



CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025

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CORPORATE INFORMATION

As of June 30, 2025

Board of Directors

Ikramullah Khan
Amer Sultan Tareen
Abid Sattar
Syed Asad Ali Shah
Tahir Jawaid
Osman Asghar Khan
Muhammed Shahid Sadiq
Natasha Jehangir Khan

Chairman / Non-Executive Director
Non-Executive Director
Independent Director
Independent Director
Independent Director
Independent Director
Independent Director

Managing Director / CEO

Hassan Raza

Shariah Board

Mufti Muhammad Zahid
Mufti Muhammad Arif Khan
Mufti Abdul Wahab
Qazi Abdul Samad

Chairman Shariah Board
Member Shariah Board
Member Shariah Board
Resident Shariah
Board Member (RSBM)

Board Audit Committee

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

Chairman
Member
Member
Member
Member

Board Human Resource & Remuneration Committee

Abid Sattar
Tahir Jawaid
Osman Asghar Khan
Natasha Jehangir Khan

Chairperson
Member
Member
Member

Board Risk Management Committee

Abid Sattar
Amer Sultan Tareen
Muhammed Shahid Sadiq
Managing Director

Chairman
Member
Member
Member

Board I.T Steering Committee

Osman Asghar Khan

Tahir Jawaid

Syed Asad Ali Shah

Natasha Jehangir Khan

Managing Director

Chairman

Member

Member

Member

Member

Board Compliance Committee

Muhammed Shahid Sadiq

Amer Sultan Tareen

Natasha Jehangir Khan

Managing Director

Chairman

Member

Member

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.

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 six month period ended June 30, 2025.

Financial Highlights

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

	Rs. In Million	
	As at	
	June 30, 2025	December 31, 2024
Total Assets	537,205	477,564
Deposits	382,010	277,642
Advances (Gross)	127,765	159,624
Investments (Net)	351,703	282,767
	For the six month period ended	
	June 30, 2025	June 30, 2024
Profit before provisions	6,576	3,589
(Reversal) / charge of provision (credit loss allowance)	(618)	108
Profit before taxation	7,194	3,481
Profit after taxation	3,365	1,551
	Rupees	
Basic and diluted earnings per share	2.91	1.34

Interim Dividend Announcement

The Board of Directors in its meeting held on August 26, 2025, has announced an interim cash dividend of Rs. 1.50 per share for the six month period ended June 30, 2025 (For the six month period ended June 30, 2024: Nil)

Performance Review

The Bank achieved a remarkable performance during the six month period whereby profit after tax surged by 117% year-on-year (YoY) to Rs. 3,365 million as compared to Rs. 1,551 million during the same period last year.

Net Markup/Interest Income for the period increased by 28% YoY to Rs. 9,845 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 171% YoY to Rs. 2,420 million (6M period ended June 30, 2024: Rs. 893 million). The main contributors in non-markup income were gain on securities, fee and commission income and foreign exchange income.

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.

Non mark-up expenses rose by 14% YoY to Rs. 5,690 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. 618 million during the six month period under review, compared to the net provision charge of Rs. 108 million during the same period last year.

The Bank's deposit base as on June 30, 2025 stood at Rs. 382,010 million as against Rs. 277,642 million as of December 31, 2024. Gross Advances of the Bank at the half year end amounted to Rs. 127,765 million while net investments stood at Rs. 351,703 million. Total assets of the Bank as of June 30, 2025 increased to Rs. 537,205 million as against Rs. 477,564 million on December 31, 2024.

Status of Conversion into Islamic Bank

During the half year ended June 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, 36 branches have been converted from conventional to Islamic banking during the review period. Accordingly, Islamic banking branch network of the Bank has increased to 167 branches (out of the total of 246 branches) at the period end while there are 77 Islamic Banking Windows to support the conversion of conventional banking branches. It is important to highlight that number of converted branches has further increased subsequent to the period-end.

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, asset quality improvement and diversification of portfolio through proactive management strategies. Special focus will be kept on enhancing asset quality while maintaining growth momentum. 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



Hassan Raza

Managing Director & CEO

August 26, 2025
Peshawar

**A.F. FERGUSON & CO.****INDEPENDENT AUDITOR'S REVIEW REPORT****To the members of The Bank of Khyber****Report on review of Interim Financial Statements****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of The Bank of Khyber (the Bank) as at June 30, 2025 and the related condensed interim statement of profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim cash flow statement, and notes to the condensed interim financial statements for the six month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

Pursuant to the requirement of Section 237 (1) (b) of the Companies Act, 2017, only cumulative figures for the half year, presented in the second quarter accounts are subject to a limited scope review by the statutory auditors of the Bank. Accordingly, the figures of the condensed interim statement of profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2025 and June 30, 2024 have not been reviewed by us.

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



Chartered Accountants
Islamabad

Date: August 27, 2025

UDIN: RR2025100503L6Wwv5Q

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■ KARACHI ■ LAHORE ■ ISLAMABAD

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

		(Un-audited) June 30, 2025	(Audited) December 31, 2024
	Note	----- Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks	5	29,054,738	23,993,095
Balances with other banks	6	15,746,518	3,252,274
Lendings to financial institutions	7	3,911,947	133,574
Investments	8	351,702,574	282,766,597
Advances	9	115,629,121	146,881,971
Property and equipment	10	4,183,474	4,293,173
Right-of-use assets	11	1,850,168	2,059,970
Intangible assets	12	350,333	361,363
Deferred tax assets	13	825,076	1,193,562
Other assets	14	13,951,080	12,628,288
Total Assets		537,205,029	477,563,867
LIABILITIES			
Bills payable	15	2,273,340	21,951,353
Borrowings	16	108,272,134	133,531,771
Deposits and other accounts	17	382,010,434	277,641,989
Lease liabilities	18	2,007,759	2,147,700
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	19	19,377,252	20,391,835
Total Liabilities		513,940,919	455,664,648
NET ASSETS		23,264,110	21,899,219
REPRESENTED BY			
Share capital	20	11,579,360	11,579,360
Reserves		5,739,098	5,066,025
Surplus on revaluation of assets	21	1,638,406	1,676,698
Unappropriated profit		4,307,246	3,577,136
		23,264,110	21,899,219
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The annexed notes 1 to 41 form an integral part of these condensed interim financial statements.



MANAGING
DIRECTOR



CHIEF FINANCIAL
OFFICER



DIRECTOR



DIRECTOR



DIRECTOR

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

	Note	Quarter ended		Period ended	
		April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
		----- Rupees in '000 -----			
		(Restated)		(Restated)	
Mark-up / return / interest earned	23	14,088,548	16,862,906	27,588,830	33,879,063
Mark-up / return / interest expensed	24	9,348,813	12,757,143	17,743,484	26,195,998
Net mark-up / interest income		4,739,735	4,105,763	9,845,346	7,683,065
NON MARK-UP / INTEREST INCOME					
Fee and commission income	25	322,713	202,048	550,814	483,292
Dividend income		-	213	-	213
Foreign exchange income		209,795	110,060	282,162	337,328
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities	26	975,858	(768)	1,496,573	(768)
Net (loss) / gain on derecognition of financial assets measured at amortised cost	27	(41,361)	(1,528)	9,610	(2,194)
Share of profit of associate		5,498	4,447	8,466	9,143
Other income	28	47,730	30,380	72,513	65,712
Total non-mark-up / interest income		1,520,233	344,852	2,420,138	892,726
Total income		6,259,968	4,450,615	12,265,484	8,575,791
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	29	2,968,884	2,590,036	5,689,358	4,986,220
Workers Welfare Fund		-	-	-	-
Other charges	30	30	206	160	306
Total non-mark-up / interest expenses		2,968,914	2,590,242	5,689,518	4,986,526
PROFIT BEFORE CREDIT LOSS ALLOWANCE		3,291,054	1,860,373	6,575,966	3,589,265
(Reversal of) / credit loss allowance and write offs - net	31	(500,483)	(82,025)	(618,472)	108,051
PROFIT BEFORE TAXATION		3,791,537	1,942,398	7,194,438	3,481,214
Taxation	32	2,028,703	1,176,447	3,829,072	1,930,515
PROFIT AFTER TAXATION		1,762,834	765,951	3,365,366	1,550,699
-----Rupees -----					
		(Restated)		(Restated)	
Basic and diluted earnings per share	33	1.52	0.66	2.91	1.34

The annexed notes 1 to 41 form an integral part of these condensed interim financial statements.



