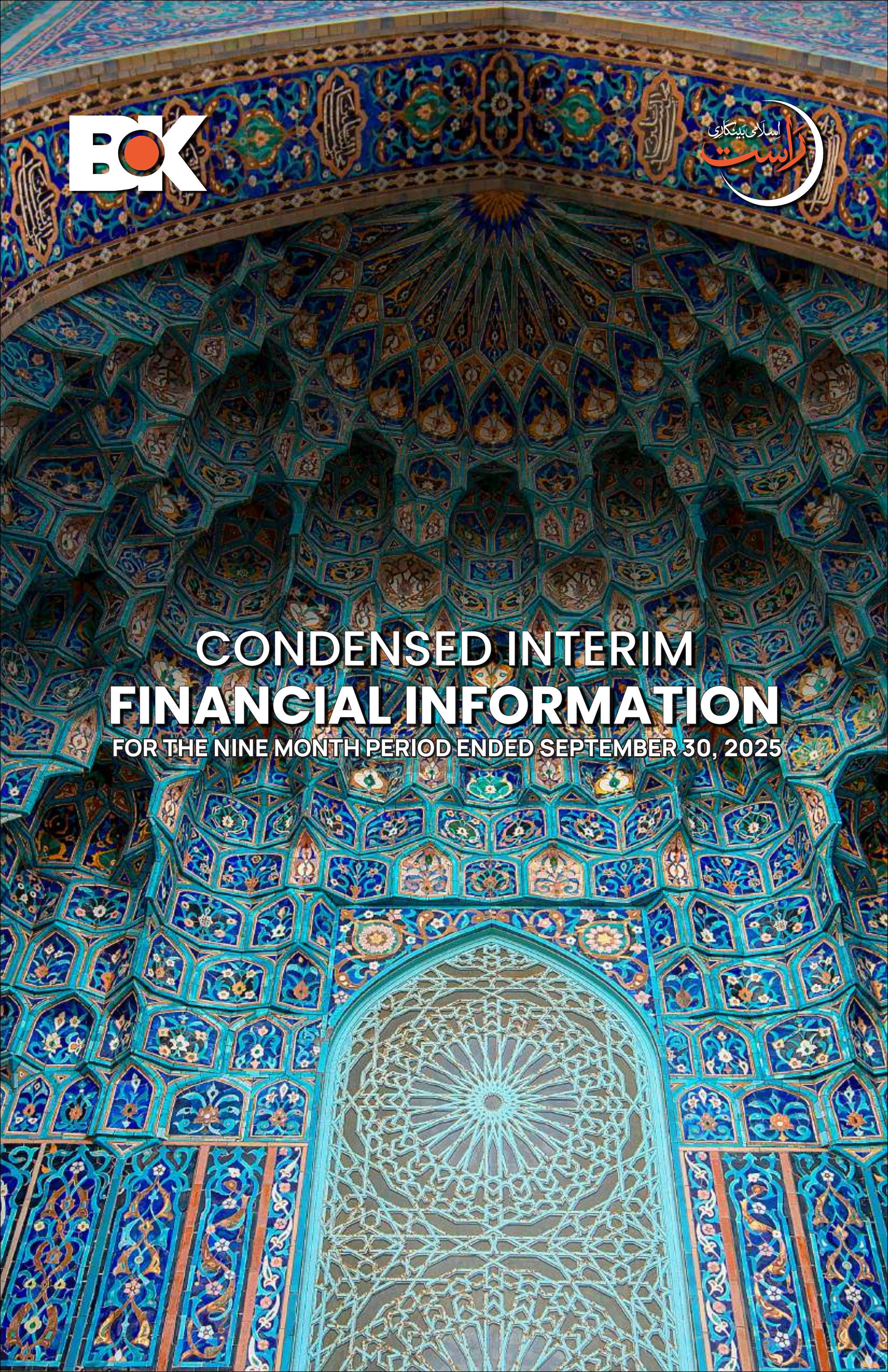

CONDENSED INTERIM

FINANCIAL INFORMATION

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2025

Bank of Khyber

CONTENTS

Bank of Khyber

CORPORATE INFORMATION
As of September 30, 2025

Board of Directors

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

Managing Director / CEO

Hassan Raza

Shariah Board

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

Board Audit Committee

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

Board Human Resource & Remuneration Committee

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

Board Risk Management Committee

Abid Sattar	Chairman
Amer Sultan Tareen	Member
Muhammed Shahid Sadiq	Member
Managing Director	Member

Bank of Khyber

Board I.T Steering Committee

Osman Asghar Khan	Chairman
Tahir Jawaid	Member
Syed Asad Ali Shah	Member
Natasha Jehangir Khan	Member
Managing Director	Member

Board Compliance Committee

Muhammed Shahid Sadiq	Chairman
Amer Sultan Tareen	Member
Natasha Jehangir Khan	Member
Managing Director	Member

Chief Financial Officer

Irfan Saleem Awan

Company Secretary

Raza Mohsin Qizilbash

Registered Office / Head Office

The Bank of Khyber
24 – The Mall, Peshawar Cantt.
UAN# 00-92-91-111 95 95 95
URL: www.bok.com.pk

Auditors

M/s Pwc A.F. Ferguson & Co.
Chartered Accountants

Legal Advisors

M/s. Mohsin Tayebaly & Co., Karachi

Registrar and Share Registration Office

THK Associates (Pvt) Ltd.
Plot # 32 – C, Jami Commercial Street 2
D.H.A, Phase-VII,
Karachi-75500.

Bank of Khyber

Directors' Review

On behalf of the Board of Directors of Bank of Khyber (The Bank or BoK), I am pleased to present the condensed interim financial information of the Bank for the nine month period ended September 30, 2025.

Financial Highlights

The financial highlights of the Bank for the period under review are as follows

	Rs. In Million	
	As at	
	September 30, 2025	December 31, 2024
Total Assets	481,810	477,564
Deposits	374,340	277,642
Advances (Gross)	134,139	159,624
Investments (Net)	282,013	282,767

	For the nine month period ended	
	September 30, 2025	September 30, 2024 (Restated)
Profit before provisions	9,646	5,939
Reversal of provision (credit loss allowance)	(959)	(142)
Profit before taxation	10,604	6,081
Profit after taxation	4,973	2,632
	Rupees	
Basic and diluted earnings per share	4.29	2.27

Performance Review

The Bank achieved remarkable performance during the nine month period whereby profit after tax surged by 89% year -on-year (YoY) to Rs. 4,973 million as compared to Rs. 2,632 million during the same period last year.

Net Markup/Interest Income for the period increased by 19% YoY to Rs. 14,524 million as a result of robust balance sheet management and successful reduction in funding costs achieved during the period. Non-markup/interest income also recorded significant growth, rising sharply by 178% YoY to Rs. 3,648 million (9M period ended September 30, 2024: Rs. 1,311 million). The main contributors in non-markup income were gain on securities, fee and commission income and foreign exchange income. During the period, the management took benefit of the capital gain opportunities offered by the prevailing interest rate scenario and realized gains on securities amounting to Rs. 2,215 million (9M 2024: Rs. 7 million).

To improve the non-mark income stream, special focus is being given to trade finance, investment banking and home remittances businesses. The Bank has launched its home remittance product with the brand name of BoK KOR Pay which has received a very healthy response from our overseas KPK diaspora. Moreover, the Bank has launched its MasterCard debit card. This is a significant milestone achieved by the Bank in pursuit of its goal for providing convenient and world class banking services to it's customers.

Non mark-up expenses rose by 12% YoY to Rs. 8,527 million, reflecting increase in employee and other administrative costs due to the impact of inflation and overall increase in activities of the Bank.

As a result of the strenuous recovery efforts and prudent lending strategy followed by the management, the Bank achieved net reversal in provisions amounting to Rs. 959 million during the nine month period under review, compared to the net provision reversal of Rs. 142 million during the same period last year.

The Bank's deposit base as on September 30, 2025 stood at Rs. 374,340 million as against Rs. 277,642 million as of December 31, 2024. Gross Advances of the Bank at the nine month period end amounted to Rs. 134,139 million while net investments stood at Rs. 282,013 million. The management is working on a prudent strategy to gradually increase its ADR (Advances to Deposits Ratio) by focusing on all the business segments i.e. Corporate, SMEs, Agriculture and Consumer.

Total assets of the Bank as of September 30, 2025 increased to Rs. 481,810 million as against Rs. 477,564 million on December 31, 2024.

Bank of Khyber

Status of Conversion into Islamic Bank

During the nine month period ended September 30, 2025, the Bank announced initiation of the process for its conversion to a full-fledged Islamic Bank. The Bank is taking all the necessary steps for achievement of this landmark initiative as per the plan. In pursuit of this goal, 59 branches have been converted from conventional to Islamic banking during the review period. Accordingly, Islamic banking branch network of the Bank has increased to 191 branches (out of the total of 247 branches) at the period end while there are 56 Islamic Banking Windows to support the conversion of conventional banking branches.

Credit Rating

In June-2025, VIS Credit Rating Company Limited (VIS) upgraded the Medium to Long Term entity rating of the Bank to AA- (Double A minus) from A+ (Single A plus) which indicates high credit quality. Moreover, Short Term rating of the Bank was reaffirmed at A1 (A one).

The Pakistan Credit Rating Agency Limited (PACRA) in June 2025 reaffirmed the Medium to Long term and the Short Term entity ratings of the Bank at A+ (Single A plus) and A1 (A one) respectively.

These ratings have been assigned a stable outlook by both the rating companies.

Future Outlook

Going forward, the Bank will continue its emphasis on sustainable profitability through diversification of its deposit base, lower cost of funds, asset quality improvement and broadening of portfolio through proactive strategies. Special focus will continue on further reducing the NPL/infection ratio by following a prudent underwriting strategy jointly with strenuous recovery efforts for non-performing portfolio. Moreover, improvement of service quality standards and providing state-of-the-art banking services by leveraging technology and skilled human resources remain key priorities of the management.

Furthermore, the Bank plans to grow advances across all economic segments, i.e. Corporate, SMEs, Agriculture and Consumer financing. Simultaneously, target will be to further diversify and improve the deposits composition for reduction in the funding cost of the Bank.

Acknowledgments

The Board would like to thank the Provincial Government, State Bank of Pakistan, Shareholders, regulatory authorities and all other stakeholders for their continued trust and support. We are also grateful to our valued customers for their patronage and continued confidence in the Bank.

For and on behalf of the Board of Directors

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Hassan Raza
Managing Director & CEO

October 29, 2025

Peshawar

Bank of Khyber

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2025

	Note	(Un-audited) September 30, 2025	(Audited) December 31, 2024
		-------- Rupees in '000 --------	
ASSETS			
Cash and balances with treasury banks	5	27,340,119	23,993,095
Balances with other banks	6	3,984,512	3,252,274
Lendings to financial institutions	7	22,993,190	133,574
Investments	8	282,013,480	282,766,597
Advances	9	122,325,763	146,881,971
Property and equipment	10	4,142,156	4,293,173
Right-of-use assets	11	1,661,745	2,059,970
Intangible assets	12	381,619	361,363
Deferred tax assets	13	947,859	1,193,562
Other assets	14	16,020,029	12,628,288
Total Assets		481,810,472	477,563,867
LIABILITIES			
Bills payable	15	1,577,810	21,951,353
Borrowings	16	61,911,312	133,531,771
Deposits and other accounts	17	374,340,434	277,641,989
Lease liabilities	18	1,799,528	2,147,700
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	19	19,333,247	20,391,835
Total Liabilities		458,962,331	455,664,648
NET ASSETS		22,848,141	21,899,219
REPRESENTED BY			
Share capital	20	11,579,360	11,579,360
Reserves		6,060,540	5,066,025
Surplus on revaluation of assets	21	1,350,781	1,676,698
Unappropriated profit		3,857,460	3,577,136
		22,848,141	21,899,219
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 40 form an integral part of these condensed interim financial statements.

