Dubai Islamic Bank Pakistan Limited

Financial Statements
for the year ended
December 31, 2024

KPMG Taseer Hadi & Co.
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the members of Dubai Islamic Bank Pakistan Limited

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, given 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, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

Management is responsible for the other information. The other information comprises the information included in the Chairman's review and Director's report for the year ended 31 December 2024 but does not include the financial statements and our auditor's report thereon.

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

KPMG Taseer Hadi & Co.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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2. We confirm that for the purpose of our audit we have covered more than sixty per cent of the total loans and advances of the Bank.

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

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 28 February 2025

Karachi

UDIN: AR202410188mlnMTpwP4

Dubai Islamic Bank Pakistan Limited
Statement of Financial Position
As at December 31, 2024

	Note	2024	2023
		--- Rupees in '000 ---	
ASSETS			
Cash and balances with treasury banks	5	**30,433,179**	28,901,856
Balances with other banks	6	**1,354,671**	3,985,034
Due from financial institutions	7	**41,494,389**	2,900,000
Investments	8	**143,838,506**	121,361,640
Islamic financing and related assets	9	**203,608,460**	243,067,943
Property and equipment	10	**2,180,568**	1,789,929
Right-of-use assets	11	**5,588,241**	4,630,652
Intangible assets	12	**615,657**	670,469
Deferred tax assets	13	**5,517,172**	4,488,375
Other assets	14	**18,258,858**	19,196,483
Total assets		**452,889,701**	430,992,381
LIABILITIES			
Bills payable	15	**7,103,423**	4,395,198
Due to financial institutions	16	**24,008,644**	33,908,833
Deposits and other accounts	17	**346,872,762**	324,876,776
Lease Liabilities	18	**6,347,022**	5,047,147
Subordinated sukuks	19	**7,120,000**	7,120,000
Other liabilities	20	**16,491,291**	18,479,542
Total liabilities		**407,943,142**	393,827,496
NET ASSETS		**44,946,559**	37,164,885
REPRESENTED BY			
Share capital	21	**11,652,288**	11,652,288
Reserves	22	**6,553,983**	5,219,664
Surplus / (deficit) on revaluation of investments	23	**651,615**	(314,350)
Unappropriated profit		**26,088,673**	20,607,283
		44,946,559	37,164,885
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 47 and Annexure I form an integral part of these financial statements.

President & Chief Executive	Chief Financial Officer	Director	Director	Director

Dubai Islamic Bank Pakistan Limited
Statement of Profit and Loss Account
For the year ended December 31, 2024

	Note	**2024**	2023
		--- Rupees in '000 ---	
Profit / return earned	25	**68,066,963**	65,841,557
Profit / return expensed	26	**(37,703,586)**	(35,405,510)
Net Profit / return		**30,363,377**	30,436,047
OTHER INCOME			
Fee and commission income	27	**2,614,353**	2,294,936
Dividend income		**-**	-
Foreign Exchange income		**1,331,927**	1,498,797
Gain on securities		**-**	-
Net loss on derecognition of financial assets measured at amortised cost		**(119,843)**	-
Other income	28	**15,110**	1,631
Total other income		**3,841,547**	3,795,364
Total income		**34,204,924**	34,231,411
OTHER EXPENSES			
Operating expenses	29	**(15,839,586)**	(12,405,406)
Workers Welfare Fund		**(363,501)**	(383,093)
Other charges	30	**(84,973)**	(38,974)
Total other expenses		**(16,288,060)**	(12,827,473)
Profit before credit loss allowance / provision		**17,916,864**	21,403,938
Credit loss allowance / provisions and write offs - net	31	**(3,613,824)**	(7,372,022)
PROFIT BEFORE TAXATION		**14,303,040**	14,031,916
Taxation	32	**(7,631,445)**	(7,312,737)
PROFIT AFTER TAXATION		**6,671,595**	6,719,179
		--- Rupees ---	
Basic & diluted earnings per share	33	**5.73**	5.77

The annexed notes 1 to 47 and Annexure I form an integral part of these financial statements.

President & Chief Executive **Chief Financial Officer** **Director** **Director** **Director**

Dubai Islamic Bank Pakistan Limited

Statement of Comprehensive Income

For the year ended December 31, 2024

	2024	2023
	--- Rupees in '000 ---	
Profit after taxation for the year	**6,671,595**	6,719,179
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in revaluation of investments - net of tax	**965,965**	359,705
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligation - net of tax	**53,187**	(20,816)
Total comprehensive income	**7,690,747**	7,058,068

The annexed notes 1 to 47 and Annexure I form an integral part of these financial statements.

President & Chief Executive	Chief Financial Officer	Director	Director	Director

Dubai Islamic Bank Pakistan Limited
Statement of Changes in Equity
For the year ended December 31, 2024

	Share capital	Statutory reserve	(Deficit) / surplus on revaluation of investments	Unappro-priated profit	Total
	----------------------	----------------	Rupees in '000	----------------	----------------------
Opening balance as at January 01, 2023	11,652,288	3,875,828	(674,055)	15,252,756	30,106,817
Profit after taxation for the year ended December 31, 2023	-	-	-	6,719,179	6,719,179
Other comprehensive income / loss - net of tax					
Movement in revaluation of investments - net of tax	-	-	359,705	-	359,705
Remeasurement loss on defined benefit obligation - net of tax	-	-	-	(20,816)	(20,816)
	-	-	359,705	(20,816)	338,889
Transfer to statutory reserve	-	1,343,836	-	(1,343,836)	-
Closing balance as at December 31, 2023	11,652,288	5,219,664	(314,350)	20,607,283	37,164,885
Impact of adoption of IFRS 9 - net of tax (note 2.3.2)	**-**	**-**	**-**	**90,927**	**90,927**
Opening balance as at January 01, 2024	**11,652,288**	**5,219,664**	**(314,350)**	**20,698,210**	**37,255,812**
Profit after taxation for the year ended December 31, 2024	**-**	**-**	**-**	**6,671,595**	**6,671,595**
Other comprehensive income - net of tax					
Movement in revaluation of investments - net of tax	**-**	**-**	**965,965**	**-**	**965,965**
Remeasurement gain on defined benefit obligation - net of tax	**-**	**-**	**-**	**53,187**	**53,187**
	-	**-**	**965,965**	**53,187**	**1,019,152**
Transfer to statutory reserve	**-**	**1,334,319**	**-**	**(1,334,319)**	**-**
Closing Balance as at December 31, 2024	**11,652,288**	**6,553,983**	**651,615**	**26,088,673**	**44,946,559**

The annexed notes 1 to 47 and Annexure I form an integral part of these financial statements.

President & Chief Executive **Chief Financial Officer** **Director** **Director** **Director**

Dubai Islamic Bank Pakistan Limited
Cash Flow Statement
For the year ended December 31, 2024

	Note	2024	2023
		------ Rupees in '000 ------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**14,303,040**	14,031,916
Adjustments:			
Net profit / return		**(30,363,377)**	(30,436,047)
Net loss on derecognition of financial assets measured at amortised cost		**119,843**	-
Depreciation	*10.2*	**655,378**	466,343
Depreciation on non-banking assets acquired in satisfaction of claims	*14.2.1*	**238**	-
Depreciation on right-of-use assets	*11.1*	**1,052,481**	980,377
Amortisation	*12.1*	**172,106**	125,941
Finance cost on Ijarah (lease) liabilities	*26*	**737,909**	578,589
Gain on sale of property and equipment	*28*	**(15,110)**	(1,631)
Credit loss allowance/ provisions and write offs - net	*31*	**3,613,824**	7,372,022
		(24,026,708)	(20,914,406)
		(9,723,668)	(6,882,490)
Decrease / (increase) in operating assets			
Due from financial institutions		**(38,600,000)**	20,600,000
Net investments in FVTPL		**2,070,625**	-
Islamic financing and related assets		**35,846,424**	(2,667,958)
Others assets		**70,968,140**	63,025,361
		70,285,189	80,957,403
(Decrease) / increase in operating liabilities			
Bills payable		**2,708,225**	(2,812,696)
Due to financial institutions		**(10,105,841)**	(1,965,588)
Deposits and other accounts		**21,995,986**	(20,934,435)
Other liabilities (excluding current taxation)		**(40,114,215)**	(31,630,917)
		(25,515,845)	(57,343,636)
Income tax paid		**(11,170,078)**	(10,932,527)
Net cash flow generated from operating activities		**23,875,598**	5,798,750
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in FVOCI / available for sale securities		**(22,583,171)**	(17,434,325)
Investments in property and equipment		**(1,061,158)**	(768,399)
Proceeds from sale of property and equipment		**30,251**	4,376
Investments in intangibles		**(117,294)**	(387,058)
Net cash flow used in investing activities		**(23,731,372)**	(18,585,406)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of Ijarah (lease) liabilities against right-of-use assets		**(1,448,104)**	(1,104,244)
Decrease in cash and cash equivalents		**(1,303,878)**	(13,890,900)
Cash and cash equivalents at beginning of the year	34	**32,886,890**	46,777,790
Cash and cash equivalents at end of the year	*34*	**31,583,012**	32,886,890

The annexed notes 1 to 47 and Annexure I form an integral part of these financial statements.

President & Chief Executive **Chief Financial Officer** **Director** **Director** **Director**

1 STATUS AND NATURE OF BUSINESS

1.1 Dubai Islamic Bank Pakistan Limited (the Bank) was incorporated in Pakistan as an unlisted public limited company on May 27, 2005 under the repealed Companies Ordinance 1984 (now Companies Act, 2017) to carry out the business of an Islamic Commercial Bank in accordance with the principles of Islamic Shari'a.

1.2 The State Bank of Pakistan (the SBP) granted a “scheduled islamic commercial bank” license to the Bank on November 26, 2005 and subsequently the Bank received the certificate of commencement of business from the Securities and Exchange Commission of Pakistan (the SECP) on January 26, 2006. The Bank commenced its operations as a scheduled Islamic Commercial Bank with effect from March 28, 2006 on receiving certificate of commencement of business from the SBP. The Bank is principally engaged in corporate, commercial, consumer, investing and retail banking activities.

1.3 VIS Credit Rating Company Limited on June 27, 2024 has reaffirmed the Bank's medium to long-term rating at 'AA' (Double A) and the short term rating at 'A-1+' (A-One Plus) with stable outlook.

1.4 The Bank is operating through 235 branches as at December 31, 2024 (2023: 235 branches). The registered office of the Bank is situated at Hassan Chambers, DC-7, Block-7 Kehkashan, Clifton, Karachi. The Bank is a wholly owned subsidiary of Dubai Islamic Bank PJSC, UAE (the Holding Company).

2 BASIS OF PRESENTATION

The Bank provides Islamic financing and makes investments mainly through Murabaha, Musharaka, Running Musharaka, Shirkatulmilk, Istisna cum Wakala, Wakala Istithmar and export refinance under Islamic export refinance schemes as well as various long term refinancing facility of the SBP respectively as briefly explained in the notes to these financial statements. The transactions of purchases, sales and leases executed under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of rental / profit thereon. The income on such Islamic financing and related assets is recognised in accordance with the principles of Shari'a. However, income if any, received which does not comply with the principles of Shari'a is recognised as charity payable if so directed by the Shari'a Board / Resident Shari'a Board Member of the Bank.

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. 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, as are notified under the Companies Act, 2017;

- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and

- Directives issued by the SBP and the SECP.

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

The SBP has adopted requirements of IFRS 9 along with the applicable guidlance through BPRD Circular No. 07 of 2023, dated April 13, 2023, but deferred certain requirements. Islamic banking institutions 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 instructions in this regard. However, if this relaxation had not been granted by the SBP, the profit after tax for the year ended December 31, 2024 would have decreased by Rs. 134.57 million. The Bank has received exemption of recording income and expense at Effective profit rate till December 31, 2025. Consequently, these deferred requirements of IFRS 9 have not been considered in the preparation of these financial statements. Furthermore, the Banks are required to apply modification accounting on retrospective basis to Islamic financing restructured on or after January 01, 2020.

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

As directed by SBP via BPRD Circular letter no. 7 of 2023, implementation of IFRS 9 (Financial Instruments) is effective for banks 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, 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 2.4 to these 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 financial statements.

	Effective from Accounting period beginning on or after
- IAS 1 - Non current liabilities with covenants (amendments)	January 01, 2024
- IAS 1 - Classification of liabilities in a sale and leaseback (amendments)	January 01, 2024
- IFRS 16 - Sale and leaseback (amendments)	January 01, 2024

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

The following amendments are only effective for accounting periods, beginning on or after the date mentioned against each of them:

	Effective from Accounting period beginning on or after
- IAS 21 - Lack of exchangeability (amendments)	January 01, 2025
- IFRS 10 & IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	January 01, 2025
- IFRS 7 - Financial Instruments Classification and Measurement disclosures (amendments)	January 01, 2025
- IFRS 9 - Certain requirements of IFRS 9 were deferred by the SBP as disclosed in the statement of compliance.	January 01, 2025

Except for the above, the Bank expects that amendments to other applicable and existing accounting and reporting standards, effective from the annual periods beginning on or after 01 January 2025, will not have a material effect on its financial statements in the period of initial application.

2.4 Critical accounting estimates and judgments

The preparation of financial statements is 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:

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

i) Classification of financial assets (Note 4.1.2.3)
ii) Valuation and Impairment of financial instruments (Note 4.1.2.12)
iii) Valuation and depreciation of property and equipment (Note 4.6 & 10)
iv) Valuation and depreciation of right-of-use assets and related lease liabilities (Note 4.7, 11 & 18)
v) Valuation and amortization of intangible assets (Note 4.6.3 & 12)
vi) Valuation of non-banking assets acquired in satisfaction of claims (Note 4.9 & 14)
vii) Valuation of defined benefit plan (Note 4.15.1 & 36)
viii) Taxation (Note 4.8, 13 & 32)

3 BASIS OF MEASUREMENT

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention, except that certain financial instruments that are carried at fair value. Further, net obligations in respect of defined benefit schemes and ijarah (lease) liabilities which are carried at their present values.

3.2 Functional and presentation currency

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

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the financial statements for the year ended December 31, 2023, except as disclosed in note 4.1 below:

4.1 Changes in accounting policies

4.1.1 Revised format of 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 annual 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 11) amounting to Rs. 5,588 million (December 31, 2023: Rs 4,630 million) which were previously shown as part of fixed assets are now shown separately on the statement of financial position.

- Lease liabilities (note 18) amounting to Rs. 6,347 million (December 31, 2023: Rs. 5,047 million) which were previously shown as part of other liabilities (note 20) are now shown separately on the statement of financial position.

4.1.2 IFRS 9 - Financial Instruments

As directed by the SBP vide its BPRD Circular No. 07 of 2023 dated April 13, 2023, IFRS 9: 'Financial Instruments' (the Standard) became effective for periods beginning on or after January 01, 2024. Moreover, SBP has also issued application instructions vide BPRD Circular No. 03 of 2022 on IFRS 9 for banks in Pakistan for ensuring smooth and consistent implementation of the standard.

BPRD Circular No. 03 of 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. Furthermore, SBP wide its BPRD Circular Letter No. 16 of 2024 and SBP wide BPRD Circular Letter No. 01 of 2025 has made further amendments in the application instructions issued. All relevant deferments made through these amendments are disclosed in statement of compliance.

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 requirements along with the Application Instructions from January 1, 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 recognised in retained earnings and reserves as at January 1, 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.

4.1.2.1 Impact on the statement of financial position

The Bank has adopted IFRS 9 effective January 01, 2024 with modified retrospective approach for restatement permitted under IFRS 9. Details of impact of initial application are tabulated below:

			Impact due to								
Financial Asset / Liabilities	**Note**	**Balances as of December 31, 2023**	**Change in classification**	**Recognition of expected credit loss (ECL)**	**Reversal of Provision held**	**Remeasurements**	**Total Impact**	**Taxation**	**Total impact - net of tax**	**Balances as of January 01, 2024**	**Classification under IFRS 9**
		---	---	---	---	**Rupees in '000**	---	---	---	---	
Assets											
Cash and balances with treasury banks		28,901,856	-	(678)	-	-	(678)	-	(678)	28,901,178	Amortised cost
Balances with other banks		3,985,034	-	(625)	-	-	(625)	-	(625)	3,984,409	Amortised cost
Due from financial institutions		2,900,000	-	(32)	-	-	(32)	-	(32)	2,899,968	Amortised cost
Investments											
- Classified as available for sale		121,361,640	(121,361,640)	-	-	-	(121,361,640)	-	(121,361,640)	-	
- Classified as Fair Value Through Profit and Loss - FVTPL	a	-	4,453,044	-	-	-	4,453,044	-	4,453,044	4,453,044	FVTPL
- Classified as Fair Value Through Other Comprehensive Income - FVOCI	b	-	116,908,596	(93,002)	89,316	-	116,904,910	-	116,904,910	116,904,910	FVOCI
Islamic financing and related assets											
- Subsidized financing - SBP termporary refinance scheme		11,884,901	-	-	-	(2,873,224)	(2,873,224)	-	(2,873,224)	9,011,677	Amortised cost
- Staff financing		2,682,094	-	-	-	(1,000,265)	(1,000,265)	-	(1,000,265)	1,681,829	Amortised cost
- Modified financial assets		2,482,530	-	-	-	(249,350)	(249,350)	-	(249,350)	2,233,180	Amortised cost
- Financing other than subsidized financing, staff financing & modified financial assets		244,718,945	-	-	-	-	-	-	-	244,718,945	At cost
- Provision		(18,700,527)	-	(18,255,681)	18,700,527	-	444,846	-	444,846	(18,255,681)	Amortised cost
Property and equipment		1,789,929	-	-	-	-	-	-	-	1,789,929	Outside the scope of IFRS 9
Right of use assets		4,630,652	-	-	-	-	-	-	-	4,630,652	Outside the scope of IFRS 9
Intangible assets		670,469	-	-	-	-	-	-	-	670,469	Outside the scope of IFRS 9
Deferred tax assets		4,488,375	-	-	-	-	-	(98,505)	(98,505)	4,389,870	Outside the scope of IFRS 9
Other assets											
- Financial other assets		17,940,383	-	(14,090)	13,047	1,000,265	999,222	-	999,222	18,939,605	Amortised cost
- Non-financial other assets		1,256,100	-	-	-	-	-	-	-	1,256,100	Outside the scope of IFRS 9
Total assets		**430,992,381**	**-**	**(18,364,108)**	**18,802,890**	**(3,122,574)**	**(2,683,792)**	**(98,505)**	**(2,782,297)**	**428,210,084**	
Liabilities											
Bills payable		4,395,198	-	-	-	-	-	-	-	4,395,198	Amortised cost
Due to financial institutions		33,908,833	-	-	-	(3,107,453)	(3,107,453)	-	(3,107,453)	30,801,380	Amortised cost
Deposits and other accounts		324,876,776	-	-	-	-	-	-	-	324,876,776	Amortised cost
Lease liabilities		5,047,147	-	-	-	-	-	-	-	5,047,147	Amortised cost
Subordinated sukuks		7,120,000	-	-	-	-	-	-	-	7,120,000	Amortised cost
Other liabilities											
- Financial other liabilities		13,697,426	-	-	-	234,229	234,229	-	234,229	13,931,655	Amortised cost
- Non-financial other liabilities		4,782,116	-	-	-	-	-	-	-	4,782,116	Outside the scope of IFRS 9
Total liabilities		**393,827,496**	**-**	**-**	**-**	**(2,873,224)**	**(2,873,224)**	**-**	**(2,873,224)**	**390,954,272**	
Net Assets		**37,164,885**	**-**	**(18,364,108)**	**18,802,890**	**(249,350)**	**189,432**	**(98,505)**	**90,927**	**37,255,812**	
Represented By											
Share capital		11,652,288	-	-	-	-	-	-	-	11,652,288	Outside the scope of IFRS 9
Reserves		5,219,664	-	-	-	-	-	-	-	5,219,664	Outside the scope of IFRS 9
Deficit on revaluation of investments		(314,350)	-	-	-	-	-	-	-	(314,350)	Outside the scope of IFRS 9
Unappropriated profit		20,607,283	-	(18,364,108)	18,802,890	(249,350)	189,432	(98,505)	90,927	20,698,210	Outside the scope of IFRS 9
		37,164,885	**-**	**(18,364,108)**	**18,802,890**	**(249,350)**	**189,432**	**(98,505)**	**90,927**	**37,255,812**	

a Certain non-trading debt securities are held by the Bank in separate portfolios and are managed with an objective of realising cash flows through sale. The Bank primarily focuses on fair value information and uses that information to assess the securities' performance and to make decisions. In addition, certain asset-backed securities have contractual cash flows that are not SPPI. These assets are therefore measured at FVTPL under IFRS 9.

b Certain debt securities are held by the Bank in separate portfolios to meet everyday liquidity needs. The Bank seeks to minimise the costs of managing these liquidity needs and therefore actively manages the return on the portfolio. That return consists of collecting contractual payments as well as gains and losses from the sale of financial assets. The investment strategy often results in sales activity that is significant in value. The Bank considers that under IFRS 9 these securities are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

4.1.2.2 Impact on Capital Adequacy, Leverage Ratio and Liquidity requirements

Based on the adoption of IFRS 9, details of initial application are tabulated below:

	As of December 31, 2023	As of January 01, 2024
Capital Adequacy Ratio (CAR):		
Common Equity Tier I Capital Adequacy ratio	14.10%	14.14%
Tier I Capital Adequacy Ratio	15.36%	15.40%
Total Capital Adequacy Ratio	17.99%	18.03%
Leverage Ratio (LR)	7.49%	7.51%
Liquidity Coverage Ratio (LCR)	178.91%	178.91%
Net Stable Funding Ratio (NSFR)	140.13%	140.15%

4.1.2.3 Classification and measurement

Under the new standard, 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 Profit (SPPI) criteria are required to be measured at fair value through profit or loss (FVTPL) regardless of the business model in which they are held.

Recognition and initial measurement

Investment securities issued are initially recorded when they are originated. All other financial assets and financial liabilities are initially recognised when the Bank becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price. If the Bank determines that the fair value on initial recognition differs from the transaction price then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in statement of profit and loss account on an appropriate basis over the life of the asset but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out.

Classification

Financial assets

On initial recognition, a financial asset is classified as measured at cost / amortised cost, FVOCI or FVTPL. A financial asset is measured at amortised cost if the asset is held within a business model whose objective is to hold assets to collect contractual cash flows.

Financial assets are not reclassified subsequent to their initial recognition unless the Bank changes its business models for managing financial assets, in which cases all affected financial assets are reclassified on the first day of the first reporting period following changes in the business model.

IFRS 9 allows entities to irrevocably designate, at initial recognition, a financial asset as measured at FVTPL if doing so eliminates or significantly reduces any 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing gains and losses on them on different basis. SBP instructions state that banks may apply the fair value option if, in addition to the IFRS 9 criterion, (a) it is consistent with a documented risk management strategy, and (b) fair values are reliable at inception and throughout the life of the instrument. Nonetheless, banks should avoid this option for financial instruments that are categorized as Level 3 in terms of the IFRS 13 hierarchy.

Financial liabilities

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

4.1.2.4 Business model assessment

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

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

4.1.2.5 Assessments whether contractual cash flows are Solely Payments of Principal and Profit (SPPI)

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

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

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

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

4.1.2.6 Subsequent measurement

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

FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any profit is recognised in statement of profit and loss account.