**MANAGING
DIRECTOR**



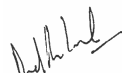
**CHIEF FINANCIAL
OFFICER**



DIRECTOR



DIRECTOR



DIRECTOR

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025**

	Quarter ended		Period ended	
	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
	----- Rupees in '000 -----			
		(Restated)		(Restated)
Profit after taxation for the period	1,762,834	765,951	3,365,366	1,550,699
Other comprehensive income/ (loss)				
Items that may be reclassified to statement of profit and loss account in subsequent periods:				
Movement in surplus/ (deficit) on revaluation of debt investments through FVOCI - net of tax	1,459,585	92,711	598,551	(258,273)
Gain on sale of debt investments carried at FVOCI reclassified to profit and loss - net of tax	(473,624)	-	(718,355)	-
	985,961	92,711	(119,804)	(258,273)
Items that will not be reclassified to statement of profit and loss account in subsequent periods:				
Movement in (deficit)/ surplus on revaluation of equity investments - net of tax	(58,921)	(1,571)	19,479	593
Share of surplus on revaluation of investment of associate - net of tax	-	634	1,339	1,145
Share of remeasurement loss on defined benefit obligations of associate - net of tax	-	-	-	(916)
	(58,921)	(937)	20,818	822
Total comprehensive income	2,689,874	857,725	3,266,380	1,293,248

The annexed notes 1 to 41 form an integral part of these condensed interim financial statements.


**MANAGING
DIRECTOR**


**CHIEF FINANCIAL
OFFICER**


DIRECTOR


DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025

Balance as at December 31, 2023 (audited)
Impact of adoption of IFRS 9 - net of tax (note 4.1)
Balance as at January 1, 2024, after adoption of IFRS 9
Profit after taxation for the six month period ended June 30, 2024 - restated
Other comprehensive income / (loss) - net of tax
Share of plus on revaluation of investments through FVOCI - net of tax
Share of plus on revaluation of investments of associates - net of tax
Share of reversionment loss on sold/benefit obligation of associate - net of tax
Total other comprehensive income / (loss) - net of tax
Transfer to statutory reserve
Transfer from surplus on revaluation of non-banking asset to ungrouped profit - net of tax
Transactions with owners, recorded directly in equity
Final cash dividend for the year ended December 31, 2023 (Rs. 1.50 per share)
Bonus shares issued for the year ended December 31, 2023 (Rs. 0.50 per share)
Balance as at June 30, 2024 (un-audited) - restated
Profit after taxation for the six month period ended June 30, 2024
Other comprehensive income / (loss) - net of tax
Share of surplus on revaluation of investments through FVOCI - net of tax
Share of surplus on revaluation of investments of associates - net of tax
Reversionment gain on sold/benefit obligation - net of tax
Share of reversionment loss on sold/benefit obligation of associate - net of tax
Gain on sale of sold investments carried at FVOCI included to profit and loss - net of tax
Movement in surplus on revaluation of equity investments - net of tax
Movement in deficit on revaluation of non-banking assets - net of tax
Total other comprehensive income - net of tax
Transfer to statutory reserve
Transfer from surplus on revaluation of non-banking asset to ungrouped profit - net of tax
Gain on disposal of equity investments at FVOCI transferred to ungrouped profit - net of tax
Balance as at December 31, 2024 (audited)
Impact of adoption of IFRS 9 - net of tax (note 4.1)
Balance as at January 1, 2025 after adoption of IFRS 9
Profit after taxation for the six month period ended June 30, 2025
Other comprehensive income / (loss) - net of tax
Share of surplus on revaluation of investments through FVOCI - net of tax
Share of surplus on revaluation of investments of associates - net of tax
Gain on sale of sold investments carried at FVOCI included to profit and loss - net of tax
Movement in surplus on revaluation of equity investments - net of tax
Movement in deficit on revaluation of equity investments - net of tax
Total other comprehensive income - net of tax
Transfer to statutory reserve
Transfer from surplus on revaluation of non-banking asset to ungrouped profit - net of tax
Gain on disposal of equity investments at FVOCI or associate transferred to ungrouped profit - net of tax
Transactions with owners, recorded directly in equity
Final cash dividend for the year ended December 31, 2024 (Rs. 1.75 per share)
Balance as at June 30, 2025 (un-audited)
The annexed notes 1 to 41 form an integral part of these condensed interim financial statements.



**MANAGING
DIRECTOR**



**CHIEF FINANCIAL
OFFICER**



DIRECTOR



DIRECTOR

	Share capital	Reservary reserve	Investments	Property and equipment	Non-banking assets	Ungrouped profit	Total
Balance as at December 31, 2023 (audited)	11,027,905	4,345,001	(883,221)	900,020	47,725	4,865,796	20,300,204
Balance as at January 1, 2024, after adoption of IFRS 9	-	729,794	-	-	-	(1,945,528)	(1,215,734)
Profit after taxation for the six month period ended June 30, 2024 - restated	11,027,905	4,345,001	(883,221)	900,020	47,725	2,865,258	19,080,650
Other comprehensive income / (loss) - net of tax	-	-	(268,270)	-	-	-	(268,270)
Share of plus on revaluation of investments through FVOCI - net of tax	-	-	114,5	-	-	-	114,5
Share of plus on revaluation of investments of associates - net of tax	-	-	908	-	-	(946)	(908)
Share of reversionment loss on sold/benefit obligation of associate - net of tax	-	-	(266,355)	-	-	(943)	(267,303)
Total other comprehensive income / (loss) - net of tax	-	310,140	-	-	-	(943)	309,197
Transfer to statutory reserve	-	-	-	-	-	(300,140)	(300,140)
Transfer from surplus on revaluation of non-banking asset to ungrouped profit - net of tax	-	-	-	-	(4,034)	4,034	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-
Final cash dividend for the year ended December 31, 2023 (Rs. 1.50 per share)	550,435	-	-	-	-	(1,654,364)	(1,103,929)
Bonus shares issued for the year ended December 31, 2023 (Rs. 0.50 per share)	11,579,360	4,655,041	(543,936)	900,020	45,889	(551,458)	18,260,904
Balance as at June 30, 2024 (un-audited) - restated	-	-	-	-	-	2,014,422	2,014,422
Profit after taxation for the six month period ended June 30, 2024	11,579,360	5,046,025	741,966	900,020	26,612	3,577,336	21,080,219
Other comprehensive income / (loss) - net of tax	-	-	(118,035)	-	-	-	(118,035)
Share of surplus on revaluation of investments through FVOCI - net of tax	-	-	219	-	-	-	219
Share of surplus on revaluation of investments of associates - net of tax	-	-	(58,340)	-	-	53	(58,287)
Gain on sale of sold investments carried at FVOCI included to profit and loss - net of tax	-	-	33,354	-	-	-	33,354
Movement in surplus on revaluation of equity investments - net of tax	-	-	-	-	(13,520)	-	(13,520)
Movement in deficit on revaluation of equity investments - net of tax	-	-	-	-	-	-	-
Total other comprehensive income - net of tax	-	427,884	-	-	(13,520)	2,197	414,361
Transfer to statutory reserve	-	-	-	-	-	(427,884)	(427,884)
Transfer from surplus on revaluation of non-banking asset to ungrouped profit - net of tax	-	-	(5,999)	-	(3,597)	3,537	-
Gain on disposal of equity investments at FVOCI transferred to ungrouped profit - net of tax	-	-	-	-	-	5,998	5,998
Balance as at December 31, 2024 (audited)	11,579,360	5,046,025	741,966	900,020	26,612	3,577,336	21,080,219
Impact of adoption of IFRS 9 - net of tax (note 4.1)	-	673,95	-	-	-	-	673,95
Balance as at January 1, 2025 after adoption of IFRS 9	11,579,360	5,046,025	877,799	900,020	26,612	3,577,336	21,080,219
Profit after taxation for the six month period ended June 30, 2025	-	-	-	-	-	3,186,366	3,186,366
Other comprehensive income / (loss) - net of tax	-	-	(58,340)	-	-	-	(58,340)
Share of surplus on revaluation of investments through FVOCI - net of tax	-	-	114,5	-	-	-	114,5
Share of surplus on revaluation of investments of associates - net of tax	-	-	908	-	-	-	908
Share of reversionment loss on sold/benefit obligation of associate - net of tax	-	-	(266,355)	-	-	(946)	(267,303)
Total other comprehensive income - net of tax	-	673,073	-	-	-	(97,073)	576,000
Transfer to statutory reserve	-	-	-	-	-	-	-
Transfer from surplus on revaluation of non-banking asset to ungrouped profit - net of tax	-	-	-	-	(2,708)	2,708	-
Gain on disposal of equity investments at FVOCI or associate transferred to ungrouped profit - net of tax	-	-	(3,39)	-	-	3,39	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-
Final cash dividend for the year ended December 31, 2024 (Rs. 1.75 per share)	11,579,360	5,735,038	-	-	-	(1,964,682)	15,349,716
Balance as at June 30, 2025 (un-audited)	-	-	-	900,020	-	4,570,247	5,370,267

