FINANCIAL STATEMENTS
OF
FIRST WOMEN BANK LIMITED
FOR THE YEAR ENDED
DECEMBER 31, 2024

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The Board of Directors,
First Women Bank Limited,
Karachi.

March 10, 2025
AA-0442/25

AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

Dear Board Members,

We are pleased to enclosed herewith five copies of the draft financial statements of First Women Bank Limited ("FWBL" or "the Bank") for the year ended December 31, 2024 together with our draft audit report thereon duly initialed by us for identification purposes. We shall be pleased to sign our draft report in its present or amended form after the draft financial statements have been approved by the Board of Directors (the Board) and signed by the persons authorized to do so in this regard as specified in section 34(2)(a) of Banking Companies Ordinance, 1962 and upon receipt of the following:

a. The details of other information that will be published along with the financial statements for the purpose of our review in terms of the requirements of International Standard on Auditing (ISA) - 720 (Revised): "The Auditor's Responsibilities Relating to Other Information".

b. The Board's resolution in respect of the items listed in Annexure 'A' of this letter

c. Information and confirmations mentioned in Annexure 'B' of this letter.

We would like to advise the Board that unless we sign our audit report, these draft financial statements shall remain and be deemed un-audited.

Below are the matters that we would like to bring into attention of the Board:

1. **RESPONSIBILITIES OF THE MANAGEMENT AND AUDITORS IN RELATION TO THE FINANCIAL STATEMENTS**

The responsibilities of the independent auditors in a usual examination of financial statements are stipulated in section 249 of the Companies Act, 2017, Banking Companies Ordinance, 1962 and International Standards on Auditing. While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for preparation of such financial statements is primarily that of the Company's management.

The management's responsibilities include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Company and prevention and detection of frauds and irregularities. The audit of financial statements does not relieve the management of its responsibilities.

2. MINIMUM CAPITAL REQUIREMENT (MCR) OF STATE BANK OF PAKISTAN AND MATERIAL UNCERTAINITY RELATED TO GOING CONCERN

Being a public sector bank, State Bank of Pakistan (SBP), being the regulator, had prescribed a revised MCR limit for the Bank in January 2014, whereby the Bank is required to maintain minimum paid-up capital (net of losses) of Rs. 3 billion and capital adequacy ratio of 18% at all the times. The said limit to remain enforced till the time the Bank remains a public sector entity. Moreover, the Bank is not allowed to pay dividend and needs to maintain the per party exposure limit at 50% of the prescribed prudential regulations limit until its paid-up capital and reserves reaches Rs. 6 billion.

At December 31, 2024, the Bank's MCR (representing paid up capital net of accumulated losses) was Rs. 2.17 billion. We have been informed by the management that the Bank has already written to the Ministry of Finance (MoF) for the injection of the additional requisite capital. We also understand that SBP has also been informed about the above request.

We have been further informed by the management that the Bank's management and the Board is fully confident that the SBP and MoF will extend the required financial support for meeting the capital requirements, which is also evident from the fact that historically the Government of Pakistan (GoP) at times injected capital in the Bank whenever there was a shortfall.

Furthermore, the GoP via the MoF, Bank's major shareholder, holding 82.64% of the Bank's equity, has explained that in case any support would be required by the Bank to enable it to continue as going concern, the same would be extended through policy and other intervention.

We take this opportunity to draw attention to BSD circular No. 19 of 2008 of SBP which mentions that 'Any Bank /DFI that fails to meet the minimum paid up capital requirement or CAR within the stipulated period shall render itself liable to the following actions:

i. Imposition of such restrictions on its business including restrictions on acceptance of deposits and lending as may be deemed fit by the SBP.
ii. De-scheduling of the Bank, thereby converting it into a non-scheduled bank.
iii. Cancellation of the banking license if the SBP believes that the Bank is not in a position to meet the minimum paid up capital requirement or CAR.

BDO

We have been informed by the management that no adverse regulatory action has been taken by SBP in this regard.

These events or conditions cast significant doubt on the entity's ability to continue as a going concern. However, as per management assessment, the Bank will be able to have continued support from MoF to meet the liquidity constraints including regulatory threshold of MCR thereby meeting all its obligations in normal course of business. Accordingly, the management has prepared financial statements for the year ended December 31, 2024 on a going concern basis. We have included a "material uncertainty relating to going concern" paragraph in our audit report in this respect whereas, our opinion is not modified in this regard.

3. PRIVATIZATION STATUS OF THE BANK

The Ministry of Privatization stated that the Cabinet Committee on Privatization (CCoP), in its meeting held on October 31, 2018, had placed the First Women Bank Limited (FWBL) on the Active Privatization Program, duly ratified by the Federal Cabinet on November 1, 2018. Accordingly, the Privatization Commission issued a Request for Proposals (RFP) on October 18, 2019, inviting Technical and Financial Proposals. After completing the technical and financial evaluation of the bids, the consortium comprising M/s Bridge Factor & National Bank of Pakistan was appointed as the Financial Advisor for the privatization of FWBL with the approval of Board of the Privatization Commission Board on December 27, 2019. Accordingly, Financial Advisory Services Agreement (FASA) was signed on January 27, 2020.

The Ministry of Privatization further noted that the due diligence report of the Bank was finalized in June 2020 and the Cabinet Committee on Privatization approved the Transaction Structure on August 21, 2020. However, the privatization of the Bank is still active and pending as at reporting date.

4. IMPLEMENTATION OF IFRS 9 'FINANCIAL INSTRUMENTS'

a) Adoption of modified retrospective approach

The State Bank of Pakistan (the SBP) via BPRD circular no. 4 dated October 23, 2019, had previously prescribed January 01, 2021, as the effective date for implementation of IFRS 9 and then deferred the implementations of IFRS 9 'Financial Instruments' to accounting period beginning on or after January 01, 2023. However, keeping in view the industry representations, the SBP through its BPRD circular letter no. 07 dated April 13, 2023, revised the effective date for implementation of IFRS 9 to January 01, 2024, for DFIs and banks.

The Bank has adopted modified retrospective approach for implementation of IFRS 9. As per the requirements of IFRS 9, "entity adopting IFRS 9 does not need to restate prior periods and shall recognise any difference between the previous carrying amounts and the carrying amounts determined as per IFRS 9 at the beginning of the annual reporting period in the opening unappropriated profit (or other component of equity, as appropriate) of the annual reporting period. Accordingly, the Bank has recognised the difference in the opening equity as at January 01, 2024. The detailed disclosures relating to the impacts of adoption of IFRS 9 have been given in note 5.1 to the annexed financial statements.

b) **Exemptions / clarifications sought from the State Bank of Pakistan**

We would like to highlight that at the time of implementation of IFRS 9, the Banks in the industry had identified certain accounting matters which required clarifications / guidance from the SBP. The SBP issued BPRD circular letter no. 16 dated July 29, 2024, and provided certain relaxations in timelines of the SBP's IFRS 9 application instructions to address most of the matters raised by the banks in the industry with a direction to ensure compliance by the revised timelines.

Subsequently, the banks requested for further relaxation for certain matters owing to the practical limitations being faced for the implementation of these IFRS 9 requirements. The key matters which were taken up with the SBP for relaxation in timelines by the banking industry included the following:

- recognition of income on loans and advances, investments etc. using Effective Interest Rate (EIR);
- revenue recognition on Islamic financing transactions;
- accounting for modification of loans due to restructuring / rescheduling; and
- maintenance of general provision over and above the requirements of IFRS 9.

In this regard, a meeting was held on December 04, 2024, which was attended by the representatives of the SBP, Pakistan Banks' Association (PBA), banks and certain audit firms in which these matters were discussed and deliberated upon with the representatives of the SBP. The minutes of the meeting were circulated to the banking industry by PBA in which certain action plans were agreed by the banking industry with the SBP along with a request to the SBP to consider the banks' requests for providing further time to implement these matters from year 2025 and onwards. The representative of the SBP agreed that the reconsideration requests for key items will be seen in general, on a case-to-case basis for certain matters and based on the Bank's plan for implementation. In a recent development, the SBP vide BPRD circular letter no. 01 of 2025 dated January 22, 2025, has issued the following clarifications / relaxations:

- modification accounting will be applied retrospectively on loans modified on or after January 01, 2020;
- financial institutions are permitted to maintain general reserves / provisions over and above the ECL, worked out for Stage 1 and Stage 2, up to December 31, 2026;
-
- Islamic Banking Institutions (IBIs) are allowed to follow applicable Islamic Financial Accounting Standards for Murabaha and Ijarah and continue the existing accounting methodology on other Islamic products until issuance of further instruction in this regard, though IBIs are advised to disclose the impact, in notes to the financial statements, had IFRS 9 been adopted in its entirety; and
- the treatment of charity should be in line with the existing practices as defined in the SBP instructions and should not be recognized as income.

The Bank has taken measures for the afore-mentioned matters in line with the relaxations provided by the SBP.

Further, the SBP through its letter No. BPRD/RPD/822456/25 dated January 22, 2025, issued to the PBA, has directed implementation of IFRS 9 requirements for fair valuation of staff and subsidised loans and modification accounting in the books of the financial institutions. Accordingly, the Bank has incorporated the effects of fair valuation of staff and subsidised loans and the modification accounting in the annexed financial statements of the Bank for the year ended December 31, 2024.

We recommend that the Bank should take appropriate measures to comply with the requirements of IFRS 9 with in the relaxed / extended timelines specified by the SBP.

Furthermore, as directed by State Bank of Pakistan ('SBP') vide its BPRD Circular No. 07 of 2023 dated 13 April 2023, to ensure compliance with the requirements of IFRS 9, the Bank is required to set up robust governance framework requiring risk management, finance, business, credit risk, internal audit and IT functions. During the course of the audit, we observed the following areas that need significant improvements in order to make sure compliance with IFRS 9 and the application instructions as issued by SBP vide its BPRD Circular No. 07 of 2023 dated 13 April 2023.

Training and development

Implementing IFRS 9 for the first time necessitates comprehensive training for the Bank's personnel across multiple domains. The Staff must grasp the new classifications and measurement of financial instruments, along with the shift to an expected credit loss (ECL) model for impairment. Training is also essential for managing data and updating systems to accommodate new requirements.

During our inquires we noted that the Bank is in the process of providing training regarding the understanding of the requirements of IFRS 9. We strongly recommend the Bank organize in-depth workshops and sessions to ensure a thorough comprehension of the subject matter and its nuances.

Internal Controls

As directed by SBP vide its OSED Circular No. 01 of 2014 internal controls over financial reporting includes documentation of the control environment at entity level as well as the scoping exercise to identify significant accounts and disclosures and mapping their processes, financial reporting risks and mitigating controls at activity levels.

During our audit procedures, we could not observe any instance where risks related to the implementation of IFRS 9, or other financial reporting risks and mitigating controls, were identified and documented by the internal controls department in the context of financial reporting.

Risk Management

Under IFRS 9, an entity must classify financial assets for measurement at amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVPL). This classification is based on two criteria: the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Bank conducts a portfolio assessment to determine the avenues of investment while considering its overall portfolio and average returns. However, it does not perform the business model assessment and cash flow characteristics test as identified above to evaluate the true nature and classification of the investments under IFRS 9.

During our audit procedures, we observed that the Bank directly classifies its investments without prior assessment of the business model and cash flow characteristics test which is a key requirement of the standard.

5. CONVERSION OF CONVENTIONAL BANKING INTO ISLAMIC BANKING

SBP through its Circular No. IFPD 03 of 2024 dated June 28,2024, directed that in pursuance of SBP Vison 2028 and to facilitate banks in their conversion from conventional to Islamic by December 2027, SBP has developed broad guiding parameters which will help banks to devise their own conversion plans. Accordingly, banks may consider following broad parameters to prepare their conversion plans:

- Vision and strategy
- Governance structure
- Business conversion milestones and timelines (internal milestones for conversion of assets, deposits, financing, investments, syndicated transactions and non-funded portfolio and branches, etc.)
- Gap analysis with respect to policies, products and services, infrastructural requirements, human resources, identification of issues/challenges, potential areas to work on to achieve target of conversion, etc.
- On-boarding employees of the bank and strategy for their training and capacity building
- Communication plan with stakeholders (internal and external)
- Customer facilitation (awareness creation and information sharing with bank's customers and complaint handling mechanism)

Further instructed that the banks may approach Islamic Finance Policy Department, SBP for further guidance on the subject.

We recommend the Board to adhere with the requirements regarding conversion from conventional banking to Islamic banking as per the guiding parameters prescribed by SBP.

6. PROMULGATION OF STATE-OWNED ENTERPRISES (GOVERNANCE AND OPERATIONS) ACT, 2023

State-Owned Enterprises (Governance and Operations) Act, 2023 was promulgated on February 2, 2023 by Federal Government to provide for governance and operations of the management and financial efficiency of State-Owned enterprises that are owned and controlled by Federal Government. The Bank is a State-Owned Enterprise (SOE), established under the laws of the Islamic Republic of Pakistan. Federal Government, through the Ministry of Finance, holds 82.64% ownership stake in the Bank constituting the Bank as State Owned Enterprise. However, Institute of Chartered Accountants of Pakistan through it Circular 13/2024 dated October 18, 2024 directed the State-Owned Enterprises to prepare it's financial statements in accordance with International Financial Reporting Standards (IFRSs) within a period of three years of the enforcement of SOE Act, 2023 and ensuring the requirements of the Act accordingly.

We recommend the Board to adhere with the requirements of the Act if the privatization of the Bank does not materialise within the stipulated time provided as mentioned in the Circular.

7. EXPOSURE ON LOANS AND ADVANCES

a) Non-performing loans

At December 31, 2024, the non-performing loans (NPLs) and advances of the Bank amounted to Rs. 3,003.14 million. NPLs to gross advances ratio of the Bank works out to be 28.95 percent. If the exposures guaranteed by the GoP are excluded from total advances then the percentage of NPLs to advances works out to be 39.68 percent.

In accordance with the requirements of the Prudential Regulations issued by the SBP, the Bank holds a provision of Rs. 2,988.05 million as at December 31, 2024 against the above referred NPLs which indicates provisioning to NPLs coverage of 99.46 percent as of December 31, 2024.

In addition to the time-based criteria for NPL classification and provisioning, the Prudential Regulations require that the Bank should also undertake the subjective evaluation of the entire credit portfolio for the purposes of determining NPLs and provisioning there against. As part of our audit procedures, we discussed certain significant borrowers on the basis of subjective evaluations considering the financial condition and repayment behavior of these borrowers.

We recommend that the management should continue close monitoring of such significant borrowers.

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b) **Exposure In Public Sector Entities**

The Bank has credit exposure to major Public Sector Entities (PSEs) amounting to Rs. 2,805 million as at December 31, 2024. The total guaranteed amount by GoS is Rs. 3,800 million. The details of the PSEs are as follows:

Borrower	Outstanding fund base	GoP Guarantee	Overdue facilities - SBP Relaxation	Overdue facilities - Statement of classified Advance	Classification as per R-8
	------------------Rupees------------------				
GoS FOOD DEPARTMENT	2,804,887,663	3,800,000,000	Nil	Nil	Regular

Further, the income on this facility for the September quarter was delayed by 104 days till the receipt of the same, therefore the income on the said facility has been suspended as at December 31, 2024 as per the requirement of PR-8 amounting to Rs. 198,476,385.

8. **BANK'S PROPERTIES**

PECHS KARACHI

This property is under litigation as various complaints were lodged against the Bank to Sindh Building Control Authority (SBCA) on the grounds that the property is being used for commercial purpose contrary to its legal status as a residential property and that floor plans of the first and second floors of this property are not approved by the relevant authorities. SBCA issued notice to the Bank for illegal construction and to demolish it. The Bank had filed a suit for permanent injunction before a senior civil judge against the SBCA while informing the Court that it has taken necessary measures to regularize and to bring the construction on the Bank's property within the parameter stipulated by Sindh Building Control Authority (SBCA). However, since the notification for regularization of unapproved construction has been suspended consequent to the Constitutional Petition no. D-408/2012 pending before High Court of Sindh, Karachi, the Bank became a party to the Constitutional Petition no. 439/2014 and moved a sine-die application before a senior civil Judge. Consequently, the proceedings of the case pending before the judge were adjourned sine-die till the decision of the Constitutional Petition pending before the High Court of Sindh.

The Bank's legal counsel has confirmed that the Bank is not likely to suffer any loss in the case. Accordingly, the Bank continues to carry this asset at its fair value of Rs. 102.03 million in the financial statements.

NAWABSHAH

The land at Nawabshah was granted to the Bank for the construction of bank building on the directives of Chief Minister Sindh. However, a person (the Party) illegally raised claim on the land and illegally transferred the land to two other persons. This was contended by the Bank in the Court of a senior civil judge, Nawabshah and the suit was decreed in Bank's favor.

The Party filed appeals up to Supreme Court level but all the appeals have been dismissed. After dismissal appeal from the Supreme Court the Bank's decree attained finality. Consequently, execution application was filed by the Bank to execute the judgment decree requiring revenue authorities to demarcate the land and issue title documents in the name of the Bank. No decision has yet been issued in respect of the execution application to date and the Bank does not have the possession of this land.

We understand that the Bank is still pursuing this matter and the lawyer responsible for the concerned matter is of the view that the Bank's interest is sufficiently secured with no likelihood of any apparent loss. However, the land continues to be recorded at Rs. 0.12 million being the amount of lease money deposited with Municipal Committee, NawabShah. Accordingly, due to the above reasons, and in view of the uncertainty still involved, the Bank has not revalued the above land.

KOHAT

The property located at Kohat is in a demolishing condition and is not in the Bank's use. During the prior years, the Bank was not able to sell this property and determine its fair value primarily due to the reason that the property is situated in a locality where an active market for sale/purchase of properties does not exist nor the market conditions for sale/purchase of properties favorable. Therefore, the carrying amount of the property continues to be Rs. 1 only. We have been informed that the Bank will sell this property when the Bank's Board of Directors approves the same and market conditions improve. Accordingly, for the time being, the Bank has obtained an extension in time specified in Section 10 of the Banking Companies Ordinance, 1962 whereby the SBP has allowed the Bank to retain the property till the situation is favorable for sale the of this property.

MIRPURKHAS

The property was awarded to the Bank by the Government of Pakistan for the purpose of carrying out Bank's business. The Bank has not utilized this property and is idle. Therefore, the Bank's management had decided to sell the property after obtaining prior approval from the Government of Pakistan. However, the Bank has not been able to secure the approval of Government of Pakistan because of Supreme Court of Pakistan's restraining order in a suo moto case no. 16/2011 which prohibits the sale/transfer/mutation of state lands till further order. Since the property is idle, the Bank has obtained extension in time specified in Section 10 of the Banking Companies Ordinance, 1962 for the holding of idle properties from the State Bank of Pakistan (SBP) and the SBP has allowed the Bank to retain the property at Mirpurkhas till the order in suo moto case no. 16/2011 remains effective.

9. DAMAGES CASE AGAINST BANK

The Bank entered into an agreement to open Letter of Credit (LC) on behalf of Pearl Cables and Conductors (Private) Limited. The Bill of Lading (BOL) prepared and dispatched by the Bank contained incorrect information due to which the Company did not receive the raw material on time and it caused delay of around four months. Due to the unavailability of the raw material, the company's factory was non-operational leading to losses and reputational damage and ultimately it was black listed by a major government body.
On November 04, 2020 Pearl Cables and Conductors (Private) Limited filed a case against the Bank in High Court of Sindh and damages claimed by the company amounted to Rs. 1,106 million. The case is still ongoing and is being adjourned time to time.

10. RATIO OF NUMBER OF BRANCHES AND ATMS

Bank is required to comply with BPRD Circular No. 03 of 2012 of the State Bank of Pakistan which states that effective from 2013 all banks are required to maintain 1:1 ratio of Branches to ATMs.

It is noted that the Bank has only complied with 78.57 percent of the said Circular (42 Branches to 33 ATMs) as at 31 December 2024.

11. DEFICIENCIES IN FINANCIAL REPORTING CLOSE PROCESS (FRCP)

The financial Reporting close process is the act of recording, reconciling, and reviewing all business transactions to create accurate financial reports. We have observed during our audit that the general ledgers are extracted from the system and then manually compiled by the management to prepare the Trial Balance and afterwards, the financial statements are prepared manually using the Trial Balance, through spreadsheet packages.