Amortised cost These assets are subsequently measured at amortised cost. The amortised cost is reduced by impairment losses. profit, foreign exchange gains and losses and impairment are recognised in statement of profit and loss account.

Islamic financing at cost Islamic financing and related assets are carried at cost, net of expected credit loss allowance, excluding staff loans, Islamic Temporary Economic Refinance Facility (ITERF), and Modified financial assets which are measured at amortised cost net of expected loss allowance.

FVOCI These assets are subsequently measured at fair value and is assessed for impairment under the new ECL model. Profit income is calculated using the effective profit rate method and includes amortization of premiums and accretion of discount, foreign exchange gains and losses and impairment are recognised in statement of profit and loss account. Other net gains and losses are recognised in statement of other comprehensive income. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss account.

4.1.2.7 Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective profit rate method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before 1 January 2024).

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

4.1.2.8 Calculation of profit income and expense

Income on financial assets, comprising performing islamic financing and debt securities and other financial assets, is recognized on a time proportion basis as per the terms of the contract. However, where debt securities, classified as investments in the financial statements, are purchased at premium or discount, such premium / discount including the transaction cost is amortized through the statement of profit and loss account over the remaining maturity of the debt security using the effective profit rate method. Similarly, income recoverable on classified financing and investments (debt securities), is recognized on a receipt basis.

Income on rescheduled / restructured Islamic financing is suspended for credit impaired assets. Accordingly income on the basis of effective profit rate method is only recognized if it is in excess of profit income accrued on the basis of contractual rates.

Profit expense on financial liabilities (comprising deposits, subordinated debts, and due to financial institutions) is recognized on an accrual basis in the period in which it is incurred, based on their contractual rates.

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.

Presentation

Profit earned as presented in the statement of profit and loss account includes profit income calculated using the effective profit rate method as presented in sub note which includes:

- Profit on financial assets and financial liabilities measured at amortised cost;
- Profit on debt instruments measured at FVOCI;

Profit expense as presented in the profit and loss account includes profit expense calculated using the effective profit rate method as presented in sub note which includes financial liabilities measured at amortised cost.

Profit income and expense on all trading assets and liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Profit income and expense on other financial assets and financial liabilities at FVTPL are presented in net income from other financial instruments at FVTPL.

Under IFRS 9 profit earned on non-performing financial assets is determined by using the credit adjusted effective profit rate. However, in accordance with the application instructions the unrealized profit earned on non-performing assets are kept in a memorandum account and are not credited to statement of profit and loss account. However, the Banks are advised to recognize income on non-performing assets (financing classified under PRs i.e., OAEM and Stage 3) on a receipt basis in accordance with the requirements of Prudential Regulations issued by SBP.

4.1.2.9 Derecognition

The Bank derecognises a financial asset when

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized), and the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in OCI is recognized in the statement of profit and loss account.

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

4.1.2.10 Modification

Financial assets

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its customers. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs.

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

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

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the bank first recalculates the gross carrying amount of the financial asset using the original effective profit rate of the asset and recognise the resulting adjustment as a modification gain or loss in statement of profit and loss account.

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

Financial liabilities

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

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective profit rate and the resulting gain or loss is recognised in statement of profit and loss account. For floating-rate financial liabilities, the original effective profit rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification.

4.1.2.11 Impairment

The impairment requirements apply to financial assets measured at amortised cost and FVOCI, 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 expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, a provision is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL').

Measurement of ECL

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

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

- undrawn 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.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective profit rate of the existing financial asset.

Financial assets where 12-month ECL is recognised are in 'Stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'Stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'Stage 3'.

Non-performing financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a 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.

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 calculates the ECL against corporate, commercial & SME financing portfolios as higher of PR and ECL under IFRS 9 at borrower level, whereas against the retail borrowers the Bank calculates ECL at higher of PR and ECL under IFRS 9 at product basis as instructed under Annexure-A of BPRD Circular letter no 16 of 2024 dated July 29, 2024.

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

- PD: The probability that a counterparty will default over the next 12 months from the reporting date (12- month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2). PD is estimated using internal rating classes and are based on the Bank's internal risk rating. The bank has used Transition Matrix approach for estimation of PD for each internal rating. The bank has use roll-rate method using the days past due (DPD) criteria to estimated PD for its retail portfolio. PD are then adjusted with forward looking information for calculation of ECL.

- EAD: The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant. The Bank estimates EAD for financial assets carried at an amortised cost equal to principal plus profit. Each repayment date is assumed to be default point in the model and the ECL is calculated on EAD at each reporting date and discounted at the effective profit rate. Further, cash and cash equivalent collaterals that the Bank holds against the non-retail facilities are adjusted from the EAD.

- LGD: An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as a difference of discounted recoveries and cost that incurred to recover. Recoveries can be through liquidation of any form of collateral, cash recoveries, etc. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.

Purchase or Originated Credit Impaired Financial Assets

Purchase or Originated Credit Impaired (POCI) financial assets are assets that are credit-impaired on initial recognition. Expected credit loss for these assets is not recognized in a separate loss provision on initial recognition, as the lifetime expected credit loss is inherent within the gross carrying amount of the instruments. Consequently, POCI assets do not carry an impairment allowance on initial recognition. The amount recognized as a loss allowance after initial recognition is equal to the changes in lifetime ECL since the initial recognition of the asset.

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

Loss allowances for ECL are presented in the Statement of Financial Position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.

- Commitments and financial guarantee contracts: as a provision in Other Assets / Liabilities.

- Where a financial instrument includes both a drawn and an undrawn component, and the Bank does not identify the ECL on the financing commitment component separately from those on the drawn component and instead presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and

- Debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in retained earnings.

4.1.2.12 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. The Bank used 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 30 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

As required by the Application Instructions, financial assets may be reclassified out of stage 3 if they meet the requirements of PR issued by SBP. 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 period of 12 months for Non-Retail & 6 months for Retail from initial downgrade is required before facility is moved back to Stage 1 from Stage 2. For a facility to move back from Stage 3 to Stage 2, it should meet the criteria defined under the respective Prudential Regulations for de-classification of account / facility. 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.

4.1.2.13 Write-offs

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

Recoveries of amounts previously written off are included in ‘impairment losses on financial instruments’ in the statement of profit and loss account and OCI.

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

4.1.2.14 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.1.2.15 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.

When estimating lifetime ECL for undrawn financing commitments, the Bank estimates the expected portion of the financing 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 financing are drawn down, based on a probability-weighting of the three scenarios (best, worst and base).

4.1.2.16 Governance, ownership and responsibilities

The Bank has adopted a governance framework requiring the Risk, Finance, Operations, Internal Audit, IT functions and IFRS 9 Steering committee 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 Division has developed Models/ methodologies for PD and LGD. These models shall be validated on annual basis considering the following aspects:

- Quantitative Validation: Expected credit loss (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 Bank defines the staging criteria for the new impairment model and takes ownership of all models, methodologies and the ECL calculation approach.

The Bank performs ECL calculation and assesses the financial impact, meets the financial reporting requirements and further monitors the impact on the financial ratios. The Bank also presents quarterly progress report to its Board Risk Management Committee.

The Bank identifies, prepares and extracts the data required for the risk parameters modelling and ECL calculations. Bank also supports project owners for system development and upgrades.

4.2 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statements comprise of cash, balances with treasury banks, balances with other banks in current and deposit accounts and overdrawn nostro accounts.

4.3 Due to / from financial institutions

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.

Bai Muajjal

In Bai Muajjal, the Bank sells sukuk 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.

Musharaka / Mudaraba

In Musharaka / Mudaraba, the Bank invests in the shari'a compliant business pools of the financial institutions at the agreed profit and loss sharing ratio.

Wakalah bil Isitithmar

In Wakalah, the Bank places funds with Islamic Financial Institution (IFI) and appoints IFI its Wakeel (Agent) for investment in Shariah compliant transactions

Musharaka from SBP 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 guidelines issued by the SBP. The profit of the pool is shared as per the agreed weightages between the partners.

Mudaraba investments from the SBP under Islamic Long Term Financing Facility and other refinance schemes

The Bank accepts funds from the SBP for financial assistance on Mudaraba basis for investment in general pool of the Bank. The profit of the pool is shared as per the announced profit sharing ratio of the pool and the weightages assigned to these investments.

4.4 Investments (policies applicable before January 01, 2024)

4.4.1 Classification

The investment classifications are as follows:

(a) Held-for-trading

These are investments, which are either acquired for generating profits from short-term fluctuations in market prices or are securities included in a portfolio for which there is evidence of a recent actual pattern of short-term profit taking.

(b) Held-to-maturity

These are investments with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold till maturity.

(c) Available-for-sale

These are investments which do not fall under the 'held for trading' or 'held to maturity' categories.

4.4.2 Regular way contracts

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognised at trade date, which is the date on which the Bank commits to purchase or sell the investments.

4.4.3 Initial recognition and measurement

Investments other than those categorised as 'held for trading' are initially recognised at fair value which includes transaction costs associated with the investment. Investments classified as 'held for trading' are initially recognised at fair value and transaction costs are expensed in the statement of profit and loss account.

4.4.4 Subsequent measurement

Subsequent to initial recognition investments are valued as follows:

(a) Held-for-trading

These are measured at subsequent reporting dates at fair value. Gains and losses on remeasurement are included in the statement of profit and loss account.

(b) Held-to-maturity

These are measured at amortised cost using the effective profit rate method, less any impairment loss recognised to reflect irrecoverable amount.

(c) Available for sale

In accordance with the requirements specified by the SBP, quoted securities other than those classified as 'held to maturity' are subsequently re-measured to market value. Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of unquoted equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investment in other unquoted securities are valued at cost less impairment losses, if any.

Surplus / deficit arising on revaluation of quoted securities which are classified as 'available for sale', is included in the statement of comprehensive income and is shown in the statement of financial position as part of equity. On derecognition of available-for-sale investments, the cumulative gain / loss, if any, previously reported in other comprehensive income is transferred to statement of profit and loss account for the period within statement of comprehensive income.

4.4.5 Impairment

Impairment loss in respect of investments classified as available for sale and held to maturity (except sukuk) is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investment below its cost is also considered an objective evidence of impairment. Provision for diminution in the value of sukuk is made as per the Prudential Regulations issued by the SBP. In case of impairment of available for sale securities, the cumulative loss that previously reported in other comprehensive income is transferred to statement of profit and loss account for the year. For investments classified as held to maturity, the impairment loss is recognised in the statement of profit and loss account.

4.5 Islamic financing and related assets

The products originated by the Bank principally/generally comprise of Murabaha, Istisna cum Wakala, Tijarah cum Wakala, Wakala bil Istithmar, Salam cum Wakala, Running Musharakah, Diminishing Musharakah and Shirkatulmilk cum Ijarah.

Murabaha is a sale contract where the seller discloses its cost and profit to the buyer. Murabaha to the purchase orderer means a sale wherein the bank, upon request by the customer, purchases an item from another party and sells the same after getting its possession to the customer on cost plus profit on spot or deferred payment basis.

Import Murabaha 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 customer after getting the title to and possession of the goods. Murabaha financing is extended to all types of trade transactions i.e. under Documentary Credits (LCs) and Documentary Collections.

Istisna’ is a contract of sale of specified items to be manufactured or constructed and delivered by the manufacturer or builder (contractor) to the customer upon completion. Islamic banks after getting the delivery of the manufactured goods, sell the goods normally, through their agents in the market.

Tijarah is used for providing financing facility in transactions where final / transformed goods are available for sale. This facility enables our corporate customers to sell their finished goods, meet their working capital requirements and enjoy the benefits of cash sales. Tijarah facility can be availed by trading and manufacturing concerns and can also be used to facilitate customers to convert their interest based financing facilities to Islamic banking.

Bai Salam is the purchase of a commodity for deferred delivery in exchange for immediate payment. It is a type of sale in which the price is paid at the time of contracting while the delivery of the item to be sold is deferred. Islamic banks after getting the delivery of the manufactured goods, sell the goods normally, through their agents in the open market.

Wakala Istithmar has been developed to facilitate customers through investment agency where the customer acts as the investment agent of the Bank. This medium is used to cater customer’s financial needs i.e. help the customer to bridge the gap between the commencement of the manufacturing process and the dispatch of goods to the ultimate buyer / buyers.

Diminishing Musharakah is a form of partnership, which ends with the complete ownership of a partner (customer) who purchases the share (in the form of Units) of another partner (Bank) in that project by a redeeming mechanism agreed between both of them. During the financing tenor, the bank charges rental from the customer in lieu of usage of its share by the customer in the asset. This product is most commonly used for the financing of fixed and movable assets, long term projects, etc.

In Shirkat-ul-Milk, the Bank and the customer become co-owners in certain identified assets by acquiring the same from a third party or by purchase of an undivided share of an asset from the customer by the Bank. Thereafter, the customer / co-owner undertakes to purchase the share of the Bank from the Bank in a manner that the Bank would recover its cost plus the desired profit over a period of time (i.e. till the maturity of the facility). At the end of the facility term the Bank at its own discretion may sell its share to the customer at a nominal price.

In Running Musharaka financing, the Bank enters into financing with the customer based on Shirkat-ul-Aqd or Business Partnership in customers operating business. Under this mechanism the customer can withdraw and return funds to the Bank subject to his Running Musharaka Financing limit during the Musharaka 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.

In Musawamah financings, the Bank purchases the goods and after taking the possession, sells them to the customer either in spot or credit transaction, without disclosing the cost.

Inventory

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

Specific / general provision (policies applicable before January 01, 2024)

The Bank maintains specific provision for non performing Islamic financing based on the requirements specified in the Prudential Regulations issued by the SBP.

In accordance with the Prudential Regulations issued by SBP, unless specific exemption is available from SBP, the Bank maintains general provisions as follows:

	Secured	Unsecured
Consumer financings (including housing finance)	0.5% - 1.5%	5.0%

The SBP vide its letter no. BPRD/BLRP-04/DIB 2013/1644 dated October 15, 2009 has allowed relaxation to the Bank for recognizing general provision against Musharaka cum Ijara-Autos on the condition that the facility will be categorized as 'Loss' on the 180th day from the date of default.

In this regard, the SBP vide its letter no. BPRD/BLRP-04/DIB 2013/1644 dated February 15, 2013 has decided that the exemption from general reserve requirement shall only be valid till classified Auto financing portfolio of the Bank remain up to 5% of total auto financing of the Bank i.e. if the classified auto financing portfolio increases beyond 5% threshold, the exemption shall stand withdrawn from that point of time.

The net provision made / reversed during the year is charged to the statement of profit and loss account and accumulated provision is netted off against Islamic financing and related assets. Islamic financing and related assets are written off when there are no realistic prospects of recovery.

4.6 Property & Equipment and Intangibles

4.6.1 Property and equipment

These assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to income by applying the straight line method over the estimated useful lives of the assets, using the rates specified in note 10.2 to these financial statements. The depreciation charge for the year is calculated after taking into account residual value, if any.

The assets residual values, if significant, and their useful lives are reviewed and adjusted, if appropriate, at each reporting date.

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

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

4.6.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

4.6.3 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortised using the straight-line method over their estimated useful lives. The useful lives and amortisation method are reviewed and adjusted, if appropriate at each reporting date. Intangible assets having an indefinite useful life are stated at acquisition cost, less impairment loss, if any. Amortisation is charged from the month of acquisition and upto the month preceding the month of deletion using the rates specified in note 12.1 to these financial statements.

4.6.4 Impairment

The Bank assesses at each reporting date whether there is any indication that the Property Equipment and intangibles may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in the statement of profit and loss account.

4.7 Right-of-Use (RoU) assets

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

4.8 Taxation

Income tax expense comprises of current, prior and deferred tax. Income tax expense is recognised in the statement of profit and loss account except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive accordingly.

Current

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 required 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.

Deferred

Deferred tax is recognised using the 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. 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 at the reporting date.

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

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

4.9 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued regularly by professionally qualified valuators to ensure their net carrying values do not materially differ from fair value. Any surplus arising on revaluation is credited to the 'surplus on revaluation of assets' account in other comprehensive income, while any deficit is directly charged to the statement of profit and loss account. Depreciation is calculated on a straight-line basis over the assets' useful lives and charged to the statement of profit and loss account. All direct costs, including legal fees and transfer costs associated with acquiring property titles, are expensed in the statement of profit and loss account. The useful lives of these assets are reviewed annually and adjusted if necessary. Upon derecognition, any cumulative gain or loss previously reported in other comprehensive income is transferred to unappropriated profit in the statement of changes in equity.

4.10 Deposits

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

Deposits taken on Qard basis are classified as 'Current accounts' and deposits generated on mudaraba basis are classified as 'Savings deposits' and 'Fixed deposits'. No profit or loss is passed on to current account depositors. 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 realised in common pool are distributed between the Bank and the depositors in proportion to their profit sharing ratio in the pool. All Mudarabah based deposits are fully invested in the Common Pool to produce returns for them. In case where the Bank is unable to utilise all funds available for investment, priority is given to the depositors (account holders). 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.

When foreign currency deposits are swapped for investment in local currency, the swap element is separated from foreign exchange income and is charged to profit / return expensed directly (note 26).

4.11 Pool Management

The Bank operates general and specific pools for deposits and inter-bank funds accepted / acquired under Mudaraba and Musharaka modes.

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

Special pools are operated for funds acquired / accepted from the high net-worth individuals / companies / financial institutions and other banks for investments in Shari'a compliant modes of financing and liquidity management under the Musharaka / mudaraba / Wakala modes respectively.

The profit of each deposit pool is calculated on all the remunerative assets booked by utilising the funds from the pool after deduction of expenses directly incurred in earning the income of such pool along with related fee income, if any. The directly related costs comprise of tracker and similar related costs. No expense of general or administrative nature is charged to pools. No provision 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. Further, provisions passed on to the pool in prior periods have been credited to pool income in the current period as reduction in expense to the extent of recovery of provision previously charged to the pool. The profit of the pool is shared between equity and other members of the pool on pro-rata basis at gross level (i.e. before charging of mudarib fee) as per the investment ratio of the equity. The profit of the pool is shared among the depositors of the pool on pre-defined mechanism based on the weightages announced before the commencement of profit calculation period after charging mudarib fee. Incentive profits (General Hiba) is allocated to the depositors based on SBP guidelines across the board.

General Pool

For General Pool, the Bank allocates financing to Corporate, SME and Consumer Finance customers in diversified sectors and avenues of the economy / business as mentioned in note 45. All remunerative deposits are tagged to these general pool and their funds generated from the depositors are invested on priority basis. 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 Musharaka. Profit is shared among Mudaraba 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 Mudaraba.

Islamic Export Refinance - Musharaka Pool

The IERS pool assets comprise of Sovereign Guarantee Sukuk, and financing to / sukuk of blue chip companies and exporters as allowed under the applicable laws and regulations, and as such are exposed to lower credit risk. In this Scheme, the SBP enters into a Musharaka arrangement with the Bank for onward financing to exporters and other blue chip companies on the basis of Shari'a compliant modes such as Murabaha, Istisna, etc. Under the scheme, the SBP is required to share in statement of profit and loss account of the Bank's IERS Musharaka pool.

Interbank Musharaka / Mudaraba Pools

The pool assets generally comprise of Sovereign Guarantee Sukuk only and the related liability of the Financial Institution (FI) pool comprise of Musharaka/Mudaraba from other banks and financial institutions. These pools are created to meet the liquidity requirements of the Bank.

Key features and risk & reward characteristics of all pools

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

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 is well equipped 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 a team of professionals having considerable experience in the field of Islamic banking and finance. Nevertheless since Islamic banking is a growing industry, we believe that the process of further improvement will continue as the business grows.

Credit Risk is the risk which is associated with financing that is mitigated by placing safeguards through available standards within Shari'a guidelines as disclosed in note 45.1 to these financial statements.

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 Shari'a.

The allocation (of income and expenses to different pools) is based on pre-defined basis and accounting principles / standards. Provisions against any non-performing assets of the pool is not passed on to the pool.

4.12 Subordinated Sukuk

The Bank records subordinated sukuk initially at the amount of proceeds received. Profit accrued on subordinated sukuk is charged to the statement of profit and loss account.

4.13 Ijarah (lease) Liability

At the commencement date of the ijarah (lease), the Bank recognises ijarah (lease) liability measured at the present value of the consideration (ijarah payments) to be made over the Ijarah (lease) term. 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.

4.14 Earnings Per Share

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.

4.15 Staff Retirement Benefits

4.15.1 Defined benefit plan

The Bank operates an approved funded gratuity scheme for its permanent employees. The liability recognised in the statement of financial position in respect of defined benefit gratuity scheme, is the present value of the defined benefit obligation at the reporting 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. 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 cost are recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the years in which they occur.

4.15.2 Defined contribution plan

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

4.16 Revenue Recognition

- Profit from Murabaha is accounted for on consummation of Murabaha transaction. However, profit on the portion of revenue not due for payment is deferred by accounting for unearned Murabaha income with a corresponding credit to deferred Murabaha income which is recorded as a liability. The same is then recognised as revenue on time basis after acquisition of assets. In Murabaha transactions, the Bank purchases the goods and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction.

- Profit from Istisna cum wakala and salam financings is recorded on an accrual basis commencing from the time of sale of goods till the realisation of proceeds by the Bank.

- Profit on Shirkatulmilk is recognised on the basis of the reducing balance method on a time apportioned basis that reflects the effective return / profit on the asset.

- Profit on Wakala is accounted for on a time apportioned basis that reflects the effective yield on the asset.

- Profit on Running Musharaka financing is recognised on an accrual basis. Actual profit / (loss) on Musharaka and mudaraba financing is adjusted after declaration of profit / (loss) by Musharaka partner / mudarib or at liquidation of Musharaka / mudaraba.

- Profit on Bai Muajjal transaction is recognised on an accrual basis.

- Gains and losses on sale of investments are included in the statement of profit and loss account.

- Profit on Sukuk is recognised on an accrual basis. Where Sukuk (excluding held for trading securities) are purchased at a premium or discount, those premiums / discounts are amortised through the statement of profit and loss account over the remaining maturity, using the effective yield method.

- Commission on letters of credit, acceptances and guarantees is recognised on receipt basis.

- 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.

- Profit suspended in compliance with the Prudential Regulations issued by the SBP is recorded on receipt basis. Profit on rescheduled / restructured financings and investments are recognised as per the guidance in prudential regulations.
- IFRS 9 as adopted by SBP requires to recognize revenue on EIR. However, as mentioned in note 4.1.2, it has been deferred.

4.17 Financial Instruments

4.17.1 Financial assets and financial liabilities

All financial assets and liabilities are recognised at the time when the Bank becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Bank loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any loss on derecognition of the financial assets and financial liabilities is taken to income directly. Financial assets carried on the statement of financial position include cash and bank balances, due from financial institutions, investments, Islamic financing and related assets, certain receivables and financial liabilities include bills payable, due to financial institutions, deposits, sub-ordinated debt and other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

4.17.2 Offsetting of financial instruments

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amount and the Bank intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the financial statements.

4.17.3 Shariah Compliant Derivatives (Under Wa'ad Structure)

Shariah compliant derivative financial instruments are recognized at fair value. 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 statement of financial position. The resultant gains and losses are taken to the statement of profit and loss account.