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

	January 1 to June 30, 2025	January 1 to June 30, 2024
Note	---- Rupees in '000 ----	(Restated)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	7,194,438	3,481,214
Less: Dividend income	-	213
	7,194,438	3,481,001
Adjustments:		
Net mark-up / return / interest income	(10,046,097)	(7,895,351)
Depreciation - Property and equipment	29 413,728	373,414
Depreciation - Non-banking assets acquired in satisfaction of claims	29 22,356	20,742
Depreciation - Right-of-use assets	29 377,190	354,497
Amortization	29 42,888	39,937
(Reversal of) / credit loss allowance and write offs - net	31 (618,472)	108,051
Unrealised loss on investments measured at FVPL	26 -	768
Gain on disposal of property and equipment - net	28 (5,330)	(8,101)
(Gain)/loss on early culmination of lease	28 (3,904)	3,492
Finance charges on leased assets	24 200,751	212,286
Net loss/(gain) on derecognition of financial assets	27 (9,610)	2,194
Unwinding of deferred cost on staff loans	74,270	72,637
Exchange loss/(gain) on cash and cash equivalents	(100,831)	26,382
Share of profit of associate	(8,466)	(9,143)
	(9,661,527)	(6,698,195)
	(2,467,089)	(3,217,194)
(Increase) / decrease in operating assets		
Lendings to financial institutions	(3,767,461)	(15,282,040)
Securities classified as FVPL	5,402	150,041
Advances	31,936,269	9,852,338
Other assets (excluding mark-up receivable)	(395,895)	5,113,498
	27,778,315	(166,163)
(Decrease) / increase in operating liabilities		
Bills payable	(19,678,013)	(2,382,510)
Borrowings from financial institutions	(25,259,637)	(23,227,172)
Deposits	104,368,445	29,118,676
Other liabilities (excluding current taxation and mark-up payable)	(81,018)	946,598
	59,349,777	4,455,592
Mark-up / interest received	26,497,613	34,783,966
Mark-up / interest paid	(19,641,987)	(21,406,401)
Income tax paid	(2,285,498)	(962,853)
Net cash flow from operating activities	89,231,131	13,486,947
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in amortised cost	(2,441,879)	(355,523)
Net investments in securities classified as FVOCI	(66,548,984)	(3,187,043)
Dividends received		213
Investments in property and equipment	(304,794)	(307,909)
Investments in intangible assets	(31,858)	(20,117)
Disposal of property and equipment	6,095	12,182
Net cash flow used in investing activities	(69,321,420)	(3,858,197)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligations against right-of-use assets	(504,176)	(470,548)
Dividend paid	(1,950,361)	(1,639,363)
Net cash flow used in financing activities	(2,454,537)	(2,109,911)
Effects of credit loss allowance changes on cash and cash equivalents	(118)	(518)
Effects of exchange rate changes on cash and cash equivalents	100,831	(26,382)
Increase in cash and cash equivalents	17,555,887	7,491,939
Cash and cash equivalents at beginning of the period	27,245,359	27,855,805
Cash and cash equivalents at end of the period	44,801,256	35,347,744

The annexed notes 1 to 41 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 SIX MONTH PERIOD ENDED JUNE 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 246 branches including 167 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 36 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 and the short-term credit ratings assigned are 'A-1' (A-One) and 'A1' (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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025**

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 4.11 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.

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

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 half year ended June 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 June 30, 2024 would have been lower by Rs. 18.34 million. The details are tabulated below:

Financial statement line items	Rupees in '000	Description
Mark-up/ return/ interest earned	110,791	
Operating expenses	(72,637)	Impact of fair valuation of subsidised staff loans
Net loss on derecognition of financial assets measured at amortised cost	(2,194)	
	35,960	
Taxation	(17,620)	Tax impact of restatement
Net impact on profit after tax	18,340	
	Rupee	
Net impact on Earnings Per Share (EPS)	0.016	EPS impact of restatement

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025**

- 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. 34.65 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.

5 CASH AND BALANCES WITH TREASURY BANKS

In hand

Local currency
Foreign currencies

(Un-audited) June 30, 2025	(Audited) December 31, 2024
----- Rupees in '000 -----	
8,057,008	5,968,029
154,560	186,814
8,211,568	6,154,843

With State Bank of Pakistan in

Local currency current accounts
Foreign currency current accounts
Foreign currency deposit accounts

16,043,196	15,258,838
112,371	25,943
278,991	257,275
16,434,558	15,542,056

With National Bank of Pakistan in

Local currency current accounts
Local currency deposit accounts
Foreign currency current accounts

4,338,744	1,294,874
67,779	995,058
1,244	4,436
4,407,767	2,294,368

Prize bonds

857 1,854

Less: Credit loss allowance held against cash and
balances with treasury banks

(12) (26)

Cash and balances with treasury banks - net of credit loss allowance

29,054,738 23,993,095

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025**

		(Un-audited) June 30, 2025	(Audited) December 31, 2024
	Note	----- Rupees in '000 -----	
6	BALANCES WITH OTHER BANKS		
In Pakistan			
In current accounts		5,411,177	900,776
In deposit accounts		305,165	551,919
		5,716,342	1,452,695
Outside Pakistan			
In current accounts		773,148	705,614
In deposit accounts		9,267,487	1,104,292
		10,040,635	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		<u>15,746,518</u>	<u>3,252,274</u>
7	LENDINGS TO FINANCIAL INSTITUTIONS		
Placements with financial institutions		4,006,405	238,944
Less: Credit loss allowance held against lendings to financial institutions	7.1	(94,458)	(105,370)
Lendings to financial institutions - net of credit loss allowance		<u>3,911,947</u>	<u>133,574</u>

		(Un-audited) June 30, 2025	(Audited) December 31, 2024
7.1	Lendings to financial institutions - particulars of credit loss allowance		
	Note	Lending	Credit loss allowance held
		Lending	Credit loss allowance held
		----- Rupees in '000 -----	
Domestic			
Performing	Stage 1	3,775,000	122
Under performing	Stage 2	-	-
Non-performing	Stage 3	-	-
Substandard		-	-
Doubtful		-	-
Loss		-	-
	7.2	231,405	94,336
		231,405	94,336
Total		<u>4,006,405</u>	<u>238,944</u>
Overseas			
		-	-
Total		<u>-</u>	<u>-</u>

- 7.2** As of June 30, 2025, the Bank has availed forced sales value benefit amounting to Rs. 137.07 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. 64.43 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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025**

		(Un-audited) June 30, 2025			
8	INVESTMENTS	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
8.1	Investments by type:	-----Rupees in '000-----			
	Fair value through profit or loss (FVPL)				
	Non-Government Debt Securities	1,064,720	-	(13,809)	1,050,911
	Fair value through other comprehensive income (FVOCI)				
	Federal Government Securities	322,142,045	-	2,429,376	324,571,421
	Shares	677,081	-	(282,574)	394,507
	Non-Government Debt Securities	5,174,514	(149,900)	(111,937)	4,912,677
		327,993,640	(149,900)	2,034,865	329,878,605
	Amortised cost (AC)				
	Federal Government Securities	20,659,452	-	-	20,659,452
	Associate	113,606	-	-	113,606
	Total investments	349,831,418	(149,900)	2,021,056	351,702,574