MANAGING DIRECTOR	CHIEF FINANCIAL OFFICER	DIRECTOR	DIRECTOR	DIRECTOR

Bank of Khyber

CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2025

	Note	Quarter ended		Period ended	
		July 1 to September 30, 2025	July 1 to September 30, 2024	**January 1 to September 30, 2025**	January 1 to September 30, 2024
		--------- Rupees in '000 ---------			
			(Restated)		(Restated)
Mark-up / return / interest earned	23	**13,597,221**	16,168,999	**41,186,051**	50,048,062
Mark-up / return / interest expensed	24	**8,918,549**	11,623,482	**26,662,033**	37,819,480
Net mark-up / interest income		**4,678,672**	4,545,517	**14,524,018**	12,228,582
NON MARK-UP / INTEREST INCOME					
Fee and commission income	25	**249,788**	217,329	**800,602**	700,621
Dividend income		**-**	178	**-**	391
Foreign exchange income		**204,438**	143,804	**486,600**	481,132
Income from derivatives		**-**	-	**-**	-
Gain on securities	26	**718,895**	42,540	**2,215,468**	41,772
Net gain / (loss) on derecognition of financial assets measured at amortised cost	27	**7,494**	(22,124)	**17,104**	(24,318)
Share of profit of associate		**6,922**	2,039	**15,388**	11,182
Other income	28	**40,491**	34,948	**113,004**	100,660
Total non-mark-up / interest income		**1,228,028**	418,714	**3,648,166**	1,311,440
Total income		**5,906,700**	4,964,231	**18,172,184**	13,540,022
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	29	**2,837,008**	2,613,319	**8,526,366**	7,599,539
Workers Welfare Fund		**-**	-	**-**	-
Other charges	30	**70**	1,550	**230**	1,856
Total non-mark-up / interest expenses		**2,837,078**	2,614,869	**8,526,596**	7,601,395
PROFIT BEFORE CREDIT LOSS ALLOWANCE		**3,069,622**	2,349,362	**9,645,588**	5,938,627
Reversal of credit loss allowance and write offs - net	31	**(340,213)**	(250,242)	**(958,685)**	(142,191)
PROFIT BEFORE TAXATION		**3,409,835**	2,599,604	**10,604,273**	6,080,818
Taxation	32	**1,802,625**	1,518,074	**5,631,697**	3,448,589
PROFIT AFTER TAXATION		**1,607,210**	1,081,530	**4,972,576**	2,632,229
		----------Rupees ---------			
			(Restated)		(Restated)
Basic and diluted earnings per share	33	**1.39**	0.93	**4.29**	2.27

The annexed notes 1 to 40 form an integral part of these condensed interim financial statements.

MANAGING DIRECTOR	**CHIEF FINANCIAL OFFICER**	**DIRECTOR**	**DIRECTOR**	**DIRECTOR**

Bank of Khyber

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2025

	Quarter ended		Period ended	
	July 1 to September 30, 2025	July 1 to September 30, 2024	**January 1 to September 30, 2025**	January 1 to September 30, 2024
	Rupees in '000			
		(Restated)		(Restated)
Profit after taxation for the period	**1,607,210**	1,081,530	**4,972,576**	2,632,229
Other comprehensive income / (loss)				
Items that may be reclassified to statement of profit and loss account in subsequent periods:				
Movement in surplus on revaluation of debt investments through FVOCI - net of tax	**33,269**	935,039	**631,820**	676,766
Gain on sale of debt investments carried at FVOCI reclassified to profit and loss - net of tax	**(345,861)**	-	**(1,064,216)**	-
Deficit transferred to profit and loss on debt investment reclassified from FVOCI to FVPL- net of tax	**792**	-	**792**	-
	(311,800)	935,039	**(431,604)**	676,766
Items that will not be reclassified to statement of profit and loss account in subsequent periods:				
Movement in surplus on revaluation of equity investments - net of tax	**25,526**	390	**45,005**	983
Share of surplus on revaluation of investment of associate - net of tax	**-**	261	**1,339**	1,406
Share of remeasurement loss on defined benefit obligation of associate - net of tax	**-**	-	**-**	(916)
	25,526	651	**46,344**	1,473
Total comprehensive income	**1,320,936**	2,017,220	**4,587,316**	3,310,468

The annexed notes 1 to 40 form an integral part of these condensed interim financial statements.

MANAGING DIRECTOR	CHIEF FINANCIAL OFFICER	DIRECTOR	DIRECTOR	DIRECTOR

Bank of Khyber

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2025

	Share capital	Statutory reserve	Surplus / (deficit) on revaluation of: Investments	Surplus / (deficit) on revaluation of: Property and equipment	Surplus / (deficit) on revaluation of: Non-banking assets	Unappropriated profit	Total
	----------	----------	----------	Rupees in '000	----------	----------	----------
Balance as at December 31, 2023 (audited)	11,027,905	4,343,001	(823,221)	900,120	47,723	4,805,756	20,301,284
Impact of adoption of IFRS 9 - net of tax (note 4.1)	-	-	729,764	-	-	(1,949,528)	(1,219,764)
Balance as at January 1, 2024 after adoption of IFRS 9	11,027,905	4,343,001	(93,457)	900,120	47,723	2,856,228	19,081,520
Profit after taxation for the nine month period ended September 30, 2024 - restated	-	-	-	-	-	2,632,229	2,632,229
Other comprehensive income / (loss) - net of tax							
Movement in deficit on revaluation of investments in debt instruments through FVOCI- net of tax	-	-	676,766	-	-	-	676,766
Share of surplus on revaluation of investment of associate - net of tax	-	-	1,406	-	-	-	1,406
Share of remeasurement loss on defined benefit obligation of associate - net of tax	-	-	-	-	-	(916)	(916)
Movement in surplus on revaluation of equity investments - net of tax	-	-	983	-	-	-	983
Total other comprehensive income - net of tax	-	-	679,155	-	-	(916)	678,239
Transfer to statutory reserve	-	526,446	-	-	-	(526,446)	-
Transfer from surplus on revaluation of non-banking asset to unappropriated profit - net of tax	-	-	-	-	(6,050)	6,050	-
Transactions with owners, recorded directly in equity				-			
Final cash dividend for the year ended December 31, 2023 (Rs.1.50 per share)	-	-	-	-	-	(1,654,364)	(1,654,364)
Bonus shares issued for the year ended December 31, 2023 (Rs. 0.50 per share)	551,455	-	-	-	-	(551,455)	-
Balance as at September 30, 2024 (un-audited) - restated	11,579,360	4,869,447	585,698	900,120	41,673	2,761,326	20,737,624
Profit after taxation for the three month period ended December 31, 2024	-	-	-	-	-	982,892	982,892
Other comprehensive income / (loss) - net of tax							
Movement in surplus on revaluation of investments in debt instruments through FVOCI- net of tax	-	-	195,996	-	-	-	195,996
Share of surplus on revaluation of investments of associate - net of tax	-	-	8	-	-	-	8
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	21,944	21,944
Share of remeasurement gain on defined benefit obligation of associate - net of tax	-	-	-	-	-	53	53
Gain on sale of debt investments carried at FVOCI reclassified to profit and loss - net of tax	-	-	(58,742)	-	-	-	(58,742)
Movement in surplus on revaluation of equity investments - net of tax	-	-	32,964	-	-	-	32,964
Movement in deficit on revaluation of non-banking assets - net of tax	-	-	-	-	(13,520)	-	(13,520)
Total other comprehensive income - net of tax	-	-	170,226	-	(13,520)	21,997	178,703
Transfer to statutory reserve	-	196,578	-	-	-	(196,578)	-
Transfer from surplus on revaluation of non-banking asset to unappropriated profit - net of tax	-	-	-	-	(1,541)	1,541	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit - net of tax	-	-	(5,958)	-	-	5,958	-
Balance as at December 31, 2024 (audited)	**11,579,360**	**5,066,025**	**749,966**	**900,120**	**26,612**	**3,577,136**	**21,899,219**
Impact of adoption of IFRS 9 - net of tax (note 4.1.1)	-	-	**67,193**	-	-	-	**67,193**
Balance as at January 1, 2025 after adoption of IFRS 9	**11,579,360**	**5,066,025**	**817,159**	**900,120**	**26,612**	**3,577,136**	**21,966,412**
Profit after taxation for the nine month period ended September 30, 2025	-	-	-	-	-	**4,972,576**	**4,972,576**
Other comprehensive income / (loss) - net of tax							
Movement in surplus on revaluation of investments in debt instruments through FVOCI - net of tax	-	-	**631,820**	-	-	-	**631,820**
Gain on sale of debt investments carried at FVOCI reclassified to profit and loss - net of tax	-	-	**(1,064,216)**	-	-	-	**(1,064,216)**
Share of surplus on revaluation of investment of associate - net of tax	-	-	**1,339**	-	-	-	**1,339**
Movement in surplus on revaluation of equity investments - net of tax	-	-	**45,005**	-	-	-	**45,005**
Movement of deficit on debt investment reclassified from FVOCI to FVPL- net of tax	-	-	**792**	-	-	-	**792**
Total other comprehensive loss - net of tax	-	-	**(385,260)**	-	-	-	**(385,260)**
Transfer to statutory reserve	-	**994,515**	-	-	-	**(994,515)**	-
Transfer from surplus on revaluation of non-banking asset to unappropriated profit - net of tax	-	-	-	-	**(4,059)**	**4,059**	-
Gain on disposal of equity investments at FVOCI of associate transferred to unappropriated profit - net of tax	-	-	**(3,791)**	-	-	**3,791**	-
Transactions with owners, recorded directly in equity							
Final cash dividend for the year ended December 31, 2024 (Rs.1.70 per share)	-	-	-	-	-	**(1,968,683)**	**(1,968,683)**
Interim cash dividend for the year ending December 31, 2025 (Rs.1.50 per share)	-	-	-	-	-	**(1,736,904)**	**(1,736,904)**
Balance as at September 30, 2025 (un-audited)	**11,579,360**	**6,060,540**	**428,108**	**900,120**	**22,553**	**3,857,460**	**22,848,141**

The annexed notes 1 to 40 form an integral part of these condensed interim financial statements.

MANAGING DIRECTOR | **CHIEF FINANCIAL OFFICER** | **DIRECTOR** | **DIRECTOR** | **DIRECTOR**

Bank of Khyber

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2025

	Note	**January 1 to September 30, 2025**	January 1 to September 30, 2024
		------- Rupees in '000 -------	
			(Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**10,604,273**	6,080,818
Less: Dividend income		**-**	391
		10,604,273	6,080,427
Adjustments:			
Net mark-up / return / interest income		**(14,819,426)**	(12,550,915)
Depreciation - Property and equipment	29	**628,089**	565,350
Depreciation - Non-banking assets acquired in satisfaction of claims	29	**33,533**	30,577
Depreciation - Right-of-use assets	29	**565,613**	557,304
Amortization	29	**63,563**	60,314
Reversal of credit loss allowance and write offs - net	31	**(958,685)**	(142,191)
Unrealised loss on investments measured at FVPL	26	**1,650**	(35,258)
Gain on disposal of property and equipment - net	28	**(11,251)**	(8,101)
(Gain) / loss on early culmination of lease	28	**(3,904)**	3,492
Finance charges on leased assets	24	**295,408**	322,333
Net (gain) / loss on derecognition of financial assets	27	**(17,104)**	24,318
Unwinding of deferred cost on staff loans		**138,025**	128,302
Exchange (gain) / loss on cash and cash equivalents		**(100,831)**	11,241
Share of profit of associate		**(15,388)**	(11,182)
		(14,200,708)	(11,044,416)
		(3,596,435)	(4,963,989)
(Increase) / decrease in operating assets			
Lendings to financial institutions		**(22,842,152)**	(8,000,000)
Securities classified as FVPL		**5,402**	(1,420,667)
Advances		**25,558,358**	28,793,758
Other assets (excluding mark-up receivable)		**(78,048)**	4,945,061
		2,643,560	24,318,152
(Decrease) / increase in operating liabilities			
Bills payable		**(20,373,543)**	(2,251,937)
Borrowings from financial institutions		**(71,620,459)**	(29,319,749)
Deposits		**96,698,445**	30,646,597
Other liabilities (excluding current taxation and mark-up payable)		**833,242**	754,787
		5,537,685	(170,302)
Mark-up / interest received		**37,621,740**	47,028,476
Mark-up / interest paid		**(28,177,248)**	(36,426,074)
Income tax paid		**(5,133,901)**	(1,665,056)
Net cash flow from operating activities		**8,895,401**	28,121,207
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in amortised cost		**(2,667,142)**	14,942,021
Net investments in securities classified as FVOCI		**2,775,022**	(39,867,399)
Dividends received		**-**	391
Investments in property and equipment		**(479,458)**	(521,010)
Investments in intangible assets		**(83,819)**	(33,121)
Disposal of property and equipment		**13,638**	12,182
Net cash flow used in investing activities		**(441,759)**	(25,466,936)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments of lease obligations against right-of-use assets		**(807,064)**	(694,565)
Dividend paid		**(3,668,030)**	(1,639,416)
Net cash flow used in financing activities		**(4,475,094)**	(2,333,981)
Effects of credit loss allowance changes on cash and cash equivalents		**(117)**	(304)
Effects of exchange rate changes on cash and cash equivalents		**100,831**	(11,241)
Increase in cash and cash equivalents		**4,079,262**	308,745
Cash and cash equivalents at beginning of the period		**27,245,369**	27,855,805
Cash and cash equivalents at end of the period		**31,324,631**	28,164,550

The annexed notes 1 to 40 form an integral part of these condensed interim financial statements.