Due to the nature and complexity of the banking operations, there is a risk that the manual preparation of the financial statements can result into fraud or errors in the process. The Financial Reporting Close Process is of key importance in an entity to ensure fair and true presentation of the financial statements.

Therefore, we recommend that the Bank should deploy integrated accounting software for the preparation of the Financial Statements that are free from misstatement whether due to fraud or errors.

12. WORKERS' WELFARE FUND

The Sindh Workers Welfare Fund (SWWF) Act was published in the official gazette on June 4, 2015. As per SWWF Act, every industrial establishment located in the province of Sindh, whose total income for the year is Rs. 500,000 or more shall pay to the SWWF an amount equal to two percent of accounting income or taxable income whichever is higher.

We have been informed by the management and its legal advisor that the SWWF is not applicable on the Bank on the basis of following grounds:

i) Banking companies cannot be considered as an industrial establishment; and
ii) A provincial legislation cannot recover any levy that is based on the entire accounting income or taxable income of the Bank being an entity that operates in more than one province – also called a "Trans-provincial entity".

Furthermore, the provincial assembly of Punjab has approved "The Punjab Workers Welfare Fund Act, 2019" on December 13, 2019. Under the Punjab WWF Act, every "establishment" whose total income for the year is Rs. 500,000 or more shall be liable to pay to the Punjab Workers Welfare Fund, in respect of that year, a sum equal to 2 percent of its total income. The word "establishment" has been defined in the Punjab Industrial Relations Act, 2010 as follows:

"any office, firm, factory, society, undertaking, company, shop, premises or enterprise in the Punjab, which employs workmen directly or through a contractor for the purpose of carrying on any business or industry and includes all its departments and branches, whether situated in the same place or in different places having a common balance sheet and except in section 25 includes a collective bargaining unit, if any, constituted in any establishment or group of establishments"

We would like to highlight that the definition of "establishment" under the Punjab WWF Law is quite wide and could potentially include banks as well. In this connection the management maintains its view similar to its view in the case of SWWF Act that provincial legislation cannot recover any levy on the basis of total pan-Pakistan income from entities that operate in more than one province. The Bank has not created any provision in respect of Punjab WWF Act.

The Bank's legal advisor is of the view that the Bank is a trans-provincial establishment, and it is not an industrial establishment and in case of inconsistency in Provincial and Federal law (for a trans-provincial establishment), the federally legislated law shall prevail where in the Bank is exempt since majority of its shares are held by the GoP. Accordingly, the Bank shall be subject to the provisions of Federal law which apply only on industrial establishments. Therefore, the same shall not apply to Bank not being an industrial establishment.

The total provision held as at December 31, 2024 amounted to Rs.0.782 million.

Furthermore, in this connection, we would like to draw the attention of the Board towards the recent order of the Sindh High Court ("the Court") issued on January 21, 2025 (order sheet entry No.C.P.NO.D-2689 of 2017 a/w) accepting a plea of the petitioners that Trans-Provincial Entities should follow the federal law governing the Workers' Welfare Fund (WWF) rather than the provincial laws until such time the respective Provincial Governments develop a workable mechanism to amicably resolve the post-devolution trans-provincial issues.

It is pertinent to note that while pleading the above-cited case, the petitioner counsel relied upon the decision of the Council of Common Interest (CCI) in its meeting dated December 23, 2019 wherein it was resolved that, being trans-provincial and inter-provincial matters, interalia, WWF should remain with the Federal Government to perform its functions under, interalia, Workers Welfare Fund Ordinance, 1971, until such time a mutually agreed mechanism is developed.

From the above wordings of the CCI, it appears that even the Companies that are not operating in multiple provinces should also deposit WWF in the bank account of Federal Board of Revenue, rather than the provincial revenue authorities, until such time a mutually-agreed mechanism to settle the trans-provincial issues are developed.

BDO

13. **AMENDMENTS IN CORPORATE TAX RATE ON BANKS**

As per Section 2 of the Income Tax (Amendment) Ordinance 2024 promulgated on December 28, 2024, the rate of tax for banking companies has been amended from Tax Year 2025 and onwards as follows:

Tax Year	Rate of Tax
2025	44%
2026	43%
2027 and onwards	42%

Further, the aforementioned amendment has also restricted the requirement of Rule 6C Sub-rule 6A of the Seventh Schedule of Income Tax Ordinance, 2001, regarding rate of tax applicable on taxable income attributable to investment in Federal Government securities in accordance with gross advances to deposits ratio (ADR) till tax year 2024. Accordingly, the Bank has calculated its current tax expense for the tax year 2025 using the tax rate of 44%. Additionally, the Bank has re-measured its deferred tax balances, applying a tax rate of 42% for balances maturing in subsequent years.

14. **AMENDMENTS IN SEVENTH SCHEDULE OF THE INCOME TAX ORDINANCE, 2001**

The Finance Act, 2024, has amended Rule 1(g) of the Seventh Schedule of the Income Tax Ordinance, 2001 (the Ordinance) which now states that adjustment made in the annual accounts, on account of any applicable accounting standard or policy or any guidelines or instructions of State Bank of Pakistan shall be excluded in arriving at the taxable income of a banking company. It was further clarified that nothing in this Rule shall be so construed as to allow a notional loss, or charge to tax any notional gain on any investment under any regulation or instruction unless all the events that determine such gain or loss have occurred and the gain or loss can be determined with reasonable accuracy. Accordingly, the amendment implies that adjustment will be allowed on a cash basis rather than accrual basis. We have been given to understand by the management that the banks have not yet adopted the approach as they believe that this will result in deviation from the fundamental principle of the Income Tax Ordinance, 2001 and its Seventh Schedule. Consequently, the management has applied accrual basis of accounting in accordance with Sections 32 and 34(3) of the Ordinance for computation of taxable income which is consistent with the past practice of the Bank.

We recommend that the management should obtain a formal legal / tax opinion to confirm their understanding on this matter.

15. PURCHASE OF MORTGAGED PROPERTY

CO-OPERATIVE HOUSING SOCIETY

During 2018, the Bank purchased a property through an auction conducted by the Banking Court as part of the recovery suit against the property's owner (judgement debtor or JD) who had defaulted on a loan from the Bank amounting to Rs. 43.20 million.

Subsequent to the deposit of the bid money of Rs. 123.70 million by the Bank that was based on valuation submitted by JD & approved by the Court & subsequent conduct valuation of the property on the strength of that valuation, the judgment debtor filed objection against the confirmation of the sale in favor of the Bank on the ground that the property is valued at Rs. 216.92 million whereas it is being sold at previous valuation which is lower. Accordingly, Banking Court through the order dated December 24, 2018, declined to confirm the sale in favor of Bank and directed to return the bid amount Rs. 123.70 million to the Bank and further directed for fresh valuation of the mortgaged property at the cost of judgment debtor. The Bank has filed an appeal in the Sindh High Court against the order of the Banking Court and contends that the mortgaged property to be handed over to the Bank. The management in consultation with the Bank's legal counsel is confident of a positive outcome.

16. BANK'S INFORMATION TECHNOLOGY STRUCTURE

We draw attention to a certain matter noted by us regarding the Bank's General IT Control Environment i.e. the Bank is using obsolete versions of data base (Oracle 12c and MS.SQL server 2012).

We recommend the bank should update to the latest versions of data base for smooth IT environment.

17. CONCENTRATION OF DEPOSITS AND ADVANCES

We have noted that at December 31, 2024 top 50 customers were maintaining deposits of Rs. 12,721.515 million with the Bank, which is 40.26% of the total deposits of Rs. 31,600.021 million at that date.

BDO

Total performing loans as at December 31, 2024 amounts to Rs 7,371.94 million including funded and non-funded exposure. Out of these performing loans, we have observed high concentration of 38.05% amounting Rs. 2,804.9 million provided to provincial government. Where out of remaining 6.95%, Rs. 6,940.21 million pertains to corporate customers, Rs. 1,077.85 million pertains to small and medium enterprises and remaining Rs. 759.56 million pertains to consumer housing and staff loans.

This depicts exposure to high credit risk and market risk as loan portfolio is more susceptible to fluctuations in market conditions. Due to concentration of loans in less diversified portfolio, defaults from few obligors can have significant impact on financial health of Bank.

We consider that the deposits and advance base of the Bank need to be diversified in order to reduce reliance on few customers only (concentration risk).

18. BREACH OF CLEANUP REQUIREMENT UNDER RUNNING FINANCE FACILITIES

During the course of our audit, we observed that the credit Facilities Offer Letter (FOL) of running finance facilities includes a term and condition set forth below:

Clean up requirement

" Turnover shall be maintained through cleanup is mandatory during the tenor of the loan" However, we have identified following instances where breach of clean up requirement is evidenced:

- Shams Builders & Developers
- United Spinning Mills
- Al Hadi Steel Casting
- Barkat Garments

We recommend that the Bank review its processes related to the turnover of running finance accounts and ensure adherence to the agreed-upon terms for clean-ups during the loan tenor.

19. INDEPENDENCE

We confirm that in our professional judgment, the Firm is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff has not been compromised.

20. RELATED PARTY TRANSACTIONS

We have been informed by the management that there were no transactions with related parties other than those disclosed in the financial statements.

21. CONTINGENCIES AND COMMITMENTS

We have been informed by the management that there are no contingencies and commitments at the reporting date other than disclosed in the financial statements.

22. FRAUD AND ERROR

We have been informed by the management that no case of fraud and error has been brought to their knowledge during the year.

23. COMPLIANCE WITH LAWS AND REGULATIONS

We have been informed by the management that there are no non-compliances with the relevant laws and regulations.

24. SUBSEQUENT EVENTS

We have been informed by the management that there were no subsequent events having an impact on amounts and / or disclosures other than those disclosed in the financial statements.

We take this opportunity to thank your management and staffs for the courtesy and cooperation extended to us during the course of our audit.

Yours faithfully

BDO EBRAHIM & CO.
Enclosed as above

Annexure 'A'

Rs in million

Items requiring Board's resolution	2024
Additions to operating fixed assets amounting to:	98.82
Additions to intangible assets amounting to:	20.60
Provision made as of December 31. 2024 amounting to:	2,988.05
Reversal of provision against advances amounting to:	46.42
Investments made during the year amounting to:	27,141.80
Payable against gratuity as of the year end amounting to:	49.38
Provision for compensated absences as of the year end amounting to:	69.16
Receivable against pension obligation as of the year end amounting to:	17.72
Change in accounting policies regarding IFRS 9 "financial instruments" and IAS 37/ IFRIC 21.	
Approval for provision for bonus amounting to:	112.852
Acknowledgement of acceptance of minutes of meeting circulated regarding going concern status of the Bank from Ministry	

Annexure 'B'

Annexure 'B'

Information and Confirmations required
Letter of representation addressed to us on behalf of the Board and signed by the Chief Executive Officer and Chief Financial Officer as per draft provided by us.
IFRS 9" Financial Instruments" Related disclosures to be included in Financial Statements
Acknowledgment of minutes of meeting with relevant Ministry send to you for circulation
Confirmations from the following Banks: • National Bank of Pakistan (branches)
Detailed notes and related workings for verification purposes as below: • 39. Compensation of directors and other key management personnel • 40. Fair value measurements • 41. Segment information • 42. Trust Activities • 43. Related party transactions • 44. Capital adequacy, leverage ratio & liquidity requirements • 45. Risk management • Any other note as required in connection with these financial statements.

BDO

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRST WOMEN BANK LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **FIRST WOMEN BANK LIMITED ("the Bank")**, which comprise the statement of financial position as at December 31, 2024, and the statement of profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 13 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, statement of financial position, statement of profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance,1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year 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.

Material Uncertainty relating to Going Concern

We draw attention to Notes 1.2 and 1.4 of the financial statements which indicate that, as of that date, the Bank's paid-up capital (net of losses) stood below the Minimum Capital Requirement of Rs. 3 billion prescribed by the State Bank of Pakistan by Rs. 0.83 billion.

As stated in note 1.4, these events or conditions, along with other matters as set forth in Note 1.2, indicate that a material uncertainty exists relating to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of the 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 the 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.

Report on Other Legal and Regulatory Requirements

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 return referred above from the branches have been found adequate for the purpose of our audit;

b) the statement of financial position, the statement of profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement (together with the notes thereon have been drawn up in conformity with the Banking 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 power of the Bank and the transactions of the Bank which have come to our notice have been within the power 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 Central Zakat Fund established under section 7 of that Ordinance.

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

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: 11 APR 2025

UDIN: AR202410067ohsJ46jwe

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

FIRST WOMEN BANK LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	Note	2024	2023
		----------Rupees in '000----------	
ASSETS			
Cash and balances with treasury banks	6	2,987,105	2,928,217
Balances with other banks	7	6,176	1,891
Lendings to financial institutions	8	399,946	1,882,344
Investments	9	52,066,652	44,359,973
Advances	10	7,385,648	8,220,300
Property and equipment	11	643,585	662,072
Right-of-use assets	12	248,227	94,722
Intangible assets	13	48,087	45,565
Other assets	14	2,158,266	12,597,418
Total Assets		65,943,692	70,792,502
LIABILITIES			
Bills payable	16	234,819	145,626
Borrowings	17	28,047,418	32,622,818
Deposits and other accounts	18	31,600,022	31,332,331
Lease liabilities	19	277,927	238,425
Deferred tax liabilities	20	229,262	177,698
Other liabilities	21	2,404,055	3,193,082
Total Liabilities		62,793,503	67,709,980
NET ASSETS		3,150,189	3,082,522
REPRESENTED BY			
Share capital	22	3,994,113	3,994,113
Reserves		563,627	547,810
Surplus on revaluation of assets	23	420,646	389,668
Accumulated loss		(1,828,197)	(1,849,069)
		3,150,189	3,082,522

CONTINGENCIES AND COMMITMENTS 24

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

President / Chief Executive **Chief Financial Officer** **Director** **Director** **Director**

FIRST WOMEN BANK LIMITED
STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	2024	2023
		(Rupees in '000)	
Mark-up / Return / Interest earned	25	10,970,151	12,477,815
Mark-up / Return / Interest expensed	26	9,455,843	10,403,732
Net mark-up / interest income		1,514,308	2,074,083
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	76,771	81,929
Dividend income		5,668	5,026
Foreign exchange income		1,131	5,003
(Loss) on securities	28	(1,936)	(277)
Other income	29	116,138	2,064
Total non-markup / interest income		197,772	93,745
Total income		1,712,080	2,167,828
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	30	1,606,618	1,545,955
Other charges	31	155	1,234
Total non-markup / interest expenses		1,606,773	1,547,189
Profit before credit loss allowance		105,307	620,639
Credit loss allowance and write offs - net	32	162,489	(163,285)
PROFIT BEFORE TAXATION		267,796	457,354
Accumulated loss	33	(188,708)	(135,189)
PROFIT AFTER TAXATION		79,088	322,165
		Rupees	
Basic earning per share	34	0.198	0.81
Diluted earning per share	35	0.198	0.81

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

President / Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Director**

FIRST WOMEN BANK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
	------ (Rupees in '000) ------	
Profit after taxation for the year	79,088	322,165
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of debt investments through FVOCI - net of tax	35,246	123,581
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations - net of tax	13,502	18,393
Movement in surplus on revaluation of property and equipment - net of tax	-	113,849
	13,502	132,242
Total comprehensive income	127,836	577,988

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

President / Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Director**

FIRST WOMEN BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, [illegible]

	Share capital	Statutory reserve	Surplus / (deficit) on revaluation: Investments	Property and Equipment	Total Surplus on assets	Accumulated loss	Total
	(Rupees in '000)						
Balance as at January 01, 2022	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Profit after taxation for the year	-	-	-	-	-	[illegible]	[illegible]
Other comprehensive income - net of tax							
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	[illegible]	-	[illegible]	-	[illegible]
Gain / (loss) on investments at FVOCI - reclassified to profit or (loss)							
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	[illegible]	[illegible]	-	[illegible]
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	[illegible]	[illegible]
	-	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transfer to statutory reserve	-	[illegible]	-	-	-	[illegible]	-
Transfer from surplus on revaluation of assets to unappropriated profit in respect of incremental depreciation - net of tax	-	-	-	[illegible]	[illegible]	[illegible]	-
Balance as at December 31, 2022	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Effect of adoption of IFRS 9 - ECL (net of tax)					-	[illegible]	[illegible]
Balance as at December 31, 2022 - restated	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Profit after taxation for the year	-	-	-	-	-	[illegible]	[illegible]
Other comprehensive income - net of tax							
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	[illegible]	-	[illegible]	-	[illegible]
Gain / (loss) on investments at FVOCI - reclassified to profit or (loss)							
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	[illegible]	[illegible]
	-	-	[illegible]	-	[illegible]	[illegible]	[illegible]
Transfer to statutory reserve	-	[illegible]	-	-	-	[illegible]	-
Transfer from surplus on revaluation of assets to unappropriated profit in respect of incremental depreciation - net of tax	-	-	-	[illegible]	[illegible]	[illegible]	-
Balance as at December 31, 2023	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

President / Chief Executive | Chief Financial Officer | Director | Director | Director

FIRST WOMEN BANK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	267,796	457,354
Less: Dividend income	(5,668)	(5,026)
	262,128	452,328
Adjustments:		
Depreciation	209,610	174,373
Amortization	20,536	16,554
Credit loss allowance and write-offs	49,402	163,285
(Gain) on sale of property and equipment	(11)	(397)
Charge for defined benefit plans	24,832	38,679
Finance charges on leased assets	54,519	53,926
Gain on sale of securities	1,936	277
	360,824	446,697
	622,952	899,025
(Increase) / Decrease in operating assets		
Lendings to financial institutions	1,482,398	4,751,763
Advances	834,652	2,585,981
Others assets (excluding advance taxation)	10,439,152	(11,467,759)
	12,756,202	(4,130,015)
Increase/ (Decrease) in operating liabilities		
Bills Payable	89,193	7,207
Borrowings from financial institutions	(4,575,400)	18,969,090
Deposits	267,691	(831,999)
Other liabilities (excluding current taxation)	(776,604)	1,443,680
	(4,995,120)	19,587,978
Payment made to defined benefit plans	-	(24,543)
Income tax paid	(151,962)	(192,898)
Accumulated loss	8,232,072	16,139,544
CASH FLOW FROM INVESTING ACTIVITIES		
Net Investments in securities classified as FVOCI	(7,708,613)	(15,194,896)
Dividends received	5,668	5,026
Disposal of property and equipment	(11)	397
Investments in property and equipment	(367,686)	(149,922)
Net cash flow (used in) investing activities	(8,070,644)	(15,339,395)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligations against right-of-use assets	(98,255)	(80,083)
Dividend paid	-	-
Net cash flow (used in) financing activities	(98,255)	(80,083)
Increase in cash and cash equivalents	63,173	720,067
Cash and cash equivalents at beginning of the year	2,930,108	2,210,041
Cash and cash equivalents at end of the year	2,993,281	2,930,108

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

President / Chief Executive   Chief Financial Officer   Director   Director   Director

FIRST WOMEN BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1 STATUS AND NATURE OF BUSINESS

1.1 First Women Bank Limited (the Bank) was incorporated under the Companies Ordinance, 1984 (now Companies Act, 2017) on November 21, 1989 in Pakistan as an unquoted public limited company and commenced operations on December 02, 1989. The Bank is engaged in commercial banking and related services. The registered office of the Bank is situated at ground floor, S.T.S.M. Foundation Building, Civil Lines, Karachi. The Bank operates a network of forty two branches as at December 31, 2024 (December 31, 2023: forty two branches). The short term and long term credit ratings of the Bank rated by PACRA in June 2024 are 'A2' and 'A-' respectively. The Bank is controlled by Government of Pakistan through Ministry of Finance (which holds 82.64 % of the Bank's share capital).

