میں دو افراد کی گواہی ہونی چاہیے جن کے نام، پتہ اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج ہونے چاہئیں۔ کارپوریٹ ادارے کی صورت میں، بورڈ آف

ڈائریکٹرز کی قرارداد/پاور آف اٹارنی نمونہ کے دستخط کے ساتھ جمع کرائی جائے گی (اگر یہ بینک کو پراکسی فارم کے ساتھ پہلے فراہم نہ کی گئی ہو)۔

Please affix
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The Company Secretary

BankIslami Pakistan Limited

11th Floor, Executive Tower,
Dolmen City, Marine Drive,
Clifton Block - 4,
Karachi, Pakistan

سی ڈی سی/ آر ٹی اے/ بی آئی پی ایل/ لیٹر/ 17

تاریخ

فولیو نمبر:

مالک حصص کا نام:

باپ/ شوہر کا نام:

پتہ:

نقد منافع منقسمہ کی ادائیگی کے لیے بینک اکاؤنٹ کی تفصیلات

(کمپنیز ایکٹ 2017 کے مطابق لازمی)

محترم مالک حصص

اس کا مقصد آپ کو مطلع کرنا ہے کہ کمپنیز ایکٹ 2017 کی دفعہ 242 کے مطابق، نقد منافع منقسمہ کی ادائیگی صرف برقی ذرائع سے مستحق حصص مالک کے نامزد اکاؤنٹ میں براہ راست کردی جائے گی۔ براہ کرم بیٹھ فرمائیں کہ نقد منافع منقسمہ کی ادائیگی کے لیے بینک کو لازمی اختیار حاصل ہے۔ ریگولیشن قوانین پر عملدرآمد اور آپ کے بینک اکاؤنٹ میں منافع کی رقم کی براہ راست کریڈٹ کی سہولت کے حصول کے لیے آپ سے درج ذیل معلومات کی فراہمی کی درخواست کی جاتی ہے۔

حصص مالک کی تفصیلات

حصص مالک کا نام

فولیو نمبر

قومی شناختی کارڈ نمبر

حصص مالک کا موبائل نمبر

حصص مالک کا لینڈ لائن ٹیلیفون نمبر (اگر کوئی ہے تو)

بینک اکاؤنٹ کی تفصیلات

بینک اکاؤنٹ کا عنوان (ٹائٹل)

بین الاقوامی بینک اکاؤنٹ نمبر (IBAN) ”لازمی“ (24 ہندسے)

برائے مہربانی اپنی متعلقہ برانچ سے مشاورت کے بعد اپنا درست IBAN نمبر فراہم کریں کیونکہ دیئے گئے IBAN نمبر میں کسی غلطی یا غفلت کی صورت میں آپ کے نقد منافع منقسمہ کی ادائیگی میں کسی تاخیر یا کسی نقصان کے لیے کمپنی کسی بھی صورت سے ذمہ دار نہیں ہوگی۔

بینک کا نام

برانچ کا نام اور پتہ

یہ کہا گیا ہے کہ درج بالا بیان کردہ معلومات درست ہیں اور ان میں کسی تبدیلی کی صورت میں، میں/ ہم اس کے مطابق فوری طور پر شرکاء/ شیئرز رجسٹر کو آگاہ کریں گے۔

مالک حصص کے دستخط

آپ سے درخواست کی جاتی ہے کہ مکمل پُر کئے گئے اس خط کی نقول اپنے باضابطہ دستخط اور قابل اطلاق قومی شناختی کارڈ کی تصدیق شدہ نقول کے ساتھ ہمارے شیئرز رجسٹرار کو ہمارے دفتر کے پتے پر شیئرز رجسٹرار، بینک اسلامی پاکستان، سی ڈی شیئرز رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس، 99-بی، بلاک بی، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی۔ 74000 پر جمع کرائیں۔

آپ کا مخلص

سی ڈی شیئرز رجسٹرار سروسز لمیٹڈ

نوٹ: یہ ایک سسٹم کا تخلیق کردہ خط ہے جسے کسی دستخط کی کوئی ضرورت درکار نہیں ہے۔



On behalf of BankIslami Pakistan Limited

**Bank Account Details for Payment of Cash Dividend
(Mandatory Requirement as per the Companies Act, 2017)**

Head Office: CDC House,
99-B, Block B, S.M.C.H.S.,
Main Shahr-e-Faisal,
Karachi - 74400
Tel: (92) 0800-232275
Fax: (92-21) 34326053
URL: www.cdcsrsl.com
Email: info@cdcsrsl.com

Dear CDS/IAS Accountholder,

This is to inform you that in accordance with the Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank accounts of entitled shareholder as designated by them. In pursuance of the direction given by Securities and Exchange Commission of Pakistan (SECP), kindly immediately contact your relevant CDC Participant/CDC Investor Account Services Department and provide them your bank mandate information including International Bank Account Number (IBAN) which is now mandatory for all cash dividend payments.

In order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide requisite bank mandate information to your respective Participant/CDC Investor Account Services Department immediately.

Kindly also ensure that the title of IBAN / Bank Account must be in your name.