MANAGING DIRECTOR	CHIEF FINANCIAL OFFICER	DIRECTOR	DIRECTOR	DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2025

1 STATUS AND NATURE OF BUSINESS

The Bank of Khyber (the Bank) was established in Pakistan under The Bank of Khyber Act, 1991 and is principally engaged in the business of commercial banking and related services. The Bank acquired the status of a scheduled bank in 1994 and is listed on the Pakistan Stock Exchange Limited. The registered office of the Bank is situated at 24-The Mall, Peshawar Cantt, Peshawar. The Bank operates 247 branches including 191 Islamic banking branches (December 31, 2024: 246 branches including 131 Islamic banking branches). Pursuant to the State Bank of Pakistan's (SBP) approval dated December 31, 2024, the Bank has converted 59 of its conventional banking branches into Islamic banking branches during the period. The long term credit rating of the Bank assigned by VIS Credit Rating Company Limited and Pakistan Credit Rating Agency Limited (PACRA) are 'AA-' and 'A+' respectively (December 31, 2024: 'A+' and 'A+' respectively) and the short-term credit ratings assigned are 'A-1' (A-One) and 'A-1' (A-One) respectively (December 31, 2024: 'A1' (A-One) and 'A-1' (A-One) respectively). The majority shares (i.e. 70.20%) of the Bank are held by Government of Khyber Pakhtunkhwa (GoKP).

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

2 BASIS OF PREPARATION

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

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

2.3 The financial results of the Islamic Banking Branches have been included in these condensed interim financial statements for reporting purposes, after eliminating the effects of inter-branch transactions and balances. Key financial figures of the Islamic Banking Branches are disclosed in note 38 to these condensed interim financial statements.

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

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

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

3 STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;

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

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

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

3.2 The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 2 dated February 9, 2023 and IAS 34. These condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the year ended December 31, 2024.

3.3 SBP vide BSD Circular Letter No. 10, dated August 26, 2002, has deferred the applicability of International Accounting Standard (IAS) 40, Investment Property for banking companies till further instructions. Moreover, SBP vide BPRD Circular No. 4, dated February 25, 2015, has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Further, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2025 but are considered not to be relevant or do not have any material effect on the Bank's financial statements and therefore are not detailed in these condensed interim financial statements. The impact of IFRS 9 for the current period is disclosed in note 4.1.1 to these condensed interim financial statements. Further, the comparative period has been restated to incorporate the impact of adoption of IFRS 9 as disclosed in note 4.1 to these condensed interim financial statements.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2026 but are considered not to be relevant or will not have any material effect on the Bank's financial statements except for:

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

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Bank for the year ended December 31, 2024. Impacts of adoption of IFRS 9 for comparative and current period are disclosed in note 4.1 below.

4.1 IFRS 9 - 'Financial Instruments'

The Bank had adopted IFRS 9 effective from January 1, 2024 with modified retrospective approach for restatement permitted under IFRS 9. The cumulative impact of initial application amounting to Rs. 1,219.76 million net of tax was recorded as an adjustment to equity at the beginning of the previous accounting period.

The Bank, in compliance with extended timelines prescribed in SBP's BPRD Circular Letter No. 16 dated July 29, 2024 and BPRD Circular Letter No. 1 dated January 22, 2025 had incorporated IFRS 9 related impacts of fair valuation of subsidised staff loans in the last quarter of 2024. Therefore, the condensed interim statement of profit and loss account (un-audited) for the nine month ended September 30, 2024 have been restated to incorporate these impacts. Had the restatement not been incorporated the profit after tax and total comprehensive income for the half year ended September 30, 2024 would have been lower by Rs. 33.13 million. The details are tabulated below:

Financial statement line items	Rupees in '000	Description
Mark-up/ return/ interest earned	217,585	
Operating expenses	(128,302)	Impact of fair valuation of subsidised staff loans
Net loss on derecognition of financial assets measured at amortised cost	(24,318)	
	64,965	
Taxation	(31,833)	Tax impact of restatement
Net impact on profit after tax	33,132	
	Rupee	
Net impact on Earnings Per Share (EPS)	0.029	EPS impact of restatement

4.1.1 During the current period, in accordance with BPRD Circular No. 03 of 2022 dated July 5, 2022 and BPRD Circular Letter No. 16 dated July 29, 2024, the Bank has applied IFRS 9 'Financial Instruments' and measured unquoted equity securities at their fair value. The cumulative impact of application in current period amounting to Rs. 67.19 million net of tax has been recorded as an adjustment to equity at the beginning of the current period.

4.1.2 The SBP has directed the Banks through its BPRD Circular Letter No. 1 dated January 22, 2025 to continue the existing revenue recognition methodology for Islamic Operations, including the requirements of IFAS 1 and IFAS 2 until further instructions. Had IFRS 9 been adopted in its entirety for revenue recognition from Islamic operations, the profit after tax of the Bank would have been higher by Rs. 93.47 million.

4.1.3 The SBP in a separate instruction SBPHOK-BPRD-RPD-BOK-827068 dated January 22, 2025 has allowed extension for application of Effective Interest Rate method upto December 31, 2025.

4.2 Critical accounting estimates and judgements

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements are the same as that applied in the preparation of the financial statements for the year ended December 31, 2024, except for matters related to IFRS 9 which have been disclosed in note 4.1 to these condensed interim financial statements.

4.3 Financial risk management

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual audited financial statements for the year ended December 31, 2024.

	(Un-audited) September 30, 2025	(Audited) December 31, 2024
5 CASH AND BALANCES WITH TREASURY BANKS	**-------- Rupees in '000**	**--------**
In hand		
Local currency	**6,756,572**	5,968,029
Foreign currencies	**156,401**	186,814
	6,912,973	6,154,843
With State Bank of Pakistan in		
Local currency current accounts	**16,534,046**	15,258,838
Foreign currency current accounts	**28,104**	25,943
Foreign currency deposit accounts	**300,219**	257,275
	16,862,369	15,542,056
With National Bank of Pakistan in		
Local currency current accounts	**3,172,225**	1,294,874
Local currency deposit accounts	**389,298**	995,058
Foreign currency current accounts	**2,775**	4,436
	3,564,298	2,294,368
Prize bonds	**490**	1,854
Less: Credit loss allowance held against cash and balances with treasury banks	**(11)**	(26)
Cash and balances with treasury banks - net of credit loss allowance	**27,340,119**	23,993,095

	Note	(Un-audited) September 30, 2025	(Audited) December 31, 2024
		-------- Rupees in '000 --------	
6 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		2,342,508	900,776
In deposit accounts		310,719	551,919
		2,653,227	1,452,695
Outside Pakistan			
In current accounts		664,871	705,614
In deposit accounts		676,873	1,104,292
		1,341,744	1,809,906
Less: Credit loss allowance held against balances with other banks		(10,459)	(10,327)
Balances with other banks - net of credit loss allowance		3,984,512	3,252,274
7 LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lending		1,500,000	-
Repurchase agreement Lendings (Reverse Repo)		21,356,785	-
Placements with financial institutions		224,310	238,944
		23,081,095	238,944
Less: Credit loss allowance held against lendings to financial institutions	7.1	(87,905)	(105,370)
Lendings to financial institutions - net of credit loss allowance		22,993,190	133,574

7.1 Lendings to financial institutions - particulars of credit loss allowance

		Note	(Un-audited) September 30, 2025		(Audited) December 31, 2024	
			Lending	Credit loss allowance held	Lending	Credit loss allowance held
			---------- Rupees in '000 ----------			
Domestic						
Performing	Stage 1		22,856,785	-	-	-
Under performing	Stage 2		-	-	-	-
Non-performing	Stage 3					
Substandard			-	-	-	-
Doubtful			-	-	-	-
Loss		7.2	224,310	87,905	238,944	105,370
			224,310	87,905	238,944	105,370
Total			23,081,095	87,905	238,944	105,370
Overseas			-	-	-	-
Total			-	-	-	-

7.2 As of September 30, 2025, the Bank has availed forced sales value benefit amounting to Rs. 136.41 million (December 31, 2024: Rs. 133.57 million), that is equivalent to the market value of the Pakistan Investment Bonds received by the Bank as part of the settlement agreement against a non performing lending of the Bank. The resulting increase in the unappropriated profit (net of tax) amounting to Rs. 64.11 million (December 31, 2024: Rs. 61.44 million) is not available for the distribution of cash or stock dividend to shareholders or bonus to employees.

8 INVESTMENTS

8.1 Investments by type:

	(Un-audited) September 30, 2025			
	Cost / amortised cost	**Credit loss allowance**	**Surplus / (deficit)**	**Carrying value**
	--------------Rupees in '000--------------			
Fair value through profit or loss (FVPL)				
Non-Government Debt Securities	**1,364,720**	**-**	**(15,459)**	**1,350,911**
Fair value through other comprehensive income (FVOCI)				
Federal Government Securities	**252,790,609**	**-**	**1,769,663**	**254,560,272**
Shares	**677,080**	**-**	**(229,393)**	**447,687**
Non-Government Debt Securities	**4,901,631**	**(145,767)**	**(101,809)**	**4,652,405**
	258,367,670	**(145,767)**	**1,438,461**	**259,660,364**
Amortised cost (AC)				
Federal Government Securities	**20,884,715**	**-**	**-**	**20,884,715**
Associate	**117,490**	**-**	**-**	**117,490**
Total investments	**280,736,245**	**(145,767)**	**1,423,002**	**282,013,480**

	(Audited) December 31, 2024			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
	-------------Rupees in '000-------------			
Fair value through profit or loss (FVPL)				
Federal Government Securities	5,367	-	(5)	5,362
Non-Government Debt Securities	1,064,760	-	(13,809)	1,050,951
	1,070,127	-	(13,814)	1,056,313
Fair value through other comprehensive income (FVOCI)				
Federal Government Securities	255,339,267	-	2,659,286	257,998,553
Shares	677,081	-	(463,139)	213,942
Non-Government Debt Securities	5,428,308	(158,189)	(92,254)	5,177,865
	261,444,656	(158,189)	2,103,893	263,390,360
Amortised cost (AC)				
Federal Government Securities	18,217,573	-	-	18,217,573
Associate	102,351	-	-	102,351
Total investments	280,834,707	(158,189)	2,090,079	282,766,597

	Note	**(Un-audited) September 30, 2025**	(Audited) December 31, 2024
8.2 Investments given as collateral	**Note**	**------- Rupees in '000 --------**	
Market Treasury Bills		**18,353,000**	3,692,167
Pakistan Investment Bonds		**38,000,000**	109,498,432
Ijara Sukuks		**-**	4,057,905
	8.2.1	**56,353,000**	117,248,504

8.2.1 The market value of securities given as collateral is Rs. 53,783.75 million (December 31, 2024: Rs 117,262.46 million)

	(Un-audited) September 30, 2025	(Audited) December 31, 2024
8.3 Credit loss allowance for diminution in value of investments	------ Rupees in '000 ------	
Opening balance	**158,189**	799,132
Impact of adoption of IFRS 9	**-**	(633,983)
Balance after adoption of IFRS 9	**158,189**	165,149
Charge / (reversals)		
Charge for the period / year	**-**	-
Reversal for the period / year	**(26)**	(6,960)
Reversal on disposals / repayment during the period / year	**(12,396)**	-
	(12,422)	(6,960)
Closing balance	**145,767**	158,189

8.4 Particulars of credit loss allowance against debt securities

Category of classification		(Un-audited) September 30, 2025		(Audited) December 31, 2024	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
Domestic		-------- Rupees in '000 --------			
Performing	Stage 1	**4,506,646**	**8**	5,019,711	35
Underperforming	Stage 2	**-**	**-**	-	-
Non-performing	Stage 3				
Substandard		**-**	**-**	-	-
Doubtful		**-**	**-**	-	-
Loss		**145,759**	**145,759**	158,154	158,154
		145,759	**145,759**	158,154	158,154
Total		**4,652,405**	**145,767**	5,177,865	158,189
Overseas		**-**	**-**	-	-
Total		**-**	**-**	-	-

8.5 Summarised financial information of associate

8.5.1 Investment in associate - unlisted

	Period / year ended	Number of shares	Percentage of holding	Country of incorporation	Cost Rupees in '000
Taurus Securities Limited	**September 30, 2025 (Un-audited)**	**4,050,374**	**30%**	**Pakistan**	**40,504**
Taurus Securities Limited	December 31, 2024 (Audited)	4,050,374	30%	Pakistan	40,504

8.5.2 Summary of financial information of associate

	Assets	Liabilities	Equity	Revenue	Profit after taxation	Total comprehensive income
	----------	----------	---------- Rupees in '000	----------	----------	----------
Based on financial statements:						
- October 1, 2024 to September 30, 2025	**1,560,179**	**1,168,550**	**391,629**	**325,149**	**58,088**	**60,588**
- October 1, 2023 to September 30, 2024	1,109,700	768,533	341,170	230,721	37,273	40,470

8.5.3 Reporting date of associate (i.e. Taurus Securities Limited) is December 31. Further, results of its operations including share of profit and other comprehensive income for the three months period October 1, 2024 to December 31, 2024 has been extracted by subtracting nine months period January 1, 2024 to September 30, 2024 figures from the annual audited financial statements for the year ended December 31, 2024 and then adding that to nine months period figures from January 1, 2025 to September 30, 2025 based on its un-audited interim financial statements.