1.2 Being a public sector bank, in terms of the State Bank of Pakistan (SBP), prescribed minimum capital requirements vide its letter reference BPRD/BA&CP/627/32/2014 dated January 01, 2014, the Bank is required to have a minimum paid up capital (net of losses) (MCR) of Rs. 3 billion and capital adequacy ratio (CAR) of 18% at all times, subject to the condition that MCR level shall remain enforced until the Bank remains a public sector entity, the Bank will not be allowed to pay dividend until its paid-up capital and reserves reach Rs. 6 billion and the per party exposure limit of the Bank will be 50% of the prudential regulation's limits until the Bank's paid-up capital and reserves reach Rs. 6 billion.

The Bank has earned net profit of Rs. 79.088 million for the year ended December 31, 2024 and as of this date, the Bank's MCR (representing paid up capital net of accumulated losses) was Rs. 2.17 billion which is less than the minimum required amount.

Under BSD Circular No. 19 of 2008 dated September 05, 2008 of the SBP any bank that fails to meet the MCR within the stipulated period shall render itself liable to the following actions:

i) Imposition of such restrictions on its business including restrictions on acceptance of deposits and lending as may be deemed fit by the State Bank.

ii) Descheduling of the bank, thereby converting it into a non-scheduled bank.

iii) Cancellation of the banking license if the State Bank believes that the bank is not in a position to meet the minimum paid up capital requirement or CAR.

1.3 Privatization status of the Bank

The Ministry of Privatization stated that the Cabinet Committee on Privatization (CCoP), in its meeting held on October 31, 2018, had placed the First Women Bank Limited (FWBL) on the Active Privatization Program, duly ratified by the Federal Cabinet on November 1, 2018. Accordingly, the Privatization Commission issued a Request for Proposals (RFP) on October 18, 2019, inviting Technical and Financial Proposals. After completing the technical and financial evaluation of the bids, the consortium comprising M/s Bridge Factor & National Bank of Pakistan was appointed as the Financial Advisor for the privatization of FWBL with the approval of Board of the Privatization Commission Board on December 27, 2019. Accordingly, Financial Advisory Services Agreement (FASA) was signed on January 27, 2020.

The Ministry of Privatization further noted that the due diligence report of the Bank was finalized in June 2020 and the Cabinet Committee on Privatization approved the Transaction Structure on August 21, 2020. However, the privatization of the Bank is still active and pending as at reporting date.

1.4 Going concern basis of accounting

The Bank's MCR (representing paid up capital net of accumulated losses) was Rs. 2.17 billion (December 31, 2023: Rs. 2.15 billion) which is less than the minimum required amount by Rs. 0.83 billion (December 31, 2023: 0.85 billion).

The Bank's paid-up capital (net of losses) stood below the MCR of Rs 3 billion prescribed by the SBP (specifically for the Bank) which non-compliance may result in adverse regulatory actions by SBP as mentioned in note 1.2 of the financial statements.

These financial statements have been prepared on a going concern basis based on the following facts:

- Above fact has already been reported by the Bank to the State Bank of Pakistan and also to the Ministry of Finance (MoF), Government of Pakistan (GoP) as a major shareholder for an arrangement to fill-up the shortage of Bank's MCR and in order to avoid any punitive action, the Bank's management is in continuous liaison with SBP and MoF GoP. Further, to date, the SBP has not taken any adverse action or imposed any restriction that could impact the normal operations of the Bank. Moreover, the Bank is in the privatization list of the GoP, and is being actively pursued for this purpose by the Privatization Commission which also adds positivity to the above.

- Bank's management and the Board is fully confident that the regulator and the major shareholder (MoF GoP) will extend the due support for meeting the capital requirements, which is also evident from the fact that historically the shareholder has numerously injected capital in the Bank whenever there was a shortfall. Despite the losses the Bank is compliant with minimum required Capital Adequacy Ratio of 18% and is expected to maintain this adequacy in periods subsequent to December 31, 2024, which is an indicator of strong asset base of the Bank.

- The GoP via the MoF i.e. bank's major shareholder holding 82.64 % of the Bank's equity is fully committed to supporting the Bank, whenever required, to enable it to continue as going concern, through policy and other intervention. Based on the historical available support and central bank's action and also the fact that GoP has assured necessary interventions when required to enable the Bank to continue as a going concern, management believes that the Bank shall remain a going concern in foreseeable future, however, it may not do so in an adverse eventuality or unexpected events.

These events or conditions along with other matters as set forth in Note 1.2 indicate that a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern and, therefore, the Bank may be unable to realize its assets and discharge its liabilities in the normal course of business. However, these financial statements have been prepared on a going concern basis which assumes that the Bank shall operate its business, realize its assets, discharge its liabilities and obtain refinancing (if necessary), in the normal course of business. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate.

2 BASIS OF PRESENTATION

2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.

2.2 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act 2017;

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

- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

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

2.2.3 The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 40 "Investment Property" for banking companies till further instructions. Further, according to a notification of the Securities and Exchange Commission of Pakistan (SECP) through S.R.O. No. 411 (1) / 2008 dated 28 April 2008, IFRS 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

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

2.2.5 The Bank received an extension from SBP up to 31 December 2025 for application of EIR in general for all financial assets and liabilities (excluding staff loans / subsidized loans), however as financial assets other than advances and financial liabilities were already effectively carried at EIR before the implementation of IFRS 9 hence said extension has only been applied on advances (excluding staff loans / subsidized loans provided to employees). Therefore, advances are now carried at cost, excluding staff loans, TERF and advances pertaining to overseas operations, which are carried at amortized cost, net of expected credit loss allowances.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2024 but are considered not relevant or do not have any material effect on the Bank's operations and therefore not detailed in these financial statements except for IFRS 9 (Financial Instruments), the impact of which is disclosed under note 5.1.

During the year, the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn Technical Release 27 'IAS 12, Income Taxes (Revised 2012)' and issued the 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). Accordingly, in accordance with the Guidance, the Company has changed its accounting policy to recognise minimum and final taxes as 'Levy' under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" which werepreviously being recognised as 'Income tax'. However, there is no impact on the financial statements of prior periods.

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

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

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

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

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

2.4.2 The management anticipates that these new standards, interpretations and amendments will be adopted in the financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on these financial statements of the in the period of initial application.

2.5 Critical accounting estimates and judgments

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

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

i) classification and credit loss allowance / provisioning against investments (notes 5.1.1, 5.1.2 and 9);
ii) classification and credit loss allowance / provisioning against loans and advances (notes 5.1.1, 5.1.2 and 10);
iii) income taxes (notes 4.9 and 33);
iv) accounting for defined benefit plan and compensated absences (notes 4.10, 38 and 40);
v) depreciation of property and equipment (notes 4.5, 11);
vi) amortisation of intangibles assets (notes 4.7 and 13);
vii) revaluation of property and equipment (note 4.5, 11);
viii lease liabilities and right-of-use assets (notes 4.6, 12 and 19);
ix) impairment of non-financial assets (note 4.5.3); and
xi) credit loss allowance / provision against other assets and other provisions (notes 5.1.2 , 14 and 21);

3 BASIS OF MEASUREMENT

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention unless otherwise stated in relevant notes to these financial statements.

3.2 Functional and presentation currency

The financial statements are presented in Pakistan Rupees, which is also the Bank's functional and presentation currency. Except as indicated, financial information presented in Pakistan Rupees has been rounded to nearest thousand.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are consistent with those followed of the previous financial year except for change mentioned in 5.1.

4.1 Cash and cash equivalents

Cash and cash equivalents comprises of cash and balances with treasury banks, balances with other banks.

4.2 Investments

Investments include Federal Government securities and listed , unlisted shares. Classification and measurement of Federal Government securities and listed, unlisted shares has been detailed in note 9.

4.3 Lendings to / borrowings from financial institutions

The Bank enters into transactions of lendings and borrowings at contracted rates for a specified period of time. These are recorded as under:

4.3.1 Sale under repurchase obligation

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the statement of financial position and are measured in accordance with accounting policies for investment securities. The counterparty liability for amounts received under these agreements is included in borrowings. The difference between sale and repurchase price is treated as mark-up / return / interest expense and accrued over the life of the repo agreement using effective yield method.

4.3.2 Purchase under resale obligation

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the statement of financial position, as the Bank does not obtain control over the securities. Amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark-up / return / interest income and accrued over the life of the reverse repo agreement using effective yield method.

4.3.3 Other obligations

Other obligations include borrowings from the State Bank of Pakistan and unsecured call borrowings which are recorded at the amount equivalent to proceeds received. Markup is charged on such borrowings to the statement of profit and loss account over the period of borrowing using effective interest rate method.

4.4 Advances

Loans and advances including net investment in finance lease are stated net of credit loss allowance / provision against non-performing loan and advances. Credit loss allowance / provision against loans and advances in Pakistan operations have been made in accordance with the requirements of the Prudential Regulations and IFRS 9 application instructions issued by the SBP. General provisions against loans and advances in Pakistan operations have been maintained against potential high risk advances based on the management's estimates. Advances are written off / charged off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

Subsidised loans disbursed under Temporary Economic Refinance Facility (TERF) have been recorded at fair value resulting in recognition of fair value adjustment on initial recognition. Unwinding of income on fair value adjustment is recognised in the statement of profit and loss account.

4.5 Fixed assets and depreciation

4.5.1 Property and equipment

4.5.1.1 Owned assets

Property and equipment, except land and buildings, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Land is stated at revalued amount. Buildings are stated at revalued amount less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to statement of profit and loss account applying the straight line method at the rates stated in note 11.1. Depreciation on addition is charged from the month in which the assets are available for use and no depreciation is charged in the month the assets are disposed off.

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

Assets are derecognised when disposed off or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment are included in statement of profit and loss account.

The assets' residual values and useful lives are reviewed annually, and adjusted if appropriate, at statement of financial position date.

Land and buildings' valuations are carried out by professionally qualified valuers with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair value.

- Any revaluation increase arising on the revaluation of such assets is recognised in the statement of comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the statement of profit and loss account, in which case the increase is credited to statement of profit and loss account to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such assets is recognised in statement of profit and loss account to the extent that it exceeds the balance, if any, held in "Surplus on Revaluation of Fixed Assets" relating to a previous revaluation of that asset.

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

- An amount equal to incremental depreciation for the year net of associated deferred tax is transferred from "Surplus on Revaluation of Fixed Assets" to unappropriated profit through statement of changes in equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

- On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to unappropriated profit.

4.5.2 Capital work-in-progress

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

4.5.3 Impairment

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, fixed assets are written down to their recoverable amounts.

The resulting impairment loss is taken to profit and loss account except for impairment loss on revalued assets which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of assets. Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount which would have been determined had there been no impairment. Reversal of impairment loss is recognised as income in the statement of profit and loss account.

4.6 Lease liability and right-of-use assets

The lease liabilities are initially measured at the present value of lease payments that includes:

- fixed payments (including in-substance fixed payments), less any lease incentives receivabl
- variable lease payment that are based on an index or a rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees, if any;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are to be discounted using the incremental borrowing rate being the rate that the Bank would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

On initial recognition, right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of restoration costs.

The Bank leases various offices / branches for the purpose of its operational activities. Rental contracts are typically made for fixed periods of 3 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

4.7 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The cost and the accumulated amortisation of intangible assets of foreign branches include exchange differences arising on currency translation at the year-end rates. Amortisation is charged to the statement of profit and loss account applying the straight-line method at the rates stated in note 13. Amortisation on additions is charged from the month in which the assets are available for use and no amortisation is charged in the month the intangible assets are disposed off. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

4.8 Deposits and their cost

Deposits are recorded at the fair value of proceeds received.

Deposit costs are recognised as an expense in the period in which these are incurred using effective yield method.

4.9 Taxation

4.9.1 Current

Provision of current taxation is based on taxable income for the year determined in accordance with the prevailing laws of taxation on income earned, as applicable to the respective jurisdictions. The charge for the current tax also includes adjustments wherever considered necessary relating to prior years, arising from assessments framed during the year.

4.9.2 Deferred

Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to gain / loss recognised on surplus on revaluation of assets is charged / credited to such account.

4.10 Employee benefits

4.10.1 Defined benefit plans

The Bank operates an approved funded pension scheme for its eligible employees. The Bank also operates an un-funded gratuity scheme for its eligible contractual employees. An actuarial valuation of all defined benefit schemes is conducted every year. The valuation uses the Projected Unit Credit Method. Remeasurements of the net defined benefit liability / assets which comprise actuarial gains and losses, return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest) are recognised immediately in other comprehensive income. Past-service costs are recognised immediately in the statement of profit and loss account when the plan amendment occurs.

4.10.2 Other employee benefits

4.10.2.1 Employees' compensated absences

The Bank also makes provision in these financial statements for its liability towards compensated absences. This liability is estimated on the basis of actuarial advice under the Projected Unit Credit Method.

4.11 Revenue recognition

Revenue is recognised to the extent that the economic benefits associated with a transaction will flow to the Bank and the revenue can be reliably measured.

4.11.1 Advances and investments

Income on loans and advances and debt security investments are recognised on a time proportion basis that takes into account effective yield on the asset. In case of advances and investments, profit suspended in compliance with the Prudential Regulations issued by the SBP is recognised on receipt basis.

Interest / mark-up on rescheduled / restructured advances and investments is recognized in accordance with the Prudential Regulations issued by SBP.

Where debt securities (excluding held for trading securities / FVTPL) are purchased at a premium or discount, those premiums / discounts are amortised through the statement of profit and loss account over the remaining maturity.

4.11.2 Non mark-up / interest income

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 recognition of fee and commission income depends on the purpose for which the fees are received. Fee and commission income is recognised when or as an entity satisfies the performance obligation, either over time or at a specific point of time. Unearned fees and commissions are included under other liabilities.

Commission on letters of credit and guarantees is recognized on time proportion basis.

Dividend income on equity investments is recognised when right to receive is established.

Gains and losses on disposal of investments, property and equipment and intangible assets are dealt with through the statement of profit and loss account in the year in which they arise.

Gain or loss on sale / modification of financial assets is included in the statement of profit and loss account in the period in which they arise.

4.12 Foreign currencies translation

The Bank's financial statements are presented in Pak Rupees (Rs.) which is the Bank's functional and presentation currency.

Foreign currency transactions are converted into Rupees applying the exchange rate at the date of the respective transactions. Monetary assets and liabilities in foreign currencies are translated into Rupees at the rates of exchange prevailing at the statement of financial position date. All gains or losses on dealing in foreign currencies are taken to the statement of profit and loss account.

Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the statement of financial position date.

4.13 Credit allowance for off balance sheet obligations

ECL for guarantees, claims and other off balance sheet obligations is made when the Bank has legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of amount can be made. ECL against off balance sheet items created based on ORR or Days past dues of borrows and based on CCF factor on undrawn commitments. Charge to profit and loss account is stated net of expected recoveries.

4.14 Off setting

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

4.15 Fiduciary assets

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

4.16 Statutory / special reserve

Every Bank incorporated in Pakistan is required to transfer 20% of its profit to a statutory reserve until the reserve equals share capital, thereafter 10% of the profit of the Bank is to be transferred to this reserve. Special reserve was created to meet regulatory requirements.

4.17 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the statement of profit and loss account attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any. There were no dilutive potential ordinary shares in issue at December 31, 2024.

4.18 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 on balance sheet financial assets and financial liabilities.

4.19 Segment reporting

A segment is a distinguishable component of the Bank that is subject to risks and rewards that are different from those of other segments. A business segment is one that is engaged either in providing certain products or services, where as a geographical segment is one engaged in providing certain products or services within a particular economic environment. Segment information is presented as per the Bank's functional and management reporting structure.

4.19.1 Business segments

The Bank's primary segment reporting is based on the following business segments:

I. **Corporate finance and commercial banking** includes syndications and advances to corporate enterprises including deposits therefrom. Commercial banking includes project financing, export financing, other lendings, guarantees and bills of exchange.

II. **Treasury** includes fixed income, equity, foreign exchange contracts, lendings to financial institutions and borrowings.

III. **Retail and consumer banking** includes retail lending and deposits, banking services, private lending and deposits, retail services offered to the retail customers.

IV. **Commercial Banking** includes lending and deposits banking services, private lending and deposits offered to the small and medium enteprises.

4.19.2 Geographical segments

The Bank operates in Pakistan only.

5 Application of new and revised International Financial Reporting Standards (IFRSs)

5.1 IFRS 9 - 'Financial Instruments'

The Bank has adopted IFRS 9 (read with IFRS 9 application instructions issued by SBP) retrospectively with date of initial application as January 01, 2024, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. In terms of the transitional provisions of IFRS 9, adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening unappropriated profit and other reserves at the beginning of the current period without restating the comparative figures. The impact on carrying amounts of the financial assets and liabilities are as following:

The following table reconciles the aggregate opening loan loss provision allowances under SBP Prudential Regulations to the ECL allowances under IFRS 9 :

	As at January 01, 2024			
	Provision as per current regulatory framework	Remeasurement (ECL)	Reclassification	ECLs under IFRS 9
	Rupees in '000			
Impairment allowance against:				
Cash and Balances with Treasury Banks	-	-	-	-
Balance with Other Banks	-	-	-	-
Lendings to financial institutions	139,089	-	-	139,089
Advances	2,974,306	20,452	-	2,994,758
Investments	10,000	-	-	10,000
Markup Receivable	-	-	-	-
Off-balance sheet obligations	34,087	39,717	-	73,804
Total	3,157,482	60,169	-	3,217,651

The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with previous local regulations to their new measurement categories upon transition to IFRS 9 on January 01, 2024 :

	[illegible]				[illegible]						
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
					[illegible]						
Assets											
[illegible]	[illegible]	-	-	[illegible]	-	-	-	[illegible]	-	-	[illegible]
[illegible]	[illegible]	-	-	[illegible]	-	-	-	[illegible]	-	-	[illegible]
[illegible]	[illegible]	-	-	[illegible]	-	-	-	[illegible]	-	-	[illegible]
	[illegible]	-	-	[illegible]	-	-	-	[illegible]	-	-	[illegible]
[illegible]	[illegible]	-	-	[illegible]	-	[illegible]	-	-	-	-	[illegible]
[illegible]	[illegible]	-	-	[illegible]	-	[illegible]	-	-	-	-	[illegible]
[illegible]											
[illegible]	-	-	-	-	-	-	-	-	-	-	-
Investments	[illegible]	-	-	[illegible]	-	[illegible]	-	-	-	-	[illegible]
Advances	[illegible]	[illegible]	-	[illegible]	-	-	-	[illegible]	[illegible]	-	[illegible]
Fixed assets	[illegible]	-	-	[illegible]	-	-	-	-	-	[illegible]	[illegible]
Intangible assets	[illegible]	-	-	[illegible]	-	-	-	-	-	[illegible]	[illegible]
Right of use assets	[illegible]	-	-	[illegible]	-	-	-	-	-	[illegible]	[illegible]
Other assets	[illegible]	-	-	[illegible]	-	-	-	-	-	[illegible]	[illegible]
	[illegible]	[illegible]	-	[illegible]	-	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]
Liabilities											
Bills payable	[illegible]	-	-	[illegible]	-	-	-	[illegible]	-	-	[illegible]
Borrowings	[illegible]	-	-	[illegible]	-	-	-	[illegible]	-	-	[illegible]
Deposits and other accounts	[illegible]	-	-	[illegible]	-	-	-	[illegible]	-	-	[illegible]
[illegible]	[illegible]	-	-	[illegible]	-	-	-	-	-	[illegible]	[illegible]
[illegible]	[illegible]	-	-	[illegible]	-	-	-	-	-	[illegible]	[illegible]
Other liabilities	[illegible]	[illegible]	-	[illegible]	-	-	-	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	-	[illegible]	-	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Net assets	[illegible]	[illegible]	-	[illegible]	-	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]
Represented by											
Share capital	[illegible]	-	-	[illegible]	-	-	-	-	-	[illegible]	[illegible]
[illegible]	[illegible]	-	-	[illegible]	-	-	-	-	-	[illegible]	[illegible]
[illegible]	[illegible]	-	-	[illegible]	-	[illegible]	-	-	-	[illegible]	[illegible]
Unappropriated loss	[illegible]	[illegible]	-	[illegible]	-	-	-	-	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	-	[illegible]	-	[illegible]	-	-	[illegible]	[illegible]	[illegible]

5.1.1 Classification

Financial assets

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

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

Financial liabilities

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

5.1.1.1 Business model:

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

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

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

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

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

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

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

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

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

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

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

5.1.1.3 Application to the Bank's financial assets

Debt based financial assets

Debt based financial assets held by the Bank include: advances, lending to financial institutions, investment in federal government securities, corporate bonds and other private sukuks, cash and balances with treasury banks, balances with other banks, and other financial assets.

a) These are measured at amortised cost if they meet both of the following conditions and are not designated as FVTPL:

   - the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and
   - the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.