4.18 Fiduciary Assets

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

4.19 Acceptances

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

4.20 Foreign Currencies

Foreign currency transactions and balances

Foreign currency transactions are recorded in rupees at exchange rates prevailing on the date of transaction. Monetary assets, monetary liabilities and contingencies and commitments in foreign currencies, except commitments for forward promises, at the year end are converted in Rupees through exchange rates prevalent on the reporting date.

Forward contracts relating to foreign currency promises are valued at forward rates applicable to the respective maturities of the relevant foreign exchange contracts.

Translation gains and losses

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

Commitments

Commitments for outstanding forward foreign exchange promises are disclosed at agreed 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 prevalent on the reporting date.

4.21 Provisions and Contingent Assets and Liabilities

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

Contingent assets are not recognised, and are also not disclosed unless an inflow of economic benefits is probable and contingent liabilities are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

4.22 Segment Reporting

A segment is a distinguishable component of the Bank that is engaged in business activities (business segment), within a particular economic environment (geographical segment). Performance of each segment is reviewed on a periodic basis.

4.22.1 Business segments

Corporate Banking

Principally handling financing, other credit facilities, deposits, current accounts, cash management and risk management products for corporate and institutional customers.

SME & Commercial Banking

Principally handling financing, other credit facilities, deposits, current accounts, cash management and risk management products for customers of small and medium enterprises and commercial enterprises.

Consumer banking

Principally handling individual customers' deposits, providing consumer musawamah, home finance, car finance and other banking products.

Treasury

Principally responsible for managing the Bank's overall liquidity and market risk and provides treasury services to customers.

Others

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

4.22.2 Geographical segment

The Bank operates only in Pakistan.

4.23 Government Grant (Applicable after January 1, 2024)

Government grants are recognized when there is reasonable assurance of receipt and compliance with attached conditions. Asset-related grants are either recorded as deferred income or deducted from the asset’s carrying amount, while income grants are systematically recognized in profit or loss. In line with IAS 20, government loans at below-market rates are treated as grants, with the benefit measured as the difference between the loan’s fair value and the proceeds received. The State Bank of Pakistan (SBP) has introduced temporary refinancing schemes to provide economic relief, which qualify as government grants. These are accounted for by bifurcating the liability into a financial liability under IFRS 9, measured at fair value, and a deferred grant liability representing the benefit received. The deferred grant liability is recognized in statement of financial position, at inception is initially offset against the fair value loss on below market rate financing provided to customers. The remaining portion is subsequently amortized over the tenure of financing, aligning with the unwinding difference between SBP refinance and customer financing.

5 CASH AND BALANCES WITH TREASURY BANKS

	Note	2024	2023
		------ Rupees in '000 ------	
In hand			
- local currency		**5,632,785**	4,987,441
- foreign currencies		**1,443,795**	1,015,762
		7,076,580	6,003,203
With State Bank of Pakistan in			
- local currency current accounts	*5.1*	**18,898,997**	17,877,677
- foreign currency current accounts		**234,969**	259,377
- foreign currency deposit accounts			
- Cash reserve account		**1,721,578**	1,885,789
- Special cash reserve account		**2,065,250**	2,260,323
	5.1	**3,786,828**	4,146,112
With National Bank of Pakistan in			
- local currency current accounts		**436,407**	615,487
		30,433,781	28,901,856
Less: Credit loss allowance - stage 1		**(602)**	-
Cash and bank balances with treasury banks - net		**30,433,179**	28,901,856

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

6 BALANCES WITH OTHER BANKS

	Note	2024	2023
		------ Rupees in '000 ------	
In Pakistan			
- in local currency current account		**465,517**	573,348
- in foreign currency current account		**23,759**	17,650
		489,276	590,998
Outside Pakistan			
- in foreign currency current accounts	*6.1*	**865,607**	3,394,036
		1,354,883	3,985,034
Credit loss allowance - stage 1		**(212)**	-
Balances with other banks - net		**1,354,671**	3,985,034

6.1 This includes an amount of Rs. 202.03 million (December 31, 2023: Rs. 128.64 million) deposited with the holding company.

7 DUE FROM FINANCIAL INSTITUTIONS

	Note	2024	2023
		------ Rupees in '000 ------	
Musharaka - unsecured	*7.1*	**41,500,000**	2,900,000
Credit loss allowance	*7.3*	**(5,611)**	-
Due from financial institutions - net		**41,494,389**	2,900,000

7.1 These carry expected yield of 12.40% to 13.65% (2023: 22% to 22.50%) per annum and are due to mature latest by January 02, 2025 (2023: January 02, 2024).

7.2 Particulars of amounts due from financial institutions

	2024	2023
	------ Rupees in '000 ------	
In local currency	**41,494,389**	2,900,000
In foreign currencies	**-**	-
	41,494,389	2,900,000

7.3 Due from Financial Institutions - Particulars of credit loss allowance

	2024	
	Outstanding amount	**Credit loss allowance**
	------ Rupees in '000 ------	
Domestic		
Performing - Stage 1	**41,500,000**	**5,611**

	2024		
	Stage 1	**Stage 2**	**Stage 3**
	----------- Rupees in '000 -----------		
Opening balance	**-**	**-**	**-**
Impact of adoption of IFRS 9	**32**	**-**	**-**
Recognized during the year	**5,579**	**-**	**-**
Closing balance	**5,611**	**-**	**-**

8 INVESTMENTS

8.1 Investments by types

	Note	2024 Amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
		---- Rupees in '000 ----			
FVTPL securities					
Federal Government securities		**2,382,419**	**-**	**-**	**2,382,419**
Non-Government debt securities		**432,992**	**-**	**(432,992)**	**-**
		2,815,411	**-**	**(432,992)**	**2,382,419**
FVOCI securities					
Federal Government securities	*8.4.1*	**80,060,275**	**-**	**2,194,505**	**82,254,780**
Non-Government debt securities	*8.4.2*	**37,983,566**	**(89,494)**	**851,029**	**38,745,101**
Foreign securities	*8.4.3*	**22,153,615**	**(9,406)**	**(1,688,003)**	**20,456,206**
		140,197,456	**(98,900)**	**1,357,531**	**141,456,087**
Total investments		**143,012,867**	**(98,900)**	**924,539**	**143,838,506**

	2023 Amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value
	---- Rupees in '000 ----			
Available-for-sale securities				
Federal Government securities	60,926,345	-	644,349	61,570,694
Non-Government debt securities	38,653,566	(89,316)	963,471	39,527,721
Foreign securities	22,487,418	-	(2,224,193)	20,263,225
Total investments	122,067,329	(89,316)	(616,373)	121,361,640

8.2 Investments by segments

	Note	2024 Amortised cost	2024 Credit loss allowance	2024 Surplus / (deficit)	2024 Carrying value	2023 Amortised cost	2023 Provision for diminution	2023 (Deficit) / surplus	2023 Carrying value
		---- Rupees in '000 ----							
Federal Government securities									
GOP Ijarah sukuk	*8.4.1*	**80,060,275**	**-**	**2,194,505**	**82,254,780**	56,473,301	-	644,349	57,117,650
Islamic Naya Pakistan Certificates		**2,382,419**	**-**	**-**	**2,382,419**	4,453,044	-	-	4,453,044
		82,442,694	**-**	**2,194,505**	**84,637,199**	60,926,345	-	644,349	61,570,694
Non-Government debt securities									
Listed		**37,264,250**	**-**	**844,600**	**38,108,850**	37,514,250	-	951,712	38,465,962
Unlisted	*8.2.1*	**1,152,308**	**(89,494)**	**(426,563)**	**636,251**	1,139,316	(89,316)	11,759	1,061,759
		38,416,558	**(89,494)**	**418,037**	**38,745,101**	38,653,566	(89,316)	963,471	39,527,721
Foreign securities									
Government debt securities		**7,328,499**	**(1,004)**	**(1,001,149)**	**6,326,345**	7,416,011	-	(1,037,920)	6,378,091
Non-Government debt securities		**14,825,116**	**(8,402)**	**(686,854)**	**14,129,861**	15,071,407	-	(1,186,273)	13,885,134
		22,153,615	**(9,406)**	**(1,688,003)**	**20,456,206**	22,487,418	-	(2,224,193)	20,263,225
Total investments		**143,012,867**	**(98,900)**	**924,539**	**143,838,506**	122,067,329	(89,316)	(616,373)	121,361,640

8.2.1 This includes 43,299,196 unlisted redeemable, non-convertible and cumulative preference shares at the rate of Rs. 10 per share with limited voting rights, issued on December 23, 2024 by Agritech Limited (AGL) under the Scheme of Arrangement sanctioned by Honorable Lahore High Court dated June 03, 2022 for settlement of long term exposure as at December 31, 2013. Accordingly, the amount has been reclassified from Islamic financing and related assets to investments measured at fair value through profit or loss, with a fair value assessed as zero.

8.2.2 Investments given as collateral

No investments given as collateral as at December 31, 2024 (2023: Nil).

8.3 Particlurs of credit loss allowance

8.3.1 Investments - exposure

	Note	2024 Stage 1	Stage 2	Stage 3
		---- Rupees in '000 ----		
Opening balance		**-**	**-**	**-**
Impact of adoption of IFRS 9		**117,524,969**		**89,316**
Investments made during the year		**36,660,276**	**-**	**-**
Investments derecognised or repaid		**(14,077,105)**	**-**	**-**
Closing balance		**140,108,140**	**-**	**89,316**

8.3.2 Investments - credit loss allowance / provision for diminution value of investments

	2024 Stage 1	Stage 2	Stage 3
	---- Rupees in '000 ----		
Opening balance	**-**	**-**	
Impact recognized on adoption of IFRS 9	**3,686**	**-**	**89,316**
Reversal during the year	**(154)**	**-**	**-**
Changes in risk parameters	**6,052**	**-**	**-**
Closing balance	**9,584**	**-**	**89,316**

	2024 Outstanding amount	2024 Credit loss allowance
8.3.3 Particulars of credit loss allowance / provision against investments	--------- Rupees in '000 ---------	
Category of classification		
Domestic		
Performing - Stage 1	**117,954,525**	**178**
Non-performing - Stage 3		
Loss	**89,316**	**89,316**
	118,043,841	**89,494**
Overseas		
Performing - Stage 1	**22,153,615**	**9,406**
Total	**140,197,456**	**98,900**

	2023 Non Performing Investments	2023 Provision held
	------- Rupees in '000 -------	
Domestic		
Loss	89,316	89,316

8.4 Quality of Securities

Details regarding quality of FVOCI / AFS securities are as follows:

	2024 Amortised cost	2023 Amortised cost
8.4.1 Federal Government securities - Government guaranteed	------ Rupees in '000 ------	
GOP Ijara sukuk - XXII	**500,000**	500,000
GOP Ijara sukuk - XXIII	**400,000**	400,000
GOP Ijara sukuk - XXIV	**20,500,000**	20,500,000
GOP Ijara sukuk - XXV	**22,000,000**	22,000,000
GOP Ijara sukuk - XXXII	**36,660,275**	5,073,301
GOP Ijara sukuk - XX	**-**	3,000,000
GOP Ijara sukuk - XXVI	**-**	5,000,000
	80,060,275	56,473,301
8.4.2 Non-Government debt securities		
Listed		
A+, A, A-	**356,250**	606,250
Unrated	**36,908,000**	36,908,000
	37,264,250	37,514,250
Unlisted		
AAA	**630,000**	1,050,000
Unrated	**89,316**	89,316
	719,316	1,139,316
	37,983,566	38,653,566

	Rating 2024	Rating 2023	Amortised cost 2024	Amortised cost 2023
			------ Rupees in '000 ------	
8.4.3 Foreign securities				
Government debt securities				
Government of the Emirate of Sharjah	**BBB-**	BBB-	**7,328,499**	7,416,011
Non-Government debt securities				
Listed				
BBB+ / Baa1, BBB / Baa2, BBB- / Baa3			**14,825,116**	15,071,407
			22,153,615	22,487,418

9 ISLAMIC FINANCING AND RELATED ASSETS

	Note	2024 Performing / under performing	2024 Non Performing	2024 Total	2023 Performing	2023 Non Performing	2023 Total
		Rupees in '000					
Murabaha	9.1	**7,717,982**	**2,318,515**	**10,036,497**	23,332,980	1,810,008	25,142,988
Musawamah	9.2	**5,299,104**	**330,809**	**5,629,913**	5,610,685	289,525	5,900,210
Tijarah cum wakala	9.3	**12,047,615**	**811,731**	**12,859,346**	15,700,461	307,052	16,007,513
Istisna cum Wakala	9.4	**16,130,050**	**791,288**	**16,921,338**	16,891,999	365,698	17,257,697
Salam		**-**	**-**	**-**	1,074,282	-	1,074,282
Islamic Export Refinance Scheme - SBP	9.5	**10,581,790**	**-**	**10,581,790**	15,291,529	119,341	15,410,870
Other Islamic Refinance Schemes - SBP	9.6	**11,219,881**	**837,975**	**12,057,856**	16,280,574	176,507	16,457,081
Wakala Istithmar		**20,887,146**	**2,647,164**	**23,534,310**	26,956,935	855,053	27,811,988
Running Musharaka financing		**34,217,186**	**852,841**	**35,070,027**	29,944,047	655,901	30,599,948
Shirkatulmilk - Housing	9.7	**14,223,154**	**713,969**	**14,937,123**	15,796,787	604,644	16,401,431
Shirkatulmilk - Autos	9.8	**13,513,629**	**252,200**	**13,765,829**	17,126,612	240,254	17,366,866
Shirkatulmilk - Fleet financing	9.9	**3,695,288**	**155,477**	**3,850,765**	3,987,223	223,691	4,210,914
Shirkatulmilk - Others		**5,023,017**	**6,704,717**	**11,727,734**	6,514,639	6,232,932	12,747,571
Diminishing Musharaka - Others		**46,935,889**	**4,495,119**	**51,431,008**	48,533,288	4,163,729	52,697,017
Staff financing		**2,145,082**	**-**	**2,145,082**	2,682,094	-	2,682,094
Islamic financing and related assets - gross		**203,636,813**	**20,911,805**	**224,548,618**	245,724,135	16,044,335	261,768,470
Less: Credit loss allowance / Provision	9.13						
Stage 1		**(488,871)**	**-**	**(488,871)**	-	-	-
Stage 2		**(2,085,213)**	**(12,805)**	**(2,098,018)**	-	-	-
Stage 3		**-**	**(18,353,269)**	**(18,353,269)**	-	-	-
Specific		**-**	**-**	**-**	-	(15,527,356)	(15,527,356)
General		**-**	**-**	**-**	(3,173,171)	-	(3,173,171)
		(2,574,084)	**(18,366,074)**	**(20,940,158)**	(3,173,171)	(15,527,356)	(18,700,527)
Islamic financing and related assets - net		**201,062,729**	**2,545,731**	**203,608,460**	242,550,964	516,979	243,067,943

9.1 Murabaha

	Note	2024	2023
		--- Rupees in '000 ---	
Financing	9.1.2	**3,353,964**	14,773,626
Inventory		**6,537,682**	10,094,185
Advance		**144,851**	275,177
		10,036,497	25,142,988

	Note	2024	2023
9.1.1 Murabaha receivable - gross	9.1.2	**3,353,964**	14,773,626
Less: Deferred murabaha income	9.1.4	**(378,234)**	(1,276,033)
Profit receivable		**(229,668)**	(697,585)
Murabaha financing		**2,746,062**	12,800,008

9.1.2 The movement in Murabaha financing during the year is as follows:

	2024	2023
Opening balance	**14,773,626**	4,550,410
Sales during the year	**18,005,018**	19,165,295
Received during the year	**(29,424,680)**	(8,942,079)
Closing balance	**3,353,964**	14,773,626

	2024	2023
9.1.3 Murabaha sale price	**18,005,018**	19,165,295
Murabaha purchase price	**(16,623,275)**	(13,747,558)
	1,381,743	5,417,737

9.1.4 Deferred murabaha income

	2024	2023
Opening balance	**1,276,033**	673,569
Arising during the year	**1,381,743**	5,417,737
Less: Recognised during the year	**(2,279,542)**	(4,815,273)
Closing balance	**378,234**	1,276,033

9.2 Musawamah

	Note	2024	2023
Financing	9.2.2	**5,545,899**	5,818,080
Advance		**84,014**	82,130
		5,629,913	5,900,210

	Note	2024	2023
9.2.1 Musawamah receivable	9.2.2	**5,545,899**	5,818,080
Less: Deferred musawama income	9.2.4	**(1,522,698)**	(1,635,038)
Profit receivable		**(90,936)**	(88,611)
Musawamah financings		**3,932,265**	4,094,431

9.2.2 The movement in Musawamah financing during the year is as follows:

	2024	2023
Opening balance	**5,818,080**	5,589,734
Sales during the year	**3,201,053**	3,391,658
Received during the year	**(3,473,234)**	(3,163,312)
Closing balance	**5,545,899**	5,818,080

	2024	2023
9.2.3 Musawamah sale price	**3,201,053**	3,391,658
Musawamah purchase price	**(1,926,297)**	(2,056,953)
	1,274,756	1,334,705

		2024	2023
9.2.4	Deferred Musawamah income	**--- Rupees in '000 ---**	
	Opening balance	**1,635,038**	1,549,359
	Arising during the year	**1,274,756**	1,334,705
	Less: Recognised during the year	**(1,387,096)**	(1,249,026)
	Closing balance	**1,522,698**	1,635,038
9.3	**Tijarah cum wakala**		
	Financing	**12,462,566**	11,132,211
	Inventory	**396,780**	4,875,302
		12,859,346	16,007,513
9.4	**Istisna cum Wakala**		
	Financing	**7,598,173**	6,635,802
	Advance	**9,323,165**	10,621,895
		16,921,338	17,257,697
9.5	**Islamic Export Refinance Scheme - SBP**		
	Istisna - Advance	**-**	399,993
	Istisna - Financing	**-**	19,000
	Running Musharaka - Financing	**7,025,354**	7,631,858
	Wakala Istithmar - Financing	**3,556,436**	7,360,019
		10,581,790	15,410,870
9.6	**Other Islamic Refinance Schemes - SBP**		
	Islamic Long Term Financing Facility		
	- Diminishing Musharaka - Financing	**2,467,141**	3,530,862
	Payment of Wages and Salaries Refinance Scheme		
	- Shirkatulmilk - Financing	**7,500**	7,500
	- Murabaha - Financing	**515**	533
		8,015	8,033
	Islamic Financing Facility for Combating COVID 19		
	- Musharaka - Financing	**313,280**	428,430
	Islamic Finance Facility For Renewable Energy		
	- Diminishing Musharaka - Financing	**827,863**	852,199
	Islamic Temporary Economic Refinance Facility		
	- Musharaka - Financing	**230,313**	307,084
	- Shirkatulmilk - Financing	**7,392,829**	11,149,387
		7,623,142	11,456,471
	Other Islamic Refinance Facilities		
	- Musharaka - Financing	**818,415**	181,086
		12,057,856	16,457,081
9.7	**Shirkatulmilk - Housing**		
	Financing	**14,792,513**	16,389,431
	Advance	**144,610**	12,000
		14,937,123	16,401,431
9.8	**Shirkatulmilk - Autos**		
	Financing	**13,467,029**	17,188,553
	Advance	**298,800**	178,313
		13,765,829	17,366,866
9.9	**Shirkatulmilk - Fleet financing**		
	Financing	**3,695,334**	3,664,732
	Advance	**155,431**	546,182
		3,850,765	4,210,914
9.10	**Particulars of Islamic financing and related assets (gross)**		
	In local currency	**222,101,842**	261,032,459
	In foreign currencies	**2,446,776**	736,011
		224,548,618	261,768,470
9.10.1	**Islamic financing and related assets to Women, Women-owned and Managed Enterprises**		
	Women	**841,742**	1,073,298
	Women Owned and Managed Enterprises	**300,070**	674,072
		1,141,812	1,747,370

9.11 Islamic financing and related assets include Rs. 20,911.81 million (2023: Rs. 16,044.34 million) which have been placed under non-performing status including stage 3 as detailed below:

Category of Classification	2024		2023	
	Non-Performing	**Credit loss allowance**	Non-Performing	Provision held
	----------------------- Rupees in '000	**-----------------------**		
Domestic				
Other Assets Especially Mentioned	**59,595**	**12,805**	113,937	-
Substandard - stage 3	**151,736**	**57,686**	117,381	18,868
Doubtful - stage 3	**370,339**	**173,264**	183,133	1,762
Loss - stage 3	**20,330,135**	**18,122,319**	15,629,884	15,506,726
	20,852,210	**18,353,269**	15,930,398	15,527,356
	20,911,805	**18,366,074**	16,044,335	15,527,356

9.12 Particlurs of credit loss allowance

9.12.1 Islamic financing and related assets - exposure

	2024 Stage 3	2024 Stage 2	2024 Stage 1
	---------- Rupees in '000 ------------		
Gross carrying amount	15,930,398	61,745,722	181,219,740
Fresh disbursements	11,801	53,881,868	66,449,296
Amount derecognised or repaid	(2,537,293)	(43,844,383)	(110,934,101)
Transfer to stage 1	-	(4,695,002)	4,695,002
Transfer to stage 2	(14,125)	7,743,870	(7,729,745)
Transfer to stage 3	5,802,110	(5,423,064)	(379,046)
	3,262,493	7,663,289	(47,898,594)
Others (write-off / charged-off / transfer)	(919,290)	-	-
Net change in exposure	2,578,609	246,133	720,118
Closing balance	20,852,210	69,655,144	134,041,264

9.12.2 Islamic financing and related assets - credit loss allowance

	2024 Stage 3	2024 Stage 2	2024 Stage 1
	----------- Rupees in '000 ------------		
Opening balance	-	-	-
Impact of ECL recognized on adoption of IFRS 9	15,600,025	2,022,117	633,539
Fresh disbursements	5,768	45,928	95,109
Amount derecognised or repaid	(2,084,231)	(604,601)	(223,652)
Transfer to stage 1	-	(17,373)	17,373
Transfer to stage 2	(896)	117,935	(117,040)
Transfer to stage 3	785,021	(781,840)	(3,180)
	(1,294,338)	(1,239,951)	(231,390)
Others (write-off / charged-off / transfer)	(919,290)	-	-
Changes in risk parameters	4,966,872	1,315,852	86,722
Closing balance	18,353,269	2,098,018	488,871

9.12.3 Islamic financing and related assets - stage classification

	2024 Outstanding amount	2024 Credit loss allowance held
	------ Rupees in '000 -----	
Domestic		
Performing - Stage 1	134,041,264	488,871
Underperforming - Stage 2	69,595,549	2,085,213
Non-Performing		
OAEM	59,595	12,805
Substandard - stage 3	151,736	57,686
Doubtful - stage 3	370,339	173,264
Loss - stage 3	20,330,135	18,122,319
Total	224,548,618	20,940,158

9.12.3.1 This includes credit loss allowance against off balance sheet items of Rs. 52.47 million in stage 1 and Rs. 67.25 million in stage 2.