8.6 The market value of securities classified as amortised cost as at September 30, 2025 amounted to Rs. 20,685.70 million (December 31, 2024: Rs. 18,157.60 million).

9 ADVANCES

	Note	Performing		Non performing		Total	
		(Un-audited) September 30, 2025	(Audited) December 31, 2024	**(Un-audited) September 30, 2025**	(Audited) December 31, 2024	**(Un-audited) September 30, 2025**	(Audited) December 31, 2024
		------------Rupees in '000------------					
Loans, cash credits, running finances, etc.		**71,901,195**	128,245,818	**10,025,275**	9,756,779	**81,926,470**	138,002,597
Islamic financing and related assets		**51,735,651**	19,920,768	**2,082,741**	2,002,824	**53,818,392**	21,923,592
Bills discounted and purchased		**99,878**	155,174	**219,630**	1,541,365	**319,508**	1,696,539
		123,736,724	148,321,760	**12,327,646**	13,300,968	**136,064,370**	161,622,728
Impact of fair valuation and modification of advances		**(1,925,394)**	(1,999,125)	**-**	-	**(1,925,394)**	(1,999,125)
Advances - gross		**121,811,330**	146,322,635	**12,327,646**	13,300,968	**134,138,976**	159,623,603
Credit loss allowance against advances	**9.3**						
- Stage 1		**685,442**	731,140	**-**	-	**685,442**	731,140
- Stage 2		**546,897**	584,619	**-**	-	**546,897**	584,619
- Stage 3		**-**	-	**10,580,874**	11,425,873	**10,580,874**	11,425,873
		1,232,339	1,315,759	**10,580,874**	11,425,873	**11,813,213**	12,741,632
Advances - net of credit loss allowance		**120,578,991**	145,006,876	**1,746,772**	1,875,095	**122,325,763**	146,881,971

9.1 Particulars of advances (gross)

	(Un-audited) September 30, 2025	(Audited) December 31, 2024
	------ Rupees in '000 ------	
In local currency	**134,138,976**	159,623,603
In foreign currencies	**-**	-
	134,138,976	159,623,603

9.2 Advances include Rs. 12,327.65 million (December 31, 2024: Rs. 13,300.97 million) which have been placed under non-performing / stage 3 status as detailed below:

Category of classification	(Un-audited) September 30, 2025 Non performing loans	(Un-audited) September 30, 2025 Credit loss allowance	(Audited) December 31, 2024 Non performing loans	(Audited) December 31, 2024 Credit loss allowance
	Rupees in '000			
Domestic				
Other assets especially mentioned (OAEM)	**233,252**	**113,557**	57,738	30,741
Substandard	**453,398**	**278,661**	510,351	330,039
Doubtful	**360,427**	**224,685**	566,182	372,070
Loss	**11,280,569**	**9,963,971**	12,166,697	10,693,023
	12,327,646	**10,580,874**	13,300,968	11,425,873
Overseas				
Other assets especially mentioned (OAEM)	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
	-	-	-	-
Total	**12,327,646**	**10,580,874**	13,300,968	11,425,873

9.3 Particulars of credit loss allowance against advances

	(Un-audited) September 30, 2025				(Audited) December 31, 2024			
	Credit loss allowance held							
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000							
Opening balance	**731,140**	**584,619**	**11,425,873**	**12,741,632**	-	96,130	8,019,353	8,115,483
Impact of adoption of IFRS 9	**-**	**-**	**-**	**-**	851,989	806,101	3,220,756	4,878,846
Balance after adoption of IFRS 9	**731,140**	**584,619**	**11,425,873**	**12,741,632**	851,989	902,231	11,240,109	12,994,329
Charge for the period / year	**187,086**	**169,926**	**282,476**	**639,488**	435,777	250,337	722,758	1,408,872
Reversals for the period / year	**(232,784)**	**(207,648)**	**(1,127,475)**	**(1,567,907)**	(556,626)	(567,949)	(536,994)	(1,661,569)
	(45,698)	**(37,722)**	**(844,999)**	**(928,419)**	(120,849)	(317,612)	185,764	(252,697)
Amounts written off	**-**	**-**	**-**	**-**	-	-	-	-
Closing balance	**685,442**	**546,897**	**10,580,874**	**11,813,213**	731,140	584,619	11,425,873	12,741,632

9.4 Advances - particulars of credit loss allowance

	(Un-audited) September 30, 2025				(Audited) December 31, 2024			
	Credit loss allowance held							
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000							
Opening balance	**731,140**	**584,619**	**11,425,873**	**12,741,632**	-	96,130	8,019,353	8,115,483
Impact of adoption of IFRS 9	**-**	**-**	**-**	**-**	851,989	806,101	3,220,756	4,878,846
Balance after adoption of IFRS 9	**731,140**	**584,619**	**11,425,873**	**12,741,632**	851,989	902,231	11,240,109	12,994,329
New advances	**323,007**	**152,647**	**227,331**	**702,985**	334,097	104,833	144,547	583,477
Advances derecognised or repaid	**(165,675)**	**(86,358)**	**(593,976)**	**(846,009)**	(156,308)	(106,921)	(457,379)	(720,608)
Transfer to stage 1	**78,632**	**(75,243)**	**(3,389)**	**-**	101,680	(96,239)	(5,441)	-
Transfer to stage 2	**(58,011)**	**517,598**	**(459,587)**	**-**	(71,330)	145,504	(74,174)	-
Transfer to stage 3	**(9,098)**	**(46,047)**	**55,145**	**-**	(24,057)	(154,469)	178,526	-
	168,855	**462,597**	**(774,476)**	**(143,024)**	184,082	(107,292)	(213,921)	(137,131)
Changes in risk parameters	**(214,553)**	**(500,319)**	**(70,523)**	**(785,395)**	(304,931)	(210,320)	399,685	(115,566)
Closing balance	**685,442**	**546,897**	**10,580,874**	**11,813,213**	731,140	584,619	11,425,873	12,741,632

		(Un-audited) September 30, 2025		(Audited) December 31, 2024	
9.4.1 Advances - Category of classification		**Outstanding amount**	**Credit loss allowance held**	Outstanding amount	Credit loss allowance held
		Rupees in '000			
Domestic					
Performing	Stage 1	**90,828,797**	**685,442**	117,398,894	731,140
Underperforming	Stage 2	**30,982,533**	**546,897**	28,923,741	584,619
Non-performing	Stage 3				
Other assets especially mentioned (OAEM)		**233,252**	**113,557**	57,738	30,741
Substandard		**453,398**	**278,661**	510,351	330,039
Doubtful		**360,427**	**224,685**	566,182	372,070
Loss		**11,280,569**	**9,963,971**	12,166,697	10,693,023
		12,327,646	**10,580,874**	13,300,968	11,425,873
Total		**134,138,976**	**11,813,213**	159,623,603	12,741,632
Overseas		-	-	-	-
Total		-	-	-	-

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

The Bank has adopted IFRS 9 with effect from January 1, 2024. In accordance with the SBP's IFRS 9 Application Instructions (together with BPRD Circular Letter No.16 of 2024 dated July 29, 2024), credit loss allowance / provision against NPLs has been taken at higher of the i) provision as required under SBP's Prudential Regulations; or ii) credit loss allowance computed in accordance with the requirements of the Application Instructions. As at September 30, 2025, the Bank has availed cumulative benefit of forced sales value of Rs. 966.99 million (December 31, 2024: Rs. 1,235.09 million). Increase in unappropriated profit amounting to Rs. 454.49 million (December 31, 2024: Rs. 586.14 million) is not available for the distribution of cash or stock dividend to shareholders or bonus to employees.

10 PROPERTY AND EQUIPMENT	**Note**	**(Un-audited) September 30, 2025**	(Audited) December 31, 2024
		Rupees in '000	
Capital work-in-progress	**10.1**	**125,261**	81,214
Property and equipment		**4,016,895**	4,211,959
		4,142,156	4,293,173

10.1 Capital work-in-progress

Civil works	**56,355**	2,264
Equipment	**51,857**	42,711
Furniture and fixtures	**-**	10,132
Vehicles	**17,049**	26,107
	125,261	81,214

10.2 Additions to property and equipment

The following additions have been made to property and equipment during the period:

	(Un-audited) For the nine months ended September 30, 2025	(Un-audited) For the nine months ended September 30, 2024
	------ Rupees in '000 ------	
Capital work-in-progress - net additions / (transfers)	**44,047**	19,145
Property and equipment		
Furniture and fixtures	**45,538**	34,355
Electrical, office and computer equipment	**170,923**	234,542
Vehicles	**44,157**	-
Leasehold improvements	**174,794**	232,968
	435,412	501,865
Total	**479,459**	521,010

10.3 Disposal of property and equipment

The net book value of property and equipment disposed off during the period is as follows:

	September 30, 2025	September 30, 2024
Furniture and fixtures	**681**	2,473
Electrical, office and computer equipment	**570**	545
Leasehold improvements	**1,135**	1,063
Total	**2,386**	4,081

11 RIGHT-OF-USE ASSETS

	(Un-audited) September 30, 2025	(Audited) December 31, 2024
	------ Rupees in '000 ------	
At January 1		
Cost	**4,965,179**	4,663,099
Accumulated depreciation	**(2,905,209)**	(2,113,858)
Net carrying amount at January 1	**2,059,970**	2,549,241
Additions during the period / year	**179,085**	351,947
Terminations during the period / year - at cost	**(29,243)**	(49,867)
Accumulated depreciation on termination	**17,546**	755
	(11,697)	(49,112)
Depreciation charge for the period / year	**(565,613)**	(792,106)
Net carrying amount at the period / year end	**1,661,745**	2,059,970

12 INTANGIBLE ASSETS

	(Un-audited) September 30, 2025	(Audited) December 31, 2024
Capital work in progress	**48,548**	36,884
Licenses and computer softwares	**333,071**	324,479
	381,619	361,363

		(Un-audited) For the nine months ended	
		September 30, 2025	September 30, 2024
12.1	**Additions to intangible assets**	------ Rupees in '000 ------	
	The following additions have been made to intangible assets during the period:		
	Directly purchased - intangible assets	**-**	-
	Capital work in progress - net	**72,155**	18,565
	Total	**72,155**	18,565

12.2 **Disposals of intangible assets**

No intangible assets were disposed off during the periods ended September 30, 2025 and September 30, 2024.