(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

		(Un-audited) June 30, 2025	(Audited) December 31, 2024
8.2	Investments given as collateral	Note	---- Rupees in '000 ----
	Market Treasury Bills		4,728,155
	Pakistan Investment Bonds		90,915,480
	Ijara Sukuks		-
		8.2.1	95,643,635

8.2.1 The market value of securities given as collateral is Rs 95,652.02 million (December 31, 2024: Rs 117,262.46 million)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025**

	(Un-audited) June 30, 2025	(Audited) December 31, 2024
	--- Rupees in '000 ---	
8.3 Credit loss allowance for diminution in value of investments		
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	(8,263)	-
	(8,289)	(6,960)
Closing balance	149,900	158,189

8.4 Particulars of credit loss allowance against debt securities

Category of classification		(Un-audited)		(Audited)	
		June 30, 2025		December 31, 2024	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
----- Rupees in '000 -----					
Domestic					
Performing	Stage 1	4,762,786	9	5,019,711	35
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		149,891	149,891	158,154	158,154
		149,891	149,891	158,154	158,154
Total		4,912,677	149,900	5,177,865	158,189
Overseas		-	-	-	-
Total		-	-	-	-

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

8.5 Summarised financial information of associate

8.5.1 Investment in associate - unlisted

Taurus Securities Limited
Taurus Securities Limited

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

Assets	Liabilities	Equity	Revenue	Profit after taxation	Total comprehensive income
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8.5.2 Summary of financial information of associate

Based on financial statements:

- October 1, 2024 to June 30, 2025

- October 1, 2023 to September 30, 2024

----- Rupees in '000 -----					
1,184,158	805,473	378,685	230,859	28,219	37,516
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 six months period figures from January 1, 2025 to June 30, 2025 based on its un-audited interim financial statements.

8.6 The market value of securities classified as amortised cost as at June 30, 2025 amounted to Rs. 20,726.16 million (December 31, 2024: Rs. 18,157.60 million).

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025**

9 ADVANCES

Note	Performing		Non performing		Total	
	(Un-audited) June 30, 2025	(Audited) December 31, 2024	(Un-audited) June 30, 2025	(Audited) December 31, 2024	(Un-audited) June 30, 2025	(Audited) December 31, 2024
	-----Rupees in '000-----					
Loans, cash credits, running finances, etc.	85,602,556	128,245,818	8,861,496	9,756,779	94,464,052	138,002,597
Islamic financing and related assets	31,501,613	19,920,768	2,079,834	2,002,824	33,581,447	21,923,592
Bills discounted and purchased	99,595	155,174	1,541,365	1,541,365	1,640,960	1,696,539
	117,203,764	148,321,760	12,482,695	13,300,968	129,686,459	161,622,728
Impact of fair valuation and modification of advances	(1,921,484)	(1,999,125)	-	-	(1,921,484)	(1,999,125)
Advances - gross	115,282,280	146,322,635	12,482,695	13,300,968	127,764,975	159,623,603

9.3 Credit loss allowance against advances

- Stage 1	720,702	731,140	-	-	720,702	731,140
- Stage 2	540,318	584,619	-	-	540,318	584,619
- Stage 3	-	-	10,874,834	11,425,873	10,874,834	11,425,873
	1,261,020	1,315,759	10,874,834	11,425,873	12,135,854	12,741,632
Advances - net of credit loss allowance	114,021,260	145,006,876	1,607,861	1,875,095	115,629,121	146,881,971

(Un-audited)
June 30,
2025

(Audited)
December 31,
2024

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

9.1 Particulars of advances (gross)

In local currency	127,764,975	159,623,603
In foreign currencies	-	-
	127,764,975	159,623,603

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025**

9.2 Advances include Rs. 12,482.69 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) June 30, 2025		(Audited) December 31, 2024	
	Non performing loans	Credit loss allowance	Non performing loans	Credit loss allowance
----- Rupees in '000 -----				
Domestic				
Other assets especially mentioned (OAEI)	231,691	139,825	57,738	30,741
Substandard	445,400	308,751	510,351	330,039
Doubtful	332,771	222,931	566,182	372,070
Loss	11,472,833	10,203,327	12,166,697	10,693,023
	12,482,695	10,874,834	13,300,968	11,425,873
Overseas				
Other assets especially mentioned (OAEI)	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
	-	-	-	-
Total	12,482,695	10,874,834	13,300,968	11,425,873

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

9.3 Particulars of credit loss allowance against advances

	(Un-audited) June 30, 2025		(Audited) December 31, 2024	
	Stage 1	Stage 2	Stage 3	Total
	Credit loss allowance held			
	Rupees in '000			
Opening balance	731,140	584,619	11,425,873	12,741,632
Impact of adoption of IFRS 9	-	-	-	-
Balance after adoption of IFRS 9	731,140	584,619	11,425,873	12,741,632
Charge for the period / year	300,914	359,152	221,215	881,281
Reversals for the period / year	(311,352)	(403,453)	(772,254)	(1,487,059)
Amounts written off	(10,438)	(44,301)	(531,039)	(605,778)
Closing balance	720,702	540,318	10,874,834	12,135,854

(Un-audited)
June 30, 2025

(Audited)
December 31, 2024

9.4 Advances - particulars of credit loss allowance

	(Un-audited) June 30, 2025		(Audited) December 31, 2024	
	Stage 1	Stage 2	Stage 3	Total
	Credit loss allowance held			
	Rupees in '000			
Opening balance	731,140	584,619	11,425,873	12,741,632
Impact of adoption of IFRS 9	-	-	-	-
Balance after adoption of IFRS 9	731,140	584,619	11,425,873	12,741,632
New advances	256,415	76,283	175,553	508,251
Advances derecognised or repaid	(105,231)	(47,542)	(493,003)	(645,776)
Transfer to stage 1	44,499	(39,440)	(5,059)	10,600
Transfer to stage 2	(54,515)	282,869	(228,354)	1,006
Transfer to stage 3	(5,111)	(40,551)	45,662	-
Changes in risk parameters	136,057	231,619	(505,201)	(137,525)
Closing balance	(146,495)	(275,920)	(45,838)	(468,253)
	720,702	540,318	10,874,834	12,135,854

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

		(Un-audited) June 30, 2025		(Audited) December 31, 2024	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
----- Rupees in '000 -----					
9.4.2 Advances - Category of classification					
Domestic					
Performing	Stage 1	104,150,544	720,702	117,398,894	731,140
Underperforming	Stage 2	11,137,736	540,318	28,923,741	584,619
Non-performing	Stage 3				
Other assets especially mentioned (OAEM)		231,691	139,825	57,738	30,741
Substandard		445,400	308,751	510,351	330,039
Doubtful		332,771	222,931	566,182	372,070
Loss		11,472,833	10,203,327	12,166,697	10,693,023
		12,482,695	10,874,834	13,300,968	11,425,873
Total		127,764,975	12,135,854	159,623,603	12,741,632
Overseas		-	-	-	-
Total		-	-	-	-

- 9.4.3** 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 June 30, 2025, the Bank has availed cumulative benefit of forced sales value of Rs. 914.99 million (December 31, 2024: Rs. 1,235.09 million). Increase in unappropriated profit amounting to Rs. 430.04 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.