9.13 Particulars of credit loss allowance / provision against Islamic financing and related assets:

	Note	2024 Stage 3	Stage 2	Stage 1	Specific	General	Total
		-- Rupees in '000 --					
Opening balance		-	-	-	15,527,356	3,173,171	18,700,527
Impact of ECL recognized on adoption of IFRS 9		15,600,025	2,022,117	633,539	(15,527,356)	(3,173,171)	(444,846)
		15,600,025	2,022,117	633,539	-	-	18,255,681
Charge for the year		5,757,661	1,479,714	199,204	-	-	7,436,579
Reversals during the year		(2,085,127)	(1,403,813)	(343,872)	-	-	(3,832,812)
		3,672,534	75,901	(144,668)	-	-	3,603,767
Amount written-off	*9.14*	(85,895)	-	-	-	-	(85,895)
Amount charged-off	*9.16*	(473,452)	-	-	-	-	(473,452)
Amount transferred	*8.2.1*	(359,943)	-	-	-	-	(359,943)
Closing balance		18,353,269	2,098,018	488,871	-	-	20,940,158

	2023		
	Specific	General	Total
	---- Rupees in '000 ----		
Opening balance	8,335,970	3,179,014	11,514,984
Charge for the year	7,716,981	-	7,716,981
Reversals during the year	(343,170)	(5,843)	(349,013)
	7,373,811	(5,843)	7,367,968
Amount written-off	(182,425)	-	(182,425)
Closing balance	15,527,356	3,173,171	18,700,527

9.13.1 Particulars of provision against Islamic financing and related assets in respect of currencies:

	2024			2023		
	Stage 3	**Stage 1 & 2**	**Total**	Specific	General	Total
	---- Rupees in '000 ----					
In local currency	**18,353,269**	**2,586,889**	**20,940,158**	15,507,994	3,173,171	18,681,165
In foreign currency	**-**	**-**	**-**	19,362	-	19,362
	18,353,269	**2,586,889**	**20,940,158**	15,527,356	3,173,171	18,700,527

9.13.2 As allowed by the SBP, the Bank has availed benefit of Forced Sale Value (FSV) amounting to Rs. 2,136.58 million (2023: Rs. 215.44 million) in determining the provisioning against non performing Islamic financings as at December 31, 2024. The additional profit arising from availing the FSV benefit - net of tax as at December 31, 2024 which is not available for distribution as either cash or stock dividend to shareholders amounted to Rs. 979.99 million (2023: Rs. 109.87 million).

		2024	2023
		--- Rupees in '000 ---	
9.14	**Particulars of write offs:**		
9.14.1	Against provisions	**85,895**	182,425
	Directly charged to profit & loss account	**-**	-
		85,895	182,425
9.14.2	Write Offs of Rs. 500,000 and above - Domestic	**85,895**	182,425
	Write Offs of Below Rs.	**-**	-
		85,895	182,425

9.15 Details of Islamic finance and related assets write off of Rs. 500,000/- and above

In term of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the Statement in respect of written off financing or any other financial relief of five hundred thousand rupees or above allowed to any person during the year ended December 31, 2024 is given as Annexure 1.

	No. of Borrowers		**Amount**	
9.16 Particulars of charged offs:	**2024**	**2023**	**2024**	**2023**
	------ Numbers ------		**--- Rupees in '000 ---**	
Opening balance	**-**	**-**	**-**	**-**
Charge-off during the year	**8**	**-**	**473,452**	**-**
Closing balance	**8**	**-**	**473,452**	**-**

		Note	**2024**	2023
			--- Rupees in '000 ---	
10	**PROPERTY AND EQUIPMENT**			
	Capital work-in-progress	*10.1*	**71,701**	72,190
	Property and equipment	*10.2*	**2,108,867**	1,717,739
			2,180,568	1,789,929

10.1 Capital work-in-progress

	2024	2023
Civil works	**54,295**	72,190
Equipment	**17,406**	-
	71,701	72,190

10.2 Property and equipment

	2024				
	Furniture and fixture	**Electrical, office and computer equipment**	**Vehicles**	**Leasehold Improvements**	**Total**
	Rupees in '000				
As at January 01,					
Cost	**506,964**	**3,418,697**	**129,332**	**1,722,976**	**5,777,969**
Accumulated depreciation	**(373,831)**	**(2,235,923)**	**(75,977)**	**(1,374,499)**	**(4,060,230)**
Net book value	**133,133**	**1,182,774**	**53,355**	**348,477**	**1,717,739**
Year ended December 31,					
Opening net book value	**133,133**	**1,182,774**	**53,355**	**348,477**	**1,717,739**
Additions	**88,280**	**707,140**	**96,956**	**169,271**	**1,061,647**
Cost of assets disposed off	**(151,301)**	**(391,512)**	**(36,991)**	**(2,202)**	**(582,006)**
	(63,021)	**315,628**	**59,965**	**167,069**	**479,641**
Depreciation charge	**(29,131)**	**(515,161)**	**(26,397)**	**(84,689)**	**(655,378)**
Accumulated depreciation of disposals	**150,455**	**384,999**	**29,593**	**1,818**	**566,865**
	121,324	**(130,162)**	**3,196**	**(82,871)**	**(88,513)**
Closing net book value	**191,436**	**1,368,240**	**116,516**	**432,675**	**2,108,867**
As at December 31,					
Cost	**443,943**	**3,734,325**	**189,297**	**1,890,045**	**6,257,610**
Accumulated depreciation	**(252,507)**	**(2,366,085)**	**(72,781)**	**(1,457,370)**	**(4,148,743)**
Net book value	**191,436**	**1,368,240**	**116,516**	**432,675**	**2,108,867**
Rate of depreciation	**10%**	**10% to 20%**	**25%**	**5% to 15%**	

	2023				
	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Leasehold Improvements	Total
	Rupees in '000				
As at January 01,					
Cost	474,054	2,976,045	129,332	1,643,945	5,223,376
Accumulated depreciation	(365,155)	(1,901,643)	(61,809)	(1,289,668)	(3,618,275)
Net book value	108,899	1,074,402	67,523	354,277	1,605,101
Year ended December 31,					
Opening net book value	108,899	1,074,402	67,523	354,277	1,605,101
Additions	50,227	450,066	-	81,433	581,726
Cost of assets disposed-off	(17,317)	(7,414)	-	(2,402)	(27,133)
	32,910	442,652	-	79,031	554,593
Depreciation charge	(25,720)	(340,193)	(14,168)	(86,262)	(466,343)
Accumulated depreciation of disposals	17,044	5,913	-	1,431	24,388
	(8,676)	(334,280)	(14,168)	(84,831)	(441,955)
Closing net book value	133,133	1,182,774	53,355	348,477	1,717,739
As at December 31,					
Cost	506,964	3,418,697	129,332	1,722,976	5,777,969
Accumulated depreciation	(373,831)	(2,235,923)	(75,977)	(1,374,499)	(4,060,230)
Net book value	133,133	1,182,774	53,355	348,477	1,717,739
Rate of depreciation	10%	10% to 20%	25%	5% to 15%	

10.2.1 The cost of fully depreciated property and equipment that are still in use:

	2024	2023
	--- Rupees in '000 ---	
Furniture and fixture	**161,421**	254,510
Electrical, office and computer equipment	**1,572,157**	1,700,807
Vehicles	**33,713**	70,704
Leasehold Improvements	**1,145,754**	924,724
	2,913,045	2,950,745

10.2.2 Details of disposal of fixed assets to related party is as follows:

Particulars	**Cost**	**Net book value**	**Sale price**	**Mode of disposal**	**Particulars of buyer**
	Rupees in '000				
Vehicle - Toyota Land Cruiser	36,991	7,398	11,665	As per Contract	Junaid Ahmed (CEO)

		Note	2024	2023
			--- Rupees in '000 ---	
11	**Right-of-use assets**			
	Building on leasehold land	*11.1*	**5,588,241**	4,630,652

11.1	**Right-of-use assets - building on leasehold land**			
	At January 01,			
	Cost		**8,944,102**	7,013,472
	Accumulated depreciation		**(4,313,450)**	(3,333,073)
	Net carrying amount		**4,630,652**	3,680,399
	Year ended December 31,			
	Opening net book value		**4,630,652**	3,680,399
	Additions during the year		**2,089,450**	2,022,796
	Deletion during the year		**(79,380)**	(92,166)
	Depreciation charge for the year		**(1,052,481)**	(980,377)
	Net carrying amount		**5,588,241**	4,630,652
	At December 31,			
	Cost		**10,954,172**	8,944,102
	Accumulated depreciation		**(5,365,931)**	(4,313,450)
	Net book value		**5,588,241**	4,630,652

12	**INTANGIBLE ASSETS**			
	Capital work-in-progress - Advance to suppliers		**132,758**	162,544
	Computer software	*12.1*	**482,899**	507,925
			615,657	670,469

12.1	**Intangible assets - computer software**			
	At January 01,			
	Cost		**1,816,379**	1,532,717
	Accumulated amortisation		**(1,308,454)**	(1,182,513)
	Net book value		**507,925**	350,204
	Year ended December 31,			
	Opening net book value		**507,925**	350,204
	Additions - directly purchased		**147,080**	283,662
	Amortisation expense		**(172,106)**	(125,941)
	Closing net book value		**482,899**	507,925
	At December 31,			
	Cost		**1,963,459**	1,816,379
	Accumulated amortisation		**(1,480,560)**	(1,308,454)
	Net book value		**482,899**	507,925
	Rate of amortisation		**11.11% to 33.33%**	11.11% to 33.33%
	Useful life (years)		**3 to 9**	3 to 9

12.2 The cost of fully amortised intangible assets still in use amounts to Rs. 985.05 million (2023: Rs. 939.88 million).

13 DEFERRED TAX ASSETS

	2024			
	At Jan 1, 2024	**Recognised in P&L**	**Recognised in OCI**	**At Dec 31, 2024**
	------------------- Rupees in '000 -------------------			
Deductible temporary differences on:				
Credit loss allowance against Islamic financing and related assets *	**4,003,006**	**2,177,700**	**-**	**6,180,706**
Credit loss allowance against other assets *	**9,546**	**(517)**	**-**	**9,029**
Accelerated tax depreciation and amortisation	**(1,352)**	**5,899**	**-**	**4,547**
Deficit on defined benefit plan	**76,648**	**-**	**(47,842)**	**28,806**
	4,087,848	**2,183,082**	**(47,842)**	**6,223,088**
Taxable temporary differences on:				
Deficit on revaluation of investments	**302,023**	**-**	**(1,007,939)**	**(705,916)**
	4,389,871	**2,183,082**	**(1,055,781)**	**5,517,172**

* Impact of adoption of IFRS 9 amounting to Rs. -101.66 million and Rs. 3.15 million have been adjusted in opening balances of credit loss allowance against islamic financing and related assets and other assets respectively.

	2023			
	At Jan 1, 2023	Recognised in P&L	Recgonised in OCI	At Dec 31, 2023
	------------------- Rupees in '000 -------------------			
Deductible temporary differences on:				
Provision against non-performing Islamic financing and related assets	1,446,259	2,658,404	-	4,104,663
Provision against other assets	3,867	2,526	-	6,393
Deficit on revaluation of investments	508,498	-	(206,475)	302,023
Deficit on defined benefit plan	44,478	-	32,170	76,648
	2,003,102	2,660,930	(174,305)	4,489,727
Taxable temporary differences on:				
Accelerated tax depreciation and amortisation	(1,823)	471	-	(1,352)
	2,001,279	2,661,401	(174,305)	4,488,375

14 OTHER ASSETS

	Note	**2024**	2023
		--- Rupees in '000 ---	
Profit / return accrued in local currency - net		**8,128,789**	13,004,946
Profit / return accrued in foreign currencies - net		**247,812**	264,872
Advances, deposits and other prepayments		**791,814**	984,208
Mark to market gain on forward foreign exchange contracts		**201,769**	237,764
Acceptances		**5,231,926**	4,584,769
Advance taxation (payments less provisions)		**1,166,725**	-
Non-banking assets acquired in satisfaction of claims		**84,707**	-
Commission receivable		**157,277**	15,123
Defined benefit plan	*36.4*	**65,075**	-
Prepaid cost against staff financing		**1,662,868**	-
Others		**521,449**	117,848
		18,260,211	19,209,530
Less: Credit loss allowance / provision held against other assets	*14.1*	**(1,353)**	(13,047)
		18,258,858	19,196,483

14.1 Credit loss allowance / provision held against other assets

	2024	2023
Opening balance	**-**	8,993
Impact of adoption of IFRS 9	**14,090**	-
Charge for the year	**-**	4,054
Reversals during the year	**(931)**	-
Amount written-off	**(11,806)**	
Closing balance	**1,353**	13,047

14.2 Stage wise provision held against other assets

	2024	
	Outstanding amount	**Credit loss allowance held**
	------ Rupees in '000 -----	
Stage 1	**19,597**	**25**
Stage 2	**5,076**	**69**
Stage 3	**5,215**	**1,259**
	29,888	**1,353**

		2024	2023
		--- Rupees in '000 ---	
14.3	**Market value of Non-banking assets acquired in satisfaction of claims**	**84,707**	-

Market value of the non-banking assets acquired in satisfaction of claims has been carried out by an independent valuers, M/s. Tristar International Consultant Pvt. Ltd. based on prevailing market values determined through independent market inquiries from local active realtors as more detailed in note 39.2. The valuer is listed on the panel of Pakistan Banks' Association.

			2024	2023
14.2.1	**Movement in Non-banking assets acquired in satisfaction of claims**	*Note*	--- Rupees in '000 ---	
	Opening Balance		**-**	-
	Additions during the year		**84,945**	-
	Depreciation during the year		**(238)**	-
	Closing Balance		**84,707**	-

15 BILLS PAYABLE

	2024	2023
In Pakistan	**7,096,854**	4,388,541
Outside Pakistan	**6,569**	6,657
	7,103,423	4,395,198

16 DUE TO FINANCIAL INSTITUTIONS

	Note	2024	2023
Secured			
Musharaka from the State Bank of Pakistan			
under Islamic Export Refinance Scheme	*16.1*	**9,566,792**	14,141,539
Investment from the State Bank of Pakistan			
under Islamic Long Term Financing Facility	*16.2*	**2,470,862**	3,523,043
under Islamic Financing Facility for Combating COVID 19	*16.3*	**214,332**	407,532
under Islamic Finance Facility For Renewable Energy	*16.4*	**378,174**	375,122
under Islamic Temporary Economic Refinance Facility	*16.5*	**7,362,689**	11,384,057
under other Islamic Refinance Facilities	*16.6*	**810,143**	177,540
		20,802,992	30,008,833
Other Musharaka acceptance	*16.7*	**3,000,000**	3,000,000
Total Secured		**23,802,992**	33,008,833
Unsecured			
Musharaka acceptance		**-**	900,000
Overdrawn nostro account		**205,652**	-
Total unsecured		**205,652**	900,000
		24,008,644	33,908,833

16.1 These Musharaka are on a profit and loss sharing basis having maturity between January 19, 2025 to June 25, 2025 (2023: January 02, 2024 to June 25, 2024) and are secured against demand promissory notes executed in favor of the SBP. Last announced profit rate on these investment is 12.34% (2023: 18.03%) per annum.

16.2 These are on a profit and loss sharing basis having maturity between January 01, 2025 to November 20, 2031 (2023: February 21, 2024 to November 20, 2031) and are secured against demand promissory notes executed in favor of the SBP. Last announced profit rate on these investment ranges from 2% to 7.5% (2023: 2% to 7.5%) per annum.

16.3 These are on a profit and loss sharing basis having maturity between June 07, 2025 to June 26, 2031 (2023: June 07, 2025 to June 26, 2031) and are secured against demand promissory notes executed in favor of the SBP. Last announced profit rate on these investment is 0.04% (2023: 0.04%) per annum.

16.4 These are on a profit and loss sharing basis having maturity between February 03, 2026 to June 28, 2034 (2023: February 03, 2026 to November 13, 2031) and are secured against demand promissory notes executed in favor of the SBP. Last announced profit rate on these investment ranges from 2% to 3% (2023: 2% to 3%) per annum.

16.5 These are on a profit and loss sharing basis having maturity between December 14, 2025 to July 22, 2033 (2023: December 14, 2025 to July 22, 2033) and are secured against demand promissory notes executed in favor of the SBP. Last announced profit rate on these investment is 1% (2023: 1%) per annum.

16.6 These are on a profit and loss sharing basis having maturity latest by March 21, 2026 to June 27, 2034 (2023: January 17, 2026 to June 30, 2029) are secured against demand promissory notes executed in favor of the SBP. Last announced profit rate on these investment is 2% (2023: 2%) per annum.

16.7 These are on profit and loss sharing basis with Pakistan Mortgage Refinance Company having maturity on March 07, 2025. The expected profit rate on these Musharaka agreements are 10.06% per annum (2023: 10.06%).

		2024	2023
16.8	**Particulars of due to financial institutions with respect to currencies**	--- Rupees in '000 ---	
	In local currency	**23,802,992**	33,908,833
	In foreign currency	**205,652**	-
		24,008,644	33,908,833

17 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	**77,850,359**	**17,664,582**	**95,514,941**	72,171,613	19,554,421	91,726,034
Savings deposits	**145,363,500**	**10,748,045**	**156,111,545**	122,381,412	11,150,393	133,531,805
Term deposits	**35,351,933**	**27,580,768**	**62,932,701**	30,518,612	31,091,875	61,610,487
Others	**8,857,746**	**-**	**8,857,746**	15,326,991	-	15,326,991
	267,423,538	**55,993,395**	**323,416,933**	240,398,628	61,796,689	302,195,317
Financial institutions						
Current deposits	**902,975**	**611,052**	**1,514,027**	539,086	70,347	609,433
Savings deposits	**20,793,767**	**-**	**20,793,767**	20,356,519	-	20,356,519
Term deposits	**824,050**	**-**	**824,050**	1,011,050	-	1,011,050
Others	**323,985**	**-**	**323,985**	704,457	-	704,457
	22,844,777	**611,052**	**23,455,829**	22,611,112	70,347	22,681,459
	290,268,315	**56,604,447**	**346,872,762**	263,009,740	61,867,036	324,876,776

17.1 Composition of deposits

	2024	2023
	---- Rupees in '000 ----	
Individuals	**164,672,670**	157,233,200
Government (Federal and Provincial)	**17,496,834**	13,913,235
Public Sector Entities	**2,663,844**	1,181,764
Banking Companies	**299**	349,793
Non-Banking Financial Institutions	**23,455,530**	22,331,666
Private Sector	**138,583,585**	129,867,118
	346,872,762	324,876,776

17.2 This includes deposits eligible to be covered under takaful arrangements amounting to Rs. 94,090.87 million (2023: Rs. 91,312.26 million).

18 LEASE LIABILITIES

	Note	**2024**	2023
		---- Rupees in '000 ----	
Opening balance		**5,047,147**	3,807,378
Additions during the year		**1,796,217**	1,765,424
Lease payments		**(1,234,251)**	(1,104,244)
Finance charges on leased assets		**737,909**	578,589
Closing balance		**6,347,022**	5,047,147

18.1 Contractual maturity of lease laibilities

	2024	2023
Short term lease liabilities		
- Within one year	**634,774**	548,671
Long-term lease liabilities		
- 1 to 5 years	**3,577,986**	2,317,433
- 5 to 10 years	**2,134,262**	2,181,043
	5,712,248	4,498,476
Total lease liabilities	**6,347,022**	5,047,147

19 SUBORDINATED SUKUKS

		2024	2023
		---- Rupees in '000 ----	
Additional Tier I Sukuk	*19.1*	**3,120,000**	3,120,000
Tier II Sukuk	*19.2*	**4,000,000**	4,000,000
		7,120,000	7,120,000

19.1 In December 2018, the Bank issued regulatory Shari'a compliant perpetual, unsecured, subordinated privately placed Additional Tier I Sukuk based on Mudaraba of Rs. 3,120 million as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of sukuk is as follows:

Credit rating	A+ (Single A - Plus) by VIS Credit Rating Company Limited.
Tenor	Perpetual
Profit payment frequency	Monthly in arrears
Redemption	Perpetual
Expected periodic profit amount (Mudaraba profit amount)	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 18.56% per annum.
Call option	The Bank may call Additional Tier I Sukuk with prior approval of SBP on or after five years from the date of issue.
Lock-in-clause	Profit and/or redemption amount can be held back in respect of the Additional Tier I Sukuk, if such payment will result in a shortfall in the Issuer’s minimum capital or capital adequacy ratio requirement.
Loss absorbency	The Additional Tier I Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.

19.2 In December 2022, the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Tier II Sukuk based on Mudaraba of Rs. 4,000 million as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of sukuk is as follows:

Credit rating	AA- (Double AA - Minus) by VIS Credit Rating Company Limited.
Tenor	10 years form the issue date
Profit payment frequency	Semi-annually in arrears
Redemption	On the tenth anniversary from the issue date of sukuk.
Expected periodic profit amount (Mudaraba profit amount)	The Mudaraba Profit is in accordance with the agreed profit sharing ratios / weightages assigned by the bank from time-to-time coinciding with the relevant profit distribution frequency for the relevant profit distribution period. Last announced profit rate on the sukuk is 14.22% per annum.
Call option	The Bank may call Tier II Sukuk with prior approval of SBP on or after five years from the date of issue.
Lock-in-clause	Profit and/or redemption amount can be held back in respect of the Tier II Sukuk, if such payment will result in a shortfall in the Issuer’s minimum capital or capital adequacy ratio requirement.
Loss absorbency	The Tier II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.

20 OTHER LIABILITIES

	Note	2024	2023
		--- Rupees in '000 ---	
Profit / return payable in local currency		**2,469,818**	3,807,778
Profit / return payable in foreign currencies		**234,460**	333,431
Deferred income murabaha / musawamah / SBP refinance schemes		**1,909,172**	2,911,086
Accrued expenses		**1,398,891**	1,102,404
Service fee to holding company - related party	*20.1*	**1,032,094**	-
Advance from financing customers		**1,166,538**	1,507,683
Acceptances		**5,231,926**	4,584,769
Mark to market loss on forward foreign exchange contracts		**188,180**	785,559
Current taxation (provisions less payments)		**-**	188,825
Charity fund balance	*20.2*	**2,120**	951
Workers welfare fund payable	*20.3*	**1,458,387**	1,094,885
Payable to defined benefit plan	*36.4*	**-**	50,000
Deferred liability - subsidized acceptances		**113,910**	-
Payable to Employees Old Age Benefit Institution (EOBI)		**206,707**	182,238
Sundry Creditors		**248,996**	164,698
Others		**830,092**	1,765,235
		16,491,291	18,479,542

20.1 During the year, the Bank has signed service level agreement with the holding company with respect to certain support services rendered by them as per the agreement. Accordingly, the Bank has accrued the service fee invoiced by the holding company for the year ended December 31, 2024.