		(Un-audited) September 30, 2025	(Audited) December 31, 2024
13	**DEFERRED TAX ASSETS**	------ Rupees in '000 ------	
	Deductible temporary differences on		
	Accelerated accounting depreciation	**477,932**	340,581
	Credit loss allowance against investments	**17,159**	23,617
	Unrealised loss on FVPL investments	**8,041**	7,183
	Credit loss allowance against advances and off balance sheet obligations	**1,478,917**	2,038,063
	Credit loss allowance against cash and balances with treasury banks	**6**	14
	Credit loss allowance against balances with other banks	**5,439**	5,370
	Credit loss allowance against other assets	**24,433**	23,884
	Islamic pool management reserves	**49,797**	159,665
		2,061,724	2,598,377
	Taxable temporary differences on		
	Share of profit of associate	**(40,033)**	(32,160)
	Surplus on revaluation of FVOCI investments - net	**(1,007,759)**	(1,353,785)
	Surplus on revaluation of non-banking asset	**(24,433)**	(28,828)
	Deferred cost on staff loans	**(84,679)**	(35,663)
	Others	**43,039**	45,621
		(1,113,865)	(1,404,815)
	Deferred tax assets - net	**947,859**	1,193,562

		Note	(Un-audited) September 30, 2025	(Audited) December 31, 2024
			------ Rupees in '000 ------	
14	**OTHER ASSETS**			
	Income / mark-up accrued in local currency		**12,370,207**	9,081,809
	Advances, deposits, advance rent and other prepayments		**450,020**	327,764
	Non-banking assets acquired in satisfaction of claims		**234,815**	259,895
	Mark to market gain on forward foreign exchange contracts		**662**	6,771
	Acceptances		**142,138**	18,892
	Pre-IPO investment		**100,000**	100,000
	Stationary and stamps on hand		**182,973**	213,914
	Employees benefits		**87,135**	166,498
	Branch adjustment account		**1,262**	-
	Receivable from the State Bank of Pakistan		**398,159**	343,085
	Deferred cost on staff loans		**2,127,156**	2,067,708
	Others		**69,492**	176,869
			16,164,019	12,763,205
	Less: Credit loss allowance held against other assets	14.1	**(190,976)**	(190,357)
	Other assets - net of credit loss allowance		**15,973,043**	12,572,848
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21	**46,986**	55,440
	Other assets - total		**16,020,029**	12,628,288
14.1	**Credit loss allowance held against other assets**			
	Income / mark-up accrued in local currency		**3,480**	2,861
	Advance for Pre-IPO investment		**100,000**	100,000
	Others		**87,496**	87,496
			190,976	190,357
14.1.1	**Movement in credit loss allowance held against other assets**			
	Opening balance		**190,357**	222,656
	Impact of adoption of IFRS 9		**-**	3,251
	Balance after adoption of IFRS 9		**190,357**	225,907
	Charge for the period / year		**2,171**	-
	Reversal for the period / year		**(1,552)**	(35,550)
			619	(35,550)
	Closing balance		**190,976**	190,357
15	**BILLS PAYABLE**			
	In Pakistan		**1,577,810**	21,951,353
	Outside Pakistan		**-**	-
			1,577,810	21,951,353

16 BORROWINGS

	(Un-audited) September 30, 2025	(Audited) December 31, 2024
	------ Rupees in '000 ------	
Secured		
Borrowings from State Bank of Pakistan (SBP) under:		
- Export refinance scheme	**2,982,700**	3,552,700
- Long term financing facility	**2,522,651**	3,038,577
- Refinance and credit guarantee scheme for women entrepreneurs	**53,137**	54,981
- Financing facility for renewable energy	**219,897**	265,478
- Refinance facility for modernization of Small and Medium Enterprises (SMEs)	**83,359**	53,976
- Refinance facility for combating COVID-19	**226,993**	428,627
- SME Asaan Scheme (SAAF)	**407,508**	799,615
- Financing facility for storage of agriculture produce	**73,000**	89,384
- Repurchase agreement borrowings	**53,999,412**	91,064,600
- Acceptance mudarbah	**-**	4,057,905
	60,568,657	103,405,843
Repurchase agreement borrowings	**342,655**	22,125,999
Total secured	**60,911,312**	125,531,842
Unsecured		
Call borrowings	**1,000,000**	6,000,000
Bai Muajjal borrowings	**-**	1,999,929
Total	**61,911,312**	133,531,771

17 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) September 30, 2025			(Audited) December 31, 2024		
	In local currency	**In foreign currencies**	**Total**	In local currency	In foreign currencies	Total
	------ Rupees in '000 ------					
Customers						
Current deposits	**64,633,660**	**796,389**	**65,430,049**	53,734,250	595,131	54,329,381
Saving deposits	**190,878,838**	**171,539**	**191,050,377**	134,403,110	326,537	134,729,647
Term deposits	**101,318,789**	**672,875**	**101,991,664**	68,749,355	729,110	69,478,465
Others	**13,816,980**	**-**	**13,816,980**	17,183,317	-	17,183,317
	370,648,267	**1,640,803**	**372,289,070**	274,070,032	1,650,778	275,720,810
Financial Institutions						
Current deposits	**757,800**	**31,322**	**789,122**	539,360	31,230	570,590
Saving deposits	**1,262,242**	**-**	**1,262,242**	1,350,589	-	1,350,589
	2,020,042	**31,322**	**2,051,364**	1,889,949	31,230	1,921,179
	372,668,309	**1,672,125**	**374,340,434**	275,959,981	1,682,008	277,641,989

18 LEASE LIABILITIES

	(Un-audited) September 30, 2025	(Audited) December 31, 2024
	------ Rupees in '000 ------	
Outstanding amount at the start of the period / year	**2,147,700**	2,407,066
Additions during the period / year	**179,085**	351,947
Lease payments including interest during the period / year	**(807,065)**	(1,012,610)
Interest expense	**295,409**	446,916
Terminations / modifications during the period / year	**(15,601)**	(45,619)
	(348,172)	(259,366)
Outstanding amount at the end of the period / year	**1,799,528**	2,147,700

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2025

	(Un-audited) September 30, 2025	(Audited) December 31, 2024
	------ Rupees in '000 ------	
18.1 Liabilities outstanding		
Not later than one year	**740,015**	666,438
Later than one year and up to five years	**1,059,512**	1,481,262
Total at the period / year end	**1,799,528**	2,147,700

18.2 The Bank mainly has lease contracts for real estate that are used in its operations including branches and other offices. Leases generally have lease terms between 1.5 years to 5 years. The Bank's obligations correspond to the lessor's title to the leased assets. Generally, the Bank is restricted from assigning and subleasing the lease assets. As a practical expedient, management does not separate lease and non-lease components, wherever applicable. The additions to lease obligations during the period have been discounted at rates ranging between 11.09% to 12.24% (December 31, 2024: 13.47% to 22.09%) per annum; being the relevant incremental borrowing rate of the Bank.

	Note	(Un-audited) September 30, 2025	(Audited) December 31, 2024
		------ Rupees in '000 ------	
19 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		**14,204,024**	16,002,810
Mark-up / return / interest payable in foreign currencies		**11,216**	23,053
Unearned commission and income on bills discounted		**165,436**	154,067
Accrued expenses and supplier payables		**1,202,641**	1,339,154
Current taxation (provisions less payments)		**1,338,663**	1,450,667
Acceptances		**142,138**	18,892
Unclaimed dividends		**113,863**	76,302
Mark to market loss on forward foreign exchange contracts		**2,018**	9,786
Deferred income on government schemes		**1,329**	1,487
Deferred income on Islamic financing		**455,096**	239,724
Islamic pool management reserves		**95,763**	307,049
Share subscription money refund		**1,091**	1,091
Retention money		**35,400**	22,889
Bills payment system over the counter (BPS-OTC)		**138**	14,107
Charity fund balance		**11,490**	40,298
Branch adjustment account		**-**	4,114
Security deposits against ijarah		**36,480**	45,483
Clearing and settlement accounts		**808,284**	106,470
Levies and other taxes payable		**213,250**	34,219
Credit loss allowance against off-balance sheet obligations	19.1	**42,982**	44,098
Others		**451,945**	456,075
		19,333,247	20,391,835

19.1 Credit loss allowance against off-balance sheet obligations		
Opening balance	**44,098**	-
Impact of adoption of IFRS 9	**-**	40,892
Balance after adoption of IFRS 9	**44,098**	40,892
Charge for the period / year	**46,820**	20,428
Reversal for the period / year	**(47,936)**	(17,222)
	(1,116)	3,206
Closing balance	**42,982**	44,098

20 SHARE CAPITAL

20.1 Authorized capital

(Un-audited) September 30, 2025	(Audited) December 31, 2024		(Un-audited) September 30, 2025	(Audited) December 31, 2024
Number of shares			----- Rupees in '000 -----	
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each	**15,000,000**	15,000,000

20.2 Issued, subscribed and paid up

(Un-audited) September 30, 2025	(Audited) December 31, 2024		(Un-audited) September 30, 2025	(Audited) December 31, 2024
Number of shares			----- Rupees in '000 -----	
		Ordinary shares of Rs. 10 each		
722,698,448	722,698,448	Fully paid in cash	**7,226,984**	7,226,984
		Issued as fully paid bonus shares:		
435,237,541	380,092,081	Opening balance	**4,352,376**	3,800,921
-	55,145,460	Issued during the period / year (Note 20.3)	**-**	551,455
435,237,541	435,237,541	**Closing balance**	**4,352,376**	4,352,376
1,157,935,989	1,157,935,989		**11,579,360**	11,579,360

20.3 In the year 2024, 55,145,460 shares were issued as fully paid bonus shares in respect of the year ended December 31, 2023.

20.4 The Bank has only one class of shares and at reporting date, the Government of Khyber Pakhtunkhwa and Ismail Industries Limited held 812,893,803 (December 31, 2024: 812,893,803) and 282,852,969 (December 31, 2024: 282,852,969) ordinary shares respectively. Moreover, the Bank has no reserved shares under options.

21 SURPLUS ON REVALUATION OF ASSETS

	(Un-audited) September 30, 2025	(Audited) December 31, 2024
	------ Rupees in '000 ------	
Surplus / (deficit) on revaluation of:		
- Securities measured at FVOCI - Debt	**1,667,854**	2,567,032
- Securities measured at FVOCI - Equity	**(229,393)**	(463,139)
- Property and equipment	**900,120**	900,120
- Non-banking assets acquired in satisfaction of claims	**46,986**	55,440
- Investment of associate	**(5,404)**	(295)
	2,380,163	3,059,158
Deferred tax on (deficit) / surplus on revaluation of:		
- Securities measured at FVOCI - Debt	**(867,284)**	(1,334,857)
- Securities measured at FVOCI - Equity	**(140,475)**	(18,928)
- Non-banking assets acquired in satisfaction of claims	**(24,433)**	(28,828)
- Investment of associate	**2,810**	153
	(1,029,382)	(1,382,460)
	1,350,781	1,676,698

		Note	(Un-audited) September 30, 2025	(Audited) December 31, 2024
			------ Rupees in '000 ------	
22	**CONTINGENCIES AND COMMITMENTS**			
	Guarantees	22.1	**43,221,987**	39,768,236
	Commitments	22.2	**19,732,653**	13,262,517
			62,954,641	53,030,753
22.1	**Guarantees:**			
	Financial guarantees		**300,000**	300,000
	Performance guarantees		**42,915,905**	39,462,154
	Other guarantees		**6,082**	6,082
			43,221,987	39,768,236
22.2	**Commitments:**			
	Documentary credits and short-term trade-related transactions			
	- Letters of credit		**13,544,719**	9,990,326
	Commitments in respect of:			
	- Forward foreign exchange contracts	22.2.1	**5,975,577**	2,869,232
	Commitments for acquisition of:			
	- Property and equipment		**74,081**	326,857
	- Intangible assets		**138,276**	76,102
	Other commitments		**-**	-
			19,732,653	13,262,517
22.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		**2,880,526**	1,102,151
	Sale		**3,095,051**	1,767,081
			5,975,577	2,869,232

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

22.3 Other contingent liabilities

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

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

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

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

The remand back proceedings were also completed by CIR, and order was issued, creating a total demand of Rs. 231 million (December 31, 2024: Rs. 231 million) in respect of remand back proceedings and for matter upheld by CIRA and mainly included disallowances on account of provision for doubtful debt, depreciation and workers welfare fund. The Bank filed correction application with CIR as well as appeal with CIRA, on May 18, 2022 which is currently pending.

ii) In respect of Tax Year 2015, Deputy Commissioner Inland Revenue issued an order dated February 23, 2023 creating an additional tax demand along with default surcharge of Rs. 645 million (December 31, 2024: Rs. 645 million) under section 161 of Income Tax Ordinance, 2001, mainly on account of non-deduction of withholding taxes on profit on debt, salaries and wages, advertisement and professional charges etc. Being aggrieved, the Bank filed an appeal before CIRA on March 22, 2023 which is currently pending.

iii) In respect of Tax Year 2016, Additional Commissioner Inland Revenue issued an order dated June 21, 2022 creating a demand of Rs. 188 million (December 31, 2024: Rs. 188 million) on account of provision for non-performing loans and advances. Being aggrieved the Bank filed an appeal with CIRA on July 22, 2022 which is currently pending.

iv) In respect of Tax Year 2017, Additional Commissioner Inland Revenue issued an order dated May 29, 2023 creating a demand of Rs. 130 million (December 31, 2024: Rs. 130 million) on account of provision for non-performing loans and advances. Being aggrieved the Bank filed an appeal with CIRA on July 4, 2023 which is currently pending.

v) In respect of Tax Year 2019, Assistant Commissioner Inland Revenue issued an order dated November 30, 2023 creating a demand of Rs. 962 million (December 31, 2024: Rs. 962 million) along with default surcharge amounting to Rs 567 million (December 31, 2024: Rs 567 million) under section 161 of Income Tax Ordinance, 2001, mainly on account of non-deduction of withholding taxes. Being aggrieved, the Bank filed an appeal against the order on January 1, 2024. During the period, Appellate Tribunal Inland Revenue (ATIR) issued an order dated March 7, 2025, remanding the matter back to the assessing officer for a fresh decision after the examination of records.