You may also refer Circular No. CDC/LC&R/16 dated August 31st, 2017 issued by Central Depository Company of Pakistan Limited in this regard available on website www.cdcpakistan.com

Regards,

M/s. CDC Share Registrar Services Limited
Share Registrar: BANKISLAMIC PAKISTAN LIMITED

Note: This letter is being computer generated and does not require any signature.

سی ڈی ایس کے حصص مالکان کے لیے خط کی وضع

نقد منافع منقسمہ کی ادائیگی کے لیے بینک اکاؤنٹ کی تفصیلات
(کمپنیز ایکٹ 2017 کے مطابق لازمی)

محترم مالکِ حصص

اس کا مقصد آپ کو مطلع کرنا ہے کہ کمپنیز ایکٹ 2017 کی دفعہ 242 کے مطابق، نقد منافع منقسمہ کی ادائیگی صرف برقی ذرائع سے مستحق حصص مالک کے نامزد اکاؤنٹ میں براہ راست کردی جائے گی۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی طرف سے دی گئی ہدایات کے مطابق، برائے مہربانی اپنے متعلقہ سی ڈی سی شرکاء/سی ڈی سی انویسٹرا کاؤنٹ سروس ڈیپارٹمنٹ سے فوری رابطہ کریں اور انہیں اپنے بینک اختیار کی لازمی معلومات بشمول بین الاقوامی اکاؤنٹ نمبر (IBAN) فراہم کریں، جو کہ اب تمام نقد منافع منقسمہ کی ادائیگیوں کے لیے لازمی ہے۔ ریگولیٹری قوانین پر عملدرآمد اور آپ کے بینک اکاؤنٹ میں منافع کی رقم کی براہ راست کریڈٹ کی سہولت کے حصول کے لیے آپ سے لازمی بینک اختیاری معلومات کی اپنے متعلقہ شریک/سی ڈی سی انویسٹرا کاؤنٹ سروس ڈیپارٹمنٹ کو فوری طور پر فراہم کرنے کی درخواست کی جاتی ہے۔

آپ کا مخلص

میسرز سی ڈی سی شیئرز رجسٹرار سروسز لمیٹڈ

شیئرز رجسٹرار، بینک اسلامی پاکستان لمیٹڈ

نوٹ: یہ ایک سسٹم کا تخلیق کردہ خط ہے جسے کسی دستخط کی کوئی ضرورت درکار نہیں ہے۔

SECP INSTRUCTIONS FOR CONVERSION OF PHYSICAL SHARE OF BANKISLAMI PAKISTAN LIMITED INTO BOOK ENTRY FORM AND TO UPDATE THE MANDATORY BANK ACCOUNT DETAILS, MANDATORY OTHER DETAILS.

With reference to the provisions of Section 72 of the Companies Act, 2017, Securities and Exchange Commission of Pakistan, through its letter No. CSD/ED/MISC/2016-639-640 dated March 26, 2021, has required listed companies to replace the existing physical shares issued by them into Book Entry Form. In compliance to regulatory requirement, shareholders of BankIslami Pakistan Limited holding physical share certificates are requested to convert their physical shares certificates into Book Entry Form. Shareholders who have not yet collected their unclaimed physical share certificates are requested to collect from Bank's Share Registrar and also convert it in book entry form in compliance to regulatory requirement. Shareholders of Bank may contact their Broker (a PSX member), CDC Participant or CDC Investor Account Services Department of Central Depository Company of Pakistan Limited for assistance in opening CDC Account.

The aforementioned conversion will benefit to shareholders i.e readily available share(s) for sale and purchase at better rates; instant credit of entitlements (bonus shares and rights shares); and eliminate the risk of loss of shares, etc.

Further, pursuant to Section 242 of the Companies Act, 2017, SECP S.R.O 421(1)/2018 dated April 02 2018, and SECP letter No. CL/CSD/MISC/2014-30 dated March 19, 2021, it is mandatory for the listed companies to pay Cash Dividend to their Shareholders only through electronic mode directly into Shareholders' Bank Account, instead of issuing physical Dividend Warrants. Shareholders those who have not yet provided the IBAN are requested to contact the Bank's share registrar at the below address or Broker (a PSX member), Participant/Investor Account Services of Central Depository Company of Pakistan Limited (as the case may be) and provide complete bank details and comply regularity requirement.

According to Section 119 of the Companies Act, 2017 and Regulation 47 of the Companies Regulations, 2024, physical shareholders are advised to provide their mandatory information such as CNIC number, address, email address, contact mobile / telephone number, International Bank Account Number (IBAN), etc. to Bank's Share Registrar at their below address immediately, if not provided to avoid any non-compliance of law or any inconvenience in future.

**CDC Share Registrar Services Limited,
Head Office, CDC House, 99-B, Block "B", S.M.C.H.S. Main Shahrah-e-Faisal
Karachi-74400 Tel: (92) 0800-23275 Fax: (92-21) 34326053
URL: www.cdcsrsl.com, Email: info@cdcsrsl.com**

BankIslami

infjmi.com.pk
0300 8299955

BankIslami Pakistan Limited

11th Floor, Executive Tower, Dolmen City,
Marine Drive, Block-4, Clifton, Karachi.

Phone Number: 021-111 475 264

Email: contact.center@bankislami.com.pk