		(Un-audited) June 30, 2025	(Audited) December 31, 2024
		--- Rupees in '000 ---	
10 PROPERTY AND EQUIPMENT	Note		
Capital work-in-progress	10.1	125,344	81,214
Property and equipment		4,058,130	4,211,959
		4,183,474	4,293,173
10.1 Capital work-in-progress			
Civil works		73,187	2,264
Equipment		40,611	42,711
Furniture and fixtures		11,546	10,132
Advances to suppliers		-	26,107
		125,344	81,214

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025**

10.2 Additions to property and equipment

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

	(Un-audited)	
	For the six months ended	
	June 30, 2025	June 30, 2024
	--- Rupees in '000 ---	
Capital work-in-progress - net additions / (transfers)	44,130	16,388
Property and equipment		
Furniture and fixtures	31,441	28,132
Electrical, office and computer equipment	118,151	92,663
Vehicles	26,701	-
Leasehold improvements	84,371	170,726
	260,664	291,521
Total	304,794	307,909

10.3 Disposal of property and equipment

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

Furniture and fixtures	289	2,473
Electrical, office and computer equipment	476	545
Leasehold improvements	-	1,063
Total	765	4,081
	(Un-audited)	(Audited)
	June 30, 2025	December 31, 2024
	--- Rupees in '000 ---	

11 RIGHT-OF-USE ASSETS

Buildings

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

Accumulated depreciation on termination	(29,243)	(49,867)
	17,546	755
	(11,697)	(49,112)

Depreciation charge for the period / year

(377,190) (792,106)

Net carrying amount at the period / year end

1,850,168 2,059,970

12 INTANGIBLE ASSETS

Capital work in progress

46,806 36,884

Licenses and computer softwares

303,527 324,479

350,333 361,363

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025**

		For the six months ended (Un-audited)	
		June 30, 2025	June 30, 2024
		---- Rupees in '000 ----	
12.1	Additions to intangible assets		
	The following additions have been made to intangible assets during the period:		
	Directly purchased - intangible assets	-	-
	Capital work in progress - net	9,922	4,840
	Total	9,922	4,840
12.2	Disposals of intangible assets		
	No intangible assets were disposed off during the periods ended June 30, 2025 and June 30, 2024.		
13	DEFERRED TAX ASSETS	(Un-audited) June 30, 2025	(Audited) December 31, 2024
		--- Rupees in '000 ---	
	Deductible temporary differences on		
	Accelerated accounting depreciation	427,713	340,581
	Credit loss allowance against investments	19,308	23,617
	Unrealised loss on FVPL investments	7,183	7,183
	Credit loss allowance against advances and off balance sheet obligations	1,705,916	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 lendings to financial institutions	63	-
	Credit loss allowance against other assets	23,653	23,884
	Islamic pool management reserves	49,864	159,665
		2,239,145	2,598,377
	Taxable temporary differences on		
	Share of profit of associate	(38,013)	(32,160)
	Surplus on revaluation of FVOCI investments - net	(1,317,889)	(1,353,785)
	Surplus on revaluation of non-banking asset	(25,894)	(28,828)
	Deferred cost on staff loans	(86,951)	(35,663)
	Modification of advances	(20,907)	-
	Others	75,585	45,621
		(1,414,069)	(1,404,815)
	Deferred tax assets - net	825,076	1,193,562

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025**

		(Un-audited) June 30, 2025	(Audited) December 31, 2024
	Note	----- Rupees in '000 -----	
14 OTHER ASSETS			
Income / mark-up accrued in local currency		9,969,530	9,081,809
Advances, deposits, advance rent and other prepayments		341,061	327,764
Non-banking assets acquired in satisfaction of claims		243,181	259,895
Mark to market gain on forward foreign exchange contracts		8,790	6,771
Acceptances		136,579	18,892
Pre-IPO investment		100,000	100,000
Stationary and stamps on hand		189,763	213,914
Employees benefits		113,591	166,498
Clearing and settlement accounts		319,809	-
Branch adjustment account		15,436	-
Receivable from the State Bank of Pakistan		364,616	343,085
Deferred cost on staff loans		2,128,903	2,067,708
Others		160,043	176,869
		<u>14,091,302</u>	<u>12,763,205</u>
Less: Credit loss allowance held against other assets	14.1	<u>(190,020)</u>	<u>(190,357)</u>
Other assets - net of credit loss allowance		<u>13,901,282</u>	<u>12,572,848</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21	<u>49,798</u>	<u>55,440</u>
Other assets - total		<u><u>13,951,080</u></u>	<u><u>12,628,288</u></u>
14.1 Credit loss allowance held against other assets			
Income / mark-up accrued in local currency		2,524	2,861
Advance for Pre-IPO investment		100,000	100,000
Others		87,496	87,496
		<u>190,020</u>	<u>190,357</u>
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		<u>190,357</u>	<u>225,907</u>
Charge for the period / year		1,215	-
Reversal for the period / year		<u>(1,552)</u>	<u>(35,550)</u>
		<u>(337)</u>	<u>(35,550)</u>
Closing balance		<u><u>190,020</u></u>	<u><u>190,357</u></u>
15 BILLS PAYABLE			
In Pakistan		2,273,340	21,951,353
Outside Pakistan		-	-
		<u>2,273,340</u>	<u>21,951,353</u>

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

16	BORROWINGS	(Un-audited)		(Audited)	
		June 30, 2025	June 30, 2024	December 31, 2024	December 31, 2024
		--- Rupees in '000 ---			
	Secured				
	Borrowings from State Bank of Pakistan (SBP) under:				
	- Export refinance scheme	2,989,234			3,552,700
	- Long term financing facility	2,724,965			3,038,577
	- Refinance and credit guarantee scheme for women entrepreneurs	54,122			54,981
	- Financing facility for renewable energy	235,263			265,478
	- Refinance facility for modernization of Small and Medium Enterprises (SMEs)	93,686			53,976
	- Refinance facility for combating COVID-19	305,686			428,627
	- SME Asaan Scheme (SAAF)	447,081			799,615
	- Financing facility for storage of agriculture produce	78,462			89,384
	- Repurchase agreement borrowings	90,915,480			91,064,600
	- Acceptance mudarbah	-			4,057,905
		97,843,979			103,405,843
	Repurchase agreement borrowings	4,728,155			22,125,999
	Total secured	102,572,134			125,531,842
	Unsecured				
	Call borrowings	5,700,000			6,000,000
	Bai Muajjal borrowings	-			1,999,929
	Total	108,272,134			133,531,771

17	DEPOSITS AND OTHER ACCOUNTS	(Un-audited)			(Audited)		
		June 30, 2025			December 31, 2024		
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
		----- Rupees in '000 -----					
	Customers						
	Current deposits	69,330,995	782,037	70,113,032	53,734,250	595,131	54,329,381
	Saving deposits	183,858,098	243,015	184,101,113	134,403,110	326,537	134,729,647
	Term deposits	106,151,488	707,593	106,859,081	68,749,355	729,110	69,478,465
	Others	18,885,844	-	18,885,844	17,183,317	-	17,183,317
		378,226,425	1,732,645	379,959,070	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
		380,246,467	1,763,967	382,010,434	275,959,981	1,682,008	277,641,989

18	LEASE LIABILITIES	(Un-audited)		(Audited)	
		June 30, 2025	June 30, 2024	December 31, 2024	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	(504,176)			(1,012,610)
	Interest expense	200,751			446,916
	Terminations / modifications during the period / year	(15,601)			(45,619)
		(139,941)			(259,366)
	Outstanding amount at the end of the period / year	2,007,759			2,147,700

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025**

	(Un-audited) June 30, 2025	(Audited) December 31, 2024
	--- Rupees in '000 ---	
18.1 Liabilities outstanding		
Not later than one year	706,440	666,438
Later than one year and up to five years	1,301,319	1,481,262
Total at the period / year end	<u>2,007,759</u>	<u>2,147,700</u>
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.		
	(Un-audited) June 30, 2025	(Audited) December 31, 2024
Note	--- Rupees in '000 ---	
19 OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	13,917,349	16,002,810
Mark-up / return / interest payable in foreign currencies	9,260	23,053
Unearned commission and income on bills discounted	160,533	154,067
Accrued expenses and supplier payables	1,338,736	1,339,154
Current taxation (provisions less payments)	2,591,309	1,450,667
Acceptances	136,579	18,892
Unclaimed dividends	94,623	76,302
Mark to market loss on forward foreign exchange contracts	750	9,786
Deferred income on government schemes	1,329	1,487
Deferred income on Islamic financing	331,434	239,724
Islamic pool management reserves	95,892	307,049
Share subscription money refund	1,091	1,091
Retention money	26,595	22,889
Bills payment system over the counter (BPS-OTC)	650	14,107
Charity fund balance	47,474	40,298
Branch adjustment account	-	4,114
Security deposits against ijarah	40,446	45,483
Clearing and settlement accounts	-	106,470
Levies and other taxes payable	35,195	34,219
Credit loss allowance against off-balance sheet obligations	50,824	44,098
Others	497,183	456,075
	<u>19,377,252</u>	<u>20,391,835</u>
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	48,194	20,428
Reversal for the period / year	(41,468)	(17,222)
	6,726	3,206
Closing balance	<u>50,824</u>	<u>44,098</u>

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

20 SHARE CAPITAL

20.1 Authorized capital

(Un-audited) June 30, 2025	(Audited) December 31, 2024		(Un-audited) June 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) June 30, 2025	(Audited) December 31, 2024		(Un-audited) June 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