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

b) Debt based financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as FVTPL:

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

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

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

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

Equity instruments

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

The Bank measures all equity investments at fair value through profit or loss, except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than for trading. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to the statement of profit and loss account, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in the statement of profit and loss account as income when the Bank's right to receive payments is established.

IFRS 9 has removed the requirement for impairment assessments on equity investments. However, under BPRD Circular Letter No. 16 of 2024, dated July 29, 2024, Banks may continue to measure unquoted equity securities at the lower of cost or break-up value until December 31, 2024. Starting January 1, 2025, Banks will be required to measure unquoted equity securities at fair value, as mandated by the IFRS 9 application guidelines. For unquoted securities where the break-up value is lower than the cost, the difference has been classified as a loss and charged to the statement of profit and loss account.

Gains and losses on equity instruments at FVTPL are included in the 'Gain on sales of securities' line in the statement of profit and loss account.

5.1.1.4 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank purchases or sells the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognised when funds are transferred to the customers' account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

a) Amortised cost (AC)

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

b) Fair value through other comprehensive income (FVOCI)

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

c) Fair value through profit or loss (FVTPL)

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

5.1.1.5 Derecognition

Financial assets

The Bank derecognises a financial asset when:

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

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

Financial liabilities

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

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

5.1.1.6 Modification

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

5.1.2 Expected Credit Loss (ECL)

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

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

- the time value of money; and

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

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

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. When estimating ECLs on a collective basis for a group of similar assets, the Bank applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

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

Stage 1:	When financial instruments are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the expected LGD and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.
Stage 2:	When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash flows are discounted by an approximation to the original EIR.
Stage 3:	For financial instruments considered credit-impaired, the Bank recognises the LTECLs for these instruments. The Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP.
Undrawn financing commitments	When estimating LTECLs for undrawn financings commitments, the Bank estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the financings is drawn down, based on a probability-weighting of the three scenarios. For revolving facilities that include both a financings and an undrawn commitment, ECLs are calculated on un-drawn portion of the facility and presented within other liabilities.
Guarantee and letters of credit contracts	The Bank estimates ECLs based on the BASEL driven and internally developed credit conversion factor (CCF) for guarantee and letter of credit contracts respectively. The calculation is made using a probability weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are

The calculation of ECLs

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash flows, discounted at an approximation to the EIR.

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

PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on transitioning among credit states. Credit states are defined by rating classes and are based on the Bank's internal risk ratings (i.e. from 1 to 12). Through the yearly review of the non-consumer portfolio, the Bank has drawn a yearly transition matrix of ratings to compute a count based PD over the one year horizon for the last 11 years. PDs for Non rated portfolios are calculated based on Days Past Due (DPD) bucket level for each segment separately. Where practical, they also build on information from External Rating Agencies. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information.

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

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

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

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

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

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

When estimating the ECLs, the Bank considers three scenarios (a base case, a best case, a worst case). Each of these is associated with different PDs.

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

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

Forward looking information

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

- GDP Growth
- Consumer Price Index
- Unemployment rate

Definition of default

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

As per BPRD Circular No. 03 of 2022 dated July 05, 2022 and BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, ECL of Stage 1 and Stage 2 is calculated as per IFRS 9, while ECL of Stage 3 has been calculated based on higher of Prudential Regulations or IFRS 9 at borrower / facility level for corporate / commercial / SME loan portfolios and at segment / product basis for retail portfolio.

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

Write-offs

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

6 CASH AND BALANCES WITH TREASURY BANKS

	Note	2024	2023
		----------Rupees in '000----------	
In hand			
Local currency		788,555	810,474
Foreign currency		81,019	109,066
		869,574	919,540
With State Bank of Pakistan in			
Local currency current account	6.1	1,636,736	1,371,884
Foreign currency current account	6.2	125,156	188,610
Foreign currency deposit accounts			
- cash reserve account	6.3	58,774	59,473
- special cash reserve account	6.4	120,739	117,044
		1,941,405	1,737,011
With National Bank of Pakistan in			
Local currency current accounts		175,671	269,872
Prize bonds		455	1,794
		2,987,105	2,928,217
Less: Credit loss allowance held against cash and balances with treasury banks		-	-
Cash and balances with treasury banks - net of credit loss allowance		2,987,105	2,928,217

6.1 These accounts are maintained with the SBP to comply with the statutory cash reserve

6.2 This represents US Dollar collection account maintained with SBP.

6.3 This represents account maintained with SBP to comply with cash reserve requirements against foreign currency deposits.

6.4 This represents account maintained with SBP to comply with the special cash reserve requirement against foreign currency deposits. The return on this account is declared by the SBP on a monthly basis and as at December 31, 2024, it carried mark-up ranging from 3.53% to 4.35% (2023: from 3.39% to 4.34%) per annum.

	Note	2024	2023
		-----------Rupees in '000----------	
7 BALANCES WITH OTHER BANKS			
In Pakistan			
In current account		279	279
Outside Pakistan			
In current account		5,897	1,611
		6,176	1,891
Less: Credit loss allowance held against balances with other banks		-	-
Balances with other banks - net of credit loss allowance		6,176	1,891

8 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2024	2023
Call / clean money lendings	8.1	464,027	914,089
Reverse repo agreements	8.3	-	1,107,344
		464,027	2,021,433
Less: Credit loss allowance held against lending to financial institutions	8.4	(64,081)	(139,089)
Lendings to financial institutions - net of credit loss allowance		399,946	1,882,344

8.1 This includes financing amounting to Rs. 64 million that matured on December 31, 2012. Due to default in repayments, full provision has been made against these amounts. Lendings were in local currency.

8.2 Particulars of lending

	2024	2023
In local currency	464,027	2,021,433
In foreign currencies	-	-
	464,027	2,021,433

8.3 Securities held as collateral against Lending to financial institutions

	2024			2023		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	Rupees in '000					
Market Treasury Bills	-	-	-	907,344	-	907,344
Pakistan Investment Bonds	-	-	-	200,000	-	200,000
Total	-	-	-	1,107,344	-	1,107,344

8.4 Lending to Financial institutions - Particulars of credit loss allowance

		2024		2023	
		Lending	Credit loss allowance held	Lending	Credit loss allowance held
		Rupees in '000			
Domestic					
Performing	Stage 1	400,000	54	1,882,344	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		64,027	64,027	139,089	139,089
		64,027	64,027	139,089	139,089
Total		464,027	64,081	2,021,433	139,089

	2024			
	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000			
Balance at the start of the year	-	-	139,089	139,089
Impact of adoption of IFRS - 9	54	-	-	54
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of credit loss allowance	54	-	139,089	139,143
Financial assets that have been derecognised	-	-	(75,062)	(75,062)
Balance at the end of the year	54	-	64,027	64,081

	2023			
	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000			
Balance at the start of the year	-	-	139,089	139,089
Impact of adoption of IFRS - 9	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of credit loss allowance	-	-	139,089	139,089
Financial assets that have been derecognised	-	-	-	-
Balance at the end of the year	-	-	139,089	139,089

8 INVESTMENTS

8.1 Investments by Type

	2024				2023			
	Fair value / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying Value	Fair value / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying Value
	(Rupees in '000)				(Rupees in '000)			
- Debt instruments								
Classified / Measured at FVOCI								
Federal Government securities	31,906,471	-	178,227	32,084,698	46,265,403	-	93,634	46,359,037
Shares								
- Preference shares - Unlisted	10,000	(10,000)	-	-	10,000	(10,000)	-	-
	31,916,471	(10,000)	178,227	32,084,698	46,275,403	(10,000)	93,634	46,359,037
- Equity instruments								
Classified / Measured at FVOCI (Non-Reclassifiable)								
Shares								
- Unlisted companies	554	-	-	554	554	-	-	554
	554	-	-	554	554	-	-	554
Total Investment	31,917,025	(10,000)	178,227	32,085,252	46,275,957	(10,000)	93,634	46,359,591

		2024				2023			
		Fair value / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Fair value / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
9.2	Investments by segments:	(Rupees in '000)				(Rupees in '000)			
	Federal Government securities:								
	- Market Treasury Bills	[illegible]	-	[illegible]	[illegible]	-	-	-	-
	Pakistan Investment Bonds	[illegible]	-	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]
		[illegible]	-	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]
	Shares								
	Unlisted companies	504	-	-	504	504	-	-	504
	Preference Shares								
	Listed	10,000	(10,000)	-	-	10,000	(10,000)	-	-
	Total Investments	[illegible]	(10,000)	[illegible]	[illegible]	[illegible]	(10,000)	[illegible]	[illegible]

		December 31, 2024	December 31, 2023
9.3	Investments given as collateral	(Rupees in '000)	
	Pakistan Investment Bonds	[illegible]	[illegible]
	Market Treasury Bills	-	-
		[illegible]	[illegible]

9.4 Particulars of credit loss allowance against debt securities

Domestic

		Rupees in '000			
		2024		2023	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
Performing	Stage 1	53,860,[illegible]	-	44,225,[illegible]	-
Underperforming	Stage 2	-	-	-	-
Non-Performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		15,000	15,000	15,000	15,000
		15,000	15,000	15,000	15,000
Total		53,875,[illegible]	15,000	44,240,[illegible]	15,000

9.5 Quality of securities

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

	2024	2023
	Cost	
	Rupees in '000	
Federal government securities - Government guaranteed		
Market Treasury Bills	155,800	-
Pakistan Investment Bonds	41,253,673	44,265,[illegible]
	41,409,473	44,265,[illegible]

	2024	2023
Shares	Cost	
	Rupees in '000	
Listed companies		
Sector-wise exposure to be given as per the sectors defined in		
- Textile	15,000	15,000
	15,000	15,000

Unlisted companies	2024		2023	
	Cost	Breakup value	Cost	Breakup value
	Rupees in '000			
National Institutional Facilitation Technologies	914	[illegible]	914	[illegible]
	914	[illegible]	914	[illegible]

Equity securities	Note	2024	2023
		Cost	
		Rupees in '000	
Listed			
Chenab Limited (preference shares)	9.8	10,000	10,000
		10,000	10,000

	Note	2024	2023
		Cost	
		Rupees in '000	
Unlisted			
National Institutional Facilitation Technologies	9.7	914	914
		914	914

9.6 Investments in Federal Government securities include securities which are held by the Bank are eligible for the statutory liquidity requirements determined under section 29 of the Banking Companies Ordinance, 1962.

9.7 Ordinary shares of an unlisted company - a related party

This represents investment in [illegible] ordinary shares (2023: [illegible] ordinary shares) of Rs. 10 each of National Institutional Facilitation Technologies (Private) Limited (NIFT). The Bank's investment in NIFT is carried at cost (less impairment losses, if any) and is not accounted under the equity method of accounting, as the Bank does not have significant influence over the entity. However, one employee of the Bank is a Director of NIFT. The Bank has [illegible] (2023: [illegible]) stake in NIFT.

9.8 Preference shares of a listed company

This represents 1,000,000 (2023: 1,000,000) cumulative redeemable preference shares of a listed company (Chenab Limited) having face value of Rs. 10 each, carrying dividend entitlement at [illegible] per annum on the face value.

Market value of these shares at December 31, 2024 was not available as these shares are not being currently traded. Given the fact that the Company is a defaulter, the Bank has made full provision against these preference shares.

10 ADVANCES

	Performing		Non Performing		Total	
	2024	2023	2024	2023	2024	2023
			Rupees in '000			
Loans, cash credits, running finances, etc.	7,270,363	8,274,718	3,003,340	2,919,888	10,273,702	11,194,606
Advances - gross	7,270,363	8,274,718	3,003,340	2,919,888	10,273,702	11,194,606
Credit loss allowance against advances						
- Stage 1	(9,530)	-	-	-	(9,530)	-
- Stage 2	(8,591)	-	-	-	(8,591)	-
- Stage 3	-	(224,310)	(2,971,024)	(2,750,090)	(2,971,024)	(2,974,200)
	(18,121)	(224,310)	(2,971,024)	(2,750,090)	(2,989,145)	(2,974,200)
Advances - net of credit loss allowance	7,254,442	8,050,408	32,316	169,798	7,284,608	8,220,406

10.1 Particulars of advances - gross

	2024	2023
	Rupees in '000	
In local currency	10,273,702	11,194,606
In foreign currencies	-	-
	10,273,702	11,194,606

10.2 Advances to Women, Women-owned and Managed Enterprises

	2024	2023
Advances to Women	417,211	503,467
Women Owned and Managed Enterprises	377,012	405,418
	794,223	908,885

10.2.1 Gross loans disbursed to women, women owned and managed enterprises during the year amounted to Rs. 56.278 million (2023: Rs. 61.089 million).

10.2	Particulars of credit loss allowance	2024			

10.2.1 Advances - Exposure

	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000			
Gross Carrying Amount - Current Year	8,193,661	78,717	2,919,588	11,194,066
New advances	1,140,902	-	-	1,140,902
Advances derecognised or repaid	(1,356,281)	(30,884)	(72,761)	(1,460,924)
Transfer to Stage 1	8,221	(8,221)	-	-
Transfer to Stage 2	(147,212)	152,361	(5,149)	-
Transfer to Stage 3	(238,752)	(2,295)	240,998	-
	(613,124)	111,311	162,089	(339,724)
Amounts written off / charged off	-	-	-	-
Change in exposure	(243,276)	(156,412)	(4,095)	(403,723)
Change in exposure - repayments	(2,974)	(130)	(84,742)	(87,446)
Closing balance - Current year	7,137,277	233,526	3,001,140	10,371,783

2024

10.2.2 Advances - Credit loss allowance

	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000			
Opening Balance	129,440	3,906	2,862,102	2,997,549
New Advances	760	-	-	760
Advances derecognised or repaid	(27,941)	(2,887)	(74,227)	(103,055)
Transfer to Stage 1	103	(103)	-	-
Transfer to Stage 2	(8,440)	12,399	(3,959)	-
Transfer to Stage 3	(3,473)	(5)	3,478	-
	(48,511)	9,405	(72,747)	(104,293)
Change in exposure	(69,813)	(3,932)	241,767	168,008
Change in exposure - repayments	(124)	(2,786)	(68,365)	(63,277)
Closing Balance	8,550	8,591	2,971,934	2,988,055

18.2.3 Advances - Credit loss allowance details stage classification	2024							
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000				Rupees in '000			
Domestic - Outstanding Gross Exposure								
Performing - Stage 1	7,137,037	-	-	7,137,037	8,155,981	-	-	8,155,981
Under Performing - Stage 2	-	233,526	-	233,526	-	78,757	-	78,757
Non-Performing - Stage 3								
OAEM	-	-	8,208	8,208	-	-	25,128	25,128
Substandard	-	-	27,240	27,240	-	-	103,930	103,930
Doubtful	-	-	22,734	22,734	-	-	347,642	347,642
Loss	-	-	3,025,958	3,025,958	-	-	2,443,188	2,443,188
	-	-	3,083,140	3,083,140	-	-	2,919,888	2,919,888
Total	7,137,037	233,526	3,083,140	10,453,703	8,155,981	78,757	2,919,888	11,154,626
Corresponding ECL								
Stage 1 and stage 2	(9,530)	(6,501)	-	(16,031)	(224,210)	-	-	(224,210)
Stage 3	-	-	(2,971,854)	(2,971,854)	-	-	(2,750,096)	(2,750,096)
	(9,530)	(6,501)	(2,971,854)	(2,988,055)	(224,210)	-	(2,750,096)	(2,974,306)
Total	7,127,507	226,925	111,286	7,465,648	7,931,771	78,757	169,792	8,180,320

18.3 Advances include Rs.3,083,140 which have been placed under non-performing status as detailed below:-

Category of classification in stage 3	2024 Non performing loans	2024 Credit loss allowance	2023 Non performing loans	2023 Credit loss allowance
	Rupees in '000			
Domestic				
Other Assets Especially Mentioned (OAEM)	8,208	8,203	25,128	1,308
Substandard	27,240	47,219	103,930	18,386
Doubtful	22,734	39,819	347,642	110,088
Loss	3,025,958	2,896,997	2,443,188	2,620,322
Total	3,083,140	2,971,854	2,919,888	2,750,096

10.8 Particulars of credit loss allowance against advances

	2024					2023		
	Stage 1 & 2	Stage 3	Specific	General	Total	Specific	General	Total
Opening balance	-	-	2,750,096	224,210	2,974,306	2,590,424	128,087	2,718,411
Impact of IFRS 9 - from SOCE	-	-	60,169	-	60,169	-	-	-
Impact of Adoption of IFRS 9	121,710	2,869,275	(2,750,096)	(224,210)	[illegible]	-	-	-
Charge for the year	2,655	102,660	-	-	105,316	235,430	100,000	335,430
Reversals	(110,090)	-	(60,169)	-	(170,259)	(75,758)	(3,797)	(77,549)
	14,121	2,971,934	(2,810,265)	(224,210)	(46,420)	159,672	96,203	255,875
Amount written off	-	-	-	-	-	-	-	-
Closing balance	14,121	2,971,934	-	-	2,986,055	2,750,096	224,210	2,974,306

10.9 Particulars of credit loss allowance against advances	2024					2023		
	Stage 1 & 2	Stage 3	Specific	General	Total	Specific	General	Total
In local currency	14,121	2,971,934	-	-	2,986,055	2,750,096	224,210	2,974,306
In foreign currencies	-	-	-	-	-	-	-	-
	14,121	2,971,934	-	-	2,986,055	2,750,096	224,210	2,974,306

	Note	2024	2023
		Rupees in '000	
11 PROPERTY AND EQUIPMENT			
Capital work-in-progress		-	-
Property and equipment	11.1	663,381	602,272
		663,381	602,272

11.1 Property and equipment

	Leasehold land	Building premises on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Lease hold improvement	Total
	2024						
	(Rupees in '000)						
At January 01, 2024							
Cost / revalued amount	130,687	528,275	81,456	394,572	39,509	98,368	1,272,999
Accumulated depreciation	-	(124,211)	(65,999)	(346,862)	(14,802)	(58,960)	(610,926)
Net book value	130,687	404,064	15,456	47,710	24,707	39,408	662,072
Year ended December 31, 2024							
Opening net book value	130,687	404,064	15,456	47,710	24,707	39,408	662,072
Additions	-	-	6,466	47,284	494	8,042	62,886
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-
Disposals	-	-	(2,367)	(5,098)	-	-	(7,465)
Depreciation charge	-	(20,203)	(6,019)	(26,766)	(8,277)	(12,593)	(73,938)
Closing net book value	130,687	383,861	13,536	63,130	16,924	35,457	643,585
At December 31, 2024							
Cost / revalued amount	130,687	528,275	87,777	441,597	40,003	107,010	1,335,650
Accumulated depreciation	-	(144,414)	(74,251)	(378,467)	(23,079)	(71,553)	(687,094)
Net book value	130,687	383,861	13,526	63,130	16,924	35,457	648,585
Rate of depreciation (percentage)	-	5% on cost	20% on cost	33.33% on cost	20% on cost	20% on cost	

	2023						
	Leasehold land	Building premises on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Lease hold improvement	Total
	(Rupees in '000)						
At January 01, 2023							
Cost / revalued amount	91,567	380,858	71,796	352,493	25,882	67,269	1,272,999
Accumulated depreciation	-	(108,739)	(64,923)	(326,336)	(12,966)	(53,407)	(839,453)
Net book value	91,567	272,119	6,873	26,157	12,916	13,862	433,534
Year ended December 31, 2023							
Opening net book value	91,567	272,119	6,873	26,157	12,916	13,862	433,534
Additions	-	-	11,751	43,456	15,617	30,999	101,823
Movement in surplus on assets revalued during the year	29,120	147,517	-	-	-	-	186,637
Disposals	-	-	-	-	-	-	-
Depreciation charge	-	(15,172)	(3,128)	(21,903)	(3,816)	(5,453)	(49,912)
Closing net book value	120,687	404,464	15,496	47,718	24,767	39,408	662,072
At December 31, 2023							
Cost / revalued amount	120,687	528,375	81,486	394,373	39,369	98,268	1,272,998
Accumulated depreciation	-	(124,711)	(65,990)	(346,863)	(14,602)	(58,560)	(610,926)
Net book value	120,687	404,464	15,496	47,718	24,767	39,408	662,072
Rate of depreciation (percentage)	-	5% on cost	20% on cost	33.33% on cost	20% on cost	20% on cost	

11.1.1 In accordance with the Bank's accounting policy, the leasehold land and buildings of the Bank were revalued on December 31, 2023 by an independent valuer Sarwal (Pvt) Limited on the market value basis after making independent market inquiries from local estate agents / realtors in the vicinity to establish the present market value. The revaluations of the above assets were last carried out in 2006, 2008, 2011, 2015, 2016, 2018 and 2021. The resulting surplus has been credited to the revaluation surplus account, net of related tax effect.