20.2 Charity Fund

	Note	2024	2023
		--- Rupees in '000 ---	
Opening balance		**951**	4,175
Additions during the year			
Received from customers on account of delayed payment		**16,658**	18,221
Shariah non-compliant income		**37,016**	18,462
Profit on charity fund		**745**	493
		54,419	37,176
Payments / utilisation during the year	*20.2.1*		
Health		**(35,750)**	(25,650)
Education		**(17,500)**	(14,750)
		(53,250)	(40,400)
		2,120	951

20.2.1 During the year, charity from the Charity Fund of the Bank was paid to the following organisations:

	2024	2023
	--- Rupees in '000 ---	
Afzaal Memorial Thalassemia Foundation	**1,500**	750
Aga Khan Hospital and Medical College Foundation	**500**	1,000
Akhuwat	**3,000**	-
Baitussalam Welfare Trust	**6,000**	4,750
Child Aid Association	**2,500**	1,750
Family Educational Services Foundation	**1,500**	-
Habib University Foundation	**-**	1,500
Hayat e Nou	**2,500**	-
Karachi Down Syndrome Program	**2,000**	-
Kiran Hospital	**1,000**	-
Koohi Goth Hospital	**-**	2,250
KPSS Secondary School Saigolabad - Alif Noon Foundation	**-**	1,000
Layton Rahmatulla Benevolent Trust	**2,500**	1,750
National Institute of Child Health	**1,500**	-
Nigahban Welfare Association	**-**	1,000
Pakistan Kidney & Liver Institute & Research Center	**2,000**	-
Patel Hospital Patel Foundation	**750**	-
Patients Aid Foundation - JPMC	**2,000**	7,300
Shaukat Khanum Memorial Trust	**4,000**	-
Sindh Institute of Urology and Transplantation	**8,000**	5,250
Tabba Heart Institute	**-**	1,100
The Citizen Foundation	**5,000**	2,000
The Indus Hospital	**7,000**	4,500
Trust Jamiat Talimul Quran	**-**	4,500
	53,250	40,400

20.2.2 Charity was not paid to any active staff of the Bank or to any individual / organisation in which a director or his spouse had any interest at any time during the year.

20.3 Workers welfare fund

Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government in respect of levy of Workers Welfare Fund (WWF) were not lawful. The Federal Board of Revenue (FBR) challenged the said order by way of review petition before Supreme Court. While the petition is still pending, however, the outcome is expected to be in favor of the Bank.

Further, consequent to the 18th amendment to the Constitution, the Government of Sindh levied its WWF (Sindh WWF) which was effective from January 01, 2014. The definition of industrial undertakings under the aforesaid Sindh WWF law covers banks and financial institutions as well. The Bank has challenged applicability of the said law on Banks before the Sindh High Court.

21 SHARE CAPITAL

21.1 Authorised Capital

2024	2023		**2024**	2,023
---------- Number ----------			**---- Rupees in '000 ----**	
1,800,000,000	1,800,000,000	Ordinary shares of Rs.10 each	**18,000,000**	18,000,000

21.2 Issued, subscribed and paid up

2024	2023			
---------- Number of shares ----------				
		Ordinary shares		
1,165,228,776	1,165,228,776	Fully paid in cash	**11,652,288**	11,652,288

21.2.1 The Bank’s shares are held 100 percent by Dubai Islamic Bank PJSC, UAE – the holding company and its nominee directors.

	Note	**2024**	2023
		---- Rupees in '000 ----	
22 RESERVES			
Statutory reserve	*22.1*	**6,553,983**	5,219,664

22.1 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 equal the amount of the paid up capital. Thereafter, an amount of not less than 10 percent of the profit is required to be transferred to such reserve fund.

	Note	**2024**	2023
		---- Rupees in '000 ----	
23 SURPLUS / (DEFICIT) ON REVALUATION OF INVESTMENTS			
Investment securities measured at FVOCI	*8.1*	**1,357,531**	-
Investment securities measured at available for sale		**-**	(616,373)
Less: Related deferred tax (liabilities) / assets		**(705,916)**	302,023
		651,615	(314,350)

	Note	2024	2023
		--- Rupees in '000 ---	

24 CONTINGENCIES AND COMMITMENTS

	Note	2024	2023
Guarantees	24.1	**46,373,063**	30,351,181
Commitments	24.2	**81,326,787**	118,947,582
Other contingent liabilities	24.3	**505,057**	465,500
		128,204,907	149,764,263

24.1 Guarantees

	2024	2023
Performance guarantees	**12,379,226**	11,483,725
Other guarantees	**33,993,837**	18,867,456
	46,373,063	30,351,181

24.2 Commitments

	Note	2024	2023
Documentary credits and short-term trade-related transactions			
- Letters of credit		**22,806,754**	33,593,415
Commitments in respect of:			
- Forward foreign exchange contracts	24.2.1	**56,292,308**	80,231,744
- Islamic financing and related assets		**1,537,274**	4,345,000
Commitments for acquisition of:			
- Property and equipment		**407,549**	256,420
- Intangible assets		**282,902**	521,003
		81,326,787	118,947,582

24.2.1 Commitments in respect of forward foreign exchange contracts

	2024	2023
Purchase	**40,027,756**	53,809,679
Sale	**16,264,552**	26,422,065
	56,292,308	80,231,744

24.3 Other contingent liabilities

The income tax authorities have amended assessment orders of the Bank for prior years including the tax year 2023. The issues contested mainly include adjustment of minimum tax, charge/reversals of provision against financing and investments, initial allowance, Workers Welfare Fund and Leases related adjustments amounting to Rs.505.06 million. The Bank has filed appeals before the various appellate forums against these amendments. Out of the total contingent liability Rs. 211.48 million pertains to tax year 2015 where tax authorities have issued a notice to amend assessment against the adjustment of minimum tax paid in prior years. The management of the Bank approached Sindh High Court and subsequently the Honourable Supreme Court of Pakistan against the order of the Sindh High Court. The Honourable Supreme Court of Pakistan has granted leave to appeal. The appeal is expected to be fixed soon. Through Finance Act 2021 favourable amendment has been made to section 113(2)(c) strengthening Bank's stance on adjustment of minimum tax for the years where no tax was payable. The management of the Bank is confident that the appeals will be decided in favor of the Bank in respect of the aforementioned matters.

		Note	2024	2023
			--- Rupees in '000 ---	
25	**PROFIT / RETURN EARNED**			
	On islamic financing and related assets		**44,343,910**	46,543,589
	On investments		**22,539,732**	18,490,922
	On deposits / placements with financial institutions		**1,183,321**	807,046
			68,066,963	65,841,557
26	**PROFIT / RETURN EXPENSED**			
	Deposits and other accounts		**29,643,293**	28,149,405
	Subordinated sukuk		**1,538,585**	1,530,354
	Due to financial institutions		**3,630,446**	3,444,557
	Finance cost on Ijarah (lease) liabilities		**737,909**	578,589
	Cost of foreign currency swaps		**2,153,353**	1,702,605
			37,703,586	35,405,510
27	**FEE & COMMISSION INCOME**			
	Branch banking customer fees		**87,308**	94,043
	Consumer finance related fees		**506,063**	698,750
	Card related fees		**412,043**	363,033
	Credit related fees		**84,984**	101,296
	Investment banking fees		**48,675**	91,488
	Commission on trade		**479,017**	473,506
	Commission on guarantees		**568,370**	147,308
	Commission on cash management		**133,060**	120,450
	Commission on remittances including home remittances		**88,617**	18,085
	Commission on bancassurance		**20,094**	17,125
	Rebate income		**161,585**	157,302
	Others		**24,537**	12,550
			2,614,353	2,294,936
28	**OTHER INCOME**			
	Gain on sale of property and equipment - net		**15,110**	1,631
29	**OPERATING EXPENSES**			
	Total compensation expense	*29.1*	**6,090,009**	5,116,839
	Property expense			
	Utilities cost		**909,012**	788,863
	Security		**426,522**	367,081
	Repair & maintenance (including janitorial charges)		**290,524**	235,000
	Takaful charges		**2,257**	1,699
	Depreciation		**84,689**	86,262
	Depreciation on right-of-use assets		**1,052,481**	980,377
	Depreciation on non-banking assets acquired in satisfaction of claims		**238**	-
			2,765,723	2,459,282
	Information technology expenses			
	Software maintenance		**898,599**	704,541
	Hardware maintenance		**354,293**	313,346
	Depreciation		**263,876**	239,848
	Amortisation		**172,106**	125,941
	Networking and connectivity charges		**193,315**	179,380
	Outsourced services cost		**76,200**	57,000
	Takaful charges		**3,443**	3,044
	Others		**11,246**	5,587
			1,973,078	1,628,687

	Note	2024	2023
		--- Rupees in '000 ---	
Other operating expenses			
Directors' fee and allowances	*38.1*	**21,639**	17,599
Fees and allowances to Sharia'h Board members	*38.1*	**18,909**	18,211
Legal & professional charges		**134,133**	95,683
Service fee to holding company - related party	*20.1*	**1,032,094**	-
Outsourced services cost	*29.2*	**253,756**	218,629
Travelling & conveyance		**72,920**	49,838
NIFT clearing charges		**47,880**	56,204
Depreciation		**306,813**	140,233
Training & development		**53,107**	34,569
Postage & courier charges		**61,629**	42,619
Communications		**717,540**	427,474
Stationary and printing		**260,512**	226,229
Marketing, advertising and publicity		**363,758**	248,608
Auditors' remuneration	*29.3*	**15,075**	10,500
Brokerage, commission and bank charges		**444,056**	518,132
Tracker related charges		**126,795**	142,866
Cash transportation charges		**457,734**	389,663
Repair and maintenance		**160,650**	131,589
Subscription fees		**41,189**	26,542
Takaful charges		**42,741**	48,666
Deposit premium cost		**146,100**	137,363
Others		**231,746**	219,381
		5,010,776	3,200,598
		15,839,586	12,405,406

29.1 Total compensation expense

	Note	2024	2023
Managerial remuneration			
(i) fixed		**2,028,934**	1,724,280
(ii) variable (including bonus)		**400,958**	398,523
Allowances		**1,593,346**	1,341,372
Contribution to provident fund	*37*	**181,983**	157,428
Contribution to gratuity fund	*36.8.1*	**115,954**	93,014
Rent & house maintenance		**820,330**	696,666
Utilities		**204,846**	173,966
Medical		**69,448**	67,648
EOBI - employer contribution		**20,391**	19,591
Staff takaful expense		**101,805**	84,181
Outsourced services - third party staff		**406,427**	355,904
Staff antecedent verification		**6,228**	4,266
Accretion of cost against staff financing		**139,359**	-
		6,090,009	5,116,839

29.2 Total cost for the year included in other operating expenses relating to outsourced activities pertaining to companies incorporated in Pakistan is Rs. 61.72 million (2023: Rs. 55.93 million). This includes payments other than outsourced services costs, which are disclosed above.

		Note	2024	2023
29.3	**Auditors' remuneration**	*Note*	**--- Rupees in '000 ---**	
	Audit / limited reviews fee		**10,475**	6,500
	Other audit reviews and certifications		**4,600**	4,000
			15,075	10,500

30 OTHER CHARGES

Penalties imposed by State Bank of Pakistan	**84,973**	38,974

31 CREDIT LOSS ALLOWANCE / PROVISION AND WRITE OFFS - NET

	Note	2024	2023
Net reversal in credit loss allowance against cash and balances with treasury banks		**(76)**	-
Net reversal in credit loss allowance against balances with other banks		**(413)**	-
Credit loss allowance against due from financial institutions	*7.3*	**5,579**	-
Credit loss allowance against investments	*8.3.2*	**5,898**	-
Credit loss allowance / provision against Islamic financing and related assets	*9.13*	**3,603,767**	7,367,968
Net reversal in credit loss allowance for other assets	*14.1*	**(931)**	4,054
		3,613,824	7,372,022

32 TAXATION

	2024	2023
Current	**9,814,527**	9,385,777
Deferred	**(1,937,497)**	(2,459,312)
Prior years		
- Current	**-**	588,361
- Deferred	**(245,585)**	(202,089)
	7,631,445	7,312,737

32.1 Through Income Tax (Amendment) Ordinance 2024, the corporate tax rate on banking companies has been increased to 44% for 2024, 43% for 2025 and 42% for 2026 and onwards. Super tax is maintained at 10%. Accordingly, the Bank has recognized additional tax charge net of deferred tax amounting to Rs. 551.39 million.

32.2 Relationship between tax charge and accounting profit	**2024**	2023
	--- Rupees in '000 ---	
Profit before taxation	**14,303,040**	14,031,916
Effect of:		
Tax at the applicable rate of 54% (2023: 49%)	**7,723,642**	6,875,639
Permanent differences	**153,388**	50,826
Prior year	**(245,585)**	386,272
Tax charge for the year	**7,631,445**	7,312,737

33 BASIC AND DILUTED EARNINGS PER SHARE

	2024	2023
Profit for the year	**6,671,595**	6,719,179
	------- (Number) -------	
Weighted average number of ordinary shares	**1,165,228,776**	1,165,228,776
	------- (Rupees) -------	
Earning per share - basic and diluted	**5.73**	5.77

34	**CASH AND CASH EQUIVALENTS**	*Note*	**2024**	2023
			--- Rupees in '000 ---	
	Cash and balance with treasury banks	*5*	**30,433,781**	28,901,856
	Balance with other banks	*6*	**1,354,883**	3,985,034
	Overdrawn nostro account	*16*	**(205,652)**	-
			31,583,012	32,886,890

35	**STAFF STRENGTH**	**2024**	2023
		------ Number of staff ------	
	Permanent	**2,798**	2,566
	On Bank contract	**10**	11
	Others - third party staff	**966**	857
	Bank's own staff strength at the end of the year	**3,774**	3,434

35.1 In addition to the above, 36 (2023: 25) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than security and janitorial services.

36 DEFINED BENEFIT PLAN

36.1 General description

As mentioned in note 4.15.1, the Bank operates a funded gratuity scheme for all its permanent employees. The benefits under the gratuity scheme are payable on retirement at the age of 60 years or earlier cessation of service, in lump sum. The benefit is equal to one month's last drawn basic salary for each year of eligible service with the Bank subject to a minimum qualifying period of service of three years.

36.2 Number of employees under the scheme

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

	2024	2023
	------------ (Number) ------------	
Gratuity fund	**2,794**	2,562

36.3 Principal actuarial assumptions

The actuarial valuations were carried out at the year end using the following significant assumptions:

	2024	2023
	---------- Per annum ----------	
Discount rate	**12.00%**	16.75%
Expected rate of return on plan assets	**12.00%**	16.75%
Expected rate of salary increase	**10.00%**	14.75%

36.4 Reconciliation of (receivable from) / payable to defined benefit plan

	Note	**2024**	2023
		--- Rupees in '000 ---	
Present value of obligations	*36.5*	**874,157**	731,640
Fair value of plan assets	*36.6*	**(939,232)**	(681,640)
(Receivable) / payable		**(65,075)**	50,000

		Note	2024	2023
			--- Rupees in '000 ---	
36.5	**Movement in defined benefit obligation**			
	Obligation at beginning of the year		**731,640**	612,924
	Current service cost		**118,466**	97,893
	Cost of funds		**115,234**	75,663
	Benefits paid		**(87,349)**	(83,763)
	Actuarial (loss) / gain on obligation		**(3,834)**	28,923
	Obligations at the end of the year		**874,157**	731,640
36.6	**Movement in fair value of plan assets**			
	Fair value at beginning of the year		**681,640**	590,589
	Expected return on plan assets		**117,746**	80,542
	Bank's contribution to the fund made during the year		**130,000**	118,335
	Benefits paid by the bank		**(87,349)**	(83,763)
	Actuarial gain / (loss) on plan assets		**97,195**	(24,063)
	Fair value at end of the year		**939,232**	681,640
36.7	**Movement in (receivable from) / payable to defined benefit scheme**			
	Opening balance		**50,000**	22,335
	Charge for the year	*29.1*	**115,954**	93,014
	Re-measurements recognised in OCI during the year	*36.8.2*	**(101,029)**	52,986
	Bank's contribution to the fund made during the year		**(130,000)**	(118,335)
	Closing balance		**(65,075)**	50,000
36.8	**Charge for defined benefit plan**			
36.8.1	**Cost recognised in statement of profit and loss account**			
	Current service cost		**118,466**	97,893
	Net return		**(2,512)**	(4,879)
			115,954	93,014
36.8.2	**Re-measurements recognised in OCI during the year**			
	(Gain) / loss on obligation - Experience adjustment		**(3,834)**	28,923
	Actuarial (gain) / loss on plan assets		**(97,195)**	24,063
	Total re-measurements recognised in OCI		**(101,029)**	52,986
36.9	**Components of plan assets**			
	Cash and cash equivalents		**148,164**	136,640
	Sukuks		**791,068**	545,000
			939,232	681,640

36.9.1 Risks

Through its defined benefit plan, the Bank is exposed to a number of risks, the most significant of which are detailed below:

Investment risk

The risk arises when the actual performance of the investments is lower than expectation 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 risk arises when the actual increase is 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.

36.10 Sensitivity analysis

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

	2024 Rupees in '000
1% increase in discount rate	**820,717**
1% decrease in discount rate	**944,499**
1 % increase in expected rate of salary increase	**945,107**
1 % decrease in expected rate of salary increase	**819,286**
1 year increase in Life expectancy / Withdrawal rate	**868,438**
1 year decrease in Life expectancy / Withdrawal rate	**869,631**

36.11 Estimated expenses to be charged to statement of profit and loss account

Based on the actuarial advice, the management estimates that charge and expected contribution in respect of defined benefit plan for the year ending December 31, 2025 would be Rs. 113.97 million and Rs. 48.89 million respectively.

36.12 Maturity profile

The weighted average duration of the defined benefit obligation is 7.82 years.

36.13 Funding Policy

The activities of the gratuity scheme are governed by Dubai Islamic Bank Pakistan Limited Gratuity Fund established in 2006 under the provisions of a trust deed. Plan assets held in trust are governed by the Trust Deed as is the nature of the relationship between the Bank and the trustees and their composition. Responsibility for governance of the plan including the investment decisions lies with the Trustees. Funding levels are monitored on an annual basis and are based on actuarial recommendations.

36.14 Following are the significant risks associated with the gratuity fund scheme:

Asset volatility	The plan assets includes cash and cash equivalents and sukuks. The Fund believes that due to long-term nature of the plan liabilities and the strength of the Bank's support, the current investment strategy manages this risk adequately.
Inflation risk	The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. However, plan assets are based on variable rate and are re-priced at regular intervals to off-set inflationary impacts.
Life expectancy / Withdrawal rate	The majority of the plans' obligations are to provide benefits on severance with the Bank on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities.

37 DEFINED CONTRIBUTION PLAN (PROVIDENT FUND)

The Bank operates a contributory provident fund scheme for permanent employees. The number of employees eligible for the scheme at the end of the reporting year is 2,163 (2023: 2,194). The employer and employee both contribute 10% of the basic salaries to the funded scheme every month. Equal monthly contribution by employer and employees during the year amounted to Rs. 181.98 million (2023: Rs. 157.43 million) each.

38 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

38 Total Compensation Expense

	2024						
	Directors			**Members Shariah Board**	**President / CEO**	**Key Management Personnel**	**Other Material Risk Takers / Controllers**
	Chairman	**Executives (other than CEO)**	**Non-Executives**				
	Rupees in '000						
Fees and allowances	**-**	**-**	**21,639**	**18,909**	**-**	**-**	**-**
Managerial remuneration - fixed	**-**	**-**	**-**	**3,120**	**34,044**	**139,777**	**229,799**
Managerial remuneration - variable (including bonus)	**-**	**-**	**-**	**299**	**38,306**	**88,190**	**51,976**
Contribution to provident fund	**-**	**-**	**-**	**312**	**3,404**	**13,978**	**22,980**
Contribution to gratuity fund	**-**	**-**	**-**	**260**	**2,837**	**11,648**	**19,150**
Rent & house maintenance	**-**	**-**	**-**	**1,248**	**13,619**	**57,836**	**91,927**
Utilities	**-**	**-**	**-**	**312**	**3,401**	**13,963**	**22,956**
Medical	**-**	**-**	**-**	**35**	**-**	**400**	**1,908**
Conveyance	**-**	**-**	**-**	**840**	**2,400**	**25,682**	**58,557**
Others	**-**	**-**	**-**	**1,133**	**2,837**	**9,067**	**18,654**
	-	**-**	**21,639**	**26,468**	**100,848**	**360,541**	**517,907**
	(Number)						
Number of persons	**1**	**-**	**7**	**5**	**1**	**16**	**58**

	2023						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Executives (other than CEO)	Non-Executives				
	Rupees in '000						
Fees and allowances	-	-	17,599	18,211	-	-	-
Managerial remuneration - fixed	-	-	-	1,158	34,044	135,087	145,870
Managerial remuneration - variable (including bonus)	-	-	-	335	35,488	47,428	52,813
Contribution to provident fund	-	-	-	116	3,404	13,509	14,587
Contribution to gratuity fund	-	-	-	96	2,837	11,257	12,156
Rent & house maintenance	-	-	-	175	13,619	54,039	58,352
Utilities	-	-	-	44	3,401	13,495	14,572
Medical	-	-	-	30	-	520	1,309
Conveyance	-	-	-	338	2,400	19,466	26,736
Others	-	-	-	805	2,837	28,226	58,830
	-	-	17,599	21,308	98,030	323,027	385,225
	(Number)						
Number of persons	1	-	7	5	1	13	37

The Chief Executive and certain Executives are provided with club membership and mobile telephone facilities and the Chief Executive is also provided with bank maintained car in accordance with the Bank’s service rules.