Surplus / (deficit) on revaluation of:

- Securities measured at FVOCI - Debt
- Securities measured at FVOCI - Equity
- Property and equipment
- Non-banking assets acquired in satisfaction of claims
- Investment of associate

(Un-audited) June 30, 2025	(Audited) December 31, 2024
--- Rupees in '000 ---	
2,317,439	2,567,032
(282,574)	(463,139)
900,120	900,120
49,798	55,440
(5,404)	(295)
2,979,379	3,059,158

Deferred tax on (deficit) / surplus on revaluation of:

- Securities measured at FVOCI - Debt
- Securities measured at FVOCI - Equity
- Non-banking assets acquired in satisfaction of claims
- Investment of associate

(Un-audited) June 30, 2025	(Audited) December 31, 2024
(1,205,068)	(1,334,857)
(112,821)	(18,928)
(25,894)	(28,828)
2,810	153
(1,340,973)	(1,382,460)
1,638,406	1,676,698

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025**

		(Un-audited) June 30, 2025	(Audited) December 31, 2024
	Note	--- Rupees in '000 ---	
22	CONTINGENCIES AND COMMITMENTS		
Guarantees	22.1	43,488,857	39,768,236
Commitments	22.2	31,823,660	13,262,517
		<u>75,312,517</u>	<u>53,030,753</u>
22.1	Guarantees:		
Financial guarantees		300,000	300,000
Performance guarantees		43,182,775	39,462,154
Other guarantees		6,082	6,082
		<u>43,488,857</u>	<u>39,768,236</u>
22.2	Commitments:		
Documentary credits and short-term trade-related transactions			
- Letters of credit		13,999,998	9,990,326
Commitments in respect of:			
- Forward foreign exchange contracts	22.2.1	17,641,485	2,869,232
Commitments for acquisition of:			
- Property and equipment		93,795	326,857
- Intangible assets		88,382	76,102
Other commitments		-	-
		<u>31,823,660</u>	<u>13,262,517</u>
22.2.1	Commitments in respect of forward foreign exchange contracts		
Purchase		4,575,940	1,102,151
Sale		13,065,445	1,767,081
		<u>17,641,485</u>	<u>2,869,232</u>

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.

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

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 its 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 SIX MONTH PERIOD ENDED JUNE 30, 2025**

		(Un-audited) For the six months ended	
		June 30, 2025	June 30, 2024
		----- Rupees in '000 -----	
23	MARK-UP / RETURN / INTEREST EARNED	Note	
		(Restated)	
	Loans and advances	7,089,255	9,642,671
	Investments (other than Sukuks bonds)	13,305,414	17,960,449
	Lendings to financial institutions	327,820	493,131
	Balances with banks	108,122	102,997
	Sukuk bonds	6,758,219	5,679,815
		<u>27,588,830</u>	<u>33,879,063</u>
23.1	Interest income recognized on:		
	Financial assets measured at amortized cost	8,601,506	12,056,579
	Financial assets measured at FVOCI	18,837,307	21,588,789
	Financial assets measured at FVPL	150,017	233,695
		<u>27,588,830</u>	<u>33,879,063</u>
24	MARK-UP / RETURN / INTEREST EXPENSED	(Not restated)	
	Deposits	12,620,495	23,408,279
	Borrowings	4,922,238	2,575,433
	Lease liability	200,751	212,286
		<u>17,743,484</u>	<u>26,195,998</u>
25	FEE AND COMMISSION INCOME		
	Branch banking customer fees	14,278	14,451
	Consumer finance related fees	475	258
	Card related fees (Debit cards)	262,654	215,682
	Commission on trade	82,573	69,670
	Commission on guarantees	118,068	112,144
	Commission on remittances including home remittances	34,683	38,370
	Rebate from financial institutions	30,644	21,793
	Others	7,439	10,924
		<u>550,814</u>	<u>483,292</u>
26	GAIN ON SECURITIES		
	Realised gain	1,496,573	-
	Unrealised (loss) - measured at FVPL	-	(768)
		<u>1,496,573</u>	<u>(768)</u>
26.1	Realised gain on:		
	Federal government securities	1,496,573	-
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	(20,126)	(2,194)
		<u>9,610</u>	<u>(2,194)</u>
28	OTHER INCOME	(Not restated)	
	Rent on property	1,676	2,225
	Gain on sale of property and equipment - net	5,330	8,101
	Postal, swift and other services	61,283	58,636
	Gain/ (loss) on early culmination of lease	3,904	(3,492)
	Service income on Government schemes	320	242
		<u>72,513</u>	<u>65,712</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025**

29 OPERATING EXPENSES

		(Un-audited) For the six months ended	
		June 30, 2025	June 30, 2024
		----Rupees in '000----	
		(Restated)	
Total compensation expense		2,584,182	2,284,445
Property expense			
Rent and taxes	7,340	6,525	
Utilities cost	245,277	215,456	
Security (including guards)	187,578	170,228	
Repair and maintenance (including janitorial charges)	14,034	11,049	
Depreciation - Right of use assets	377,190	354,497	
Depreciation - Non banking assets acquired in satisfaction of claims	22,356	20,742	
Depreciation - Property and equipment	198,741	179,248	
	1,052,516	957,745	
Information technology expenses			
Software maintenance	327,724	237,685	
Hardware maintenance	52,712	56,275	
Depreciation - Property and equipment	166,339	147,550	
Amortization	42,888	39,937	
Network charges	8,833	7,598	
Connectivity charges	158,774	126,901	
ATM charges	135,101	138,324	
	892,371	754,270	
Other operating expenses			
Directors' fees and allowances	24,602	35,337	
Fees and allowances to Shariah Board	7,652	6,695	
Legal and professional charges	27,805	27,814	
Outsourced service cost	209,264	174,330	
Travelling and conveyance	50,096	44,919	
NIFT clearing charges	16,243	13,435	
Depreciation - Property and equipment	48,648	46,616	
Training and development	8,691	13,449	
Postage and courier charges	40,681	2,506	
Communication	118,847	148,690	
Stationery and printing	73,262	70,023	
Marketing, advertisement and publicity	125,106	76,271	
Auditors' remuneration	12,300	8,346	
Entertainment	34,698	29,330	
Newspapers and periodicals	1,346	1,221	
Brokerage and commission	19,863	16,102	
Rent and taxes	1,270	977	
Cash carriage charges	71,700	58,888	
Repair and maintenance	68,140	54,546	
Utilities cost	5,692	40,458	
Insurance	48,039	32,948	
Fees and subscriptions	4,595	5,607	
Deposit protection premium	79,934	64,692	
Others	61,815	16,560	
	1,160,289	989,760	
	5,689,358	4,986,220	
30 OTHER CHARGES			
		(Not restated)	
Penalties imposed by State Bank of Pakistan		160	306

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

		(Un-audited) For the six months ended	
		June 30, 2025	June 30, 2024
		----- Rupees in '000 -----	
31	(REVERSAL OF) / CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET	Note	
	Credit loss allowance held against cash and and balances with treasury banks and balances with other banks	5 & 6	118 14
	(Reversal of) / credit loss allowance against lendings to financial institutions	7	(10,912) 678
	Reversal of credit loss allowance for diminution in value of investments	8.3	(8,289) (67)
	(Reversal of) / credit loss allowance against advances	9.3	(605,778) 129,200
	Reversal of credit loss allowance against other assets	14.1.1	(337) (269)
	Credit loss allowance/ (reversal) against off balance sheet obligations	19.1	6,726 (21,505)
			<u><u>(618,472)</u></u> <u><u>108,051</u></u>
32	TAXATION		(Restated)
	Current		3,426,140 1,949,079
	Deferred		402,932 (18,564)
			<u><u>3,829,072</u></u> <u><u>1,930,515</u></u>
33	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit for the period		<u><u>3,365,366</u></u> <u><u>1,550,699</u></u>
			--- (Number of shares) ---
	Weighted average number of ordinary shares		<u><u>1,157,935,989</u></u> <u><u>1,157,935,989</u></u>
			----- (Rupees) -----
	Basic and diluted earnings per share		(Restated) <u><u>2.91</u></u> <u><u>1.34</u></u>

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

34 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified under amortised cost, is based on quoted 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 opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or in the case of customer loans and deposits, are frequently re-priced.