Had the land and buildings not been revalued, total carrying amounts as at December 31, 2024 would have been as follows (at cost less accumulated depreciation):

	2024	2023
	(Rupees in '000)	
Leasehold land	3,287	3,287
Buildings on leasehold land	1	1,687
	3,288	4,974

11.1.2 The total of forced sale values based on the revaluations explained in note 11.1.1 above are as follows:

	Forced sale value (Rupees in '000) 2024
Leasehold land	83,456
Buildings on Leasehold land	238,583
	[illegible]

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

	2024	2023
Building improvements	50,020	47,890
Furniture and fixtures	64,008	62,670
Electrical, office and computer equipment	320,718	300,254
Vehicles	7,972	2,972
	442,718	413,786

11.1.4 Summarized details of the valuation of properties across the country:

Location of properties	Note	Original cost Land	Original cost Buildings	Original cost Total	Revalued amount (net of depreciation) / cost* Land	Revalued amount (net of depreciation) / cost* Buildings	Revalued amount (net of depreciation) / cost* Total
		(Rupees in '000)			(Rupees in '000)		
Mehdi Tower, Karachi		-	5,167	5,167	-	79,572	79,572
New Town, Karachi		-	1,348	1,348	-	58,223	58,223
Sukkur		-	1,617	1,617	-	33,036	33,036
Faisalabad		-	4,872	4,872	-	17,443	17,443
F.B. Area, Karachi		-	815	815	-	38,266	38,266
Gulshan-e-Iqbal, Karachi		-	1,322	1,322	-	19,699	19,699
P.E.C.H.S., Karachi	11.1.6	3,000	6,760	9,760	130,400	15,392	145,792
Mirpurkhas (Idle Property)*	11.1.7	162	-	162	162	-	162
Kohat (Idle Property)	11.1.8	-	708	708	-	-	-
Nawabshah (Idle Property)*	11.1.9	125	-	125	125	-	125
Regional Office Lahore		-	60,000	60,000	-	125,120	125,120
		3,287	82,609	85,897	130,687	383,860	514,547

11.1.8 Details of disposals of property and equipment during the year

	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Mode of disposal	Particulars of buyers
	(Rupees in '000)					
Furniture and fixtures						
Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000	-	-	-	-		
	-	-	-	-		
Miscellaneous items	195	153	-	43	Auction / quotation	Various
Electrical, office and computer equipment						
Items having book value of less than	-	-	-	-	Auction / quotation	Various
Rs. 250,000 or cost of less than	-	-	-	-		
Rs. 1,000,000	-	-	-	-		
Miscellaneous items	39	27	-	30	Auction / quotation	Various
	234	170	-	73		

* At cost due to the reasons given below. Amounts are not considered to be material.

11.1.6 This property is under litigation as various complaints were lodged against the Bank to Sindh Building Control Authority (SBCA) on the grounds that the property is being used for commercial purpose contrary to its legal status as a residential property and that floor plans of the first and second floors of this property are not approved by the relevant authorities. SBCA issued notice to the Bank for illegal construction & to demolish it. The Bank filed a Suit for Permanent Injunction before a Civil Judge against the SBCA while informing the court that it has taken necessary action for the regularization and bringing the construction existing on the Bank's property within the parameter stipulated by SBCA. However, since the notification for regularization of the construction has been suspended consequent to the Constitutional Petition no. D-408/2012 pending before High Court of Sindh, Karachi, the Bank became a party to the Constitutional Petition and moved a sine-die application before IV-Senior Civil Judge. Consequently, the proceedings of the case pending before IV-Senior Civil Judge were adjourned sine-die till the decision of Constitutional Petition no. D-408/2012 pending before the High Court of Sindh. The Bank's dealing legal counsel has confirmed that the Bank is not likely to suffer any loss in the case.

11.1.7 The property was awarded to the Bank by the Government of Pakistan for the purpose of carrying out Bank's business. The Bank has not utilized this property and is idle. Therefore, the Bank's management had decided to sell the property after obtaining prior approval from the Government of Pakistan. However, the Bank has not been able to secure the approval of Government of Pakistan because of Supreme Court of Pakistan's restraining order in suo moto case no. 16/2011 which prohibits the sale/transfer/mutation of state lands till further order. Suo moto case was initiated by the Supreme Court of Pakistan as multiple cases were reported in which government properties were being illegally transferred in fake deals. Since the property is idle, the Bank has obtained extension in time specified in Section 10 of the Banking Companies Ordinance, 1962 for holding of idle properties from the State Bank of Pakistan (SBP) and the SBP has allowed the Bank to retain the property at Mirpurkhas till the order in suo moto case no. 16/2011 remains effective.

11.1.8 This represent temporarily idle property for which extension in time specified in Section 10 of the Banking Companies Ordinance, 1962 for holding of such properties has been obtained by the Bank from State Bank of Pakistan (SBP). Kohat property has been written down to book value of Re. 1 owing to difficulties faced by the Bank in disposing off the said property and the SBP has allowed the Bank to retain the property till the situation is favourable for sale of this property.

11.1.9 The land at Nawabshah was granted to the Bank for the construction of bank building on the directives of Chief Minister Sindh. However, a person (the Party) illegally raised claim on the property and illegally transferred the property to two persons. This was contended by the Bank in the Court of 1st Senior Civil Judge, Nawabshah and the suit was decreed in Bank's favour. The Party filed appeals up to Supreme Court level but all the appeals are dismissed. After dismissal of appeal from the Supreme Court, the Bank's decree attained finality. Consequently, execution application was filed by the Bank to execute the Judgment Decree requiring revenue authorities to demarcate the land and issue title documents in the name of the Bank. No decision has yet been issued in respect of the execution application to date and the Bank does not have possession of this property. The Bank is still pursuing this matter and the Bank's lawyer responsible for the concerned matter is of the view that the Bank's interest is sufficiently secured with no likelihood of any apparent loss. The property is recorded at Rs. 125,000 being the amount of lease money deposited with Municipal Committee, Nawabshah. Accordingly, due to the above reasons, and in view of the uncertainty still involved, the Bank has not revalued the above land.

	Note	2024	2023
		----------Rupees in '000----------	
12 RIGHT-OF-USE ASSETS		**Buildings**	
At January 01,			
Cost		595,230	603,777
Accumulated Depreciation		(500,508)	(416,829)
Net Carrying amount at January 01,		94,722	186,948
Additions during the year		35,935	32,235
Reassessment		253,272	-
Deletions during the year		-	-
Depreciation Charge for the year	30	(135,702)	(124,461)
Net Carrying amount at December 31		248,227	94,722

13 INTANGIBLE ASSETS

	Note	2024	2023
Capital work-in-progress	13.1	19,770	18,118
Computer Software	13.2	28,317	27,447
		48,087	45,565

13.1 Capital work-in-progress

	2024	2023
Software up gradation (advance to the consultant)	19,770	18,118

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

13.2 Computer Software — **Buildings**

At 1 January 01,	Note	2024	2023
Cost		194,889	176,981
Accumulated amortisation and impairment		(167,442)	(150,887)
Net book value		27,447	26,094
Year ended December 31,			
Opening net book value		27,447	26,094
Additions		21,406	17,907
Amortisation charge	30	(20,536)	(16,554)
Closing net book value		28,317	27,447
At December 31,			
Cost		216,295	194,889
Accumulated amortisation and impairment		(187,977)	(167,442)
Net book value		28,317	27,447
Rate of amortisation (percentage)		10-33%	
Useful life in years		3-10	

13.3 As at 31 December 2024, the cost of fully amortised intangible assets still in use amounted to Rs. 16.925 million (2023: Rs. 88.367 million).

14 OTHER ASSETS

	Note	2024	2023
		----------Rupees in '000----------	
Income/ Mark-up accrued in local currency		1,862,692	2,874,460
Advances, deposits, advance rent and other prepayments		204,418	162,016
Advance taxation		17,920	-
Branch adjustment account		323	31,360
Acceptances		-	8,009
Suspense account		36	-
ATM settlement account		60,652	45,515
Government securities		-	9,505,200
Receivable against encashment of instruments		417	-
Stationary & stamps on hand		7,869	10,231
Others		3,939	8,795
		2,158,266	12,645,587
Less: Credit loss allowance held against other assets	14.1	-	(48,169)
Other assets (Net of credit loss allowance)		2,158,266	12,597,418

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

14.1 Credit loss allowance held against other assets

Advances, deposits, advance rent & other prepayments		-	-
Non banking assets acquired in satisfaction of claims		-	-
Others (to be specified if material)		-	48,169
		-	48,169

15 CONTINGENT ASSETS

There were no contingent assets of the Bank as at December 31, 2024 (December 31, 2023: Nil). However, several recovery suits has been filed by the Bank.

16 BILLS PAYABLE

In Pakistan		234,819	145,626
Outside Pakistan		-	-
		234,819	145,626

17 BORROWINGS

	Note	2024	2023
Secured			
Borrowings from State Bank of Pakistan			
Under export refinance scheme		600,000	850,000
Under revised SBP Financing Scheme for Renewable Energy	17.2	23,359	12,455
Under Refinance & Credit Guarantee Scheme for Women Enterpreneurs (RCWE) in underserved areas	17.3	18,226	37,083
Under Refinance & Credit Guarantee Scheme for Solar Energy		-	18,279
Under Refinance & Credit Guarantee Scheme for Special Persons		351	738
Under Temporary Economic Refinance Facility	17.4	525,042	554,263
		1,166,978	1,472,818
Repurchase Agreement Borrowing	17.5	26,880,440	31,150,000
		28,047,418	32,622,818

17.1 Particulars of borrowings in respect of currencies

In local currency		28,047,418	32,622,818
In foreign currencies		-	-
		28,047,418	32,622,818

17.2 The Bank has entered into arrangement for financing with the State Bank of Pakistan (SBP) under Revised SBP Financing Scheme for Renewable Energy. As per the arrangement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with SBP. This carries mark-up rate of 3% per annum (2023: 3% per annum). These borrowings are repayable up to November 2025.

17.3 These borrowings have been obtained from SBP under the refinance and credit guarantee scheme for women entrepreneurs in underserved areas for setting up of new units and meet credit needs of business. The borrowings are repayable in equal quarterly installments after grace period if any and does not carry any interest. The rate of markup for end users under the facility is up to 5% per annum. The loss, if any, includes risk coverage of 60% of the outstanding principal by the State Bank of Pakistan.

17.4 The Bank has entered into arrangement for financing with the State Bank of Pakistan (SBP) for extending Temporary Economic Refinance Facility to customers. As per the arrangement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with SBP. This carries mark-up rate of 3% per annum

17.5 This carries mark-up rate upto 13.10% per annum (2023: 22.11% per annum). The borrowing is repayable up to January 01, 2024 (2023: January 01, 2024). This borrowing is secured against government securities having carrying value of Rs.27.100 Billion (2023: Rs.31.150 Billion).

18 DEPOSITS AND OTHER ACCOUNTS

	2024			2023		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	(Rupees in '000)					
Customers						
Term deposits	7,033,381	-	7,033,381	9,174,226	-	9,174,226
Savings deposits	17,939,360	313,167	18,252,527	16,377,840	389,533	16,767,373
Current accounts - non-remunerative	4,735,560	42,403	4,777,963	4,602,946	61,587	4,664,533
Others	863,630	851	864,481	466,270	881	467,151
	30,571,931	356,421	30,928,352	30,621,282	452,001	31,073,283
Financial Institutions						
Term deposits	11,000	-	11,000	111,000	-	111,000
Savings deposits	648,633	-	648,633	137,866	-	137,866
Current accounts - non-remunerative	12,037	-	12,037	10,182	-	10,182
	671,670	-	671,670	259,048	-	259,048
	31,243,601	356,421	31,600,022	30,880,330	452,001	31,332,331

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

18.1 Composition of deposits

- Individuals	13,819,628	12,712,748
- Government (Federal and Provincial)	10,720,787	13,690,746
- Public sector entities	1,109,303	568,004
- Non-banking financial institutions	671,671	259,048
- Private sector	5,278,633	4,101,785
	31,600,022	31,332,331

18.2 Deposits includes eligible deposits of Rs. 17,035 million (2023: Rs. 15,257 million) which are covered under deposit protection mechanism as required by the Deposit Protection Corporation circular no 4 of 2018.

19 LEASE LIABILITIES

Outstanding amount at the begining of the year	238,425	264,582
Additions during the year	22,000	-
Adjustment during the year	108,127	-
Lease payments including interest	(145,144)	(80,083)
Interest expense	54,519	53,926
Outstanding amount at the end of the year	277,927	238,425

19.1 Contractual maturty of lease liabilities

Short-term lease liabilities - within one year	97,813	19,779
Long-term lease liabilities		
- 1 to 5 years	157,686	183,921
- 5 to 10 years	22,428	34,725
- More than 10 years	-	-
	180,114	218,646
Total lease liabilities	277,927	238,425

20 DEFERRED TAX LIABILITIES

	2024			
	At January 1	Recognised in P&L A/C	Recognised in OCI	At Dec 31
	---------Rupees in '000---------			
Deductible / (taxable) temporary differences on :				
- Lease liability - net of ROUA	(46,724)	39,981	-	(6,743)
- Surplus on revaluation of :				
Buildings	169,185	9,189	(2,938)	175,436
Investments	36,509	-	30,366	66,875
- Remeasurement loss on defined benefit obligations	18,728	-	(25,034)	(6,306)
Net deferred tax liability	177,698	49,170	2,394	229,262

	2023			
	At January 1	Recognised in P&L A/C	Recognised in OCI	At Dec 31
	---------Rupees in '000---------			
Deductible / (taxable) temporary differences on :				
- Lease liability - net of ROUA	(30,277)	(16,447)	-	(46,724)
- Surplus on revaluation of :				
Buildings	101,837	(5,441)	72,788	169,185
Investments	(24,295)	-	60,804	36,509
- Remeasurement loss on defined benefit obligations	6,969	-	11,759	18,728
Net deferred tax liability	54,234	(21,888)	145,351	177,698

21 OTHER LIABILITIES

	Note	2024	2023
		---------Rupees in '000---------	
Mark-up/ Return/ Interest payable in local currency		1,848,063	2,753,923
Unearned commission and income on bills discounted		2,434	5,538
Accrued expenses		287,158	193,511
Current taxation		-	12,424
Acceptances		-	8,009
Payable under a defined benefit scheme		7,140	7,140
Payable to staff retirement defined benefit plans		31,653	30,101
Provision for employees' compensated absences		69,161	65,720
Provident fund payable to the members	21.1	4,790	4,802
Staff Welfare Fund		782	782
Benevolent fund balance (being refunded to the employees)		1,958	1,958
Credit loss allowance against off-balance sheet	21.2	44,449	34,087
Payable against purchase of fixed assets		2,796	1,940
Clearing proceeds awaiting clearance		114	-
Payable against collection and withholding tax		-	35,137
Others		103,557	38,010
		2,404,055	3,193,082

21.1 This represents the provident fund balance payable to the members of the Provident Fund. The Fund was discontinued in a previous year and the balance in its records were transferred to the Bank for onwards settlement to the members.

	Note	2024	2023
		-----------Rupees in '000----------	
21.2 Credit loss allowance against off-balance sheet obligations			
Opening balance		34,087	106,087
Impact of adoption of IFRS-9	5.1	39,717	-
Reversals		(29,355)	(72,000)
Closing balance		44,449	34,087

22 SHARE CAPITAL

22.1 Authorized capital

2024	2023		2024	2023
-------(Number of shares)-------			---------(Rupees in '000)---------	
600,000,000	600,000,000	Ordinary shares of Rs. 10/- each	6,000,000	6,000,000

22.2 Issued, subscribed and paid up capital

2024	2023		2024	2023
-------(Number of shares)-------			---------(Rupees in '000)---------	
		Ordinary shares of Rs 10/- each		
334,365,000	334,365,000	- Fully paid in cash	3,343,650	3,343,650
65,046,250	65,046,250	- Issued as bonus shares	650,463	650,463
399,411,250	399,411,250		3,994,113	3,994,113

22.3 Shareholders (associated undertakings)

	2024		2023	
	Number of shares held	Percentage of shareholding %	Number of shares held	Percentage of shareholding %
Federal Government of Pakistan through Ministry of Finance	330,088,793	82.64	330,088,793	82.64
MCB Bank Limited	23,095,324	5.78	23,095,324	5.78
Habib Bank Limited	23,095,324	5.78	23,095,324	5.78
Allied Bank Limited	7,734,927	1.94	7,734,927	1.94
National Bank of Pakistan	7,698,441	1.93	7,698,441	1.93
United Bank Limited	7,698,441	1.93	7,698,441	1.93
	399,411,250	100.00	399,411,250	100.00

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

23 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

	Note	2024	2023
Surplus / (deficit) on revaluation of			
- Securities measured at FVOCI - Debt	9.1	159,227	93,614
- Property and equipment	23.1	494,390	501,748
		653,617	595,362
Less: Deferred tax on surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI - Debt		66,875	36,509
- Property and equipment		166,093	169,184
		232,968	205,693
		420,649	389,668

23.1 Surplus on revaluation of property and equipment

	2024	2023
Surplus on revaluation of property and equipment as at January 01,	501,748	329,062
Recognised during the year	-	186,637
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(4,267)	(8,510)
Related deferred tax liability on incremental depreciation charged during the year	(3,091)	(5,441)
Surplus on revaluation of property and equipment as at December 31,	494,390	501,748
Less: related deferred tax liability on:		
- revaluation as at January 01,	169,184	101,837
- revaluation recognised during the year	-	72,788
- incremental depreciation charged during the year	(3,091)	(5,441)
	166,093	169,184
	328,297	332,564

24 CONTINGENCIES AND COMMITMENTS

	Note	2024	2023
- Guarantees	24.1	1,255,902	1,310,519
- Commitments	24.2	89,109	432,188
- Other contingent liabilities	24.3	3,179,764	2,839,473
		4,524,775	4,582,180

24.1 Guarantees:

	2024	2023
Performance guarantee	1,255,902	1,310,519
	1,255,902	1,310,519

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

24.2 Commitments:

Documentary credits and short-term trade-related transactions			
- letters of credit		87,859	432,188
Commitments for acquisition of:			
- Fixed assets		-	-
- Intangible assets		1,250	-
		89,109	432,188

24.3 Other contingent liabilities

These mainly represent counter claims by borrowers for damages due to the legal action and reputational damages they face while proceedings of recovery and related criminal suits on them and other claims against the Bank. Management is confident that the matters will be decided in the Bank's favour. Accordingly, no provision has been made in financial statements.

24.4 Commitments to extend lendings

The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

24.5 Contingency for tax payable

There were no tax related contingencies other than as disclosed in note 33.