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

22.3.4 The Bank's share of contingencies of it's associated company i.e. Taurus Securities Limited amounts to Rs. 8.62 million (December 31, 2024: Rs. 8.62 million)

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2025

			(Un-audited) For the nine months ended	
			September 30, 2025	September 30, 2024
23	**MARK-UP / RETURN / INTEREST EARNED**	**Note**	------- **Rupees in '000** -------	
				(Restated)
	Loans and advances		**10,583,595**	13,428,180
	Investments (other than Sukuks bonds)		**19,602,051**	26,836,104
	Lendings to financial institutions		**440,956**	1,098,659
	Balances with banks		**158,768**	168,490
	Sukuk bonds		**10,400,681**	8,516,629
			41,186,051	50,048,062
23.1	**Interest income recognized on:**			
	Financial assets measured at amortized cost		**12,626,688**	16,954,644
	Financial assets measured at FVOCI		**24,766,885**	32,786,611
	Financial assets measured at FVPL		**3,792,478**	306,807
			41,186,051	50,048,062
24	**MARK-UP / RETURN / INTEREST EXPENSED**			(Not restated)
	Deposits		**18,620,078**	34,289,566
	Borrowings		**7,746,547**	3,207,581
	Lease liability		**295,408**	322,333
			26,662,033	37,819,480
25	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		**21,290**	22,735
	Consumer finance related fees		**475**	320
	Card related fees (Debit cards)		**366,828**	296,154
	Commission on trade		**132,133**	118,982
	Commission on guarantees		**187,355**	160,201
	Commission on remittances including home remittances		**36,916**	50,174
	Rebate from financial institutions		**43,201**	34,483
	Others		**12,404**	17,572
			800,602	700,621
26	**GAIN ON SECURITIES**			
	Realised gain	**26.1**	**2,217,118**	6,514
	Unrealised (loss) / gain - measured at FVPL		**(1,650)**	35,258
			2,215,468	41,772
26.1	**Realised gain on:**			
	Federal government securities		**2,217,118**	-
	Mutual funds		**-**	6,514
			2,217,118	6,514
27	**NET GAIN / (LOSS) ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST**			(Restated)
	Gain on derecognition of financial assets measured at amortised cost		**29,736**	-
	Loss on derecognition of financial assets measured at amortised cost		**(12,632)**	(24,318)
			17,104	(24,318)
28	**OTHER INCOME**			(Not restated)
	Rent on property		**2,422**	3,150
	Gain on sale of property and equipment - net		**11,251**	8,101
	Postal, swift and other services		**95,106**	92,660
	Gain / (loss) on early culmination of lease		**3,904**	(3,492)
	Service income on Government schemes		**321**	241
			113,004	100,660

		(Un-audited) For the nine months ended	
		September 30, 2025	September 30, 2024
29	**OPERATING EXPENSES**	--------Rupees in '000--------	
			(Restated)
	Total compensation expense	**3,929,884**	3,506,922
	Property expense		
	Rent and taxes	**11,089**	9,376
	Utilities cost	**372,595**	400,206
	Security (including guards)	**291,592**	278,072
	Repair and maintenance (including janitorial charges)	**22,202**	26,309
	Depreciation - Right of use assets	**565,613**	557,304
	Depreciation - Non banking assets acquired in satisfaction of claims	**33,533**	30,577
	Depreciation - Property and equipment	**301,493**	273,717
		1,598,117	1,575,561
	Information technology expenses		
	Software maintenance	**417,453**	357,027
	Hardware maintenance	**58,317**	61,295
	Depreciation - Property and equipment	**252,822**	222,368
	Amortization	**63,563**	60,314
	Network charges	**15,584**	7,599
	Connectivity charges	**199,842**	180,969
	ATM charges	**174,682**	217,998
		1,182,263	1,107,570
	Other operating expenses		
	Directors' fees and allowances	**32,934**	52,290
	Fees and allowances to Shariah Board	**12,363**	11,543
	Legal and professional charges	**37,352**	37,176
	Outsourced service cost	**315,761**	243,356
	Travelling and conveyance	**82,851**	79,005
	NIFT clearing charges	**31,261**	21,792
	Depreciation - Property and equipment	**73,774**	69,265
	Training and development	**13,546**	10,710
	Postage and courier charges	**48,853**	34,071
	Communication	**147,827**	163,193
	Stationery and printing	**109,165**	112,496
	Marketing, advertisement and publicity	**191,995**	111,349
	Donations	**75,000**	-
	Auditors' remuneration	**19,262**	14,999
	Entertainment	**57,389**	48,091
	Newspapers and periodicals	**2,064**	1,654
	Brokerage and commission	**32,868**	24,058
	Rent and taxes	**1,506**	1,260
	Cash carriage charges	**102,486**	91,097
	Repair and maintenance	**73,410**	68,940
	Utilities cost	**8,604**	15,962
	Insurance	**62,497**	47,287
	Fees and subscriptions	**7,385**	8,878
	Deposit protection premium	**119,895**	97,038
	Others	**156,054**	43,976
		1,816,102	1,409,486
		8,526,366	7,599,539

30	**OTHER CHARGES**		(Not restated)
	Penalties imposed by State Bank of Pakistan	**230**	1,856

			(Un-audited) For the nine months ended	
			September 30, 2025	September 30, 2024
31	**(REVERSAL OF) / CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET**	**Note**	--------- Rupees in '000 ---------	
	Credit loss allowance/ (reversal) held against cash and and balances with treasury banks and balances with other banks	**5 & 6**	**117**	(198)
	Reversal of credit loss allowance against lendings to financial institutions	**7**	**(17,464)**	(64,217)
	Reversal of credit loss allowance for diminution in value of investments	**8.3**	**(12,422)**	(36)
	Reversal of credit loss allowance against advances	**9.3**	**(928,419)**	(30,911)
	(Reversal) / credit loss allowance against other assets	**14.1.1**	**619**	(34,674)
	Reversal of Credit loss allowance against off balance sheet obligations	**19.1**	**(1,116)**	(12,155)
			(958,685)	(142,191)
32	**TAXATION**			(Restated)
	Current		**5,021,897**	3,439,557
	Prior periods		**-**	5,082
	Deferred		**609,800**	3,950
			5,631,697	3,448,589
33	**BASIC AND DILUTED EARNINGS PER SHARE**			
	Profit for the period		**4,972,576**	2,632,229
			------ (Number of shares) ------	
	Weighted average number of ordinary shares		**1,157,935,989**	1,157,935,989
			----------- (Rupees) ------------	
				(Restated)
	Basic and diluted earnings per share		**4.29**	2.27

33.1 There were no dilutive potential ordinary shares outstanding as at September 30, 2025 and September 30, 2024.

34 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified under amortised cost, is based onquoted market price. Quoted securities classified under amortised cost are carried at cost. The fair value of unquoted equity securities, other than investments in associates, is determined on the basis of valuation methodologies. The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinionof the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying valuessince assets and liabilities are either short-term in nature or in the case of customer loans and deposits, are frequently re-priced.
The Bank has reclassified Non Government debt securities amounting to Rs. 300 million from FVOCI to FVPL as of September 30, 2025.

34.1 Fair value of financial assets

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

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

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

Level 3: Fair value measurements using inputs that are not based on observable market data (i.e. unobservable inputs).

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

	(Un-audited) September 30, 2025				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	------------------ Rupees in '000 ------------------				
Financial assets - measured at fair value					
Investments					
Federal Government Securities	**254,560,272**	**79,667,593**	**174,892,679**	**-**	**254,560,272**
Shares	**447,687**	**229,275**	**218,412**	**-**	**447,687**
Non-Government Debt Securities	**6,003,316**	**-**	**6,003,316**	**-**	**6,003,316**
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	**20,884,715**	**-**	**20,685,700**	**-**	**20,685,700**
Off-balance sheet financial instruments - measured at fair value					
Forward exchange contracts purchase	**2,880,526**	**-**	**2,018**	**-**	**2,018**
Forward exchange contracts sale	**3,095,051**	**-**	**662**	**-**	**662**

	(Audited) December 31, 2024				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	------------------ Rupees in '000 ------------------				
Financial assets measured at fair value					
Investments					
Federal Government Securities	258,003,915	42,986,600	215,017,315	-	258,003,915
Shares	213,942	124,640	89,302	-	213,942
Non-Government Debt Securities	6,228,816	-	6,228,816	-	6,228,816
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	18,217,573	-	18,157,598	-	18,157,598
Off-balance sheet financial instruments - measured at fair value					
Forward exchange contracts purchase	1,102,151	-	9,786	-	9,786
Forward exchange contracts sale	1,767,081	-	6,771	-	6,771

34.2 The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Bank's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between level 1 and 2 during the period.

Leasehold land is carried at revalued amount as determined by professional valuers, based on their assessment of market value, and has been classified under level-3, as the effect of changes in the unobservable inputs used in the valuation cannot be determined with certainty.

34.2.1 Fair value of financial assets

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares, listed GoP Sukuks and listed non-government debt securities.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of unquoted equity securities, Sukuks bonds, Pakistan Investment Bonds, Market Treasury Bills, Term Finance Certificates and forward exchange contracts.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

34.2.2 Fair value of non - financial assets

Certain categories of property and equipment (leasehold land) of Rs. 1,016.28 million (December 31, 2024: Rs. 1,016.28 million) and non banking assets acquired in satisfaction of claims of Rs. 281.80 million (December 31, 2024: Rs. 315.33 million) are carried at revalued amounts (level 3 measurements) determined by professional valuers based on their assessment of the market values. The valuations are conducted by the valuation experts appointed by Bank which are also on panel of State Bank of Pakistan.

34.2.3 Valuation techniques and inputs used in determination of fair values within level 1

Fully paid-up listed ordinary shares, listed GOP ijarah, and listed non-government debt securities	Fair values of investments in listed equity securities and listed GOP Ijarah Sukuks are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.

34.2.4 Valuation techniques and inputs used in determination of fair values within level 2

Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates for fixed rate securities and PKFRV rates for floating rate PIB's (Reuters page).
Un-listed GOP ijarah Sukuks	Fair values of unlisted GoP Ijarah Sukuks are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers.
Term Finance, Bonds and Sukuk certificates	Investments in debt securities (comprising term finance certificates, bonds, Sukuk certificates and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan. In the determination of the rates, the MUFAP takes into account the holding pattern of these securities and categorizes these as traded, thinly traded and non-traded securities. However, fair values of investments in unquoted debt securities are valued on the basis of present value technique based on market interest rates.
Unquoted equity securities	Fair value of investments in unquoted equity securities are valued on the basis of income and market approach.