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).

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

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) June 30, 2025					
On balance sheet financial instruments	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
		----- Rupees in '000 -----			
Financial assets - measured at fair value					
Investments					
Federal Government Securities	324,571,421	87,160,481	237,410,940	-	324,571,421
Shares	394,507	165,220	229,287	-	394,507
Non-Government Debt Securities	5,963,588	-	5,963,588	-	5,963,588
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	20,659,452	-	20,726,167	-	20,726,167
Off-balance sheet financial instruments - measured at fair value					
Forward exchange contracts purchase	4,575,940	-	750	-	750
Forward exchange contracts sale	13,065,545	-	8,790	-	8,790
(Audited) December 31, 2024					
On balance sheet financial instruments	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
		----- 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.

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

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. 292.98 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 PIBs (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 Bankers' 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.

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

35 SEGMENT INFORMATION

35.1 Segment details with respect to business activities

	For the six months ended June 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	(3,230,520)	15,268,962	(2,166,746)	(26,350)	9,845,346
Inter segment revenue - net	4,785,654	(8,585,557)	2,780,731	1,019,172	-
Non mark-up / return / interest income	31,380	1,933,601	291,522	163,635	2,420,138
Total income	1,586,514	8,617,006	905,507	1,156,457	12,265,484
Segment direct expenses	(3,094,285)	(109,307)	(1,524,964)	(960,962)	(5,689,518)
Inter segment expense allocation	2,358,380	(3,887,699)	1,104,944	424,375	-
Total expenses	(735,905)	(3,997,006)	(420,020)	(536,587)	(5,689,518)
Reversal of credit loss allowance	-	17,434	76,518	524,520	618,472
Profit before tax	850,609	4,637,434	562,005	1,144,390	7,194,438

	As at June 30, 2025 (Un-audited)				
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total
	----- Rupees in 000 -----				
Balance sheet					
Cash and bank balances	6,182,754	25,255,298	1,660,135	11,703,069	44,801,256
Investments	20,659,452	330,929,516	-	113,606	351,702,574
Net inter segment lending	141,058,794	(253,955,545)	83,465,225	29,431,526	-
Lendings to financial institutions	-	3,911,947	-	-	3,911,947
Advances - performing	61,313,150	-	21,741,851	30,966,259	114,021,260
Advances - non performing	-	-	257,467	1,350,394	1,607,861
Others	4,237,311	9,642,951	3,306,892	3,972,977	21,160,131
Total assets	233,451,461	115,784,167	110,431,570	77,537,831	537,205,029
Borrowings	6,928,499	95,643,635	-	5,700,000	108,272,134
Deposits and other accounts	211,834,891	-	104,399,073	65,776,470	382,010,434
Net inter segment borrowing	(141,058,794)	253,955,545	(83,465,225)	(29,431,526)	-
Others	10,686,932	4,128,644	4,864,697	3,978,078	23,658,351
Total liabilities	88,391,528	353,727,824	25,798,545	46,023,022	513,940,919
Equity	145,059,933	(237,943,657)	84,633,025	31,514,809	23,264,110
Total equity and liabilities	233,451,461	115,784,167	110,431,570	77,537,831	537,205,029
Contingencies and commitments	13,504,001	17,770,931	15,908,940	28,128,645	75,312,517

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

	For the six months ended June 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	(6,869,815)	19,510,754	(4,167,507)	(790,367)	7,683,065
Inter segment revenue - net	8,157,366	(15,644,719)	4,690,476	2,796,877	-
Non mark-up / return / interest income	5,414	433,012	214,975	239,325	892,726
Total Income	1,292,965	4,299,047	737,944	2,245,835	8,575,791
Segment direct expenses and allocation	(2,552,720)	(98,529)	(1,052,573)	(1,282,704)	(4,986,526)
Inter segment expense allocation	1,800,953	(2,401,065)	623,509	(23,397)	-
Total expenses	(751,767)	(2,499,594)	(429,064)	(1,306,101)	(4,986,526)
Credit loss allowance	-	(610)	(44,122)	(63,319)	(108,051)
Profit / (loss) before tax	541,198	1,798,843	264,758	876,415	3,481,214

	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

35.2 Contingencies and commitments	13,565,317	3,118,387	13,703,012	22,644,037	53,030,753
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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.

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

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 June 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	-	38,131	-	-	-	49,690	-	-
Repaid during the period / year	-	20,672	-	-	-	26,209	-	-
Transfer (out) / in - net	-	(36,143)	-	-	-	(21,546)	-	-
Closing balance	-	162,741	-	-	-	181,425	-	-
Credit loss allowance	-	44	-	-	-	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	12,195	80,232	225,756	2,206,603	18,408	161,951	249,512	4,830,897
Withdrawn during the period / year	9,211	82,024	287,392	1,797,875	16,723	159,755	198,263	5,116,299
Transfer (out) / in - net	-	(248)	-	-	(15,493)	(240)	-	-
Closing balance	3,132	6,383	34,193	3,424,953	148	8,423	95,829	3,016,225
Other liabilities								
Interest / mark-up payable	17	29	849	59,153	28	1,024	6,747	256,848
	(Un-audited) For the six months ended June 30, 2025							
	(Un-audited) For the six months ended June 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	-	2,017	-	-	-	1,888	-	-
Expense								
Mark-up / return / interest expended	73	1,188	9,320	289,343	162	743	7,232	357,159
Operating expenses - Compensation	53,496	147,641	-	-	37,589	110,909	-	-

36.1 As of June 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. 61,313.15 million (December 31, 2024: Rs. 17,796.16 million) and Rs. 211,834.89 million (December 31, 2024: Rs. 148,960.71 million), respectively. During the period, the Bank has paid cash dividend amounting to Rs. 1,381.92 million (December 31, 2024: Rs. 1,161.28 million) 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. 480.85 million (December 31, 2024: Rs. 404.08 million) to Ismail Industries Limited, a related party.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025**

37 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2025	(Audited) December 31, 2024
	--- Rupees in '000 ---	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>11,579,360</u>	<u>11,579,360</u>
Capital Adequacy Ratio (CAR):		
Eligible common equity tier 1 (CET 1) capital	<u>21,277,595</u>	19,861,157
Eligible additional tier 1 (ADT 1) capital	<u>-</u>	<u>-</u>
Total eligible tier 1 capital	<u>21,277,595</u>	19,861,157
Eligible tier 2 capital	<u>2,442,729</u>	2,714,195
Total eligible capital (Tier 1 + Tier 2)	<u>23,720,324</u>	22,575,352
Risk weighted assets (RWAs):		
Credit risk	<u>67,086,441</u>	85,128,759
Market risk	<u>18,071,982</u>	14,947,185
Operational risk	<u>26,704,795</u>	26,704,795
Total	<u>111,863,218</u>	<u>126,780,739</u>
Common equity tier 1 capital adequacy ratio	<u>19.02%</u>	15.67%
Tier 1 capital adequacy ratio	<u>19.02%</u>	15.67%
Total capital adequacy ratio	<u>21.20%</u>	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	<u>21,277,595</u>	19,861,157
Total exposures	<u>583,752,487</u>	553,214,970
Leverage ratio	<u>3.64%</u>	3.59%
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	<u>253,844,630</u>	210,120,866
Total net cash outflow	<u>107,683,550</u>	100,596,138
Liquidity coverage ratio	<u>235.73%</u>	208.88%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	<u>269,029,998</u>	204,889,233
Total required stable funding	<u>136,930,285</u>	138,223,557
Net stable funding ratio	<u>196.47%</u>	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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025**

ISLAMIC BANKING BUSINESS

- 38** The Bank is operating 167 (December 31, 2024: 131) Islamic banking branches and 77 (December 31, 2024: Nil) Islamic banking windows as at June 30, 2025. As detailed in note 1, the Bank has converted 36 of its conventional banking branches into Islamic banking branches during the period.