25 MARK-UP / RETURN / INTEREST EARNED

Loans and advances		1,407,647	2,095,986
Investments		9,475,662	10,148,930
Lendings to financial institutions		81,770	222,616
Balance with banks		5,072	10,283
		10,970,151	12,477,815

26 MARK-UP / RETURN / INTEREST EXPENSED

Deposits		4,977,262	4,528,810
Borrowings		4,424,062	5,820,996
Finance cost on lease liability against right-of-use assets		54,519	53,926
		9,455,843	10,403,732

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

27 FEE & COMMISSION INCOME

	Note	2024	2023
Branch banking customer fees		29,751	30,643
Consumer finance related fees		3,767	4,073
Card related fees (debit and credit cards)		14,373	16,487
Credit related fees		1,058	1,573
Commission on trade		6,757	13,168
Commission on guarantees		15,878	12,353
Commission on bancassurance		1,262	858
Others		3,925	2,774
		76,771	81,929

28 LOSS ON SECURITIES

	Note	2024	2023
Realised	28.1	(1,936)	(277)

28.1 Realised loss on:

	Note	2024	2023
Federal government securities		(1,936)	(277)

28.2 Net loss on financial assets/ liabilities measured at FVPL:

	Note	2024	2023
Net loss on financial Securities manadatorily measured at FVPL		-	-
Net loss on financial assets (debt instruments) measured at FVOCI		(1,936)	(277)
		(1,936)	(277)

29 OTHER INCOME

	Note	2024	2023
Gain on sale of property and equipment-net		11	397
Tender fee received		165	307
Recovered from employees against unserved notice period		1,568	1,358
Reassessment of lease	29.1	114,391	-
Others		3	2
		116,138	2,064

29.1 This represents the rearrangements/updates in the relevant rent agreements of the branches of the Bank.

	Note	2024	2023
		-----------Rupees in '000-----------	
30 OPERATING EXPENSES			
Total compensation expense	30.1	741,503	794,290
Property expense			
Rent & taxes		5,698	55,173
Insurance		46,411	40,386
Utilities cost		95,245	81,391
Security (including guards)		70,001	60,008
Repair & maintenance (including janitorial charges)		45,032	41,414
Depreciation on property and equipment	11.1	31,277	124,461
Depreciation on right-of-use assets	12	135,702	21,025
		429,366	423,858
Information technology expenses			
Software maintenance		62,791	51,718
Hardware maintenance		80,158	62,116
Depreciation	11.1	17,011	22,370
Amortisation	13.2	20,536	16,554
		180,496	152,758
Other operating expenses			
Directors' fees and allowances	41.3	2,060	2,163
Legal & professional charges		50,437	18,269
Outsourced services costs	30.2	5,487	5,234
Travelling & conveyance		15,280	12,808
NIFT clearing charges		26,017	6,160
Depreciation		25,620	7,052
Training & development		421	563
Postage & courier charges		3,941	5,980
Communication		47,590	49,583
Stationery & printing		24,360	21,820
Marketing, advertisement & publicity		8,456	3,804
Entertainment		15,867	10,639
Membership and subscriptions		234	2,899
Auditors Remuneration	30.3	12,000	11,000
Others		17,483	17,075
		255,253	175,049
		1,606,618	1,545,955

	Note	2024	2023
		Rupees in '000	

30.1 Total compensation expense

Fees and allowances etc		34,924	15,427
Managerial remuneration			
Fixed		286,770	300,864
Variable			
a) Cash bonus / awards etc.		112,852	177,656
b) Bonus & awards in shares etc.			
Charge for defined benefit plan		20,384	19,882
Contribution to defined contribution plan		4,660	6,786
Rent & house maintenance		105,004	101,003
Utilities		27,769	26,403
Medical		35,957	33,550
Conveyance		54,258	53,091
Cola allowance		17,640	19,624
Cola - region		2,079	2,984
Compensatory allowance		4,721	4,868
Compensatory allowance- region		2,778	2,947
Car monetization allowance		19,705	19,165
Car monetization allowance- region		6,022	4,388
Telephone allowance		2,340	2,308
Others		3,640	3,345
		741,503	794,290

30.2 This pertains to payment to companies incorporated in Pakistan.

30.3 Auditors' remuneration

Audit fee		11,000	10,000
Special certifications and sundry advisory services		400	600
Out-of-pocket expenses		600	400
		12,000	11,000

31 OTHER CHARGES

Penalties imposed by State Bank of Pakistan		155	1,234
		155	1,234

32 CREDIT LOSS ALLOWANCE & WRITE OFFS - NE

Reversal / net credit loss allowance / provision against loans and advances	10.4	(46,420)	255,875
Net reversal of credit loss allowance against to financial institutions	8.4	(75,008)	-
Reversal - others		(41,061)	(20,590)
Provision against off balance sheet obligations		-	(72,000)
		(162,489)	163,285

	Note	2024	2023
		Rupees in '000	

33 TAXATION

Current		139,538	157,076
Prior years		-	-
Deferred		49,170	(21,888)
		188,708	135,189

33.1 Reconciliation of tax charge to the accounting income is not presented as the current tax charge is under Section 113 of Income Tax Ordinance, 2001.

33.2 While finalizing the assessments for tax years from 1997 to 2000 and from 2004 to 2008 (financial years ended from December 31, 1996 to December 31, 1999 and from December 31, 2003 to December 31, 2007 respectively), the tax authorities, from time to time, made certain disallowances of nostro account balances written off, apportionment of expenses, interest suspended etc., against which appeals were filed by the Bank at the Appellate Tribunal Inland Revenue (ATIR).

33.3 The ATIR vide its order dated May 31, 2012 decided all the matters (except disallowance of written off of nostro balances, interest suspended and apportionment of expenses) for tax years from 2004 to 2008 in favor of the Bank against which CIR had filed an appeal in the Sindh High Court (SHC) which is pending for hearing.

Further, the matter of nostro balances written off was remanded back by ATIR to the CIR whereas the matter of apportionment of expenses and interest suspension have been disallowed against which the Bank has filed an appeal in SHC, which is pending adjudication. Tax amount involved is Rs. 10.769 million. The management is confident that the decision in appeals (including those filed by CIR as explained above) would be in its favour. However, for abundant caution, provision of aforesaid amount is being maintained by the Bank.

33.4 The Income Tax department has issued orders under sections 161 and 205, raising demands due to the non-deduction of tax on profit payments on certain deposits for the tax years 2014, 2015, 2016, and 2017, respectively. In accordance with prudent accounting practices, provisions have been established for the tax years for which decisions are pending.

	Note	2024	2023
		(Rupees)	

34 BASIC EARNINGS PER SHARE

Profit for the year		79,088	322,165
		(Number)	
Weighted average number of ordinary shares		399,411	399,411

	Note	2024	2023
		(Rupees)	
Basic earnings per share		0.198	0.807

35 DILUTED EARNINGS PER SHARE

	2024	2023
Profit for the year	79,088	322,165
	(Number)	
Weighted average number of ordinary shares	399,411	399,411
	(Rupees)	
Diluted earnings per share	0.198	0.81

36 CASH AND CASH EQUIVALENTS

	Note	2024	2023
Cash and balances with treasury banks	6	2,987,105	2,928,217
Balances with other banks	7	6,176	1,891
		2,993,281	2,930,108

36.1 Reconciliation of movement in liabilities to cash flows arising from financing activities

	2024	2023
	Lease Liabilities (Rs in '000)	
Balance as at January 01,	238,425	264,582
Payment against lease liabilities - net	(145,144)	(80,083)
Addition to lease liabilities - net	130,127	-
Finance charges on leased liabilities	54,519	53,926
Balance as at December 31,	277,927	238,425

37 STAFF STRENGTH

	2024	2023
	(Number)	
Permanent	398	421
On bank contract	65	61
Bank's own staff strength at end of the year	463	482

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

38 DEFINED BENEFIT PLAN

38.1 General description

The Bank operates an approved pension fund and an approved gratuity fund for its employees as explained in note 4.10 to these financial statements.

38.2 Number of employees under the scheme

	2024	2023
	(Number)	
Pension fund	39	39
Gratuity fund	424	443

38.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2024 using the following significant assumptions:

	2024	2023
	Per annum	
Discount rate	12.25%	15.50%
Expected rate of return on plan assets	10.25%	13.50%
Expected rate of salary increase	10.25%	13.50%
Expected rate of increase in pension	4.25%	7.50%
Mortality rate	(SLIC (2001-05)-1	(SLIC (2001-05)-1
Rate of employee turnover	Light	Light

38.4 Reconciliation of (receivable from) / payable to defined benefit plans

	2024		2023	
	Pension Fund	Gratuity Fund	Pension Fund	Gratuity Fund
	(Rupees in '000')			
Present value of defined benefit obligations	202,437	96,775	191,839	77,648
Fair value of plan assets	(220,156)	(47,403)	(189,800)	(49,586)
(Receivable) / payable	(17,719)	49,372	2,039	28,062

38.5 **Movement in defined benefit obligations**

	Note	2024 Pension fund	2024 Gratuity fund	2023 Pension fund	2023 Gratuity fund
		(Rupees in '000)			
Obligations at the beginning of the year		191,839	77,657	186,695	65,445
Current service cost		4,084	18,374	4,133	17,645
Interest cost		29,270	11,079	26,636	8,761
Benefits paid by the bank		(9,877)	(8,178)	(13,336)	(8,921)
Benefits payable to outgoing members		-	(1,906)	(3,486)	-
Re-measurement loss / (gain)		(12,859)	(242)	(8,803)	(5,273)
Obligations at the end of the year		202,457	96,784	191,839	77,657

38.6 **Movement in fair value of plan assets**

	Note	2024 Pension fund	2024 Gratuity fund	2023 Pension fund	2023 Gratuity fund
		(Rupees in '000)			
Fair value at the beginning of the year		189,800	49,586	170,296	36,373
Interest income on plan assets		28,886	9,069	24,197	6,526
Benefits paid during the year by the Fund		(9,877)	(8,178)	(13,336)	(8,921)
Actual contribution by Employer		-	-	-	11,665
Settlement payable from the fund lump sum to members		-	(1,906)	(3,486)	-
Re-measurements: Net return on plan assets over interest income gain / (loss)	38.8.2	11,347	(1,168)	12,129	3,943
Fair value at the end of the year		220,156	47,403	189,800	49,586

38.7 **Movement in (receivable) / payable under defined benefit schemes**

	Note	2024 Pension fund	2024 Gratuity fund	2023 Pension fund	2023 Gratuity fund
		(Rupees in '000)			
Opening balance		2,039	28,071	16,399	29,072
Charge for the year		4,448	20,384	6,574	19,882
Contribution by the bank - net		-	-	-	(11,665)
Re-measurement (gain) / loss recognised in OCI during the year	38.8.2	(24,206)	926	(20,934)	(9,218)
Closing balance		(17,719)	49,381	2,039	28,071

38.8 Charge for defined benefit plans

38.8.1 Cost recognised in profit and loss

	2024		2023	
	Pension fund	Gratuity fund	Pension fund	Gratuity fund
	----------(Rupees in '000)----------			
Current service cost	4,064	18,174	6,135	17,645
Net interest on defined benefit asset / liability	384	2,010	2,439	2,237
	4,448	20,184	8,574	19,882

38.8.2 Re-measurements recognised in OCI during the year

	2024		2023	
	Pension fund	Gratuity fund	Pension fund	Gratuity fund
	----------(Rupees in '000)----------			
Loss / (gain) on obligation				
Demographic assumptions	-	837	-	-
Financial assumptions	(4,638)	(1,445)	4,943	372
Experience adjustment	(8,221)	266	(13,738)	(5,645)
Return on plan assets over interest income	(1,347)	1,168	(12,129)	(3,945)
Total re-measurements recognised in OCI	(14,206)	826	(20,924)	(9,218)

	2024		2023	
	Pension fund	Gratuity fund	Pension fund	Gratuity fund
	(Rupees in '000)			
38.9 Components of plan assets				
Cash and cash equivalents - net	7,046	7,253	8,658	6,187
Government securities	213,110	40,150	181,142	43,399
	220,156	47,403	189,800	49,586

38.10 The Funds primarily invests in government securities which do not carry any significant credit risk. These are subject to interest rate risk based on market movements. Investment in term finance certificates are subject to credit risk and interest rate risks, while equity securities are subject to price risk. These risks are regularly monitored by Administrator of the Pension fund.

38.11 Sensitivity analysis

The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption should be summarised as illustrated below:

	2024	
	Pension Fund	Gratuity Fund
	(Rupees in '000)	
1% increase in discount rate	185,735	94,258
1% decrease in discount rate	221,904	99,452
1% increase in expected rate of salary increase	209,567	99,672
1% decrease in expected rate of salary increase	195,918	94,031
1% increase in expected rate of pension increase	215,926	-
1% decrease in expected rate of pension increase	190,406	-
38.12 Expected charge for the next financial year	2,415	21,392

38.13 Maturity profile

	2024 Pension fund	2024 Gratuity fund	2023 Pension fund	2023 Gratuity fund
The weighted average duration of the obligation (in years)	8.25	6.63	8.40	8.18
Distribution of timing of benefit payments (time in years)				
1	11,884	6,997	10,292	1,872
2	18,014	8,013	11,009	5,177
3	17,819	14,340	17,755	7,877
4	15,036	21,364	23,180	14,681
5	21,422	19,078	16,413	30,262
6-10	151,661	148,680	168,400	167,695
11-15	157,838	-	230,090	-

38.14 Funding Policy

The Bank has the policy to make annual contributions to the fund based on actuarial report.

38.15 Significant risk associated with the staff retirement benefit schemes include:

Asset volatility	Almost all the Fund is in a liquid position with the Bank giving rise to significant reinvestment risk. There is no equity or corporate bond exposure. Thus, no equity or settlement risk.
Changes in bond yields	The valuation for all retirement benefit is discounted with reference to the bond yields. So, any increase in Bond yields will lower the Liability and vice versa, but, it will also lower the Asset values if they are invested in the bonds.
Inflation risk	The salary inflation (especially the final salary risk) is the major risk that the retirement benefit liability carries. In a general economic sense and in a longer view, there is a case that if bond yields increase, the change in salary inflation generally offsets the gains from the decrease in discounted gratuity liability. But viewed with the fact that, asset values will also decrease; the salary inflation does, as an overall affect, increases the net liability of the Bank. Further, there is also a risk of pension increases on pension liability, however, this is a controlled risk as annual pension increases are allotted by the Bank and the Trustees.
Life expectancy / withdrawal rate	The risk that the actual mortality experience is different than the assumed mortality. This effect depends on the beneficiaries' service / age distribution and the benefits. The risk of higher or lower withdrawl experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

39 UNFUNDED GRATUITY

The Bank used to operate an unfunded gratuity arrangement for its ex-President. The liability determined in accordance with the terms of the arrangement as at December 31, 2024 was Rs. 7.140 million (2023: Rs 7.140 million). As the amount is not material in relation to the size of financial statements taken as a whole, actuarial valuation has not been carried out.

40 EMPLOYEES COMPENSATED ABSENCES

The liability of the Bank in respect of employees compensated absences is determined based on actuarial valuation carried out using Projected Unit Credit Method. The liability of the Bank as per the latest actuarial valuation carried out as at December 31, 2024 amounted to Rs. 69.161 million (2023: Rs. 65.720 million). Charge for the year in respect of these absences is Rs. 2.104 million (charge for the year 2023: Rs. 12.223 million) which is included in note 30 to these financial statements. Discount rate of 12.25% (2023: 15.50%) and salary increase of 10.25% (2023: 13.50%) per annum have been used for the above valuation.

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

	2024	2023
Discount rate	12.25%	15.50%
Expected Long Term return	Not Applicable	Not Applicable
Salary increase		
First year	10.25%	13.50%
Second year and onwards	10.25%	13.50%
Withdrawal before Normal Retirement Age	Light	Light
Death in services	SLIC (2001-05)-01	SLIC (2001-05)-01

41 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

41.1 Total Compensation Expense

Items	2024				
	Directors			President / CEO	Key Management Personnel
	Chairman	Executive	Non - Executive		
	(Rupees in '000)				
Fees and allowances	340	-	1,720	-	-
Managerial remuneration					
i) Fixed	-	-	-	17,295	20,414
ii) Variable	-	-	-	5,788	9,853
Rent & house maintenance	-	-	-	9,212	10,899
Utilities	-	-	-	2,594	2,842
Medical	-	-	-	-	3,408
Conveyance	-	-	-	-	830
Charge for defined benefit plan	-	-	-	1,123	349
Others	-	-	-	2,248	34,898
Total	340	-	1,720	38,558	95,851
Number of persons	1	-	4	1	11

Items	2023				
	Directors			President / CEO	Key Management Personnel
	Chairman	Executive	Non - Executive		
	(Rupees in '000)				
Fees and allowances	255	-	1,605	-	-
Managerial remuneration					
i) Fixed	-	-	-	16,338	29,487
ii) Variable	-	-	-	5,512	6,051
Rent & house maintenance	-	-	-	9,096	10,398
Utilities	-	-	-	2,481	2,049
Medical	-	-	-	-	3,511
Conveyance	-	-	-	-	699
Charge for defined benefit plan	-	-	-	-	13,542
Others	-	-	-	33,826	-
Total	255	-	1,605	67,254	66,317
Number of persons	1	-	4	1	16

41.2 The acting Chief Executive was also provided with free use of the Bank's maintained car and household equipment in accordance with the terms of employment.

41.3 Remuneration paid to Directors for participation in Board and Committee Meetings.

Sr.No.	Name of Director	2024					
		Meeting Fees and Allowances Paid					
		For Board Meetings	For Board Committees				Total Amount Paid
			HR & Remuneration Committee	Risk Management Committee	Audit Committee	Information Technology Committee	
		(Rupees in '000)					
1	Mr. Nijaab Agarwal	180	80	-	-	80	340
2	Ms. Naghmana Alamgir	240	120	-	-	40	400
3	Ms. Bushra Khan	240	120	-	160	-	520
4	Ms. Sumbul Munir	120	-	80	80	-	280
5	Mr. Wajahat Rasul Khan	240	-	120	160	-	520
		1,020	320	200	400	120	2,060

Sr. No.	Name of Director	2023 Meeting Fees and Allowances Paid: For Board Meetings	For Board Committees: HR & Remuneration Committee	For Board Committees: Risk Management Committee	For Board Committees: Audit Committee	For Board Committees: Information Technology Committee	Total Amount Paid
		(Rupees in '000)					
1	Mr. Najeeb Agarwal	200	90	-	-	65	355
2	Ms. Sabiha Sultan	-	-	-	-	-	-
3	Ms. Naghmana Alamgir	200	90	-	-	65	355
4	Ms. Bushra Khan	200	90	-	130	-	420
5	Ms. Farahat Munir	140	-	105	125	-	370
6	Mr. Wajahat Rasul Khan	200	-	150	130	-	480
		940	270	255	385	130	1,980

42 FAIR VALUE MEASUREMENTS

The fair value of traded investments are based on quoted market prices. The fair value of unquoted equity securities is determined on the basis of the break-up value of the investee company. The fair value of unquoted debt securities, fixed term loans, other assets and fixed term deposits and borrowings and other liabilities cannot be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

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

All assets for which fair value is measured or disclosed in these financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

42.1 Fair value of financial assets

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (Pakistan Stock Exchange) 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) available at MUFAP and Reuters page. The fair values of Federal Government Securities are determined on the basis of rates / prices sourced from Reuters.

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

42.1.1 Valuation techniques used in determination of fair values within level 2 and level 3.

Item	Valuation approach and input used
Federal Government securities	The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) / Bloomberg.

42.2 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				
		Fair value			
	Carrying / notional value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
On balance sheet financial instruments					
Financial assets measured at fair value					
Investments					
-Federal Government Securities	52,065,698	-	52,065,698	-	52,065,698
Financial assets not measured at fair value					
Investments					
- Shares of an unlisted company	354	-	-	-	-
Cash and balances with treasury banks	2,987,103	-	-	-	-
Balances with other banks	6,176	-	-	-	-
Lending to financial institutions	399,946	-	-	-	-
Advances	7,383,648	-	-	-	-
Other assets	2,158,365	-	-	-	-
	12,938,894	-	-	-	-
Off-balance sheet financial instruments	-	-	-	-	-

	2023				
		Fair value			
	Carrying / notional value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
On balance sheet financial instruments					
Financial assets measured at fair value					
Investments					
-Federal Government Securities	44,359,019	-	44,359,019	-	44,359,019
Financial assets not measured at fair value					
Investments					
- Shares of an unlisted company	958	-	-	-	-
Cash and balances with treasury banks	2,958,317	-	-	-	-
Balances with other banks	1,891	-	-	-	-
Lending to financial instruments	1,882,368	-	-	-	-
Advances	8,229,303	-	-	-	-
Other assets	12,397,418	-	-	-	-
	25,631,124	-	-	-	-
Off-balance sheet financial instruments	-	-	-	-	-

42.3 Non-financial assets carried at revalued amount

Non Financial assets carried at revalued amounts	2024	2023
	(Rupees in '000)	
	Level 3	Level 3
Fixed assets		
Property and equipment (freehold and leasehold land)	514,547	534,751

Land and Building acquired are valued on a periodic basis using professional valuers. The valuation is based on their assessments of the market value of the assets as explained in note 11.1.4. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these financial statements.