38.2 Fees and allowances to Directors for participation in Board and Committee meetings

Sr. No.	Name of Director	**2024** Meeting Fees For Board Meetings	For Board Committees: Audit Committee	Risk Monitoring Committee	Nominations and Remuneration Committee	IT Committee	BCIC	Total Amount
		----- Rupees in '000 -----						
1	Shabbir Ahmed Shaikh	**2,245**	**1,294**	**2,211**	**1,553**	**-**	**-**	**7,303**
2	Faaria Rehman Salahuddin	**2,245**	**-**	**1,811**	**-**	**1,035**	**1,694**	**6,785**
3	Shabnam Faqir Mohammad *	**2,245**	**-**	**-**	**1,294**	**1,035**	**-**	**4,574**
4	Muhammad Saleem *	**1,684**	**-**	**-**	**-**	**-**	**1,293**	**2,977**
		8,419	**1,294**	**4,022**	**2,847**	**2,070**	**2,987**	**21,639**

* *Retired: October 30, 2024.*

Sr. No.	Name of Director	2023 Meeting Fees For Board Meetings	For Board Committees: Audit Committee	Risk Monitoring Committee	Nomination and Remuneration Committee	IT Committee	BCIC	Total Amount
		----- Rupees in '000 -----						
1	Shabbir Ahmed Shaikh	2,244	1,553	1,811	1,811	-	-	7,419
2	Faaria Rehman Salahuddin	2,244	-	1,811	-	1,035	-	5,090
3	Shabnam Faqir Mohammad	2,244	-	-	1,811	1,035	-	5,090
		6,732	1,553	3,622	3,622	2,070	-	17,599

38.3 Remuneration paid to Shariah Board Members

	2024 Chairman	**2024** Resident Members	**2024** Non-Resident Member(s)	2023 Chairman	2023 Resident Members	2023 Non-Resident Member(s)
	----- Rupees in '000 -----					
Fees and allowances	**4,188**	-	**14,721**	4,355	-	13,856
Managerial remuneration - fixed	**-**	**3,120**	**-**	-	1,158	-
Managerial remuneration - variable (including bonus)	**-**	**299**	**-**	-	335	-
Contribution to provident fund	**-**	**312**	**-**	-	116	-
Contribution to gratuity fund	**-**	**260**	**-**	-	96	-
Rent & house maintenance	**-**	**1,248**	**-**	-	175	-
Utilities	**-**	**312**	**-**	-	44	-
Medical	**-**	**35**	**-**	-	30	-
Conveyance	**-**	**840**	**-**	-	338	-
Others	**-**	**1,133**	**-**	-	805	-
	4,188	**7,559**	**14,721**	4,355	3,097	13,856
	----- (Number) -----					
Number of persons	**1**	**1**	**3**	1	2	2

39 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	2024							
	Carrying Value				**Fair Value**			
On-Balance sheet Financial Instruments	**FVTPL**	**FVOCI**	**Amortised cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	---------- Rupees in '000 ----------							
Financial assets - measured at fair value								
Investments								
Federal Government securities	2,382,419	82,254,780	-	84,637,199	37,675,000	46,962,199	-	84,637,199
Non-Government debt securities	-	38,745,101	-	38,745,101	-	38,745,101	-	38,745,101
Foreign securities	-	20,456,206	-	20,456,206	-	20,456,206	-	20,456,206
Other assets								
Unrealized gain on foreign exchange contracts	-	-	201,769	201,769	-	201,769	-	201,769
Financial assets - disclosed but not measured at fair value								
Cash and balances with treasury banks	-	-	30,433,179	30,433,179				
Balances with other banks	-	-	1,354,671	1,354,671				
Due from financial institution	-	-	41,494,389	41,494,389				
Islamic financings and related assets - net	-	-	203,608,460	203,608,460				
Other asset	-	-	15,545,013	15,545,013				
	2,382,419	141,456,087	292,637,481	436,475,987				
Financial liabilities - measured at fair value								
Other liabilities								
Unrealized loss on foreign exchange contracts	-	-	188,180	188,180	-	188,180	-	188,180
Financial liabilities - disclosed but not measured at fair value								
Bills payable	-	-	7,103,423	7,103,423				
Due to financial institutions	-	-	24,008,644	24,008,644				
Deposits and other accounts	-	-	346,872,762	346,872,762				
Subordinated sukuk	-	-	7,120,000	7,120,000				
Lease Liabilities	-	-	6,347,022	6,347,022				
Other liabilities	-	-	14,393,938	14,393,938				
	-	-	406,033,969	406,033,969				
Off-balance sheet financial instruments - measured at fair value								
Forward foreign exchange contracts	56,305,897		-	56,305,897	-	56,305,897	-	56,305,897

	2023								
	Carrying Value					Fair Value			
On-Balance sheet Financial Instruments	Held to Maturity	Available for Sale	Financing and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	---------- Rupees in '000 ----------								
Financial assets - measured at fair value									
Investments									
Federal Government securities	-	61,570,694	-	-	61,570,694	-	61,570,694	-	61,570,694
Non-Government debt securities	-	39,527,721	-	-	39,527,721	-	39,527,721	-	39,527,721
Foreign securities	-	20,263,225	-	-	20,263,225	-	20,263,225	-	20,263,225
Other assets									
Unrealized gain on foreign exchange contracts	-	-	237,764	-	237,764	-	237,764	-	237,764
Financial assets - disclosed but not measured at fair value									
Cash and balances with treasury banks	-	-	28,901,856	-	28,901,856				
Balances with other banks	-	-	3,985,034	-	3,985,034				
Due from financial institution	-	-	2,900,000	-	2,900,000				
Islamic financings and related assets - net	-	-	243,067,943	-	243,067,943				
Other asset	-	-	17,940,383	-	17,940,383				
	-	121,361,640	297,032,980	-	418,394,620				
Financial liabilities - measured at fair value									
Other liabilities									
Unrealized loss on foreign exchange contracts	-	-	-	785,559	785,559	-	785,559	-	785,559
Financial liabilities - disclosed but not measured at fair value									
Bills payable	-	-	-	4,395,198	4,395,198				
Due to financial institutions	-	-	-	33,908,833	33,908,833				
Deposits and other accounts	-	-	-	324,876,776	324,876,776				
Subordinated sukuk	7,120,000	-	-	-	7,120,000				
Lease Liabilities	-	-	-	5,047,147	5,047,147				
Other liabilities	-	-	-	13,697,426	13,697,426				
	7,120,000	-	-	382,710,939	389,830,939				
Off-balance sheet financial instruments - measured at fair value									
Forward foreign exchange contracts	-	-	79,683,949	-	79,683,949	-	79,683,949	-	79,683,949

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).

39 Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
Federal Government Securities	The fair value of GoP Ijarah Sukuks quoted are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters.
Non-Government Debt Securities	Investments in Non-Government Debt 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 SECP.
Foreign Securities	The valuation has been determined through closing rates of Bloomberg.
Forward Foreign Exchange Contracts	The valuation has been determined by interpolating the foreign exchange revaluation rates announced by the State Bank of Pakistan (SBP).
Non - Banking Assets acquired in Satisfaction of Claims	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.

	2024				
	Carrying value	**Fair Value**			
		Level 1	**Level 2**	**Level 3**	**Total**
	---------- Rupees in '000 ----------				
39 Non financial assets - measured at fair value					
Non-banking assets acquired in satisfaction of claims	84,707	-	84,707	-	84,707
	84,707	-	84,707	-	84,707

The valuation of non-banking assets acquired in satisfaction of claims, mentioned above, is conducted by the valuation expert appointed by the Bank which is also on the panel of the Pakistan Banks' Association (PBA). The valuation expert uses a market based approach to arrive at the fair value of the Bank's non-banking asset acquired in satisfaction of claims. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. This value is adjusted to reflect the current condition of the property.

40 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	2024						
	Corporate Banking	SME & Commercial Banking	Consumer Banking	Treasury	Others	Inter-segment Elimination	Total
	-- Rupees in '000 --						
Statement of profit and loss account							
Net profit earned	15,779,698	417,382	(9,026,993)	22,947,651	245,639	-	30,363,377
Inter segment revenue - net	(12,766,486)	6,292,376	27,262,762	(20,673,526)	(115,126)	-	-
Other income	772,030	666,624	1,498,603	888,711	15,579	-	3,841,547
Total income	3,785,242	7,376,382	19,734,372	3,162,836	146,092	-	34,204,924
Segment direct expenses	(948,486)	(2,613,358)	(9,237,510)	(246,356)	(3,242,350)	-	(16,288,060)
Inter segment expense allocation	(462,791)	(580,347)	(1,900,870)	(158,983)	3,102,991	-	-
Total expenses	(1,411,277)	(3,193,705)	(11,138,380)	(405,339)	(139,359)	-	(16,288,060)
Credit loss allowance	(3,738,806)	244,762	(101,570)	(11,477)	(6,733)	-	(3,613,824)
Profit before tax	(1,364,841)	4,427,439	8,494,422	2,746,020	-	-	14,303,040
Statement of Financial Position							
Cash and bank balances	-	943,225	6,133,355	1,354,671	23,356,599	-	31,787,850
Due from financial institutions	-	-	-	41,494,389	-	-	41,494,389
Investments	-	-	-	143,838,506	-	-	143,838,506
Net inter segment placements	-	49,706,485	157,866,811	-	20,944,399	(228,517,695)	-
Islamic financings and related assets - performing	134,444,647	27,859,145	36,628,340	-	2,130,597	-	201,062,729
- non-performing	1,541,664	559,595	444,472	-	-	-	2,545,731
Others	7,456,249	4,478,153	8,982,786	2,919,938	8,323,370	-	32,160,496
Total Assets	143,442,560	83,546,603	210,055,764	189,607,504	54,754,965	(228,517,695)	452,889,701
Due to financial institutions	15,958,611	4,844,380	-	3,205,653	-	-	24,008,644
Deposits & other accounts	78,845,083	71,710,451	196,033,376	283,852	-	-	346,872,762
Net inter segment acceptances	43,406,606	-	-	185,111,089	-	(228,517,695)	-
Subordinated sukuk	-	-	-	-	7,120,000	-	7,120,000
Others	5,232,260	6,991,772	14,022,388	355,295	3,340,021	-	29,941,736
Total liabilities	143,442,560	83,546,603	210,055,764	188,955,889	10,460,021	(228,517,695)	407,943,142
Equity	-	-	-	651,615	44,294,944	-	44,946,559
Total Equity and liabilities	143,442,560	83,546,603	210,055,764	189,607,504	54,754,965	(228,517,695)	452,889,701
Contingencies and Commitments	46,026,415	24,698,811	681,418	56,293,206	505,057	-	128,204,907

	2023						
	Corporate Banking	SME & Commercial Banking	Consumer Banking	Treasury	Other	Inter-segment Elimination	Total
	Rupees in '000						
Statement of profit and loss account							
Net profit earned	17,473,457	945,783	(7,294,129)	19,209,849	101,087	-	30,436,047
Inter segment revenue - net	(14,576,434)	6,012,664	26,631,744	(17,965,175)	(102,799)	-	-
Other income	679,420	924,008	1,605,118	585,106	1,712	-	3,795,364
Total income	3,576,443	7,882,455	20,942,733	1,829,780	-	-	34,231,411
Segment direct expenses	(801,812)	(2,200,396)	(7,603,138)	(195,496)	(2,026,631)	-	(12,827,473)
Inter segment expense allocation	(181,472)	(408,510)	(1,366,465)	(70,184)	2,026,631	-	-
Total expenses	(983,284)	(2,608,906)	(8,969,603)	(265,680)	-	-	(12,827,473)
Provisions	(1,942,401)	(5,413,831)	(15,790)	-	-	-	(7,372,022)
Profit before tax	650,758	(140,282)	11,957,340	1,564,100	-	-	14,031,916
Statement of Financial Position							
Cash and bank balances	-	1,002,116	5,001,087	3,985,034	22,898,653	-	32,886,890
Due from financial institutions	-	-	-	2,900,000	-	-	2,900,000
Investments	-	-	-	121,361,640	-	-	121,361,640
Net inter segment placements	-	40,054,774	144,896,666	-	16,705,591	(201,657,031)	-
Islamic financings and related assets - performing	160,335,925	37,149,110	42,383,835	-	2,682,094	-	242,550,964
- non-performing	-	8,000	508,979	-	-	-	516,979
Others	9,753,049	4,274,082	6,907,675	4,861,948	4,979,154	-	30,775,908
Total Assets	170,088,974	82,488,082	199,698,242	133,108,622	47,265,492	(201,657,031)	430,992,381
Due to financial institutions	20,022,095	9,986,738	-	3,900,000	-	-	33,908,833
Deposits & other accounts	71,997,446	66,911,497	185,681,528	286,305	-	-	324,876,776
Net inter segment acceptances	73,237,180	-	-	128,419,851	-	(201,657,031)	-
Subordinated sukuk	-	-	-	-	7,120,000	-	7,120,000
Others	4,832,253	5,589,847	14,016,714	816,816	2,666,257	-	27,921,887
Total liabilities	170,088,974	82,488,082	199,698,242	133,422,972	9,786,257	(201,657,031)	393,827,496
Equity	-	-	-	(314,350)	37,479,235	-	37,164,885
Total Equity and liabilities	170,088,974	82,488,082	199,698,242	133,108,622	47,265,492	(201,657,031)	430,992,381
Contingencies and Commitments	34,120,615	31,159,125	3,783,616	80,235,407	465,500	-	149,764,263

41 TRUST ACTIVITIES

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

Category	Security type	Number of securities		--- Rupees in '000 --- Face Value	
		2024	2023	**2024**	2023
Financial institution - related party	Shares	**3,347,600**	3,347,600	**33,476**	33,476
Asset Management Company	Sukuk	**18,812,000**	9,512,000	**1,881,200**	951,200
Funds	Sukuk	**2,351,000**	26,951,000	**235,100**	2,695,100
Funds - related party	Sukuk	**4,000,000**	18,000,000	**400,000**	1,800,000
Individuals	Sukuk	**-**	1,000,000	**-**	100,000
		28,510,600	58,810,600	**2,549,776**	5,579,776

42 RELATED PARTY TRANSACTIONS

The Bank has related party relationship with Dubai Islamic Bank P.J.S.C, U.A.E, the holding company, directors, related group companies, associated companies, key management personnel and Staff Retirement Funds.

A number of banking transactions are entered into with related parties in the normal course of business. These include financing and deposit transactions. These transactions are executed substantially on the same terms including profit rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk. Contributions to staff retirement benefit plan are made in accordance with the terms of the contribution plan. Remuneration and other benefits to the executives are determined in accordance with the terms of their appointment.

Usual transactions with related parties include deposits, financing, returns and provision of other banking services. Transactions with executives are undertaken at terms in accordance with employment agreements and service rules.

The details of transactions with related parties and balances with them are given below:

	2024						2023					
	Associated companies	**Holding Company**	**Directors**	**Key management personnel**	**Others****	**Total**	Associated companies	Holding Company	Directors	Key management personnel	Others**	Total
	Rupees in '000											
Balances with other banks												
As at January 1,	-	85,403	-	-	-	85,403	-	128,641	-	-	-	128,641
Deposited during the year	-	66,025,180	-	-	-	66,025,180	-	54,689,272	-	-	-	54,689,272
Withdrawals during the year	-	(65,908,579)	-	-	-	(65,908,579)	-	(54,732,510)	-	-	-	(54,732,510)
Closing balance	-	202,004	-	-	-	202,004	-	85,403	-	-	-	85,403
Islamic financing and related assets												
As at January 1,	-	-	-	166,181	-	166,181	-	-	-	205,096	-	205,096
Disbursed during the year	-	-	-	127,714	-	127,714	-	-	-	10,000	-	10,000
Repaid during the year	-	-	-	(79,753)	-	(79,753)	-	-	-	(60,478)	-	(60,478)
Adjustments *	-	-	-	70,049	-	70,049	-	-	-	11,563	-	11,563
Closing balance	-	-	-	284,191	-	284,191	-	-	-	166,181	-	166,181
Deposits and other accounts												
As at January 1,	-	145,402	18,886	188,776	490,036	843,100	-	73,931	1,963	101,325	1,406,741	1,583,960
Received during the year	-	4,636,563	26,041	1,227,936	2,800,253	8,690,793	-	11,465,671	37,179	1,073,775	843,556	13,420,181
Withdrawals during the year	-	(4,749,136)	(29,900)	(1,196,770)	(2,910,713)	(8,886,519)	-	(11,394,200)	(20,256)	(986,340)	(1,760,261)	(14,161,057)
Adjustments *	-	-	(14,076)	(47,359)	-	(61,435)	-	-	-	16	-	16
Closing balance	-	32,829	951	172,583	379,576	585,939	-	145,402	18,886	188,776	490,036	843,100
Other Liability												
As at January 1,	-	-	-	33,060	-	33,060	-	-	-	29,026	-	29,026
addition during the year	-	1,032,094	-	20,436	-	1,052,530	-	-	-	19,405	-	19,405
Paid during the year	-	-	-	(15,072)	-	(15,072)	-	-	-	(15,371)	-	(15,371)
Adjustments *	-	-	-	(1,906)	-	(1,906)	-	-	-	-	-	-
Closing balance	-	1,032,094	-	36,518	-	1,068,612	-	-	-	33,060	-	33,060

	2024						2023					
	Associated companies	**Holding Company**	**Directors**	**Key management personnel**	**Others****	**Total**	Associated companies	Holding Company	Directors	Key management personnel	Others**	Total
	Rupees in '000											
Transactions during the year												
Profit earned on financings	-	-	-	11,884	-	11,884	-	-	-	10,983	-	10,983
Profit expensed on deposits	-	-	102	85,027	141,550	226,679	-	-	646	11,182	92,444	104,272
Profit expensed on other liability	-	-	-	6,632	-	6,632	-	-	-	5,824	-	5,824
Other income	-	-	-	4,267	-	4,267	-	-	-	-	-	-
Fees and allowances	-		21,639	18,909	-	40,548	-	-	17,599	11,620	-	29,219
Service fee	-	1,032,094	-	-	-	1,032,094	-	-	-	-	-	-
Remuneration to key management personnel (including bonus)	-	-	-	468,948	-	468,948	-	-	-	424,154	-	424,154
Contribution made to gratuity func	-	-	-	-	115,954	115,954	-	-	-	-	93,014	93,014
Contribution made to provident fu	-	-	-	-	181,983	181,983	-	-	-	-	157,428	157,428
Contingencies and commitments												
Foreign currency purchase contra	-	7,164,992	-	-	-	7,164,992	-	7,982,615	-	-	-	7,982,615
Foreign currency sale contracts	-	7,164,992	-	-	-	7,164,992	-	7,982,615	-	-	-	7,982,615
Other guarantees	-	6,113	-	-	-	6,113	-	6,180	-	-	-	6,180

* Primarily relates to those directors, associates and key management personnel who are no longer related parties or have become related parties of the Bank as at December 31, 2024.

** Represents Dubai Islamic Bank Pakistan Limited's Provident & Gratuity Funds.

43 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2024	2023
	--- Rupees in '000 ---	
Minimum Capital Requirement (MCR):		
Paid-up capital	**11,652,288**	11,652,288
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier I (CET I) Capital	**42,218,852**	35,082,379
Eligible Additional Tier I (ADT I) Capital	**3,120,000**	3,120,000
Total Eligible Tier I Capital	**45,338,852**	38,202,379
Eligible Tier II Capital	**6,862,762**	6,542,922
Total Eligible Capital (Tier I + Tier II)	**52,201,614**	44,745,301
Risk Weighted Assets (RWAs):		
Credit Risk	**176,891,762**	203,433,773
Market Risk	**1,087,802**	219,191
Operational Risk	**57,116,214**	45,098,472
Total	**235,095,778**	248,751,436
Common Equity Tier I Capital Adequacy ratio	**17.96%**	14.10%
Tier I Capital Adequacy Ratio	**19.29%**	15.36%
Total Capital Adequacy Ratio	**22.20%**	17.99%

43.1 Capital management

Capital Management aims to safeguard the Bank's ability to continue as a going concern so that it could continue to provide adequate returns to shareholders by pricing products and services commensurately with the level of risk. For this the Bank ensures strong capital position and efficient use of capital as determined by the underlying business strategy i.e. maximizing growth on continuing basis. The Bank maintains a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The State Bank of Pakistan (SBP) has prescribed guidelines with respect to disclosure of capital adequacy related information in the financial statements of banks. These guidelines are based on the requirements of Basel III which were introduced earlier by the SBP in August 2013 for implementation by banks in Pakistan. The disclosures below have been prepared on the basis of the SBP's guidelines.

43.2 Goals of managing capital

The goals of managing capital of the Bank are as follows:

- To be an appropriately capitalised institution, considering the requirements set by the regulators of the banking markets where the Bank operates;

- Maintain strong ratings and to protect the Bank against unexpected events; and

- Ensure availability of adequate capital at a reasonable cost so as to enable the Bank to operate adequately and provide reasonable value addition for the shareholders and other stakeholders.

43.3 Statutory minimum Capital Adequacy Ratio requirement:

In implementing current capital requirements the State Bank of Pakistan requires banks to maintain minimum Capital Adequacy Ratio (CAR) of 12.50%, whereas since COVID the requirement has been reduced to 11.50% and CAR stood at 22.20% at the year ended December 31, 2024.

43.4 Capital Structure

Under Basel III framework, the Bank's regulatory capital has been analysed into two tiers as follows:

- Tier I capital (going concern capital) which is sub divided into:

a) Common Equity Tier I (CET I), which includes fully paid up capital, reserve for bonus issue, general reserves and un-appropriated profits (net of losses), etc. after regulatory deductions for investment in own shares, and book value of intangibles.

b) Additional Tier I capital (AT I), which includes perpetual, unsecured, sub-ordinated, non-cumulative and contingent convertible Sukuk instrument issued by the Bank.

- Tier II capital, which includes sub-ordinated sukuk, general provisions (upto a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of available for sale investments after deduction of indirect holding of own capital.

Banking operations are categorised in either the trading book or the banking book and risk weighted assets are determined according to the specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures.

	2024	2023
	---- Rupees in '000 ----	
Leverage Ratio (LR):		
Eligible Tier I Capital	**45,338,852**	38,202,379
Total Exposures	**516,372,631**	510,291,406
Leverage Ratio	**8.78%**	7.49%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**144,794,461**	121,023,376
Total Net Cash Outflow	**58,540,196**	67,643,573
Liquidity Coverage Ratio	**247.34%**	178.91%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**314,906,814**	301,119,747
Total Required Stable Funding	**204,779,739**	214,888,432
Net Stable Funding Ratio	**153.78%**	140.13%

43.5 The full disclosures on the capital adequacy, leverage ratio & liquidity requirements as per SBP instructions issued from time to time is available at https://www.dibpak.com/index.php/financials.

44 RISK MANAGEMENT

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

In the currently competitive banking market the Bank’s rate of return is greatly influenced by its risk management capabilities as “Banking is about managing risk and return”. Success in the banking business is not to eliminate or avoid risk altogether but to proactively assess and manage risks for the organization’s strategic advantage.

Risk Framework

The Bank’s Risk management framework is based on three pillars; (a) Risk Principles and Strategies, (b) Organizational Structures and Procedures and (c) Prudent Risk Measurement and Monitoring Processes which are closely aligned with the activities of the Bank so as to give maximum value to the shareholders while ensuring that risks are kept within an acceptable level / risk appetite.

The Board determines the overall risk appetite and philosophy for the Bank. The overall risk is monitored by the Board Risk Monitoring Committee (BRMC). The terms of reference of BRMC have been approved by the Board. Various Management Committees such as Risk Management Committee (RMC), Management Credit Committee (MCC), Asset and Liability Committee (ALCO) and Control and Compliance Committee to support these goals.

The Chief Executive Officer (CEO) and Chief Risk Officer (CRO), in close coordination with all businesses / support functions, ensure that the Risk Management Framework approved by the Board is implemented in true spirit and risk limits are communicated and adhered for quantifiable risks by those who accept risks on behalf of the Bank. Further, they also ensure that the non-quantifiable risks are communicated as guidelines and adhered to in management business decisions.

Risk Appetite

Risk management across the Bank is based on the risk appetite and philosophy set by the Board and the associated risk committees. The Board establishes the parameters for risk appetite for the Bank through:

- Setting strategic direction;
- Contributing to, and ultimately approving plans for each division; and
- Regularly reviewing and monitoring the Bank's performance in relation to risk through related reports.

It is to be ensured that the risk remains within the acceptable level and sufficient capital is available as a buffer to absorb all the risks. It forms the basis of strategies and policies for managing risks and establishing adequate systems and controls to ensure that overall risk remain within acceptable level.

Risk Organisation

The nature of the Bank's businesses requires it to identify, measure and manage risks effectively. The Bank manages these risks through a framework of risk vision, mission, strategy, policies, principles, organizational structures, infrastructures and risk measurement and monitoring processes that are closely aligned with the activities of the Bank. The Bank Risk Management function is independent of the business areas.

In line with best practices, the Bank exercises adequate oversight through the Risk Management Committee and the Bank's Risk Management Group and has developed an elaborate risk identification measurement and management framework.

Along with the above, business heads are also specifically responsible for the management of risk within their respective businesses. As such, they are responsible for ensuring that they are in compliance with appropriate risk management frameworks in line with the standards set by the Bank.

Business heads are supported by the Risk Management Group and the Credit Approval. An important element that underpins the Bank's approach to the management of all risk is independence, where the risk monitoring function is independent of the risk taking function.