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

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

35 SEGMENT INFORMATION

35.1 Segment details with respect to business activities

	For the nine months ended September 30, 2025 (Un-audited)				
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total
	Rupees in 000				
Profit and loss					
Net mark-up / return / profit	(3,885,822)	21,953,333	(3,221,145)	(322,348)	14,524,018
Inter segment revenue - net	6,119,857	(12,250,258)	3,775,024	2,355,377	-
Non mark-up / return / interest income	15,374	2,885,216	386,414	361,162	3,648,166
Total income	2,249,409	12,588,291	940,293	2,394,191	18,172,184
Segment direct expenses	(17,310,074)	24,464,585	(7,155,423)	(8,525,684)	(8,526,596)
Inter segment expense allocation	16,254,654	(30,370,995)	6,714,238	7,402,102	-
Total expenses	(1,055,420)	(5,906,410)	(441,185)	(1,123,584)	(8,526,596)
Reversal of credit loss allowance	-	29,880	689	928,116	958,685
Profit before tax	1,193,989	6,711,761	499,798	2,198,723	10,604,273

	As at September 30, 2025 (Un-audited)				
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total
	Rupees in 000				
Balance sheet					
Cash and bank balances	6,328,230	20,366,570	648,145	3,981,686	31,324,631
Investments	20,884,715	261,011,275	-	117,490	282,013,480
Net inter segment lending	115,364,378	(236,734,860)	75,570,613	45,799,869	-
Lendings to financial institutions	-	22,993,190	-	-	22,993,190
Advances - performing	67,353,343	-	7,112,748	46,112,900	120,578,991
Advances - non performing	-	-	184,809	1,561,963	1,746,772
Others	5,025,293	10,682,572	565,120	6,880,423	23,153,408
Total assets	214,955,959	78,318,747	84,081,435	104,454,331	481,810,472
Borrowings	6,569,245	54,342,067	-	1,000,000	61,911,312
Deposits and other accounts	193,320,225	5,894,982	79,912,304	95,212,922	374,340,434
Net inter segment borrowing	(115,364,378)	236,734,860	(75,570,613)	(45,799,869)	-
Others	10,345,405	3,137,564	3,765,857	5,461,759	22,710,585
Total liabilities	94,870,496	300,109,474	8,107,549	55,874,812	458,962,331
Equity	120,085,463	(221,790,727)	75,973,886	48,579,519	22,848,141
Total equity and liabilities	214,955,959	78,318,747	84,081,435	104,454,331	481,810,472
Contingencies and commitments	37,091,962	6,116,688	12,931,419	6,814,572	62,954,641

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2025

	For the nine months ended September 30, 2024 (Un-audited) - restated				
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total
	---------- Rupees in 000 ----------				
Profit and loss					
Net mark-up / return / profit	(15,667,845)	32,248,797	(6,317,009)	1,964,639	12,228,582
Inter segment revenue - net	17,622,254	(27,055,127)	7,297,000	2,135,873	-
Non mark-up / return / interest income	(7,038)	682,321	297,124	339,032	1,311,439
Total Income	1,947,371	5,875,991	1,227,115	4,439,544	13,540,021
Segment direct expenses and allocation	(4,301,515)	(63,741)	(1,721,340)	(1,514,799)	(7,601,395)
Inter segment expense allocation	3,217,647	(3,269,238)	1,011,239	(959,648)	-
Total expenses	(1,083,868)	(3,332,979)	(710,101)	(2,474,447)	(7,601,395)
Credit loss allowance	-	64,253	(114,724)	192,662	142,191
Profit before tax	863,503	2,607,265	452,290	2,157,759	6,080,818

	As at December 31, 2024 (Audited)				
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total
	---------- Rupees in 000 ----------				
Balance sheet					
Cash and bank balances	2,200,814	16,168,609	519,373	8,356,573	27,245,369
Investments	18,217,573	264,446,673	-	102,351	282,766,597
Net inter segment lending	142,908,088	(156,635,911)	76,975,885	(63,248,062)	-
Lendings to financial institutions	-	133,574	-	-	133,574
Advances - performing	17,796,165	-	8,469,009	118,741,702	145,006,876
Advances - non performing	-	-	204,541	1,670,554	1,875,095
Others	2,180,730	7,727,299	2,672,354	7,955,973	20,536,356
Total assets	183,303,370	131,840,244	88,841,162	73,579,091	477,563,867
Borrowings	12,341,243	113,190,599	-	7,999,929	133,531,771
Deposits and other accounts	148,960,714	-	78,144,607	50,536,668	277,641,989
Net inter segment borrowing	(142,908,088)	156,635,911	(76,975,885)	63,248,062	-
Others	20,149,043	5,421,253	10,152,461	8,768,131	44,490,888
Total liabilities	38,542,912	275,247,763	11,321,183	130,552,790	455,664,648
Equity	144,760,458	(143,407,519)	77,519,979	(56,973,699)	21,899,219
Total equity and liabilities	183,303,370	131,840,244	88,841,162	73,579,091	477,563,867
Contingencies and commitments	13,565,317	3,118,387	13,703,012	22,644,037	53,030,753

35.2 Geographical segment

Segment details with respect to geographical locations are not presented in these condensed interim financial statements as geographically the Bank conducts all its operations in Pakistan only.

36 RELATED PARTY TRANSACTIONS

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

The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives are determined in accordance with terms of their appointments. Further, the Bank acts as a custodian for securities held in Investor Portfolio Securities (IPS) account maintained on behalf of Government of Khyber Pakhtunkhwa having face value of Rs. 105,149.63 million (December 31, 2024: Rs. 108,659.20 million).

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

	(Un-audited) As at September 30, 2025				(Audited) As at December 31, 2024			
	Directors	**Key management personnel**	**Associate**	**Employee funds**	Directors	Key management personnel	Associate	Employee funds
	------ Rupees in '000 ------							
Advances								
Opening balance	-	181,425	-	-	-	179,490	-	-
Addition during the period / year	-	35,499	-	-	-	49,690	-	-
Repaid during the period / year	-	25,987	-	-	-	26,209	-	-
Transfer (out) / in - net	-	(10,580)	-	-	-	(21,546)	-	-
Closing balance	-	180,357	-	-	-	181,425	-	-
Credit loss allowance	-	21	-	-	-	50	-	-
Deposits and other accounts								
Opening balance	148	8,423	95,829	3,016,225	13,956	6,467	44,580	3,301,627
Received during the period / year	14,066	134,093	238,869	4,752,867	18,408	161,951	249,512	4,830,897
Withdrawn during the period / year	13,709	104,981	297,040	4,298,952	16,723	159,755	198,263	5,116,299
Transfer (out) / in - net	1,508	(241)	-	-	(15,493)	(240)	-	-
Closing balance	2,013	37,293	37,658	3,470,140	148	8,423	95,829	3,016,225
Other liabilities								
Interest / mark-up payable	-	-	-	23,114	28	1,024	6,747	256,848

	(Un-audited) For the nine months ended September 30, 2025				(Un-audited) For the nine months ended September 30, 2024			
	Directors	**Key management personnel**	**Associate**	**Employee funds**	Directors	Key management personnel	Associate	Employee funds
	------ Rupees in '000 ------							
Income								
Mark-up / return / interest earned	-	3,030	-	-	-	3,394	-	-
Expense								
Mark-up / return / interest expensed	118	1,111	9,320	293,588	162	753	7,235	510,566
Operating expenses - Compensation	76,520	212,312	-	-	55,509	174,072	-	-

36.1 As of September 30, 2025, the Bank has an equity investment having cost of Rs. 112.50 million (December 31, 2024: Rs. 112.50 million) and carrying value of Rs. 229.28 million (December 31, 2024: Rs. 89.29 million) in Dawood Family Takaful Limited, a related party.

36.2 Government of Khyber Pakhtunkhwa (GoKP) holds 70.20% shareholding in the Bank and therefore, entities which are owned and / or controlled by the GoKP, or where the GoKP may exercise significant influence, are also related parties of the Bank. The Bank in the ordinary course of its business enters into transaction with various departments of the GoKP and its related entities. Such transactions include advances to, deposits from and provision for other banking services to Government related entities.

Transactions and balances with Government and its related entities, other than those disclosed in the respective notes to these condensed interim financial statements, as at period end includes loans and advances and deposits amounting to Rs. 50,000 million (December 31, 2024: Rs. 17,796.16 million) and Rs. 216,996.58 million (December 31, 2024: Rs. 148,960.71 million), respectively. During the paid, the bank has paid cash dividend amounting Rs. 2,601.26 million (December 31, 2024: Rs. 1,161.28 milion) to GoKP.

Detailed related party disclosure for being government entity is disclosed as required under IAS-24 "Related Party Disclosures". Relevant details are referred in the following notes:

Particulars	**Note**
Investments	8.1
Shareholding	20.4

36.3 During the period, the Bank has paid cash dividend amounting to Rs. 905.13 million (December 31, 2024: Rs. 404.08 million) to Ismail Industries Limited, a related party.

37 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	**(Un-audited) September 30, 2025**	(Audited) December 31, 2024
	---- Rupees in '000 ----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**11,579,360**	11,579,360
Capital Adequacy Ratio (CAR):		
Eligible common equity tier 1 (CET 1) capital	**21,115,741**	19,861,157
Eligible additional tier 1 (ADT 1) capital	**-**	-
Total eligible tier 1 capital	**21,115,741**	19,861,157
Eligible tier 2 capital	**2,129,282**	2,714,195
Total eligible capital (Tier 1 + Tier 2)	**23,245,023**	22,575,352
Risk weighted assets (RWAs):		
Credit risk	**64,885,379**	85,128,759
Market risk	**12,238,649**	14,947,185
Operational risk	**26,704,795**	26,704,795
Total	**103,828,823**	126,780,739
Common equity tier 1 capital adequacy ratio	**20.34%**	15.67%
Tier 1 capital adequacy ratio	**20.34%**	15.67%
Total capital adequacy ratio	**22.39%**	17.81%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	**6.00%**	6.00%
ADT-1 minimum ratio	**1.50%**	1.50%
Tier 1 minimum ratio	**7.50%**	7.50%
Total capital minimum ratio	**10.00%**	10.00%
Capital conservation buffer (CCB- consisting of CET1 only)	**1.50%**	1.50%
Total capital plus CCB	**11.50%**	11.50%
Leverage Ratio (LR):		
Eligible tier 1 capital	**21,115,741**	19,861,157
Total exposures	**568,276,118**	553,214,970
Leverage ratio	**3.72%**	3.59%
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	**249,933,781**	210,120,866
Total net cash outflow	**112,719,845**	100,596,138
Liquidity coverage ratio	**221.73%**	208.88%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	**263,268,188**	204,889,233
Total required stable funding	**115,123,618**	138,223,557
Net stable funding ratio	**228.68%**	148.23%

37.1 The SBP in its application instructions for IFRS 9 has permitted the banks to adopt a transitional approach to phase in the initial impact of ECL for stage 1 and 2 financial assets over a period of five years. However, the Bank has opted to disclose the figures of "fully loaded" CAR.

ISLAMIC BANKING BUSINESS

38 The Bank is operating 191 (December 31, 2024: 131) Islamic banking branches and 56 (December 31, 2024: Nil) Islamic banking windows as at September 30, 2025. As detailed in note 1, the Bank has converted 59 of its conventional banking branches into Islamic banking branches during the period.