42 SEGMENT INFORMATION

42.1 Segment details with respect to business activities

	Corporate Finance	Treasury	Retail and Consumer banking	Commercial Banking	Total
	For the year ended December 31, 2024				
	(Rupees in '000)				
Profit & Loss					
Net mark-up / return / profit	(2,997,860)	5,202,138	(284,634)	(465,248)	1,454,708
Inter segment revenue / (expense) - net	4,055,453	(4,944,060)	337,535	551,069	-
Non mark-up / return / interest income	189,807	3,083	4,080	-	197,772
Total Income	1,247,524	321,183	57,035	86,534	1,712,080
Segment direct expenses	(1,445,023)	(14,890)	(38,124)	(88,523)	(1,606,775)
Inter segment expense allocation	1,483,651	(3,042,381)	24,118	36,612	-
Total expenses	338,629	(3,057,271)	(34,200)	(51,903)	(1,606,775)
Credit loss allowance	165,780	(3,251)	-	-	162,489
Profit / (loss) before tax	1,841,732	(2,727,370)	22,832	34,629	267,796
Balance Sheet					
Cash & bank balances	1,043,701	1,347,580	-	-	2,391,281
Investments	-	12,066,632	-	-	12,066,632
Net inter segment receivable / (payable)	27,658,115	(28,800,396)	(11,100)	1,153,381	-
Lending to financial institutions	-	399,946	-	-	399,946
Advances - performing	4,218,442	-	238,000	898,000	7,354,442
Advances - non-performing	(825,794)	-	3,000	854,080	31,286
Others	1,186,696	1,330,876	69,107	111,086	3,098,165
Total Assets	33,278,160	27,244,638	299,407	3,020,467	63,842,692
Borrowings	1,666,978	26,880,440	-	-	28,547,418
Deposits & other accounts	31,600,022	-	-	-	31,600,022
Others	6,600,149	-	(1,927,732)	(2,926,354)	1,746,063
Total Liabilities	40,367,149	26,880,440	(1,927,732)	(2,926,354)	62,393,503
Equity	(5,088,008)	364,219	2,227,137	5,946,820	3,450,189
Total Equity & liabilities	35,279,142	27,244,659	299,405	3,020,466	65,842,692
Contingencies and Commitments	4,524,775	-	-	-	4,524,775

	For the year ended December 31, 2021				
	Corporate Finance	Treasury	Retail and Consumer banking	Commercial Banking	Total
	(Rupees in '000)				
Profit & Loss					
Net mark-up / return / profit	(3,103,500)	4,703,356	(199,685)	(556,480)	2,074,083
Inter segment revenue / (expense) - net	3,375,971	(4,356,553)	296,987	483,574	-
Non mark-up / return / interest income	89,823	7,737	4,136	-	93,741
Total Income	1,352,502	354,782	101,438	129,088	2,167,823
Segment direct expenses	(1,287,863)	(17,600)	(25,305)	(86,730)	(1,347,189)
Inter segment expense allocation	1,168,260	(904,218)	(258,580)	(485,462)	-
Total expenses	180,697	(921,819)	(233,885)	(492,184)	(1,347,189)
Credit loss allowance	(163,285)	-	-	-	(163,285)
Profit / (loss) before tax	1,269,914	(567,037)	(213,417)	(333,095)	657,354
Balance Sheet					
Cash & bank balances	1,194,758	1,735,350	-	-	2,930,108
Investments	-	64,359,975	-	-	64,359,975
Net inter segment receivable / (payable)	28,334,003	(28,157,617)	(77,176)	(99,205)	-
Lending to financial institutions	-	1,882,344	-	-	1,882,344
Advances - performing	6,843,008	-	365,456	842,994	8,050,503
Advances - non-performing	37,832	-	8,385	103,574	149,791
Others	9,803,279	1,302,715	971,377	1,425,517	13,209,777
Total Assets	46,210,978	41,122,795	1,267,941	2,273,930	90,783,302
Borrowings	1,617,456	31,158,000	18,279	37,883	32,832,818
Deposits & other accounts	31,322,331	-	-	-	31,322,331
Others	7,387,074	16	(1,370,173)	(2,463,887)	3,554,031
Total Liabilities	40,326,861	31,158,016	(1,351,894)	(2,425,004)	67,708,980
Equity	5,884,116	(10,037,231)	2,615,133	4,697,934	3,083,522
Total Equity & liabilities	46,210,977	21,120,785	1,263,240	2,272,930	70,792,502
Contingencies and Commitments	4,582,190	-	-	-	4,582,190

44 TRUST ACTIVITIES

The Bank is not engaged in any significant trust activities. However, the Bank is holding investments of other entities in its IPS account maintained with the State Bank of Pakistan.

Category	No. of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Total
	As of December 31, 2024 Securities Held (Face Value)			
		(Rupees in '000)		
Government Entity	2	69,000	189,000	258,000

Category	No. of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Total
	As of December 31, 2023 Securities Held (Face Value)			
		(Rupees in '000)		
Government Entity	3	43,000	199,000	242,000

44.1 RELATED PARTY TRANSACTIONS

The Bank has related party relationships significantly with employee benefits, directors and key management personal. Government of Pakistan through Ministry of Finance holds 82.64 % of the Bank's share capital.

Transactions with key management personnel are as per the terms of their employment. Contributions to and accruals in respect of staff retirement benefit plans are in accordance with the actuarial valuation. Remuneration of the key management personnel are disclosed in notes 41 to these financial statements. Other transactions are at agreed rates.

Details of transactions and balances with related parties, except as disclosed elsewhere in the financial statements, are as follows:

	2024				2023			
	Directors / President	Key management personnel	Other related parties	Total	Directors / President	Key management personnel	Other related parties	Total
	Rupees in '000				Rupees in '000			
A - BALANCES								
Balances with other banks								
In current accounts	-	-	9,866	9,866	-	-	(2,344)	(2,344)
In deposit accounts	-	-	-	-	-	-	-	-
	-	-	9,866	9,866	-	-	(2,344)	(2,344)
Lending to financial institutions								
Opening balance	-	-	(34,180)	(34,180)	1,330	-	-	1,330
Additions during the year	-	-	1,202,000	1,202,000	-	-	11,819,236	11,819,236
Repaid during the year	-	-	(954,671)	(954,671)	-	-	(11,819,236)	(11,819,236)
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	4,208,242	4,208,242	1,330	-	-	1,330
Investments								
Un-listed shares	-	-	324	324	-	-	324	324
Advances								
Opening balance	32,936	68,415	-	101,351	37,821	57,706	-	95,527
Addition during the year	45,300	83,885	-	129,185	-	-	-	-
Repaid during the year	(5,855)	(11,525)	-	(17,380)	(4,885)	(15,778)	-	(20,663)
Transfer in / (out)	-	-	-	-	-	26,487	-	26,487
Closing balance	72,371	140,775	-	213,146	32,936	68,415	-	101,351
Credit loss allowance held against advances	-	-	-	-	-	-	-	-
Other assets								
Interest / mark-up accrued	119	321	-	440	144	277	-	340
ATM settlement account	-	-	-	-	-	-	-	-
	119	321	-	440	144	277	-	340
Credit loss allowance against other assets	-	-	-	-	-	-	-	-

	2024				2023			
	Directors / President	Key management personnel	Other related parties	Total	Directors / President	Key management personnel	Other related parties	Total
	Rupees in '000				Rupees in '000			
Borrowings								
Opening balance	-	-	-	-	-	-	-	-
Borrowings during the year	-	-	8,114,684	8,114,684	-	-	17,303,817	17,303,817
Settled during the year	-	-	(8,120,094)	(8,120,094)	-	-	(17,303,817)	(17,303,817)
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	(5,410)	(5,410)	-	-	-	-
Deposits and other accounts								
Opening balance	2,773	7,595	18,359	28,727	5,283	4,550	12,105	21,938
Received during the year	52,474	83,818	316,985	453,277	58,528	146,707	707,254	912,489
Withdrawn during the year	(21,448)	(85,800)	(313,762)	(453,077)	(61,040)	(144,203)	(709,122)	(914,460)
Transfer in / (out) - net	-	-	-	-	-	452	-	452
Closing balance	3,809	5,238	11,080	20,127	2,773	7,595	18,257	28,626
Other Liabilities								
Interest / mark-up payable	-	-	-	-	-	-	-	-
Payable to staff retirement fund	-	-	-	-	-	-	-	-
Retirement benefit payable	-	2,153	-	2,153	-	8,541	-	8,541
	-	2,153	-	2,153	-	8,541	-	8,541
Contingencies and Commitments	-	-	-	-	-	-	-	-

B - TRANSACTIONS

	Directors / President	Key management personnel	Other related parties	Total	Directors / President	Key management personnel	Other related parties	Total
Income								
Mark-up / return / interest earned	1,374	2,029	4,419	8,822	1,060	1,374	14,186	16,620
Dividend income	-	-	3,608	3,608	-	-	5,026	5,026
Expense								
Mark-up / return / interest expensed	-	-	3,431	3,431	432	533	44,258	45,223
Operating expenses	-	-	17,013	17,413	-	-	6,160	6,160
Charge to defined benefit plan	-	-	-	-	-	-	-	-
Remuneration and allowances	38,559	80,951	-	119,510	73,626	65,716	-	139,142
Director's meeting fee	2,100	-	-	2,100	-	1,900	-	1,900
Reimbursement of expenses to directors	60	-	-	60	60	-	-	60

45 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	Note	2024	2023
		-------(Rupees in '000)-------	
Minimum Capital Requirement (MCR):			
Paid-up capital (net of losses)	45.2	2,165,916	2,145,044
Capital Adequacy Ratio (CAR):			
Eligible Common Equity Tier 1 (CET 1) Capital		2,681,455	2,647,289
Eligible Additional Tier 1 (ADT 1) Capital		-	-
Total Eligible Tier 1 Capital		2,681,455	2,647,289
Eligible Tier 2 Capital		489,237	459,880
Total Eligible Capital (Tier 1 + Tier 2)		3,170,692	3,107,169
Risk Weighted Assets (RWAs):			
Credit Risk		5,487,039	5,616,914
Market Risk		1,332,629	845,874
Operational Risk		3,177,900	3,168,675
Total		9,997,568	9,631,463
Common Equity Tier 1 capital adequacy ratio		26.82%	27.49%
Tier 1 capital adequacy ratio		26.82%	27.49%
Total capital adequacy ratio		31.71%	32.26%
Minimum capital requirements prescribed by SBP			
Common Equity Tier 1 Capital Adequacy ratio		6.00%	6.00%
Tier 1 Capital Adequacy Ratio		7.50%	7.50%
Total Capital Adequacy Ratio		18.00%	18.00%
Leverage Ratio (LR):			
Eligible Tier-1 Capital		2,681,455	2,647,289
Total Exposures		67,324,022	72,537,269
Leverage Ratio		3.98%	3.65%
Liquidity Coverage Ratio (LCR):			
Total High Quality Liquid Assets		28,172,420	15,458,529
Total Net Cash Outflow		10,535,830	11,860,968
Liquidity Coverage Ratio		267%	130%

	Note	2024	2023
		-------(Rupees in '000)-------	
Net Stable Funding Ratio (NSFR):			
Total Available Stable Funding		31,247,130	199,502,152
Total Required Stable Funding		7,489,159	77,615,764
Net Stable Funding Ratio		417%	257%

45.1 Banks uses simple, maturity method and basic indicator approach for credit risk, market risk and operational risk exposures respectively in the capital adequacy calculation.

45.2 Being a public sector Bank, and in terms of the State Bank of Pakistan prescribed minimum capital requirements vide its letter reference BPRD/BA&CP/627/32/2014 dated January 01, 2014, the Bank is required to have a minimum paid up capital (net of losses) (MCR) of Rs. 3 billion and capital adequacy ratio of 18% at all times, subject to the condition that MCR level shall remain enforced until the Bank remains a public sector entity, the Bank will not be allowed to pay dividend until its paid up capital and reserves reach Rs. 6 billion and the per party exposure limit of the Bank will be 50% of the prudential regulations limits until the Bank's paid up capital and reserves reach Rs. 6 billion. At December 31, 2024, Bank's MCR (representing paid up capital net of accumulated losses) was Rs. 2.17 billion..

The full disclsoures on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS as per SBP instructions issued from time to time are placed on the website. The link to the full disclosure is available at http://www.fwbl.com.pk/public-documents/

45.3 RISK MANAGEMENT

The Banks's activities expose it to a variety of financial risks, including credit risk, market risk (including currency risk, interest rate risk, and price risk), liquidity risk, and operational risk. The Bank's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Banks's financial performance. Risk management is carried out by the Banks's risk management department under policies approved by the Board of Directors. Effective risk management is considered essential in the preservation of the assets and long-term profitability of the Bank. Clear guidelines and limits, which are under regular review, are backed by a system of internal controls and independent audit inspections. Internal reporting / MIS are additional tools for measuring and controlling risks.

45.4 Risk Governance Structure

The Board is responsible for ensuring active oversight of the implementation of policies and frameworks to prevent any significant financial loss or reduction in shareholder value. The Board manages its responsibility through Board Risk & Compliance Committee (BRCC) which is essentially a Board-level oversight committee that remains updated with regard to changes in the risk management activities of the Bank on behalf of the Board and is the highest risk-related policy making and supervising body for all types of risks faced by the Bank, notably credit, market, liquidity, operational, Information Security and other risks that may have material impact over the Bank's performance. BRCC functions under its Terms of Reference (TORs) duly approved by the Board of Directors.

Risk Management Group (RMG) operates as an independent group under the supervision of Chief Risk Officer (CRO). RMG's scope and coverage has been enhanced to cater enterprise-wide risk management, credit risk management, credit administration and information security. CRO reports directly to the President with a dotted line reporting to the Board Risk & Compliance Committee (BRCC). The group is responsible for performing the functions pertaining to development and oversight of the risk framework, methodologies and other functions assigned from time to time in line with local/ international best practices and under the ambit of SBP's regulations/ guidelines.

Risk governance of the Bank is being carried out by various management committees where material risks are addressed in more focused terms. These committees' function under duly approved Terms of Reference (TORs) to oversee various Risk Management activities within their scope. Enterprise Risk Committee (ERC) for Operational, Strategic, Reputational, and other risks; Management Credit Committee (MCC) for Credit Risk, Asset Liability Committee (ALCO) for Market & Liquidity Risk, and Compliance Committee for Management (CCM) for Compliance Risk.

45.5 Risk Management Framework

The Bank implements a risk management framework through a 'Three Lines of Defence' model & defines clear responsibilities and accountabilities for various offices and ensures effective & independent oversight and assurance that the activities take place as intended.

The First Line of Defence: Business groups have primary responsibility for identifying, measuring, monitoring and controlling the risks within their areas of accountability. They are required to implement effective procedures and controls to ensure compliance with the related policy requirements, to maintain appropriate risk management skills, and to act within defined parameters as a set and approved by the Board.

The Second Line of Defence: Primarily Risk Management and the Compliance functions in the Bank act as second line of defence however other support functions also perform control activities where applicable. These functions oversee and independently challenge the effectiveness of risk management actions taken by business groups which are further evaluated at Management-level Committees.

The Third Line of Defence: Audit & Inspection Group (A&IG) provides independent, objective assurance and consulting activity designed to add value and improve risk management functions of the Bank. A&IG helps the Bank accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."

The following paragraphs introduce Bank's exposures to material risks associated with its business activities and explain overall strategies and processes to manage those risks:

45.5.1 Credit risk

Credit risk is the risk that a customer or counterparty may not settle an obligation for full value, either when due or at any time thereafter. This risk arises from the potential that a customer's or counterparty's willingness or ability to meet such an obligation is impaired, resulting in an economic loss to the Bank.

The Credit Risk Management process is driven by the Bank's Credit Risk approved by the BOD. This policy provides guidance in relation to credit initiation, approval, documentation and disbursement, credit maintenance and remedial management.

Credit approval authorities are based on four eye principal with equal credit authorities given to both Risk and Business individuals. Head Office Risk Committee is the main credit approval authority. This committee comprises of CRO, Business Head and the President.

Bank has a Board approved Risk Appetite Statement sets Credit concentrations Portfolio, Geographical, Industry as well as IRR based portfolio Management..

45.5.1.1 Credit risk - general disclosures

The Bank uses reputable and SBP approved rating agencies for deriving risk weight to specific credit exposures. These are applied consistently across the Bank credit portfolio for both on-balance sheet and off-balance sheet exposures. The methodology applied for using External Credit Assessment Institutions (ECAI's) inclusive of the alignment of alpha numeric scale of each agency used with risk bucket is as per SBP guidelines as is given below:

45.5.1.2 Types of Exposures and ECAI's used

Exposures	JCR - VIS	PACRA	S & P	Fitch	Moody's
Corporate	✓	✓	-	-	-
Banks	✓	✓	-	-	-
Sovereign	-	-	-	-	-
SME's	✓	✓	-	-	-

*FITCH, Moody's and S&P ratings (as applicable) are used where sovereign exposures are denominated in USD.

Mapping to SBP Rating Grades

For all exposures, the selected ratings are translated to the standard rating grades given by the SBP. The mapping tables used for converting ECAI ratings to the SBP rating grades are given below:

Long Term Rating Grades mapping

SBP Rating grade	ECA Scores	JCR-VIS	PACRA	S&P	Fitch	Moody's
1	0, 1	AAA AA+ AA AA-	AAA AA+ AA AA-	AAA AA+ AA AA-	AAA AA+ AA AA-	Aaa Aa1 Aa2 Aa3
2	2	A+ A A-	A+ A A-	A+ A A-	A+ A A-	A1 A2 A3
3	3	BBB+ BBB BBB-	BBB+ BBB BBB-	BBB+ BBB BBB-	BBB+ BBB BBB-	Baa1 Baa2 Baa3
4	4	BB+ BB BB-	BB+ BB BB-	BB+ BB BB-	BB+ BB BB-	Ba1 Ba2 Ba3
5	5, 6	B+ B B-	B+ B B-	B+ B B-	B+ B B-	B1 B2 B3
6	7	CCC+ and below	CCC+ and below	CCC+ and below	CCC+ and below	Caa1 and below

Short-Term rating grades mapping

SBP Rating grade	JCR-VIS	PACRA	S&P	Fitch	Moody's
S1	A-1+ A-1	A-1+ A-1	A-1+ A-1	F1 F1	P-1 P-1
S2	A-2	A-2	A-2	F2	P-2
S3	A-3	A-3	A-3	F3	P-3
S4	Others	Others	Others	Others	Others

45.5.1.3 Loans and advances

Loans and advances are stated net of Expected Credit Loss (ECL) and charged to the profit and loss.

The Bank only measures loans and advances at amortised cost if both of the following conditions are met:

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

Business Model Assessment

The Bank assesses 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 the management. The information considered includes:

Assessments whether contractual cash flows are solely payments of principal and interest

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

In assessing whether the contractual cash flows are solely payments of principal and interest, 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.

Classification of Investments

The Bank currenty classifies its investments as follows:

a) Fair value through profit and loss

These are investments acquired principally for the purpose of generating profits from short - term fluctuations in price or dealer's margin or are securities included in a portfolio in which a pattern of short - term trading exists.

b) **Amortized cost**

These are investments with fixed or determinable payments and fixed maturities which the Bank has the intention and ability to hold till maturity.

c) **Fair value through other comprehensive income**

These are investments which do not fall under amortized cost and fair value thorugh profit and loss categories.