The Bank also has credit risk, market risk, liquidity risk, operational risk, and investment policies in place.

44.1 Credit Risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform such obligation is impaired resulting in economic loss to the Bank. The credit risk arises mainly from both direct financing activities as well as contingent liabilities. The objective of credit risk management framework / policies for the Bank is to achieve sustainable and superior risk versus reward performance whilst maintaining credit risk exposure in line with the approved risk appetite.

The Bank has adopted Standardised Approach for calculation of capital charge against credit risk. Therefore, risk weights for the credit risk related assets (on-balance sheet and off-balance sheet - market and non-market related exposures) are assigned taking into consideration external rating(s) of counterparty(s) for the purpose of calculating Risk Weighted Assets.

The Bank has its own credit rating system (Moody's) in place which takes into account both quantitative and qualitative aspects. In addition, pro-active credit risk management is undertaken through risk concentration, counterparty limits, counterparty group limits and industry concentration limits, defining minimum risk acceptance criteria for each industry. Periodic review process and risk asset review coupled with policies on internal watch listing are capable of identifying problem financings at an early stage. In addition a full-fledged Special Assets Management (SAM) department has also been set up for dealing with problem accounts.

44.1.1 ***Due from financial institutions***

Credit risk by public / private sector

	Gross		Non-performing		Credit loss allowance held			Provision held
					Stage 1	Stage 2	Stage 3	
	2024	2023	**2024**	2023	**2024**			2023
	Rupees in '000							
Public / Government	**-**	-	**-**	-	**-**	**-**	**-**	-
Private	**41,494,389**	2,900,000	**-**	-	**5,611**	**-**	**-**	-
	41,494,389	2,900,000	**-**	-	**5,611**	**-**	**-**	-

44.1.2 ***Investment***

Credit risk by industry sector

	Gross		Non-performing		Credit loss allowance held			Provision held
					Stage 1	Stage 2	Stage 3	
	2024	2023	**2024**	2023	**2024**			2023
	Rupees in '000							
Construction	**7,148,551**	7,069,810	**-**	-	**1,324**	**-**	**-**	-
Financial	**9,398,755**	11,268,369	**-**	-	**7,078**	**-**	**-**	-
Government	**82,228,156**	57,117,650	**-**	-	**-**	**-**	**-**	-
Other Sovereign	**6,327,349**	6,378,090	**-**	-	**1,004**	**-**	**-**	-
Power (electricity), Gas, Water, Sanitary	**38,745,279**	39,527,721	**-**	-	**178**	**-**	**-**	-
Textile	**89,316**	89,316	**89,316**	89,316	**-**	**-**	**89,316**	89,316
	143,937,406	121,450,956	**89,316**	89,316	**9,584**	**-**	**89,316**	89,316

Credit risk by public / private sector	Gross		Non-performing		Credit loss allowance held			Provision held
					Stage 1	Stage 2	Stage 3	
	2024	2023	**2024**	2023	**2024**			2023
	Rupees in '000							
Public / Government	**120,617,319**	96,040,053	**-**	-	**-**	**-**	**-**	-
Private	**23,320,087**	25,410,903	**89,316**	89,316	**9,584**	**-**	**89,316**	89,316
	143,937,406	121,450,956	**89,316**	89,316	**9,584**	**-**	**89,316**	89,316

44.1.3 ***Islamic Financing and related assets***

Credit risk by industry sector	Gross		Non-performing		Credit loss allowance held			Provision held - Specific
					Stage 1	Stage 2	Stage 3	
	2024	2023	**2024**	2023	**2024**			2023
	Rupees in '000							
Agriculture, Forestry, Hunting and Fishing	**542,605**	1,909,939	**481,799**	492,483	**420**	**63**	**471,402**	492,482
Automobile and transportation equipment	**3,073,139**	4,259,311	**849,462**	-	**8,270**	**109,021**	**647,686**	-
Cement	**5,232,925**	4,023,933	**827,510**	1,013,165	**214**	**103,752**	**721,390**	1,013,165
Chemical and Pharmaceuticals	**13,988,603**	11,992,509	**201,483**	582,653	**49,097**	**67,579**	**201,483**	582,653
Construction	**13,520,698**	5,023,481	**2,331**	516,993	**22,955**	**16,406**	**2,331**	516,993
Electronics and electrical appliances	**3,306,143**	3,997,500	**1,199,001**	-	**1,054**	**45,022**	**872,998**	-
Food and Beverages	**28,051,083**	34,094,192	**5,369,434**	3,153,620	**50,940**	**356,309**	**4,642,533**	3,153,620
Footwear and Leather garments	**298,308**	1,075,438	**-**	-	**122**	**2,057**	**-**	-
Individuals	**37,422,671**	43,710,950	**1,296,979**	1,134,423	**121,934**	**179,117**	**839,701**	625,887
Iron / Steel	**12,855,285**	11,843,737	**5,087,744**	3,403,908	**14,486**	**87,129**	**4,791,209**	3,403,908
Mining and Quarrying	**2,497,104**	2,691,667	**-**	-	**11,600**	**-**	**-**	-
Paper, Board and Packaging	**951,407**	1,590,676	**32,276**	37,276	**689**	**57,963**	**32,276**	37,276
Power (electricity), Gas, Water, Sanitary	**30,500,027**	36,857,275	**-**	-	**27,980**	**102,085**	**-**	-
Real Estate	**755,118**	1,321,522	**-**	-	**1,197**	**51,304**	**-**	-
Rubber and plastic	**4,897,693**	6,575,069	**948,205**	602,251	**3,505**	**79,207**	**948,205**	602,251
Services	**7,191,378**	9,320,079	**129,408**	160,426	**26,907**	**102,768**	**129,408**	160,426
Textile	**35,216,184**	40,795,692	**1,180,971**	2,125,429	**92,450**	**624,177**	**1,151,922**	2,117,429
Transport, Storage and Communication	**8,080,266**	19,369,334	**95,522**	100,414	**11,730**	**65,631**	**95,523**	99,972
Wholesale and Retail Trade	**15,667,851**	19,490,184	**3,209,680**	2,721,294	**42,631**	**47,180**	**2,805,202**	2,721,294
Others	**500,130**	1,825,982	**-**	-	**690**	**1,248**	**-**	-
	224,548,618	261,768,470	**20,911,805**	16,044,335	**488,871**	**2,098,018**	**18,353,269**	15,527,356

Credit risk by public / private sector	Gross		Non-performing		Credit loss allowance held			Provision held - Specific
					Stage 1	Stage 2	Stage 3	
	2024	2023	**2024**	2023	**2024**			2023
Public / Government	**7,414,836**	9,337,358	**-**	-	**-**	**-**	**-**	-
Private	**217,133,782**	252,431,112	**20,911,805**	16,044,335	**488,871**	**2,098,018**	**18,353,269**	15,527,356
	224,548,618	261,768,470	**20,911,805**	16,044,335	**488,871**	**2,098,018**	**18,353,269**	15,527,356

44.1.4 ***Contingencies and Commitments***

Credit risk by industry sector	2024	2023
	------- Rupees in '000 -------	
Agriculture, Forestry, Hunting and Fishing	**1,100,895**	453,323
Automobile and transportation equipment	**693,584**	4,246,368
Cement	**384,758**	884,974
Chemical and Pharmaceuticals	**3,878,639**	4,908,014
Commerce and Trade	**-**	944
Construction	**8,551,178**	3,533,161
Electronics and electrical appliances	**646,775**	6,831,206
Financial	**56,292,308**	81,983,736
Food and Beverages	**5,263,565**	6,075,491
Footwear and Leather garments	**45,142**	-
Iron / Steel	**8,461,282**	7,858,413
Machinery and Equipment	**359,670**	266,875
Paper, Board and Packaging	**212,959**	1,289,536
Power (electricity), Gas, Water, Sanitary	**7,385,505**	3,293,462
Rubber and plastic	**821,158**	92,426
Services	**17,968,692**	20,605,977
Textile	**3,532,074**	2,424,486
Transport, Storage and Communication	**631,708**	593,000
Wholesale, Retail and Trade	**-**	2,790,411
Others	**10,779,507**	389,537
	127,009,399	148,521,340

Credit risk by public / private sector		
Public / Government	**7,922,080**	21,754,058
Private	**119,087,319**	126,767,282
	127,009,399	148,521,340

44.1.5 Concentration of Islamic financing and related assets

The Bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 79,433 million (2023: Rs. 61,945 million) are as following:

	2024	2023
	------- Rupees in '000 -------	
Funded	**51,945,822**	49,213,960
Non Funded	**27,487,965**	12,731,122
Total Exposure	**79,433,787**	61,945,082

The sanctioned limits against these top 10 exposures aggregated to Rs. 99,974 million (2023: Rs. 64,069 million). Further, none of the top 10 customers have been placed under non-performing status as at December 31, 2024 and December 31, 2023.

44.1.6 Islamic financing and related assets - Province / Region-wise Disbursement & Utilization

	2024						
		Utilization					
Province / Region	**Disbursements**	**Punjab**	**Sindh**	**KPK including FATA**	**Balochistan**	**Islamabad**	**AJK**
	Rupees in '000						
Punjab	**91,908,900**	**89,655,470**	**1,155,800**	**843,873**	**-**	**13,978**	**239,779**
Sindh	**247,275,753**	**33,907,843**	**207,895,995**	**264,255**	**4,272,873**	**905,911**	**28,876**
KPK including FATA	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balochistan	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Islamabad	**14,726,713**	**1,494,490**	**-**	**520,168**	**733,982**	**11,978,073**	**-**
AJK	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**353,911,366**	**125,057,803**	**209,051,795**	**1,628,296**	**5,006,855**	**12,897,962**	**268,655**

	2023						
		Utilization					
Province / Region	Disbursements	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK
	Rupees in '000						
Punjab	107,987,883	104,238,628	1,911,200	1,650,362	-	6,500	181,193
Sindh	229,417,302	31,408,034	192,826,863	278,581	4,338,518	527,453	37,853
KPK including FATA	-	-	-	-	-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	24,477,958	2,894,558	-	2,676,632	249,933	18,656,835	-
AJK	-	-	-	-	-	-	-
Total	361,883,143	138,541,220	194,738,063	4,605,575	4,588,451	19,190,788	219,046

44.1.7 Forward-looking information contained in ECL

The assessment of Expected Credit Loss (ECL) calculation incorporates forward looking information. Forward-looking aspect introduces an extra dimension, which is often captured by relating expected losses to the macro-economic variables. The incorporation of macroeconomic factors increases the accuracy of the results produced and makes it more reliable to predict! estimate future results more accurately.

The Bank uses historic and forecasted data to determine the impact of macroeconomic factors to estimate Probability of Default (PD) and Loss Given Default (LGD) etc. Further, statistical models based on historical correlation is performed to identify most significant macro-economic variable(s) that have been recognized as contributors to the default performance of any portfolio. The macro-economic variables (including KSE 100 Index, Consumer Price Index and Crude Oil Price) used in the ECL calculation are fetched from the World Bank and International Monetary Fund (IMF) database and the relevant macro-economic variables are selected based on sensitivity of each of the portfolios to specific macro-economic variables. Three macroeconomic scenarios have been developed base, best, and worst with assigned scenario probability weightings of 55%, 15%, and 30% respectively.

The Bank conducted a sensitivity analysis on macro-economic indicators which are utilized for forward-looking calculations. As of December 31, 2024, when the macro-economic indicators in the neutral scenario was adjusted upwards or downwards by 30%, the ECL showed the following variation:

Segment	Upwards	Downwards
Corporate	-0.4357%	0.2049%
SME	-0.4173%	0.2348%
Retail	-0.9834%	0.4102%

44.1.8 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 Bank performs sensitivity analysis on the ECL recognized on each of its segments.

The table below shows the loss allowance on each segment assuming each forward-looking scenario (e.g. Base, worst and best) were weighted 100% instead of applying scenario probability across the three scenarios.

	2024						
		Base		Worse		Best	
Segment	ECL (Note 9.13)	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	**19,560,349**	**19,531,431**	**-0.15%**	**20,009,851**	**2.30%**	**18,767,375**	**-4.05%**
SME	**232,886**	**232,405**	**-0.21%**	**238,743**	**2.51%**	**222,934**	**-4.27%**
Retail	**1,146,923**	**1,144,000**	**-0.25%**	**1,201,000**	**4.71%**	**1,049,000**	**-8.54%**
	20,940,158	**20,907,836**	**-0.15%**	**21,449,594**	**2.43%**	**20,039,309**	**-4.30%**

44.2 Market Risk

Market risk is the risk that the value of the on and off balance sheet positions of the Bank will be adversely affected by movements in market rates or other underlying risk factors.

The Bank manages the market risk in its portfolios through its Market Risk Management framework and methodologies set out in its Board approved Market Risk Policy as per the SBP guidelines. A separate market risk monitoring function has also been set up.

Market Risk at the Bank is controlled by:

- Identifying the relevant market risk factors for a particular product, portfolio or business proposition;
- Applying an appropriate limit structure; and
- Setting and monitoring appropriate levels of limits.

These are adequately supported by stringent operational controls and standards and compliance with internal and regulatory policies.

Standard risk management techniques and tools have been adopted by the risk management group, including the SBP mandated stress testing methodology to monitor and manage market risk. The Bank has adopted Standardised Approach for calculation of capital charge against market risk charge.

44.2.1 Balance sheet split by trading and banking books

	2024			2023		
	Banking Book	Trading Book	Total	Banking Book	Trading Book	Total
	------------------ Rupees in '000 ------------------			------------------ Rupees in '000 ------------------		
Cash and balances with treasury banks	**30,433,179**	**-**	**30,433,179**	28,901,856	-	28,901,856
Balances with other banks	**1,354,671**	**-**	**1,354,671**	3,985,034	-	3,985,034
Due from financial institutions	**41,494,389**	**-**	**41,494,389**	2,900,000	-	2,900,000
Investments	**141,456,087**	**2,382,419**	**143,838,506**	121,361,640	-	121,361,640
Islamic financing and related assets	**203,608,460**	**-**	**203,608,460**	243,067,943	-	243,067,943
Property and equipment	**2,180,568**	**-**	**2,180,568**	6,420,581	-	6,420,581
Right-of-use assets	**5,588,241**	**-**	**5,588,241**	-	-	-
Intangible assets	**615,657**	**-**	**615,657**	670,469	-	670,469
Deferred tax assets	**5,517,172**	**-**	**5,517,172**	4,488,375	-	4,488,375
Other assets	**18,258,858**	**-**	**18,258,858**	19,196,483	-	19,196,483
	450,507,282	**2,382,419**	**452,889,701**	430,992,381	-	430,992,381

44.2.2 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 foreign exchange 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 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.

The following is a 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 -------------------------------------							
United States Dollar	**34,510,666**	**(52,211,006)**	**17,245,998**	**(454,342)**	37,508,612	(58,001,747)	20,448,177	(44,958)
Great Britain Pound	**996,624**	**(2,400,944)**	**1,408,775**	**4,455**	993,594	(2,270,725)	1,289,169	12,038
Japanese Yen	**3,269**	**-**	**-**	**3,269**	3,524	-	-	3,524
Euro	**530,692**	**(2,138,306)**	**1,606,541**	**(1,073)**	654,111	(1,996,516)	1,343,479	1,074
Swiss Franc	**1,574**	**-**	**-**	**1,574**	-	-	-	-
U.A.E Dirham	**627,289**	**(4,231,877)**	**3,602,220**	**(2,368)**	317,304	(4,714,707)	4,396,620	(783)
Australian Dollar	**4,450**	**-**	**-**	**4,450**	16,915	(4,225)	-	12,690
Canadian Dollar	**4,987**	**(1,831)**	**-**	**3,156**	9,808	(1,962)	-	7,846
Saudi Riyal	**71,154**	**(879)**	**(74,142)**	**(3,867)**	76,671	(1,026)	(75,163)	482
Chinese Yen	**2,987**	**-**	**-**	**2,987**	18,374	-	-	18,374
Singapore Dollar	**7,060**	**-**	**-**	**7,060**	9,166	-	-	9,166
	36,760,752	**(60,984,843)**	**23,789,392**	**(434,699)**	39,608,079	(66,990,908)	27,402,282	19,453

	Trading book		Banking book	
	2024	2023	2024	2023
Impact of 1% change in foreign exchange rates on	--- Rupees in '000 ---		--- Rupees in '000 ---	
- Statement of profit and loss account	**16,107**	-	**(3,574)**	22,435
- Statement of comprehensive income	**-**	-	**(16,880)**	(22,242)

44.2.3 Equity position Risk

The Bank had no exposure to equities as at the reporting date.

44.2.4 Yield / Profit Rate Risk

All products dealt in by the Bank are duly approved by the Bank's Shari'a Board / Resident Shari'a Board Member and the Bank does not conduct any business in interest related products.

The objective of yield / profit rate risk monitoring is to manage the resultant impact on the Bank's statement of financial position due to changes in profit / return on investment and financing products. Yield / profit rate risk review of the statement of financial position is also done monthly in ALCO meetings. Various ratios as prescribed by the SBP are also monitored. The Bank also uses Gap Analysis and Notional Principal Limits to monitor the risks.

	2024		2023	
	Banking Book	**Trading Book**	Banking Book	Trading Book
	Rupees in '000			
Impact of 1% change in profit rates on				
- Statement of profit and loss account	**1,121,540**	**23,824**	1,083,580	-

44.2.5 *Mismatch of Yield Rate Sensitive Assets and Liabilities*

2024

	Effective Yield / profit rate	Total	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	Non-profit bearing financial instruments
On-balance sheet financial instruments		Rupees in '000										
Assets												
Cash and balances with treasury banks	-	30,433,179	-	-	-	-	-	-	-	-	-	30,433,179
Balances with other banks	-	1,354,671	-	-	-	-	-	-	-	-	-	1,354,671
Due from financial institutions	10.56%	41,494,389	41,494,389	-	-	-	-	-	-	-	-	-
Investments	17.20%	143,838,506	4,780,099	14,878,672	87,354,529	16,369,000	14,129,861	-	-	6,326,345	-	-
Islamic financing and related assets- net	19.98%	203,608,460	64,159,000	65,777,901	50,868,123	6,596,131	3,977,862	4,617,803	2,424,218	2,056,299	516,853	2,614,270
Other assets	-	15,746,782	-	-	-	-	-	-	-	-	-	15,746,782
		436,475,987	110,433,488	80,656,573	138,222,652	22,965,131	18,107,723	4,617,803	2,424,218	8,382,644	516,853	50,148,902
Liabilities												
Bills payable	-	7,103,423	-	-	-	-	-	-	-	-	-	7,103,423
Due to financial institutions	11.34%	24,008,644	918,486	2,549,624	10,695,769	1,333,234	2,424,191	1,976,488	2,340,739	1,770,113	-	-
Deposits and other accounts	9.23%	346,872,762	240,662,062	-	-	-	-	-	-	-	-	106,210,700
Lease Liabilities	13.90%	6,347,022	-	97,772	77,757	459,246	819,735	995,460	1,762,791	2,134,261	-	-
Subordinated sukuk	21.67%	7,120,000	3,120,000	-	4,000,000	-	-	-	-	-	-	-
Other liabilities	-	14,582,118	-	-	-	-	-	-	-	-	-	14,582,118
		406,033,969	244,700,548	2,647,396	14,773,526	1,792,480	3,243,926	2,971,948	4,103,530	3,904,374	-	127,896,241
On-balance sheet gap		30,442,018	(134,267,060)	78,009,177	123,449,126	21,172,651	14,863,797	1,645,855	(1,679,312)	4,478,270	516,853	(77,747,339)
Off-balance sheet financial instruments												
Commitments in respect of:												
Guarantees		46,373,063	-	-	-	-	-	-	-	-	-	46,373,063
Forward purchase		40,027,756	-	-	-	-	-	-	-	-	-	40,027,756
Forward sale		16,264,552	-	-	-	-	-	-	-	-	-	16,264,552
Import letters of credit		22,806,754	-	-	-	-	-	-	-	-	-	22,806,754
Islamic financing and related assets		1,537,274	-	-	-	-	-	-	-	-	-	1,537,274
Commitments for acquisition of:												
- Property and equipment		407,549	-	-	-	-	-	-	-	-	-	407,549
- Intangible assets		282,902	-	-	-	-	-	-	-	-	-	282,902
Other contingent liabilities		505,057										505,057
Off-balance sheet gap		128,204,907	-	-	-	-	-	-	-	-	-	128,204,907
Total yield / profit rate risk sensitivity gap			(134,267,060)	78,009,177	123,449,126	21,172,651	14,863,797	1,645,855	(1,679,312)	4,478,270	516,853	(205,952,246)
Cumulative Yield / Profit Rate Risk Sensitivity Gap			(134,267,060)	(56,257,883)	67,191,243	88,363,894	103,227,691	104,873,546	103,194,234	107,672,504	108,189,357	(97,762,889)

	2023											
	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	
On-balance sheet financial instruments			Rupees in '000									
Assets												
Cash and balances with treasury banks	-	28,901,856	-	-	-	-	-	-	-	-	-	28,901,856
Balances with other banks	-	3,985,034	-	-	-	-	-	-	-	-	-	3,985,034
Due from financial institutions	9.31%	2,900,000	2,900,000	-	-	-	-	-	-	-	-	-
Investments	16.63%	121,361,640	5,181,069	15,135,037	70,695,809	10,086,500	-	13,885,135	-	6,378,090	-	-
Islamic financing and related assets- net	19.34%	243,067,943	66,640,436	78,942,443	61,922,136	13,809,291	6,495,989	4,480,211	5,150,309	3,321,802	872,473	1,432,853
Other assets	-	18,178,147	-	-	-	-	-	-	-	-	-	18,178,147
		418,394,620	74,721,505	94,077,480	132,617,945	23,895,791	6,495,989	18,365,346	5,150,309	9,699,892	872,473	52,497,890
Liabilities												
Bills payable	-	4,395,198	-	-	-	-	-	-	-	-	-	4,395,198
Due to financial Institutions	8.92%	33,908,833	2,087,129	8,623,985	5,741,191	1,541,944	6,203,965	2,966,439	4,355,139	2,389,041	-	-
Deposits and other accounts	8.89%	324,876,776	216,509,861	-	-	-	-	-	-	-	-	108,366,915
Lease Liabilities	13.55%	5,047,147	51,272	40,641	94,154	362,604	458,624	525,319	1,333,491	2,181,042	-	-
Subordinated sukuk	21.49%	7,120,000	3,120,000	-	4,000,000	-	-	-	-	-	-	-
Other liabilities	-	14,482,985	-	-	-	-	-	-	-	-	-	14,482,985
		389,830,939	221,768,262	8,664,626	9,835,345	1,904,548	6,662,589	3,491,758	5,688,630	4,570,083	-	127,245,098
On-balance sheet gap		28,563,681	(147,046,757)	85,412,854	122,782,600	21,991,243	(166,600)	14,873,588	(538,321)	5,129,809	872,473	(74,747,208)
Off-balance sheet financial instruments												
Commitments in respect of:												
Guarantees		30,351,181	-	-	-	-	-	-	-	-	-	30,351,181
Forward purchase		53,809,679	-	-	-	-	-	-	-	-	-	53,809,679
Forward sale		26,422,065	-	-	-	-	-	-	-	-	-	26,422,065
Import letters of credit		33,593,415	-	-	-	-	-	-	-	-	-	33,593,415
Islamic financing and related assets		4,345,000	-	-	-	-	-	-	-	-	-	4,345,000
Acquisition of:												
- Fixed assets		256,420	-	-	-	-	-	-	-	-	-	256,420
- Intangible assets		521,003	-	-	-	-	-	-	-	-	-	521,003
Other contingent liabilities		465,500										465,500
Off-balance sheet gap		149,764,263	-	-	-	-	-	-	-	-	-	149,764,263
Total yield / profit rate risk sensitivity gap			(147,046,757)	85,412,854	122,782,600	21,991,243	(166,600)	14,873,588	(538,321)	5,129,809	872,473	(224,511,471)
Cumulative Yield / Profit Rate Risk Sensitivity Gap			(147,046,757)	(61,633,903)	61,148,697	83,139,940	82,973,340	97,846,928	97,308,607	102,438,416	103,310,889	(121,200,582)

	2024	2023
	---- Rupees in '000 ----	
Total financial asset	**436,475,987**	418,394,620
Add: Non-financial assets		
Fixed asset	**2,180,568**	1,789,929
Right-of-use assets	**5,588,241**	4,630,652
Intangibles	**615,657**	670,469
Deferred tax assets	**5,517,172**	4,488,375
Other asset	**2,512,076**	1,018,336
Total assets as per statement of financial position	**452,889,701**	430,992,381
Total financial liabilities	**406,033,969**	389,830,939
Add: Non-financial liabilities		
Other liabilities	**1,909,173**	3,996,557
Total liabilities as per statement of financial position	**407,943,142**	393,827,496

44.3 Operational Risk

44.3.1 Operational risk is the risk of loss resulting from inadequate or failed processes, people and systems or from external events and Sharia non-compliance. In this regard, in-compliance with the Risk Management Guidelines, issued by SBP, an Operational Risk Management Unit has been established within the Risk Management Group, under supervision of the CRO.