		(Un-audited) June 30, 2025	(Audited) December 31, 2024
		-- Rupees in '000 --	
STATEMENT OF FINANCIAL POSITION	Note		
ASSETS			
Cash and balances with treasury banks		16,663,248	9,578,634
Balances with other banks		10,533,318	469,552
Due from financial institutions	38.1	3,774,878	-
Investments	38.2	131,932,173	87,035,748
Islamic financing and related assets - net	38.3	30,688,736	19,381,209
Property and equipment		934,261	729,247
Right-of-use assets		891,868	679,308
Intangible assets		-	-
Due from head office		2,898,151	-
Other assets		4,727,961	3,458,220
Total Assets		203,044,594	121,331,918
LIABILITIES			
Bills payable		1,254,962	3,493,761
Due to financial institutions		1,145,627	10,022,769
Deposits and other accounts	38.4	182,412,656	90,129,385
Due to head office		-	339,861
Lease liabilities		973,451	647,456
Sub-ordinated debt		-	-
Other liabilities		9,021,469	6,578,534
Total Liabilities		194,808,165	111,211,766
NET ASSETS		8,236,429	10,120,152
REPRESENTED BY			
Islamic banking fund		1,000,000	1,000,000
Reserves		5,791	113,438
Surplus on revaluation of assets		1,089,704	1,770,518
Unappropriated profit	38.8	6,140,934	7,236,196
		8,236,429	10,120,152
CONTINGENCIES AND COMMITMENTS	38.5		

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025**

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

		(Un-audited)	
		For the six months ended	
		June 30,	June 30,
		2025	2024
		-- Rupees in '000 --	
PROFIT AND LOSS ACCOUNT	Note		(Restated)
Profit / return earned	38.6	8,256,964	9,254,994
Profit / return expensed	38.7	3,298,805	4,316,822
Net profit / return		4,958,159	4,938,172
Other income			
Fee and commission income		216,083	185,156
Dividend income		-	213
Foreign exchange income		107,955	122,268
Income / (loss) from derivatives		-	-
Gain on securities		75,528	-
Net loss on derecognition of financial assets measured at amortized cost		(5,160)	(352)
Other income		36,425	29,954
Total other income		430,831	337,239
Total income		5,388,990	5,275,411
Other expenses			
Operating expenses		2,807,414	2,306,978
Workers Welfare Fund		-	-
Other charges		40	100
Total other expenses		2,807,454	2,307,078
Profit before credit loss allowance		2,581,536	2,968,333
Credit loss allowance / (reversal) and write offs - net		258,583	(60,973)
Profit before taxation		2,322,953	3,029,306
Taxation		1,231,165	1,537,230
Profit after taxation		1,091,788	1,492,076

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

		(Un-audited) June 30, 2025		(Audited) December 31, 2024		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025**

	(Un-audited) June 30, 2025	(Audited) December 31, 2024
	---Rupees in '000---	
38.3 Islamic financing and related assets		
Ijarah	102,460	118,959
Murabaha	2,713,558	2,154,176
Diminishing musharaka	8,068,466	7,781,849
Running musharaka	15,641,918	6,100,000
Istisna	6,843,970	5,768,519
Tijarah	200,000	-
Qarz e Hasna	11,075	89
	33,581,447	21,923,592
Gross Islamic financing and related assets	(594,198)	(495,531)
Impact of fair valuation of Islamic financing and related assets	32,987,249	21,428,061
Less: Credit loss allowance against Islamic financing		
- Stage 1	315,538	168,696
- Stage 2	167,043	184,050
- Stage 3	1,815,932	1,694,106
	2,298,513	2,046,852
Islamic financing and related assets - net of credit loss allowance	30,688,736	19,381,209
38.4 Deposits		
Customers		
Current deposits	43,637,581	24,186,803
Savings deposits	119,796,062	55,440,319
Term deposits	7,248,738	7,032,252
Others	9,810,257	3,307,949
	180,492,638	89,967,323
Financial Institutions		
Current Deposits	748,389	12,335
Savings deposits	1,171,629	149,727
	1,920,018	162,062
	182,412,656	90,129,385
38.5 Contingencies and commitments		
Guarantees	11,608,081	9,248,623
Commitments	14,439,091	2,669,203
	26,047,172	11,917,826
	(Un-audited)	
	For the six months ended	
	June 30, 2025	June 30, 2024
38.6 Profit / return earned on financing, investments and placements	--- Rupees in '000 ---	
		(Restated)
Profit earned on:		
Financing	1,417,249	3,419,212
Investments	6,731,897	5,619,975
Placements	91,892	210,070
Balances with banks	15,926	5,737
	8,256,964	9,254,994

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

		(Un-audited) For the six months ended	
		June 30, 2025	June 30, 2024
		--- Rupees in '000 ---	
38.7 Profit on deposits and other dues expensed			
Deposits and other accounts		3,073,787	4,093,363
Due to financial institutions		142,372	154,076
Finance charge on lease liability		82,646	69,383
		<u>3,298,805</u>	<u>4,316,822</u>
		(Un-audited)	(Audited)
		June 30,	December 31,
		2025	2024
		--- Rupees in '000 ---	
38.8 Islamic banking business unappropriated profit			
Opening balance		7,236,196	7,457,308
Impact of adoption of IFRS 9		-	(610,932)
Balance after adoption of IFRS 9		<u>7,236,196</u>	<u>6,846,376</u>
Add: Islamic banking profit before taxation for the period / year		2,322,953	5,472,279
Less: Taxation		(1,231,165)	(2,955,032)
Less: Transferred to head office		(2,187,050)	(2,127,427)
Closing balance		<u>6,140,934</u>	<u>7,236,196</u>

38.9 Pool management

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

General pool

Special pools

- | | |
|---|--|
| <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> 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.

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

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 separate 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 (Haji, 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. 2,277.93 million (42.91%) has been charged as Mudarabah fee. The total Hiba amount of Rs. 232.24 million (9.33%) has been distributed during the period.

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

	(Un-audited) June 30, 2025	(Un-audited) June 30, 2024
	----- Rupees in '000 -----	----- Rupees in '000 -----
Gross profit earned	6,670,941	9,377,582
Direct expenses	(29,504)	(43,613)
Distributable share	4,140,283	5,086,531
Profit paid to IAH/PLS depositors	<u>2,501,154</u>	<u>4,247,428</u>

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.

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

The profit equalization reserves amounting to Rs. 5.79 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) June 30, 2025	(Audited) December 31, 2024
	----- Rupees in '000 -----	
Financings		
Agri business	799,935	570,577
Chemical and pharmaceuticals	1,558,043	2,463,762
Cement	1,125,946	3,035,956
Textile	7,938,342	7,234,957
Automobile and transportation equipment	506,282	9,987
Ghee/cooking oil	127,670	-
Petro chemical	-	2,984
Housing	1,100,155	1,116,992
Manufacturing of match	140,000	140,000
Miscellaneous manufacturing	3,165,241	2,582,761
Personal	1,276,661	883,969
Financial	239,495	-
Construction	300,038	304,798
Tradings	2,501,075	1,119,694
Government	10,000,000	-
Communication	31,500	35,000
Services	723,448	899,939
Auto loans	539,845	294,871
Metal products	271,499	335,840
Commodity finance	500,000	500,000
CNG station / gas	23,487	31,440
Consumer finance	683,441	351,752
Others	29,344	8,313
Impact of fair valuation of Islamic financing and related assets	(594,198)	(495,531)
	32,987,249	21,428,061
Investments		
GOP Ijarah Sukuk	8,244,922	5,024,765
Power / electric / gas	123,687,251	82,010,983
	131,932,173	87,035,748
	164,919,422	108,463,809

Details regarding pools managed by the Bank

Remunerative depositors pools	Profit rate and announcem ent 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	12.27%	50%	50%	3,457,350	3.97%	10.52%	166,520.01
USD Pool	Monthly	1.61%	85%	15%	2,121	0.45%	45.65%	85.73
Special Pools								
Saving & TDRs	Monthly	12.70%	49.67%	50.33%	1,318,170	3.77%	7.10%	63,759.44
			Bank	SBP				
IERS Pool	Monthly	10.90%	72.12%	27.88%	79,793	Nil	20.84%	1,873.42

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025**

39 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 26, 2025 has declared an interim cash dividend of Rs 1.5 per share for the half year ended June 30, 2025 (June 30, 2024: Nil). These condensed interim financial statements do not include the effect of this appropriation which will be accounted for subsequent to the period end.

40 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.

41 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 August 26, 2025.



**MANAGING
DIRECTOR**



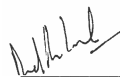
**CHIEF FINANCIAL
OFFICER**



DIRECTOR



DIRECTOR



DIRECTOR



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