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

Investments (other than fair value through profit and loss) are initially measured at fair value plus transaction cost associated with the investment. Investments classified as fair value through profit and loss are initially measured at fair value, and transaction costs are expensed in the profit and loss account.

Impairment of financial assets

Overview of the ECL principles

The adoption of IFRS 9 has fundamentally changed the Bank's loan loss impairment method by replacing incurred loss approach with a forward-looking ECL approach. From 01 January 2024, the Bank has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

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

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject borrower. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. Based on the above process, the Bank groups its loans into Stage 1, Stage 2,Stage 3 and POCI, as described below:

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

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

Stage 3: For loans considered credit-impaired, the Bank recognises the lifetime expected credit losses for these loans. The Bank uses a Proability of Default as 100%.

Calculation of ECLs

The Bank calculates ECLs based on a three probability-weighted scenarios. The mechanics of the ECL calculations for the Bank is outlined below and the key elements are, as follows:

a) Probability of Default: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not defaulted.

b) Expousure at Default: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. The interest rate used to discount the ECLs is based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective interest rate (at reporting date), the Bank uses an approximation e.g. contractual rate (at reporting date).

c) Loss Given Default Model: Loss Given Default is a factor that determines the severity of a loss, i.e., which part of the Exposure at Default (EAD) results in a loss given a default event occurring. Not every default event leads to actual losses and if actual losses are incurred, they might differ greatly between different portfolios and different debtors.

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

Significant Increase in Credit Risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument compared to the risk of default expected at the time of initial recognition. The Bank uses a number of qualitative and quantitative measures in assessing SICR including, inter alia, the deterioration of Obligor Risk Ratings (ORR), significant changes in the operating results or financial position of the borrower, payments being past due by 30 days or more, unavailability of financial information etc.

Forward looking information

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

1) Corporate segments: GDP,CPI, Interest Rate, Import, Export, and Implied PPP con. Rate.
2) Retail segments: GDP, CPI, Unemployment, Private Consumption (real % change pa), Domestic credit growth, and Lending interest.

Particulars of bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

45.5.1.4 Lendings to financial institutions

Credit risk by public / private sector

Rs '000

	Gross lendings		Non-performing lendings		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Public / Government	-	75,602	-	75,602	-	-	-	-	-	75,602
Private	464,037	1,845,851	54,081	63,487	-	-	-	-	54,081	63,487
	464,037	1,921,453	54,081	139,089	-	-	-	-	54,081	139,089

45.5.1.5 Investment in debt securities

Credit risk by industry sector

Rs '000

	Gross investments		Non-performing investments		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Textile	10,000	10,000	10,000	10,000	-	-	-	-	10,000	10,000
	10,000	10,000	10,000	10,000	-	-	-	-	10,000	10,000

Rs '000

Credit risk by public / private sector	Gross investments		Non-performing investments		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Public/ Government	72,063,090	46,266,359	-	-	-	-	-	-	-	-
Private	10,000	10,000	10,000	10,000	-	-	-	-	10,000	10,000
	72,073,090	46,276,359	10,000	10,000	-	-	-	-	10,000	10,000

48.3.1.6 Advances

Credit risk by industry sector

Rs '000

	Gross advances		Non-performing advances		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Agriculture, Forestry, Hunting and Fishing	72,683	68,176	7,259	7,083	836		37		6,534	2,955
Textile	1,579,293	1,828,649	849,274	673,177	329		3,888		848,826	670,293
Chemical & Pharmaceuticals	69,207	137,041	69,234	104,234	22		-		69,224	104,229
Cement	496,884	200,000	-	-	1,309		-		-	-
Food and Beverages	1,448,391	1,201,149	262,808	203,319	725		58		262,593	281,798
Footwear and Leather garments	39,293	39,293	39,293	39,295	-		-		39,293	39,295
Automobile and transportation equipment	79,922	86,166	79,922	83,923	-		-		69,624	17,928
Electronics and electrical Appliances	88,698	119,882	93,770	118,997	24		-		92,861	116,202
Construction	478,154	554,089	397,335	263,629	802		514		299,359	256,877
Power (electricity), Gas, Water, Sanitary	348,323	780,218	109,883	114,071	128		-		108,627	114,071
Wholesale and Retail Trade	903,493	1,034,382	242,422	686,342	3,551		117		190,053	678,827
Transport, Storage and Communication	4,984	6,878	79,931	1,180	39		-		2,047	747
Services	1,378,128	922,849	36,230	58,481	2,804		246		2,771	29,318
Individuals	788,719	888,718	23,897	23,491	283		1,979		14,892	4,117
Others	365,222	902,011	285,290	433,646	3,512		328		185,513	416,328
	10,375,703	11,194,606	3,003,862	2,919,838	9,538	-	6,991	-	2,973,553	2,750,093

Credit risk by public / private sector

	Gross advances		Non-performing advances		Credit Loss Allowance held					
					Stage 1		Stage 2		Stage 3	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Public/ Government	2,804,288	2,793,609	-	-	-	-	-	-	-	-
Private	7,568,415	8,401,997	3,003,862	2,919,838	9,538	-	6,991	-	2,973,553	2,750,093
	10,375,703	11,194,656	3,003,862	2,919,838	9,538	-	6,991	-	2,973,553	2,750,093

45.5.1.7 Contingencies and commitments

Credit risk by industry sector

	2024	2023
	Rs '000	
Agriculture, Forestry, Hunting and Fishing	-	-
Textile	1,443,567	72,076
Chemical and Pharmaceuticals	10,823	116,418
Sugar	-	-
Electronics and electrical appliances	1,122,568	55,443
Construction	757,802	2,677,075
Power (electricity), Gas, Water, Sanitary	89,838	343,232
Wholesale and Retail Trade	40,558	1,667,930
Exports/Imports	-	-
Transport, Storage and Communication	-	-
Financial	-	-
Services	389,186	59,159
Individuals	280,000	-
Others	334,406	20,827
	4,524,775	4,582,180

Credit risk by public / private sector

	2024	2023
Public/ Government	-	18,221
Private	4,524,775	4,563,959
	4,524,775	4,582,180

45.5.1.8 Concentration of advances

The bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 5,695 million (2023: 6,152 million) are as following:

	2024	2023
	Rupees in '000	
Funded	5,088,110	5,132,142
Non Funded	876,787	1,020,803
Total Exposure	5,965,297	6,152,945

The sanctioned limits against these top 10 exposures aggregated to Rs 12,810 million (2023: 8,641 million).

Total funded classified therein

	2024		2023	
	Amount	Credit loss	Amount	Credit loss
OAEM	11,600	8,100	25,138	1,308
Substandard	55,967	47,220	46,693	4,086
Doubtful	22,734	19,619	37,770	5,923
Loss	2,913,538	2,896,995	2,810,287	2,738,777
Total	3,003,802	2,971,934	2,919,888	2,750,093

For the purpose of this note, exposure means outstanding funded facilities and utilized non-funded facilities as at the reporting date.

45.5.1.9 Advances - Province/Region-wise disbursement & utilization

2024

Province/Region	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Punjab	9,873,233	9,873,233	-	-	-	-	-
Sindh	5,002,262	-	5,002,262	-	-	-	-
KPK including FATA	49,869	-	-	49,869	-	-	-
Balochistan	11,510	-	-	-	11,510	-	-
Islamabad	1,599,601	-	-	-	-	1,599,601	-
AJK including Gilgit-Baltistan	2,508	-	-	-	-	-	2,503
Total	16,539,097	9,873,233	5,002,262	49,869	11,510	1,599,601	2,503

2023

Province/Region	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Punjab	11,236,043	11,236,043	-	-	-	-	-
Sindh	4,555,615	-	4,555,615	-	-	-	-
KPK including FATA	73,131	-	-	73,131	-	-	-
Balochistan	13,180	-	-	-	13,180	-	-
Islamabad	948,537	-	-	-	-	948,537	-
AJK including Gilgit-Baltistan	3,680	-	-	-	-	-	3,680
Total	16,830,188	11,236,043	4,555,615	73,131	13,180	948,537	3,680

45.5.2 Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to movements in market prices. It results from changes in interest rates, exchange rates and equity prices as well as from changes in the correlations between them. Each of these components of market risk consists of a general market risk and a specific market risk that is driven by the nature and composition of the portfolio.

Measuring and controlling market risk is usually carried out at a portfolio level. However, certain controls are applied, where necessary, to individual risk types, to particular books and to specific exposures. Controls are also applied to prevent any undue risk concentrations in trading books, taking into account variations in price, volatility, market depth and liquidity. These controls include limits on exposure to individual market risk variables as well as limits on concentrations of tenors and issuers.

Enterprise Risk Unit is responsible for over all Market Risk Management. It is responsible for development and review of market risk related policies and processes. It is also responsible for monitoring of Market Risk and adherence of Market Risk Limits. Maintaining proper MIS is also one of the key functions of this unit.

The functions of Market Risk Management Unit are as follows:

- To keep the market risk exposure within the Bank's risk appetite as assigned by the BoD and BRCC.
- To develop, review and upgrade procedures for the effective implementation of market risk management policies approved by the BoD and BRCC.
- To maintain a comprehensive database for performing risk analysis, stress testing and scenario analysis. Stress testing activities are performed on a quarterly basis on both the Banking and Trading books.

45.5.2.1 **Balance sheet split by trading and banking books**

	2024			2023		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	Rupees in '000					
Cash and balances with treasury banks	2,987,105	-	2,987,105	2,928,217	-	2,928,217
Balances with other banks	5,176	-	5,176	1,891	-	1,891
Lendings to financial institutions	399,946	-	399,946	1,882,344	-	1,882,344
Investments	52,060,652	-	52,060,652	44,159,973	-	44,159,973
Advances	7,285,648	-	7,285,648	8,220,200	-	8,220,200
Property and equipment	643,585	-	643,585	482,672	-	482,672
Right-of-use assets	248,227		248,227	94,722		
Intangible assets	48,087	-	48,087	43,565	-	43,565
Other assets	2,158,266	-	2,158,266	12,197,458	-	12,197,418
	65,943,693	-	65,943,693	70,790,581	-	70,697,779

45.5.2.2 Foreign exchange risk

Foreign Exchange Risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates. Exposures are monitored by currency to ensure that they remain within the established limits for each currency. Exposures are also monitored on an overall basis to ensure compliance with the Bank's SBP approved Foreign Exchange Exposure Limit. The Bank is an active participant in the cash and derivatives markets for currencies and carries currency risk from these trading activities, conducted primarily by the Treasury and Capital Markets Group (TCM). These trading exposures are monitored through prescribed stress tests and sensitivity analyses.

The Bank's reporting currency is the Pakistan Rupee, but its assets, liabilities, income and expenses are denominated in multiple currencies. From time to time, TCM proactively hedges foreign currency exposures resulting from its market making activities, subject to pre-defined limits.

	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				Rupees in '000			
United States Dollar	358,606	327,242	-	31,364	431,347	411,165	-	20,182
Great Britain Pound Sterling	1,948	1,443	-	505	6,200	6,073	-	127
Euro	34,813	26,923	-	7,890	41,639	41,098	-	541
Japanese Yen	412	-	-	412	472	-	-	472
Other currencies	165	-	-	165	164	-	-	164
	395,944	355,610	-	40,334	480,022	458,336	-	21,688

	2024		2023	
	Banking book	Trading	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	403	-	217	-
- Other comprehensive income	(403)	-	(217)	-

[illegible] Yield / Interest Rate Risk

[illegible]

	2014		2013	
	[illegible]	[illegible]	[illegible]	[illegible]
Impact of [illegible] change in interest rates on				
- Profit and loss account	[illegible]	-	[illegible]	-
- Other comprehensive income	-	-	-	-

[illegible] Mismatch of Interest Rate Sensitive Assets and Liabilities

[illegible]

	Effective Yield/ Interest rate	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	Non-interest bearing financial instruments
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	[illegible]	[illegible]	[illegible]	-	-	-	-	-	-	-	-	[illegible]
Balances with other banks		[illegible]	-	-	-	-	-	-	-	-	-	[illegible]
Lending to financial institutions	[illegible]	[illegible]	[illegible]								-	-
Investments	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]
Advances	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-
Other assets		[illegible]	-	-	-	-	-	-	-	-	-	[illegible]
		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]
Liabilities												
Bills payable		[illegible]	-	-	-	-	-	-	-	-	-	[illegible]
Borrowings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]
Deposits and other accounts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other liabilities		[illegible]	-	-	-	-	-	-	-	-	-	[illegible]
		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
On-balance sheet gap		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Non Financial Net Assets		[illegible]										
Total Net Assets		[illegible]										
Off-balance sheet financial instruments												
Forward foreign exchange contracts - Purchase		-	-	-	-	-	-	-	-	-	-	-
Forward foreign exchange contracts - Sale		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total Yield/Interest Risk Sensitivity Gap		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cumulative Yield/Interest Risk Sensitivity Gap			[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

On-balance sheet financial instruments	Effective Yield / Interest rate	Total	Exposed to Yield / Interest risk									Non-interest bearing financial instruments
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
		(Rupees in '000)										
Assets												
Cash and balances with treasury banks	[illegible]	[illegible]	[illegible]	-	-	-	-	-	-	-	-	[illegible]
Balances with other banks		[illegible]	-	-	-	-	-	-	-	-	-	[illegible]
Lending to financial institutions	[illegible]	[illegible]	[illegible]								-	-
Investments	[illegible]	[illegible]	-	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]
Advances	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-
Other assets		[illegible]	-	-	-	-	-	-	-	-	-	[illegible]
		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]
Liabilities												
Bills payable		[illegible]	-	-	-	-	-	-	-	-	-	[illegible]
Borrowings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]
Deposits and other accounts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other liabilities		[illegible]	-	-	-	-	-	-	-	-	-	[illegible]
		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
On-balance sheet gap		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Non Financial Net Assets		[illegible]										
Total Net Assets		[illegible]										
Off-balance sheet financial instruments												
Forward foreign exchange contracts - Purchase		-	-	-	-	-	-	-	-	-	-	-
Forward foreign exchange contracts - Sale		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total Yield/Interest Risk Sensitivity Gap		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cumulative Yield/Interest Risk Sensitivity Gap			[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible] Reconciliation of Financial Assets & Liabilities with Total Assets & Liabilities

Reconciliation to total assets

	2023	2022
	(Rupees in '000)	
Total financial assets	[illegible]	[illegible]
Add: Non financial assets		
Property and equipment	[illegible]	[illegible]
Intangible assets	[illegible]	[illegible]
Right of use assets	[illegible]	[illegible]
	[illegible]	[illegible]
Total assets as per statement of financial position	[illegible]	[illegible]
Total financial liabilities	[illegible]	[illegible]
Add: Non financial liabilities		
Other liabilities	[illegible]	-
Lease liabilities	[illegible]	[illegible]
Deferred tax liabilities	[illegible]	[illegible]
	[illegible]	[illegible]
Total liabilities as per statement of financial position	[illegible]	[illegible]

45.5.3 Operational risk

The Bank operates in a controlled manner and operational risk is generally managed effectively. With the evolution of operation risk management into a separate distinct discipline, the Bank's strategy is to further strengthen risk management system along new industry standards.

The Bank's ORM framework includes Risk Control Self-Assessment (RCSA), Key Risk Indicators (KRIs), Loss Data Collection (LDC), Operational Risk Events Management, and Operational Risk Reporting. The ORM Unit engages with Bank's business / support units and regularly collaborates in determining and reviewing the risks, and assessment of residual risk leading to improved quality of control infrastructure and strengthening of the processes (sub processes) & management information.

The Bank uses Basic Indicator Approach (BIA) for regulatory capital at risk calculation for operational risk. Under BIA, the capital charge for operational risk is a fixed percentage of average positive annual gross income of the Bank over the past three years. Figures of capital charge of operation risk for the year is Rs. 254.23 million (2023: Rs. 253.49 million).

45.5.3.1 Operational risk - Disclosures Basel II specific

BASEL II Basic indicator approach is used for calculating Capital Adequacy for Operational Risk.

45.5.4 Liquidity risk

Liquidity risk is the risk that the Bank will not be able to raise funds to meet its commitments.

Governance of Liquidity risk management

ALCO manages the liquidity position on a continuous basis.

Liquidity and related risks are managed through standardized processes established in the Bank. The management of liquidity risk within the Bank is undertaken within limits and other parameters set by BoD. The Bank's treasury function has the primary responsibility for assessing, monitoring and managing the Bank's liquidity and funding strategy while overall compliance is monitored and co-ordinated by the ALCO. Board and senior management are apprised of Bank's liquidity profile to ensure proactive liquidity management. Treasury Middle Office being part of the Risk Management Division is responsible for the independent identification, monitoring and analysis of intrinsic risks of treasury business. The Bank has in place duly approved Treasury investment policy and strategy along with liquidity risk tolerance / appetite levels. These are communicated at various levels so as to ensure effective liquidity management for the Bank.

Funding Strategy

The Bank's liquidity model is based on "self-reliance" with an extensive branch network to diversify the Bank deposit base. Further, the Bank can also generate liquidity from Interbank market against government securities to fund its short term requirement, if any. The Bank as a policy invests significantly in highly liquid government securities that can be readily converted into cash to meet unforeseen liquidity requirements, besides yielding attractive returns. Furthermore, long term loans are generally kept at an amount lower than the Bank's capital / reserves.

Liquidity Risk Mitigation techniques

Various tools and techniques are used to measure and monitor the possible liquidity risk. These include monitoring of different liquidity ratios which are monitored regularly against approved triggers and communicated to senior management and ALCO. Further, Bank also prepares the maturity profile of assets and liabilities to monitor the liquidity gaps over different time buckets. The Bank also ensures that statutory cash and liquidity requirements are maintained at all times.

Liquidity Stress Testing

As per SBP BSD Circular No. 1 of 2012, Liquidity stress testing is being conducted under well-defined stress scenarios. Results of same are escalated at the senior level so as to enable the senior management to take proactive actions to avoid liquidity crunch for the Bank.

Contingency Funding Plan

Contingency Funding Plan (CFP) is a part of liquidity management framework of the Bank which defines and identifies the factors that can instigate a liquidity crisis and the actions to be taken to manage the crisis. The Bank has a comprehensive liquidity contingency funding plan in place, which highlights liquidity management strategy to be followed under stress conditions. Contingency Event Management parameters and responsibilities are also incorporated in order to tackle the liquidity crisis. Moreover, CFP highlights possible funding sources focusing on self-reliance, in case of a liquidity crisis.

[illegible]

[illegible]

[illegible]

[illegible]

[illegible] Maturities of assets and liabilities - [illegible]

	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
	[illegible]									
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	[illegible]	[illegible]								-
Balances with other banks	[illegible]	[illegible]								-
Lending to financial institutions	[illegible]	[illegible]								-
Investments	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Advances	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Fixed assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Right-of-use assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Intangible assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Other assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-	-	-
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Liabilities										
Bills payable	[illegible]	[illegible]	-	-	-	-	-	-	-	-
Borrowings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Deposits and other accounts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Lease liabilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Deferred tax liabilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Other liabilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Net assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Share capital	[illegible]									
Reserves	[illegible]									
Surplus on revaluation of assets	[illegible]									
Accumulated loss	[illegible]									
	[illegible]									

	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
	[illegible]									
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	[illegible]	[illegible]	-	-	-	-	-	-	-	-
Balances with other banks	[illegible]	[illegible]	-	-	-	-	-	-	-	-
Lending to financial institutions	[illegible]	[illegible]	-	-	-	-	-	-	-	-
Investments	[illegible]	-	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Advances	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Fixed assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Intangible assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Other assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-	-	-
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Liabilities										
Bills payable	[illegible]	[illegible]	-	-	-	-	-	-	-	-
Borrowings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Deposits and other accounts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Deferred tax liabilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Other liabilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Net assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Share capital	[illegible]									
Reserves	[illegible]									
Surplus on revaluation of assets	[illegible]									
Accumulated loss	[illegible]									
	[illegible]									

46 **DATE OF AUTHORISATION FOR ISSUE**

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

President / Chief Executive	Chief Financial Officer	Director	Director	Director