44.3.2 The Bank uses Basic Indicator Approach (BIA) for assessing the capital charge for operational risk. To reduce losses arising from operational risk, the Bank has strengthened its risk management framework duly approved by the BOD by developing strategies, polices, guidelines and manuals. It also includes risk and control self-assessment, key risk indicator, loss data management, set up independent fraud risk management unit, enhancing security measures, improving efficiency and effectiveness of operations and improving quality of human resources through trainings.

44.4 ***Liquidity Risk***

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.

Liquidity risk is managed within a framework of liquidity policies, controls and limits. These policies, controls and limits ensure that the Bank maintains well diversified sources of funding, as well as sufficient liquidity to meet all its contractual obligations when due. The management of liquidity is carried out using a prudent strategic approach to manage the Bank's funding requirements.

It is the policy of the Bank to maintain adequate liquidity at all times and for all currencies and hence to be in a position, in the normal course of business, to meet all its obligations, to repay depositors, to fulfill commitments, to finance and to meet any other commitments made.

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 from a statement of financial position integrity and sustainability perspective and monitoring the Bank’s liquidity profile and associated activities.

44.4.1 ***Assets and Liabilities - based on contractual maturity***

	2024													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	Rupees in '000													
Assets														
Cash and balances with treasury banks	30,433,179	30,433,179	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,354,671	1,354,671	-	-	-	-	-	-	-	-	-	-	-	-
Due from financial institutions	41,494,389	-	38,494,929	2,999,460	-	-	-	-	-	-	-	-	-	-
Investments	143,838,506	2,382,419	-	-	1,988,000	-	56,235	20,010,861	13,103,993	4,267,235	37,275,763	20,674,922	14,522,734	29,556,344
Islamic financing and related assets - net	203,608,460	39,141,920	1,299,206	2,517,122	6,408,912	9,810,615	12,068,344	36,365,416	5,701,673	5,725,943	21,572,354	16,913,631	20,467,430	25,615,894
Fixed assets	2,180,568	3,079	18,473	21,552	49,302	52,569	52,547	155,946	147,838	140,050	465,691	373,042	469,165	231,314
Right-of-use assets	5,588,241	3,039	18,235	21,275	51,667	93,435	93,129	278,623	251,369	247,883	930,885	767,856	1,176,037	1,654,808
Intangible assets	615,657	629	3,774	4,403	10,064	18,104	18,074	53,565	51,313	49,334	171,705	148,653	86,039	-
Deferred tax assets	5,517,172	821	4,928	5,749	13,961	17,540	27,275	72,912	79,187	77,369	963,276	963,276	1,926,551	1,364,327
Other assets	18,258,858	676,883	75,396	448,239	518,557	2,280,765	4,834,236	5,733,223	784,247	1,059,192	273,073	227,451	357,369	990,227
	452,889,701	73,996,640	39,914,941	6,017,800	9,040,463	12,273,028	17,149,840	62,670,546	20,119,620	11,567,006	61,652,747	40,068,831	39,005,325	59,412,914
Liabilities														
Bills payable	7,103,423	7,103,423	-	-	-	-	-	-	-	-	-	-	-	-
Due to financial institutions	24,008,644	306,639	26,725	19,412	565,710	869,697	4,679,927	7,695,769	665,564	667,670	2,424,191	1,976,488	2,340,739	1,770,113
Deposits and other accounts	346,872,762	283,707,472	2,163,607	3,281,392	4,294,967	2,533,862	14,425,151	10,922,513	1,680,091	3,031,618	382,118	2,051,098	4,514,729	13,884,144
Lease liabilities	6,347,022	-	-	-	-	35,269	62,503	77,757	294,475	164,771	819,735	995,460	1,762,791	2,134,261
Subordinated sukuk	7,120,000	-	-	-	-	-	-	-	-	-	-	-	-	7,120,000
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	16,491,291	255,578	1,582,901	631,276	1,988,407	1,802,653	3,644,582	3,262,631	472,895	860,907	160,650	1,616,234	197,098	15,479
	407,943,142	291,373,112	3,773,233	3,932,080	6,849,084	5,241,481	22,812,163	21,958,670	3,113,025	4,724,966	3,786,694	6,639,280	8,815,357	24,923,997
Net assets	44,946,559	(217,376,472)	36,141,708	2,085,720	2,191,379	7,031,547	(5,662,323)	40,711,876	17,006,595	6,842,040	57,866,053	33,429,551	30,189,968	34,488,917

Share capital	11,652,288
Reserves	6,553,983
Surplus on revaluation of investments	651,615
Unappropriated profit	26,088,673
	44,946,559

	2023													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	Rupees in '000													
Assets														
Cash and balances with treasury banks	28,901,856	28,901,856	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	3,985,034	3,985,034	-	-	-	-	-	-	-	-	-	-	-	-
Due from financial institutions	2,900,000	-	2,900,000	-	-	-	-	-	-	-	-	-	-	-
Investments	121,361,640	4,477,969	-	-	-	-	56,180	3,084,815	5,061,180	5,137,680	2,138,469	36,841,689	20,324,925	44,238,733
Islamic financing and related assets - net	243,067,943	33,622,493	2,674,410	2,930,897	7,292,730	16,296,780	18,981,219	44,565,735	12,111,125	7,410,059	22,363,092	18,291,925	23,717,256	32,810,222
Fixed assets	1,789,929	2,555	15,329	17,884	40,919	36,136	35,860	107,084	104,761	99,724	344,258	292,067	410,605	282,747
Right-of-use assets	4,630,652	2,697	16,181	18,878	45,845	82,565	81,974	238,051	221,837	203,186	712,792	591,320	1,060,825	1,354,501
Intangible assets	670,469	600	3,603	4,203	9,607	17,976	17,976	53,849	53,627	52,519	189,771	152,231	114,507	-
Deferred tax assets	4,488,375	3,901	23,405	27,306	66,314	120,925	117,025	358,875	351,074	354,974	1,040,086	1,040,087	984,403	-
Other assets	19,196,483	303,376	246,803	344,570	1,331,432	3,514,206	4,788,704	8,204,492	83,295	47,836	111,764	70,702	72,788	76,515
	430,992,381	71,300,481	5,879,731	3,343,738	8,786,847	20,068,588	24,078,938	56,612,901	17,986,899	13,305,978	26,900,232	57,280,021	46,685,309	78,762,718
Liabilities														
Bills payable	4,395,198	4,395,198	-	-	-	-	-	-	-	-	-	-	-	-
Due to financial institutions	33,908,833	329,044	934,548	141,000	682,536	3,041,298	5,582,687	5,741,191	780,775	761,169	6,203,965	2,966,439	4,355,139	2,389,042
Deposits and other accounts	324,876,776	265,150,750	10,176,826	2,393,261	5,633,049	3,619,021	4,053,749	5,285,114	1,514,036	3,604,230	2,396,850	370,699	2,630,755	18,048,436
Lease liabilities	5,047,147	1,654	9,924	11,577	28,117	(2,523)	43,164	94,154	209,377	153,227	458,624	525,319	1,333,491	2,181,042
Subordinated sukuk	7,120,000	-	-	-	-	-	-	-	-	-	-	-	-	7,120,000
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	18,479,542	1,738,607	2,352,800	544,245	3,179,928	2,131,760	4,005,632	2,110,236	237,612	315,661	216,842	1,311,727	334,492	-
	393,827,496	271,615,253	13,474,098	3,090,083	9,523,630	8,789,556	13,685,232	13,230,695	2,741,800	4,834,287	9,276,281	5,174,184	8,653,877	29,738,520
Net assets	37,164,885	(200,314,772)	(7,594,367)	253,655	(736,783)	11,279,032	10,393,706	43,382,206	15,245,099	8,471,691	17,623,951	52,105,837	38,031,432	49,024,198

Share capital	11,652,288
Reserves	5,219,664
Deficit on revaluation of investments	(314,350)
Unappropriated profit	20,607,283
	37,164,885

44.4.2 Assets and liabilities - based on expected maturities

	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	30,433,179	30,433,179	-	-	-	-	-	-	-	-
Balances with other banks	1,354,671	1,354,671	-	-	-	-	-	-	-	-
Due from financial institutions	41,494,389	41,494,389	-	-	-	-	-	-	-	-
Investments	143,838,506	4,370,419	56,235	20,010,861	17,371,228	37,275,763	20,674,922	14,522,734	29,556,344	-
Islamic financing and related assets - net	203,608,460	49,367,160	21,878,960	36,365,416	11,427,616	21,572,354	16,913,631	20,467,433	21,336,909	4,278,981
Fixed assets	2,180,568	92,406	105,116	155,946	287,888	465,691	373,042	469,165	231,314	-
Right-of-use assets	5,588,241	94,216	186,564	278,623	499,252	930,885	767,856	1,176,037	1,654,808	-
Intangible assets	615,657	18,870	36,178	53,565	100,647	171,705	148,653	86,039	-	-
Deferred tax assets	5,517,172	25,457	44,816	72,912	156,556	963,276	963,276	1,926,551	1,364,328	-
Other assets	18,258,858	1,719,076	7,115,001	5,733,223	1,843,438	273,073	227,451	357,367	532,978	457,251
	452,889,701	128,969,843	29,422,870	62,670,546	31,686,625	61,652,747	40,068,831	39,005,326	54,676,681	4,736,232
Liabilities										
Bills payable	7,103,423	7,103,423	-	-	-	-	-	-	-	-
Due to financial institutions	24,008,644	918,486	2,549,624	10,695,769	1,333,234	2,424,191	1,976,488	2,340,739	1,770,113	-
Deposits and other accounts	346,872,762	14,058,330	24,292,599	21,983,004	26,472,023	60,190,797	61,859,778	124,132,088	13,884,143	-
Lease liabilities	6,347,022	-	97,772	77,757	459,246	819,735	995,460	1,762,791	2,134,261	-
Subordinated sukuk	7,120,000	-	-	-	-	-	-	-	4,000,000	3,120,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	16,491,291	4,458,162	5,447,236	3,262,631	1,333,802	160,650	1,616,234	197,096	15,480	-
	407,943,142	26,538,401	32,387,231	36,019,161	29,598,305	63,595,373	66,447,960	128,432,714	21,803,997	3,120,000
Net assets	44,946,559	102,431,442	(2,964,361)	26,651,385	2,088,320	(1,942,626)	(26,379,129)	(89,427,388)	32,872,684	1,616,232
Share capital	11,652,288									
Reserves	6,553,983									
Surplus on revaluation of investments	651,615									
Unappropriated profit	26,088,673									
	44,946,559									

	2023									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	28,901,856	28,901,856	-	-	-	-	-	-	-	-
Balances with other banks	3,985,034	3,985,034	-	-	-	-	-	-	-	-
Due from financial institutions	2,900,000	2,900,000	-	-	-	-	-	-	-	-
Investments	121,361,640	4,477,969	56,180	3,084,815	10,198,860	2,138,469	36,841,689	20,324,925	44,238,733	-
Islamic financing and related assets - net	243,067,943	46,520,529	35,277,999	44,565,735	19,521,184	22,363,092	18,291,925	23,717,256	24,794,560	8,015,663
Fixed assets	1,789,929	76,687	71,997	107,084	204,485	344,258	292,067	410,605	282,746	-
Right-of-use assets	4,630,652	83,601	164,539	238,051	425,023	712,792	591,320	1,060,825	1,354,501	-
Intangible assets	670,469	18,013	35,953	53,849	106,146	189,771	152,231	114,506	-	-
Deferred tax assets	4,488,375	120,925	237,950	358,875	706,048	1,040,087	1,040,087	984,403	-	-
Other assets	19,196,483	2,226,180	8,302,910	8,204,492	131,131	111,764	70,702	72,788	76,516	-
	430,992,381	89,310,794	44,147,528	56,612,901	31,292,877	26,900,233	57,280,021	46,685,308	70,747,056	8,015,663
Liabilities										
Bills payable	4,395,198	4,395,198	-	-	-	-	-	-	-	-
Due to financial institutions	33,908,833	2,087,129	8,623,985	5,741,191	1,541,944	6,203,965	2,966,439	4,355,139	2,389,041	-
Deposits and other accounts	324,876,776	27,134,111	19,944,879	23,793,867	41,733,408	49,602,793	47,576,642	97,042,641	18,048,435	-
Lease liabilities	5,047,147	51,272	40,641	94,154	362,604	458,624	525,319	1,333,491	2,181,042	-
Subordinated sukuk	7,120,000	-	-	-	-	-	-	-	4,000,000	3,120,000
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	18,479,542	7,815,580	6,137,392	2,110,236	553,273	216,842	1,311,727	334,492	-	-
	393,827,496	41,483,290	34,746,897	31,739,448	44,191,229	56,482,224	52,380,127	103,065,763	26,618,518	3,120,000
Net assets	37,164,885	47,827,504	9,400,631	24,873,453	(12,898,352)	(29,581,991)	4,899,894	(56,380,455)	44,128,538	4,895,663
Share capital	11,652,288									
Reserves	5,219,664									
Deficit on revaluation of investments	(314,350)									
Unappropriated profit	20,607,283									
	37,164,885									

45. PROFIT / (LOSS) DISTRIBUTION TO DEPOSITOR'S POOL & SPECIFIC POOLS

45.1 The Bank managed following general and specific pools during the year:

2024

General Depositors Mudaraba Pool	**Profit rate and weightages announcement period**	**Profit rate return earned**	**Profit Sharing Ratio of Mudarib**	**Mudarib Share ('000)**	**Mudarib Share transferred to the depositors through Hiba ('000)**	**Mudarib Share transferred to the depositors through Hiba (%)**	**Profit rate return distributed to remunerative deposits (Saving and Term)**
Common mudaraba pool	**Monthly**	**10.97%**	**50.00%**	**3,262,967**	**1,248,275**	**38.26%**	**7.66%**

2023

General Depositors Mudaraba Pool	Profit rate and weightages announcement period	Profit rate return earned	Profit Sharing Ratio of Mudarib	Mudarib Share ('000)	Mudarib Share transferred to the depositors through Hiba ('000)	Mudarib Share transferred to the depositors through Hiba (%)	Profit rate return distributed to remunerative deposits (Saving and Term)
Common mudaraba pool	Monthly	12.67%	50.00%	3,869,783	273,037	7.06%	6.83%

2024

Specific Pools	**Profit rate and weightages announcement period**	**Profit rate return earned**	**Profit Sharing Ratio of Mudarib**	**Mudarib Share ('000)**	**Mudarib Share transferred to the depositors through Hiba ('000)**	**Mudarib Share transferred to the depositors through Hiba (%)**	**Profit rate return distributed**
Islamic Export Refinance - Musharaka Pool	**Monthly**	**21.13%**	**40.00%**	**929,124**	**496,291**	**53.41%**	**17.18%**
Inter-bank Wakala / Musharaka borrowing pool	**As required**	**15.56% - 27.67%**	*****	*****	**N/A**	**-**	**10.80% - 23.00%**
Other Mudaraba Pools **	**As required**	**2.09% - 25.02%**	*****	**12,606,549**	**4,814,065**	**38.19%**	**0.25% - 21.25%**

2023

Specific Pools	Profit rate and weightages announcement period	Profit rate return earned	Profit Sharing Ratio of Mudarib	Mudarib Share ('000)	Mudarib Share transferred to the depositors through Hiba ('000)	Mudarib Share transferred to the depositors through Hiba (%)	Profit rate return distributed
Islamic Export Refinance - Musharaka Pool	Monthly	18.97%	50.00%	1,338,509	746,321	55.76%	14.76%
Inter-bank Wakala / Musharaka borrowing pool	As required	22.61% - 21.1%	*	*	N/A	-	19.85% - 19.86%
Other Mudaraba Pools **	As required	3.08% - 25.18%	*	8,645,787	2,874,251	33.24%	0.25% - 21.25%

* The profit sharing ratio and the investment ratio varies case to case basis.

** The number of pools maintained by the Bank is 128 (2023: 132).

46 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 19, 2025 by the Board of Directors of the Bank.

47 GENERAL

47.1 Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.

President & Chief Executive	Chief Financial Officer	Director	Director	Director

ANNEXURE - 1

DUBAI ISLAMIC BANK PAKISTAN LIMITED
STATEMENT SHOWING WRITTEN-OFF ISLAMIC FINANCING AND RELATED ASSETS OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000/- OR ABOVE DURING THE YEAR ENDED DECEMBER 31, 2024

S. No.	Name and address of the customer		Father/Husband Name	CNIC No.	Outstanding Liabilities at beginning of year				Principal written-off	Profit written-off / waived	Other financial relief provided (Early Settlement charges , etc)	Total (10+11+12)
	Name	Address			Principal	Profit	Others (Early Settlement charges, etc)	Total (6+7+8)				
1	2	3	4	5	6	7	8	9	10	11	12	13
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1	Waqar Ali	Bsv Commercial Brokers Plot No 43 C 15Th Commercial P 11 Ext Dha Karachi	Ghulam Ali Memon	42401-6878598-9	2,690	319	-	3,009	-	1,236	-	1,236
2	Fatima Saleem	House # R-398 Sector # 15A-3 Buffer Zone North Karachi, Karachi, Pakistam	Muhammad Saleem	42101-3358759-4	651	611	-	1,262	-	562	-	562
3	S M Khurram Wasti	House # R-1157, Block # 15, KDA Scheme # 16, Federal B. Area, Karachi.	S Mubashir Hussain Wasti	42101-3516292-3	13,447	2,137	-	15,585	-	3,116	-	3,116
4	Bidar Ahmed	Shop No .03,Gosht Market, Near Hafiz Sweets, Malir Karachi.	Sardar Muhammad	42201-0258356-9	2,870	397	-	3,267	-	677	144	821
5	Abid Ullah Anwar	House No 03, Street No 1, Shadab Colony, Jhang Road, Faisalabad.	Muhammad Anwar	33100-4155313-9	4,600	118	-	4,718	-	574	69	643
6	Sheikh Muhammad Jamil	House # P-214, Zafar Street, Saeed Colony # 01, Faisalabad.	Sheikh Muhammad Aslam Waheed	35302-1895666-5	15,859	5,558	-	21,417	-	5,600	-	5,600
7	Muhammad Mubeen Ansari	House No. A-801, Sector No. 11-B, North Karachi, Karachi.	Muhammad Qasim Ansari	42101-7466741-5	14,215	672	-	14,887	-	1,143	400	1,543
8	Muhammad Awais	Flat # C-406, 4Th Floor, Rufi Lake Drive, Block-18, Kda Scheme # 36, Gulistan E Jauhar , Karachi.	Ali Bux Mangrio	42201-1620497-7	13,215	785	-	14,001	-	2,289	394	2,683
9	Muhammad Sarim Ishaq	House # R-135, Block-09, Kda Improvement Scheme # 16, Fb Area Karachi	Muhammad Ishaq	42201-1542443-7	4,081	825	-	4,906	-	1,165	-	1,165
10	Zeeshan Ali	House # 132, Block A-1, Pia Employee Co Operative Housing Society, Lahore.	Khadim Hussain	35202-0865012-9	28,168	4,027	-	32,195	-	3,481	850	4,331
11	Syed Muhammad Kalim Uddin	Flat # 705,706 7Th Floor, Al Ghani Residency, Plot # Sb-01, Block F, North Nazimabad, Karachi.	Syed Muhammad Noor Uddin	42101-1678359-5	11,289	841	-	12,130	-	1,131	165	1,296
12	Muhammad Saleem Ansari	House # B-283, Sector # 11/B, North Karachi, Township, Karachi.	Muhammad Qasim Ansari	42101-1308822-1	40,500	2,881	-	43,381	-	2,188	1,222	3,410
13	Umair Iqbal	House No 41, Type B, Mir Hussainabad Housing Scheme, Deh Guddu Bandar,Tappo Giddue Bandar, Taluka Latifabad, Hyderabad.	Iqbal Ahmed	41304-4064261-3	12,470	677	-	13,148	-	3,143	-	3,143
14	Syed Saleem Ahmed	Santech Suite No 12 Sasi Arcade 3Rd Floor Blk Schon Circle Clifton	Syed Naseem Ahmed	42201-8593107-5	1,247	819	-	2,066	-	819	-	819
15	Muhammad Ali	House On Plot Fl-16/14 Block 13-A Kda Scheme No 24 Gulshan-E-Iqbal Khi	Muhammad Anwar Ahmed	42201-6351076-3	8,098	3,212	-	11,311	-	3,008	-	3,008
16	Muhammad Farooq	House # C-75, Dar-Us-Salam Society Cooperative Housing Society Sector # 11 Korangi Karachi	Ghulam Muhammad	42201-3602558-9	14,292	1,266	-	15,558	-	866	-	866
17	Muhammad Zeeshan Malik	House # 549, Block-A, Opposite Anwari Masjid Qasmi Park, Ghulam Muhammad Abad, Faisalabad	Muhammad Yousaf Malik	33100-8282867-3	21,622	1,942	-	23,564	-	2,648	-	2,648
18	Muhammad Aurangzaib Israr	H No 2 Block J Valancia Town Lahore	M.Israr Ahmed	35202-2380384-3	7,574	671	-	8,245	-	1,553	-	1,553
19	A H Grains	Townhouse No. A-14/3,Gulshan-E-Faisal Cooperative Housing Society,Bath Island,Clifton, Karachi	N/A	N/A	170,841	4,821	11,806	187,468	85,895	4,821	11,806	102,522
					387,730	**32,580**	**11,806**	**432,116**	**85,895**	**40,019**	**15,048**	**140,963**