		(Un-audited) September 30, 2025	(Audited) December 31, 2024
STATEMENT OF FINANCIAL POSITION	**Note**	---- Rupees in '000 ----	
ASSETS			
Cash and balances with treasury banks		17,274,175	9,578,634
Balances with other banks		2,114,926	469,552
Due from financial institutions		-	-
Investments	38.1	125,409,184	87,035,748
Islamic financing and related assets - net	38.2	50,827,560	19,381,209
Property and equipment		1,094,939	729,247
Right-of-use assets		977,181	679,308
Intangible assets		-	-
Due from head office		1,232,809	-
Other assets		6,313,891	3,458,220
Total Assets		205,244,665	121,331,918
LIABILITIES			
Bills payable		777,262	3,493,761
Due to financial institutions		2,119,616	10,022,769
Deposits and other accounts	38.3	185,373,064	90,129,385
Due to head office		-	339,861
Lease liabilities		1,016,242	647,456
Sub-ordinated debt		-	-
Other liabilities		8,996,848	6,578,534
Total Liabilities		198,283,032	111,211,766
NET ASSETS		6,961,633	10,120,152
REPRESENTED BY			
Islamic banking fund		1,000,000	1,000,000
Reserves		4,642	113,438
Surplus on revaluation of assets		998,179	1,770,518
Unappropriated profit	38.7	4,958,812	7,236,196
		6,961,633	10,120,152
CONTINGENCIES AND COMMITMENTS	38.4		

The profit and loss account of the Bank's Islamic banking branches including windows for the nine months ended September 30, 2025 is as follows:

		(Un-audited) For the nine months ended	
		September 30, 2025	September 30, 2024
PROFIT AND LOSS ACCOUNT	**Note**	---- Rupees in '000 ----	
			(Restated)
Profit / return earned	**38.5**	**13,236,553**	13,584,056
Profit / return expensed	**38.6**	**5,350,903**	6,275,776
Net profit / return		**7,885,650**	7,308,280
Other income			
Fee and commission income		**353,549**	257,393
Dividend income		**-**	391
Foreign exchange income		**221,913**	201,272
Income / (loss) from derivatives		**-**	-
Gain on securities		**87,599**	6,514
Net (loss) / gain on derecognition of financial assets measured at amortized cost		**(2,075)**	751
Other income		**66,694**	48,551
Total other income		**727,680**	514,872
Total income		**8,613,330**	7,823,152
Other expenses			
Operating expenses		**4,527,064**	3,588,636
Workers Welfare Fund		**-**	-
Other charges		**60**	100
Total other expenses		**4,527,124**	3,588,736
Profit before credit loss allowance		**4,086,206**	4,234,416
Credit loss allowance / (reversal) and write offs - net		**287,767**	(162,563)
Profit before taxation		**3,798,439**	4,396,979
Taxation		**2,013,173**	2,248,838
Profit after taxation		**1,785,266**	2,148,141

38.1 Investments by segments

	(Un-audited) September 30, 2025			
	Cost / Amortised cost	**Credit loss allowance**	**Surplus / (Deficit)**	**Carrying value**
	Rupees in '000			
Debt Instruments				
Classified / measured at amortised cost				
Federal Government securities				
- GoP ijarah sukuks	**8,343,808**	**-**	**-**	**8,343,808**
Classified / measured at fair value through other comprehensive income (FVOCI)				
Federal Government securities				
- GoP ijarah sukuks	**113,447,230**	**-**	**981,536**	**114,428,766**
Non - government debt securities	**2,620,000**	**(33)**	**16,643**	**2,636,610**
	116,067,230	**(33)**	**998,179**	**117,065,376**
Classified / measured at fair value through profit or loss (FVPL)	**-**	**-**	**-**	**-**
Total investments	**124,411,038**	**(33)**	**998,179**	**125,409,184**

	(Audited) December 31, 2024			
	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying value
	Rupees in '000			
Debt Instruments				
Classified / measured at amortised cost				
Federal Government securities				
- GoP ijarah sukuks	5,024,765	-	-	5,024,765
Classified / measured at fair value through other comprehensive income (FVOCI)				
Federal Government securities				
- GoP ijarah sukuks	77,335,498	-	1,737,901	79,073,399
Non - government debt securities	2,905,000	(33)	32,617	2,937,584
	80,240,498	(33)	1,770,518	82,010,983
Classified / measured at fair value through profit or loss (FVPL)	-	-	-	-
Total investments	85,265,263	(33)	1,770,518	87,035,748

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2025

		(Un-audited) September 30, 2025	(Audited) December 31, 2024
		------Rupees in '000------	
38.2	**Islamic financing and related assets**		
	Ijarah	**91,234**	118,959
	Murabaha	**3,954,439**	2,154,176
	Diminishing musharaka	**8,064,869**	7,781,849
	Running musharaka	**31,147,718**	6,100,000
	Istisna	**10,359,096**	5,768,519
	Tijarah	**200,000**	-
	Qarz e Hasna	**1,036**	89
	Gross Islamic financing and related assets	**53,818,392**	21,923,592
	Impact of fair valuation of Islamic financing and related assets	**(666,103)**	(495,531)
		53,152,289	21,428,061
	Less: Credit loss allowance against Islamic financing		
	- Stage 1	**348,755**	168,696
	- Stage 2	**184,966**	184,050
	- Stage 3	**1,791,008**	1,694,106
		2,324,729	2,046,852
	Islamic financing and related assets - net of credit loss allowance	**50,827,560**	19,381,209
38.3	**Deposits**		
	Customers		
	Current deposits	**47,865,146**	24,186,803
	Savings deposits	**117,627,160**	55,440,319
	Term deposits	**9,737,123**	7,032,252
	Others	**8,223,618**	3,307,949
		183,453,047	89,967,323
	Financial Institutions		
	Current Deposits	**748,389**	12,335
	Savings deposits	**1,171,629**	149,727
		1,920,018	162,062
		185,373,065	90,129,385
38.4	**Contingencies and commitments**		
	Guarantees	**13,655,065**	9,248,623
	Commitments	**10,511,818**	2,669,203
		24,166,882	11,917,826

		(Un-audited) For the nine months ended September 30, 2025	September 30, 2024
38.5	**Profit / return earned on financing, investments and placements**	----- Rupees in '000 -----	
	Profit earned on:		(Restated)
	Financing	**2,657,736**	4,425,173
	Investments	**10,374,359**	8,427,256
	Placements	**175,158**	705,919
	Balances with banks	**29,300**	25,708
		13,236,553	13,584,056

		(Un-audited) For the nine months ended	
		September 30, 2025	September 30, 2024
38.6	**Profit on deposits and other dues expensed**	----- Rupees in '000 -----	
	Deposits and other accounts	**4,982,902**	5,963,868
	Due to financial institutions	**231,654**	203,946
	Finance charge on lease liability	**136,347**	107,962
		5,350,903	6,275,776

		(Un-audited)	(Audited)
		September 30, 2025	December 31, 2024
38.7	**Islamic banking business unappropriated profit**	----- Rupees in '000 -----	
	Opening balance	**7,236,196**	7,457,308
	Impact of adoption of IFRS 9	**-**	(610,932)
	Balance after adoption of IFRS 9	**7,236,196**	6,846,376
	Add: Islamic banking profit before taxation for the period	**3,798,439**	5,472,279
	Less: Taxation	**(2,013,173)**	(2,955,032)
	Less: Transferred to head office	**(4,062,650)**	(2,127,427)
	Closing balance	**4,958,812**	7,236,196

38.8 Pool management

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

General pool

Special pools

i. Riba Free Special Deposit Pool - 1
ii. Riba Free Special Deposit Pool - 2
iii. Riba Free Special Deposit Pool - Corporate - 1
iv. Riba Free Special Deposit Pool - Corporate - 2
v. Riba Free Special Deposit Pool - Corporate - 3
vi. Riba Free Special Deposit Pool - Corporate - 4
vii. Riba Free Special Deposit Pool - Corporate - 5
viii. Riba Free Special Deposit Pool - Corporate - 6
ix. Riba Free Special Deposit Pool - Corporate - 7
x. Riba Free Special Deposit Pool - Mutual fund
xi. Riba Free Special Deposit Pool 2 - Mutual fund / FI
xii. RFSD - Daily Product - 1 Pool
xiii. RFSD - Daily Product - 2 Pool
xiv. RFSD - Daily Product - 3 Pool
xv. RFSD - Daily Product - 4 Pool
xvi. RFSD - Daily Product - 5 Pool
xvii. RFSD - Daily Product - 6 Pool
xviii. Khyber Islamic Investment Certificates - 1
xix. Khyber Islamic Investment Certificates - 2
xx. Raast Financial Institutions Pool - 1
xxi. Raast Financial Institutions Pool - 2
xxii. RFSD - Itminan Mahana Certificate - pool
xxiii. Riba free special deposit pool - IERS
xxiv. Riba free special deposit pool - PER
xxv. Riba free special deposit pool - IRR
xxvi. General Pool (FCY)
xxvii. RFSD Special Pool (USD)

Features of general pool

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

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

Features of special pools

In special pools, deposits are accepted on Mudarabah basis by providing extended avenues to the depositors for placement of their funds attracting high rate of return. Certificates are issued for a fixed period against specific assets allocated to each special pool based on expected rate of return.

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

Deposits in these special pools are accepted with prior approval from the management and are utilized for liquidity management along with some opportunity of investment.

Key features

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

Risks of the special pools

All special pools are created as seperate entities which have respective assets and liabilities and income and expense position. In each pool, depositors bear the risk of all direct losses and expenses of the pool. All indirect expenses of the pools are borne by the Bank as Mudarib. Same rate of return is paid to all the depositors in same category.

Profit sharing and weightages for distribution of profit

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

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

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

Weightages are declared at least three days before start of each month.

As per policy of the Bank, no gift (Hiba) is given in favour of any particular customer, however, as per SBP guidelines (Circular No. 9 of Nov, 2024), hiba can be given to saving account depositors or category of customers / investors. However, the Bank has reduced its own share as Mudarabah Fee. Out of distributable income, an amount of Rs. 3,800.05 million (44.20%) has been charged as Mudarabah fee. The total Hiba amount of Rs. 443.199 million (10.81%) has been distributed during the period.

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

	(Un-audited) September 30, 2025	(Un-audited) September 30, 2024
	---------- Rupees in '000	**----------**
Gross profit earned	**13,453,946**	13,726,759
Direct expenses	**(63,897)**	(70,153)
Distributable share	**8,597,477**	4,292,095
Profit paid to IAH/PLS depositors	**5,214,556**	6,166,163

Charging expenses

Net income is distributed as per SBP instruction, therefore, all pools shall bear their respective identified expenses. A list of lines of direct expenses are maintained duly vetted from Shariah Board of the Bank. Indirect expenses are borne by Mudarib and are not part of distribution.

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

The profit equalization reserves amounting to Rs. 9.28 million (December 31, 2024: Rs. 113.44 million) has been presented in note 19 to these condensed interim financial statements.

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

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

	(Un-audited) September 30, 2025	(Audited) December 31, 2024
Financings	---------- Rupees in '000 ----------	
Agri business	**924,570**	570,577
Chemical and pharmaceuticals	**1,700,131**	2,463,762
Cement	**1,150,921**	3,035,956
Textile	**10,669,486**	7,234,957
Automobile and transportation equipment	**1,701,330**	9,987
Ghee/cooking oil	**739,886**	-
Petro chemical	**-**	2,984
Housing	**1,150,736**	1,116,992
Manufacturing of match	**-**	140,000
Miscellaneous manufacturing	**3,835,429**	2,582,761
Personal	**1,523,561**	883,969
Financial	**214,698**	-
Construction	**229,673**	304,798
Tradings	**1,275,114**	1,119,694
Government	**147,313**	-
Communication	**29,750**	35,000
Services	**759,779**	899,939
Auto loans	**610,996**	294,871
Metal products	**18,143**	335,840
Commodity finance	**25,000,000**	500,000
CNG station / gas	**57,641**	31,440
Consumer finance	**981,739**	351,752
Others	**1,097,494**	8,313
Impact of fair valuation of Islamic financing and related assets	**(666,103)**	(495,531)
	53,152,287	21,428,061
Investments		
GOP Ijarah Sukuk	**122,772,574**	5,024,765
Power / electric / gas	**2,636,610**	82,010,983
	125,409,184	87,035,748
	178,561,471	108,463,809

Details regarding pools managed by the Bank

Remunerative depositors pools	Profit rate and announcement period	Profit rate return earned - average	Profit sharing ratios		Mudarib share	Profit rate return distributed to remunerative deposits (saving and fixed) - average	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba Rupees in '000
			Mudarib share	Rab-ul - maal share	Rupees in '000			
General Pool								
PKR Pool	Monthly	11.81%	47%	53%	2,844,547	5.71%	11.02%	334,456.85
USD Pool	Monthly	3.25%	45%	55%	250	0.70%	45.98%	212.41
Special Pools								
Saving & TDRs	Monthly	12.43%	28.91%	71.09%	996,026	5.63%	20.07%	103,541.01
			Bank	**SBP**				
IERS Pool	Monthly	10.66%	71.63%	28.37%	111,321	Nil	16.85%	14,426.71

39 CORRESPONDING FIGURES

Comparative information has been restated in these condensed interim financial statements, wherever necessary to facilitate comparison. Further, the effects of restatement due to adoption of IFRS 9 are mentioned in note 4.1 to these condensed interim financial statements.

40 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue in the Board of Directors meeting of the Bank held on October 29, 2025.

MANAGING DIRECTOR	**CHIEF FINANCIAL OFFICER**	**DIRECTOR**	**DIRECTOR**	**DIRECTOR**

Bank of Khyber

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